



**Coronation Fund Managers Limited**  
*(formerly Coronation Investment Services (Proprietary) Limited)*  
(Incorporated in the Republic of South Africa)  
(Registration number 1973/009318/06)  
Share code: CML ISIN: ZAE 000047353  
("CFM" or "the Company")

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## PRE-LISTING STATEMENT

This pre-listing statement has been prepared on the assumption that all the conditions precedent to the proposed Corohold restructuring, which includes the unbundling by Coronation Holdings Limited ("Corohold") of its shares in Coronation Fund Managers Limited ("CFM") and the proposed listing of CFM, which conditions precedent are set out in paragraph 12 of the circular to Corohold shareholders dated 12 May 2003 and enclosed in the same envelope as this pre-listing statement, have been fulfilled or waived and the unbundling has been effected at the proposed date of CFM's listing.

This pre-listing statement is not an invitation to the public to subscribe for shares but is issued in compliance with the Listings Requirements of the JSE Securities Exchange, South Africa ("JSE") for the purpose of giving information to the public with regard to CFM.

The directors, whose names are set out herein, collectively and individually, accept full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, there are no other material facts or circumstances, the omission of which would render any statement in this pre-listing statement false or misleading and that they have made all reasonable enquiries to ascertain such facts.

At the date of commencement of the listing, the share capital of CFM will comprise 750 000 000 authorised ordinary shares of 0.01 cent each, 381 889 930 of which are in issue and 7 600 000 authorised preference shares of 0.01 cent each, all of which have been placed under the control of the board of directors of the Company in terms of a specific authority to allot and issue same to the Chief Executive Officer of the Company.

All transactions in CFM shares will be for electronic settlement only in terms of Share TRAnsaCTIONS Totally Electronic ("STRATE").

Subject to the minimum shareholder spread in relation to CFM being met after the subscription for shares in Coronation Investments and Trading Limited ("CIT"), the JSE has granted a listing for CFM, prior to the unbundling of the CFM shares, in respect of 381 889 930 ordinary shares of 0.01 cent each in the share capital of CFM under the abbreviated name "CML" in the Industrial – "Speciality and other finance" sector of the JSE list with effect from the commencement of business on Friday, 13 June 2003.

The independent advisor to the board, corporate broker and sponsor, auditors and reporting accountants, attorneys, tax advisors, banker and transfer secretaries whose names are included in this pre-listing statement, have given and have not, prior to publication, withdrawn their written consents to the inclusion of their names in the capacities as stated.

Deloitte & Touche, Registered Accountants and Auditors, whose reports are contained in this pre-listing statement, have given and have not, prior to publication, withdrawn their written consent to the inclusion of their reports in the form and context in which they appear.

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### Corporate broker and sponsor

**Deutsche Securities**   
Member of the Deutsche Bank Group  
Deutsche Securities (SA) (Proprietary) Limited  
(Registration number 1995/011798/07)

### Auditors and reporting accountants

**Deloitte & Touche**  
Deloitte & Touche Chartered Accountants (SA)  
Registered Accountants and Auditors

### Independent advisor to the Board

**hjs** Advisory Services (Pty) Ltd  
(Registration no 2002/012957/07)

### Attorneys

**DENEYS | REITZ**  
ATTORNEYS  
Denys Reitz Inc.  
1984/003385/21

### Tax advisors

**sonnenberg  
hoffmann  
galombik**  


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Date of issue: 12 May 2003

Copies of this pre-listing statement are available in English only and may be obtained from the registered office of CFM and the offices of the corporate broker and sponsor, the addresses of which are set out in the "Corporate information" section of this pre-listing statement.

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## CORPORATE INFORMATION

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### Secretary and registered office

D P McDonald  
Boundary Terraces  
1 Mariendahl Lane  
Newlands, 7700  
(PO Box 993, Cape Town, 8000)

### Corporate broker and sponsor

Deutsche Securities (SA) (Pty) Limited  
(Registration number 1995/011798/07)  
3 Exchange Square  
87 Maude Street  
Sandton, 2196  
(Private Bag X9933, Sandton, 2146)

### Attorneys

Deneys Reitz Inc.  
(Registration number 1984/003385/21)  
8th Floor, Southern Life Centre  
8 Riebeeck Street  
Cape Town, 8001  
(Private Bag X10, Roggebaai, 8012)

### Transfer secretaries

Computershare Investor Services Limited  
(Registration number 1958/003546/06)  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)

### Reporting accountants and auditors

Deloitte & Touche  
11 Lansdowne Road  
Claremont, 7780  
(PO Box 578, Cape Town, 8000)

### Independent advisor to the Board

HJS Advisory Services (Pty) Limited  
(Registration number 2002/012957/07)  
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80 Strand Street  
Cape Town, 8001

### Tax advisor to CFM in relation to the unbundling

Sonnenberg Hoffmann Galombik  
8th Floor, Norwich Building  
9 St George's Mall  
Cape Town, 8001  
(PO Box 2293, Cape Town, 8000)

### Banker

Nedbank Limited  
(Registration number 1951/000009/06)  
5th Floor, South Wing  
Clock Tower Precinct  
V&A Waterfront  
Cape Town, 8001  
(PO Box 86, Cape Town, 8000)

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## DEFINITIONS

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In this pre-listing statement, unless otherwise stated or the context otherwise requires, a reference to the singular includes the plural and *vice versa*, words denoting one gender include the others, words denoting natural persons include legal persons and associations of persons and *vice versa* and the words in the first column have the meanings assigned to them in the second column:

“African Harvest”	African Harvest Limited (registration number 1997/013827/06), a public company incorporated in South Africa and listed on the JSE;
“African Harvest offer”	the scheme of arrangement in terms of section 311 of the Companies Act to be proposed by Corohold between African Harvest and its shareholders, other than Corohold;
“the African Harvest shares”	the shares in African Harvest held by the Corohold Group immediately after the African Harvest offer;
“the board of directors” or “the Board”	the board of directors of CFM;
“business day”	any day other than a Saturday, Sunday or public holiday in South Africa;
“CFM” or “the Company”	Coronation Fund Managers Limited (formerly Coronation Investment Services (Proprietary) Limited) (registration number 1973/009318/06), a public company incorporated in South Africa, a wholly-owned subsidiary of Corohold and the holding company of CIM;
“CFM Group” or “the Group”	CFM and its associates and subsidiaries;
“CFM shares”	the entire issued ordinary share capital of CFM comprising 381 889 930 ordinary shares of 0.01 cent each all of which is to be unbundled to Corohold shareholders as part of the Corohold distributions;
“the CFM unbundling”	the unbundling, as contemplated in section 46 of the Income Tax Act, by Corohold to its shareholders recorded on the register as such on the record date, on Friday, 20 June 2003, by way of a dividend in specie, of the entire issued ordinary share capital of CFM in the ratio of five CFM shares for each Corohold share held, as part of the Corohold distributions;
“CIM”	Coronation Investment Management (Proprietary) Limited (formerly Coronation Fund Managers (Proprietary) Limited) (registration number 1995/002652/07), a company incorporated in South Africa, a wholly-owned subsidiary of CFM and the intermediate holding company of all the operating subsidiaries of the CFM Group;
“CIS”	Coronation Investment Services (Proprietary) Limited (formerly Sage Capital Managers (Proprietary) Limited) (registration number 1973/009318/07), incorporated in South Africa, and a wholly-owned subsidiary of Corohold, which company has been converted to a public company and renamed CFM;
“CIT”	Coronation Investments and Trading Limited (formerly Coronation Specialised Funds (Proprietary) Limited) (registration number 1992/006097/06), a public company incorporated in South Africa and a wholly-owned subsidiary of Corohold;
“the CIT offer”	the offer by CIT to the Corohold shareholders to acquire all their shares in Corohold to be settled by a cash payment of 500 cents per Corohold share in terms of the accompanying CIT offer document;

“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
“Competition Authorities”	the Competition Commission, Competition Tribunal or other relevant competition authority as required by the Competition Act 89 of 1998 (as amended);
“the Companies Act”	the Companies Act, 1973 (Act 61 of 1973), as amended;
“Corocap”	Coronation Capital Limited (registration number 1991/002267/06), a company incorporated in South Africa and a wholly-owned subsidiary of Corohold;
“Corocap shares”	the entire issued share capital of Corocap comprising 36 401 333 ordinary shares of 0.01 cent each;
“Corohold”	Coronation Holdings Limited (registration number 1902/001739/06), a public company incorporated in South Africa, listed on the JSE and the holding company of CFM;
“the Corohold asset sale”	the sale by Corohold to CIT of the Corocap shares, the African Harvest shares and certain other assets (but excluding the CFM shares) for the sum of R2.129 billion in cash and the assumption by CIT of certain liabilities of approximately R523 million; the sale to exclude sufficient assets as may be necessary to result in the net assets of Corohold at the effective date, before taking account of the costs and taxation payable as a result of the Corohold restructuring, totalling R450 million, all in terms of the Corohold sale agreement;
“the Corohold circular”	the Corohold circular, dated 12 May 2003, a copy of which accompanies this pre-listing statement;
“the Corohold distributions”	the proposed distributions by Corohold to its shareholders recorded on the register as such on the record date comprising: <ul style="list-style-type: none"> <li>(a) the repayment of share premium of 1 581 cents per Corohold share as a payment to shareholders in terms of section 90 of the Companies Act,</li> <li>(b) the unbundling, as contemplated in section 46 of the Income Tax Act, by Corohold to its shareholders of the entire issued ordinary share capital of CFM as a dividend <i>in specie</i> in the ratio of five CFM shares for each Corohold share held; and</li> <li>(c) the payment of a dividend in cash of 1 669 cents per Corohold share, to be declared in anticipation of the voluntary winding up of Corohold,</li> </ul> in terms of the accompanying Corohold circular;
“the Corohold Group”	Corohold and all its subsidiaries and associate companies;
“the Corohold restructuring”	collectively, the Corohold asset sale, the Corohold distributions and the CIT offer;
“the Corohold sale agreement”	the agreement for the Corohold asset sale dated 30 April 2003;
“the Corohold shares”	the entire issued share capital of Corohold comprising 25 486 954 ordinary shares with a nominal value of 25 cents each and 50 891 032 ‘N’ ordinary shares with a nominal value of 0.25 cent each;
“the Corohold shareholders”	the holders of the Corohold shares;
“Coronation Life”	Coronation Life Assurance Company Limited (registration number 1999/005510/06), a public company incorporated in South Africa;

“dematerialisation”	the process whereby share certificates, certified transfer deeds, balance receipts and any other documents of title to shares in a tangible form are dematerialised in favour of electronic records for purposes of STRATE;
“documents of title”	the share certificates representing the Corohold shares or any other documents of title in respect of the Corohold shares;
“effective date”	the day on which all the conditions precedent listed in paragraph 12 of the Corohold circular shall have been duly fulfilled or waived, as certified in writing by the Corohold company secretary;
“EPS”	earnings per share;
“Income Tax Act”	the Income Tax Act, 1962 (Act 58 of 1962), as amended;
“the JSE”	the JSE Securities Exchange, South Africa;
“last practicable date”	Friday, 11 April 2003, being the last practicable date prior to the finalisation of this pre-listing statement;
“listing”	the listing of the entire issued ordinary share capital of CFM in the Industrial – “Speciality and other finance” sector of the JSE on Friday, 13 June 2003;
“NAV”	net asset value;
“preference shares” or “CFM Prefs”	7 600 000 convertible cumulative redeemable preference shares of 0.01 cent each in the share capital of CFM;
“press”	the Business Day and Beeld newspapers;
“this pre-listing statement”	this pre-listing statement of CFM, dated Monday, 12 May 2003, including all annexures herein;
“the record date”	the close of business on Friday, 20 June 2003, being the last date for Corohold shareholders to register as such on the Corohold share register in order to participate in the CFM unbundling;
“reporting accountants”	Deloitte & Touche;
“SENS”	the Securities Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“STRATE”	the Share TRAnsaCTIONS Totally Electronic share settlement system of the JSE; and
“transfer secretaries”	Computershare Investor Services Limited (registration number 1958/003546/06), a public company incorporated in South Africa.

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## SALIENT FEATURES

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This summary contains the salient features of the CFM Group. For a full appreciation, this pre-listing statement should be read in its entirety. The definitions and interpretations commencing on page 2 have been used in these salient features.

### 1. INCORPORATION, HISTORY AND NATURE OF BUSINESS

#### 1.1 Incorporation and history

CFM was incorporated in South Africa on 30 July 1973.

On 22 April 2003, CFM was converted into a public company and changed its name to Coronation Fund Managers Limited, as a preliminary step to the listing, and thereupon became the holding company of CIM and its subsidiaries. CIM, the Group's fund management business' intermediate holding company, commenced operations in July 1993.

On 22 April 2003, CFM acquired the entire issued share capital of CIM from Corohold for a total consideration of R1 757 million, in terms of a company formation transaction as contemplated in section 42 of the Income Tax Act. The purchase consideration was settled by the issue of 381 889 830 CFM shares to Corohold, thereby creating a holding company for CIM. The CFM shares will be unbundled to Corohold shareholders as part of the Corohold distributions in the ratio of five CFM shares for each Corohold share held, in terms of an unbundling transaction as contemplated in section 46 of the Income Tax Act.

Significant events since the inception of CIM (formerly Coronation Fund Managers (Proprietary) Limited) include:

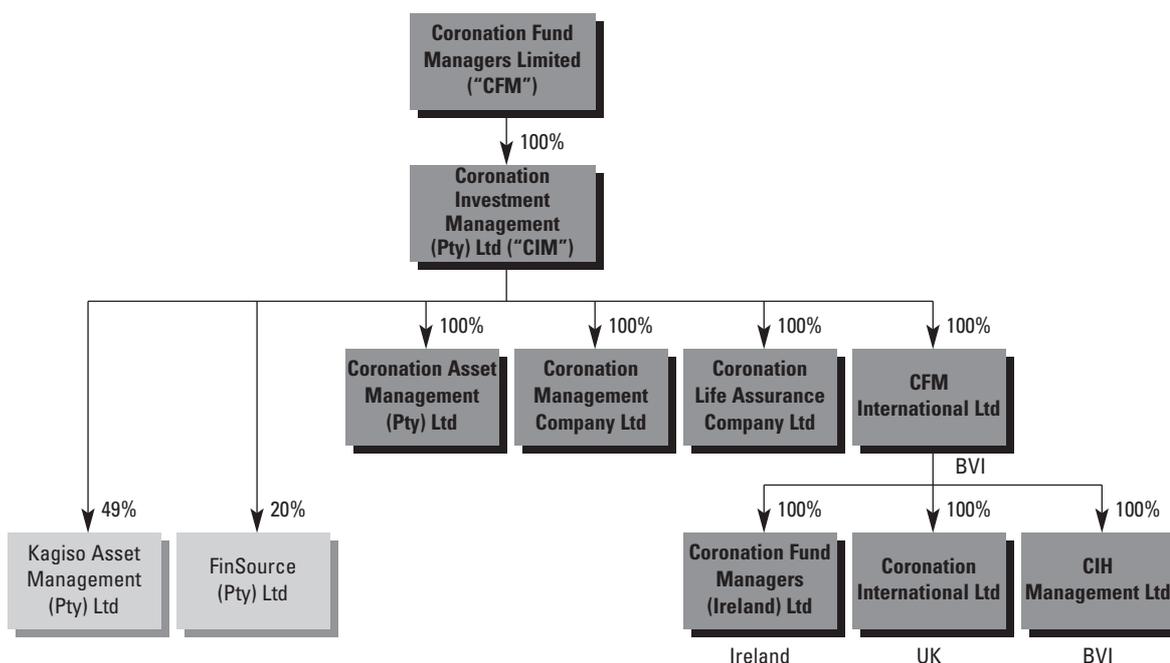
- its expansion into the retail market in 1996 following the acquisition of a unit trust licence and the launch of its first two unit trust funds;
- the instrumental role it played in 1997, in establishing and developing the investment management and unit trust companies of African Harvest. This support and development spanned a number of years;
- its assistance with the start up of Namibia Asset Management (Pty) Limited and Namibia Unit Trust Managers Limited in 1997 by providing advice, administrative assistance and training. This involved a skills transfer where Namibian staff were temporarily transferred to CIM for training and also the provision of support with regard to infrastructure. This training commitment continues as part of an arrangement between Namibia Asset Management and CIM;
- the set up in 1998 of its own back office function as an independent operating entity called FinSource (Pty) Limited;
- the international expansion of the fund management operations with the formation of Coronation Fund Managers (Ireland) Limited, offering an international range of professional and retail investor schemes;
- the acquisition of all the minority holdings of its subsidiary companies from Corohold by way of a scheme of rationalisation;
- the restructuring of the offshore subsidiaries of Corohold with effect from 30 September 2001, resulting in the consolidation of all the offshore asset management businesses under CFM International Limited ("CFM International"), which was formed as a wholly-owned subsidiary of CIM; and
- the formation of a quantitative investment management company, Kagiso Asset Management (Proprietary) Limited ("KAM"), a joint initiative between CIM and Kagiso Trust Investments (Proprietary) Limited ("KTI") in early 2002. KAM is 49% held by CIM and 51% by KTI.

## 1.2 Nature of business

The CFM Group offers specialist international capabilities, with a complete range of single manager and multi-manager investment products to institutional and individual investors. The business is located in South Africa, the United Kingdom and Ireland.

The CFM Group's business model focuses on being a "product provider" utilising non-affiliated distribution channels for sales purposes. All non-core activities are outsourced and the business concentrates on consistently delivering superior investment returns, developing and offering products in response to changing market needs, attracting high calibre people who are rewarded directly for their contributions, and maintaining strong relationships with investment advisors, consultants and clients.

## 1.3 Group structure



## 2. RATIONALE FOR LISTING

The proposed listing of CFM forms part of the Corohold restructuring, the rationale for which is detailed in the accompanying Corohold circular. A brief summary of the rationale for the Corohold restructuring and the listing of CFM is set out below.

The Corohold share price has traded at a discount to estimated fair value for a number of years. The Corohold Board is of the view that the primary reasons for this are the current negative market perception of investment banking businesses and the fact that the Corohold Group's investment banking operation has produced volatile and inconsistent returns, and has been subject to a number of impairment charges in recent years. In an effort to unlock value for the Corohold shareholders, a restructuring has been proposed which will:

- enable Corohold shareholders to remain invested in the more stable fund management business of CFM as a listed company;
- remove the other more volatile businesses including the investment banking operations from a listed environment; and
- permit Corohold shareholders to exit Corohold for cash if they so elect.

The listing of CFM will give it independence from the Corohold Group, provide additional sources of capital, the scope to acquire a broader more representative range of shareholders, and the opportunity to appropriately position itself in the South African market, within the context of the anticipated Financial Services Charter.

### 3. PROSPECTS

The CFM Group is regarded as one of the premier asset management groups in South Africa. Its competitive strengths include:

- a highly rated, stable and experienced investment team;
- a superior consistent long-term performance track record;
- an extensive product range covering most asset classes, risk profiles and global regions;
- an undiluted focus on fund management;
- the outsource of all non-core operations;
- an absolute commitment to clients and service excellence;
- the strength of its ethos and reputation;
- market leadership in absolute and funds of hedge funds products in South Africa;
- a unique distribution model whereby the CFM Group is able to secure strong relationships with financial advisors, consultants and clients as a result of the independent relationship which exists; and
- an effective incentivisation system which attracts and retains high calibre professionals by focusing on rewarding exemplary performance.

The CFM Group is well positioned for the long-term. The Group's key strengths have previously enabled it to successfully adapt to changing market circumstances and these strengths should continue to provide it with the ability to be successful in the future, despite the significant slow down in the South African savings industry.

Large variable international performance fees, particularly over the past 30 months, have had a substantial positive impact on the profitability of the Group. The intention is to continue to place emphasis on performance-based fee structures and further grow the international operations. Additional expenditure to recruit skills for the Group's international funds of hedge funds business will be incurred.

Going forward, the Group's strategy is to remain a "product provider" utilising non-affiliated distribution channels for its sales purposes and to continue to strengthen its relationships with these channels. The Group will remain focused on the core competencies of providing consistent superior investment performance, innovative products and exceptional client service and to retain its high return on capital and maintain the low level of fixed costs.

The listing of CFM represents a new and exciting phase in its development. It gives the Group independence from the Corohold Group and additional sources of capital. It also affords the Group the opportunity to, over time, acquire a broader, more representative range of shareholders within the context of the anticipated Financial Services Charter. The CFM Group is a proudly South African Group and will move forward to reflect this at all levels of its business.

### 4. SUMMARY OF FINANCIAL INFORMATION

The salient financial information presented below is based on the assumption that CFM's 381 889 930 ordinary shares that are to be listed on the JSE, were in issue for the three financial years ended 30 September 2002. This information is presented for illustrative purposes only and should be read in conjunction with the reporting accountants' reports, the consolidated historical financial information of CIM and the unaudited pro forma financial information of the CFM Group contained in Annexures 3, 4, 5 and 6, respectively, to this pre-listing statement.

	2000	2001	2002	Pro forma
Earnings per share (cents) <sup>(1)</sup>	40.92	55.80	68.20	46.77
Headline earnings per share (cents) <sup>(2)</sup>	40.69	60.78	72.26	72.26
Net asset value per share (cents)	73.92 <sup>(3)</sup>	58.35 <sup>(3)</sup>	133.14 <sup>(3)</sup>	469.51 <sup>(4)</sup>
Tangible net asset value per share (cents)	73.92 <sup>(3)</sup>	58.35 <sup>(3)</sup>	133.14 <sup>(3)</sup>	40.59 <sup>(4)</sup>
Number of shares to be listed	381 889 930	381 889 930	381 889 930	381 889 930

**Notes:**

1. Calculation based on earnings attributable to ordinary shareholders as disclosed in the consolidated historical financial statements of CIM presented in Annexure 4. The pro forma earnings include an annual goodwill amortisation charge of R82 million that would have been incurred had the acquisition of CIM by CFM occurred on 1 October 2001. The goodwill has been amortised over its estimated useful life of 20 years in accordance with the Group's accounting policies.
2. Calculation based on headline earnings attributable to ordinary shareholders as disclosed in the consolidated historical financial statements of CIM presented in Annexure 4.
3. Calculation based on net asset values per the consolidated historical balance sheets of CIM presented in Annexure 4.
4. Calculation based on net asset value as at 30 September 2002, adjusted for:
  - the issue of additional shares as consideration for the CIM acquisition;
  - the issue of preference shares;
  - the write-off of estimated listing costs;
  - a dividend distribution of R145 million;
  - a transfer of reserves of R221 million from CFM International Limited; and
  - the repayment of the Coronation Overseas Limited loan of R83 million.

Details of these adjustments are presented in the unaudited pro forma financial information of the CFM Group set out in Annexure 6.

**5. DIVIDEND POLICY**

The CFM Group intends to declare dividends annually at the discretion of the board of directors, either by way of a capitalisation award or in cash. The form and quantum of dividends will be determined by the financial position of the Group at the time of declaration.

**6. SALIENT DATES**

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	<b>2003</b>
Abridged pre-listing statement published on SENS on	Wednesday, 4 June
Anticipated commencement of listing and trading under the abbreviated name "CML" in the Industrial – "Speciality and other Finance" sector of the JSE list on	Friday, 13 June

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**Note:**

The above dates and times are subject to amendment. Any amendment to the dates and times will be published in the press and on SENS.

**7. COPIES OF THE PRE-LISTING STATEMENT**

Copies of the pre-listing statement may be obtained during normal business hours from Monday, 12 May 2003 at the following addresses:

**The Company**

Coronation Fund Managers Limited  
Boundary Terraces  
1 Mariendahl Lane  
Newlands, 7700  
(PO Box 993, Cape Town, 8000)

**Corporate broker and sponsor**

Deutsche Securities (SA) (Pty) Limited  
3 Exchange Square  
87 Maude Street  
Sandton, 2196  
(Private Bag X9933, Sandton, 2146)



**Coronation Fund Managers Limited**  
**(formerly Coronation Investment Services (Proprietary) Limited)**

(Incorporated in the Republic of South Africa)

(Registration number 1973/009318/06)

Share code: CML ISIN: ZAE 000047353

("CFM" or "the Company")

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**Directors**

Gavan Ryan (*Chairman*)\*

Matthys du Toit (*Chief Executive Officer*)

Eric Molobi\*

Winston Floquet \*

\**Non-executive*

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**PRE-LISTING STATEMENT**

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**1. INTRODUCTION**

This pre-listing statement provides relevant information regarding the CFM Group in accordance with the Listings Requirements of the JSE.

**2. INCORPORATION AND HISTORY**

CFM, initially known as Sage Capital Managers (Proprietary) Limited, was incorporated in South Africa on 30 July 1973 as a wholly-owned subsidiary of the Sage Life group. In 1995, an agreement was concluded between CIM and the Sage Life group whereby CIM was appointed manager of the assets housed in CFM. As part of the agreement, CFM was sold to CIM. This agreement was terminated in July 1998 and the management of those assets was transferred back to the Sage Life group. CFM however remained a subsidiary of CIM and at 30 September 2002 had net assets of R23 million.

On 22 April 2003, CFM was converted into a public company and changed its name to Coronation Fund Managers Limited as a preliminary step to the listing, and thereupon became the holding company of CIM and its subsidiaries. CIM, the Group's fund management business' intermediate holding company, commenced operations in July 1993.

On 22 April 2003, CFM acquired the entire issued share capital of CIM from Corohold for a total consideration of R1 757 million, in terms of a company formation transaction as contemplated in section 42 of the Income Tax Act. The purchase consideration was settled by the issue of 381 889 830 CFM shares to Corohold, thereby creating a holding company for CIM. The CFM shares will be unbundled to Corohold shareholders as part of the Corohold distributions in the ratio of five CFM shares for each Corohold share held, in terms of an unbundling transaction as contemplated in section 46 of the Income Tax Act.

Significant events since the inception of CIM include:

- its expansion into the retail market in 1996 following the acquisition of a unit trust licence and the launch of its first two unit trust funds;
- the instrumental role it played, in 1997, in establishing and developing the investment management and unit trust companies of African Harvest. This support and development spanned a number of years;

- its assistance with the start up of Namibia Asset Management (Proprietary) Limited and Namibia Unit Trust Managers Limited in 1997 by providing advice, administrative assistance and training. This involved a skills transfer where Namibian staff were temporarily transferred to CIM for training and also the provision of support with regard to infrastructure. This training commitment continues as part of an arrangement between Namibia Asset Management and CIM;
- the set up in 1998 of its own back office function as an independent operating entity called FinSource (Proprietary) Limited;
- the international expansion of the fund management operations with the formation of Coronation Fund Managers (Ireland) Limited, offering an international range of professional and retail investor schemes;
- the acquisition of all minority holdings of its subsidiary companies from Corohold by way of a scheme of rationalisation;
- the restructuring of the offshore subsidiaries of Corohold with effect from 30 September 2001, resulting in the consolidation of all the offshore asset management businesses under CFM International Limited ("CFM International"), which was formed as a wholly-owned subsidiary of CIM; and
- the formation of a quantitative investment management company, Kagiso Asset Management (Proprietary) Limited ("KAM"), a joint initiative between CIM and Kagiso Trust Investments (Proprietary) Limited ("KTI") in early 2002. KAM is 49% held by CIM and 51% by KTI.

Details of the individual companies within the CFM Group are contained in Annexure 7.

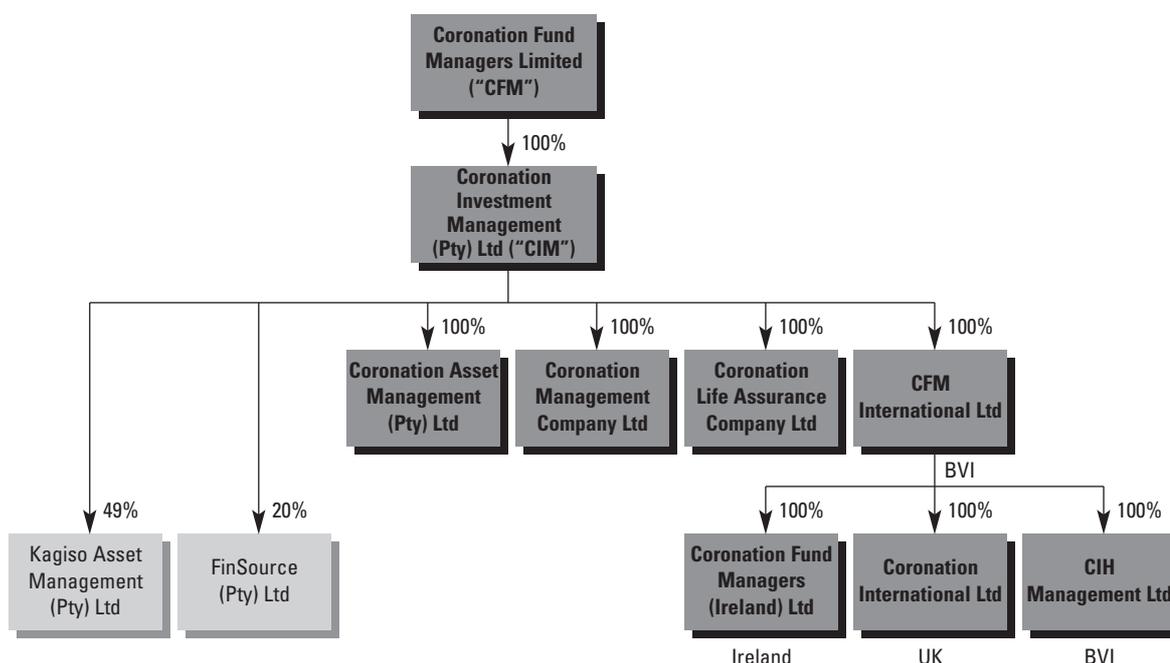
### 3. NATURE OF BUSINESS AND PROSPECTS

#### 3.1 Nature of business

The CFM Group offers specialist international capabilities, with a complete range of single manager and multi-manager investment products to institutional and individual investors. The business is located in South Africa, the United Kingdom and Ireland.

The CFM Group's business model focuses on being a "product provider" utilising non-affiliated distribution channels for sales purposes. All non-core activities are outsourced and the business concentrates on consistently delivering superior investment returns, developing and offering products in response to changing market needs, attracting high calibre people who are rewarded directly for their contributions, and maintaining strong relationships with investment advisors, consultants and clients.

#### 3.2 Group structure



### 3.3 Business description, market overview and CFM's market position

The CFM Group comprises a number of independent operating units, each with its own clearly defined area of focus. A brief overview of their operations is provided below:

#### 3.3.1 *The CFM Group's South African operations*

##### **Industry background**

Approximately ten institutions dominate the South African asset management industry, each with more than R30 billion of assets under management. However there is a large disparity in size between them with the two largest institutions managing more than R200 billion each. The industry is regulated by the Financial Services Board of South Africa.

##### **Business description, product range and market trends**

##### **Institutional business**

###### *Business description*

The CFM Group's institutional business manages assets on behalf of over 370 institutional clients, including pension funds, provident funds, medical aid schemes and trusts. It also manages specialist portfolios for most multi-manager companies in South Africa.

###### *Product range*

The product range offered to institutional clients includes balanced, asset class specific and sector specific portfolios managed across a spectrum of risk profiles. Clients with assets in excess of R50 million are offered dedicated portfolios with customised mandates. Clients with assets below R50 million invest in a range of unitised-pooled products managed on the balance sheet of Coronation Life. The pooled product range includes risk profiled balanced portfolios, as well as asset class specific funds.

###### *Market trends*

The institutional market in South Africa has been characterised by a lack of net growth in the asset pool, increasing competition, focus on empowerment and increased emphasis on absolute performance. The movement of assets from large institutional asset managers to smaller independent organisations and multi-manager companies with tied distribution networks continues. Performance and product innovation are important differentiating factors. Ownership or strategic relationships with established distribution channels are also critical. Relaxation of exchange controls has forced local asset management companies to consider international expansion, and build their capabilities so that they can offer attractive and competitive international products to the South African market.

In response to a prolonged bear market and high volatility of returns, most retirement funds are considering strategies aimed at preserving capital and reducing risk. Focus on value investing and absolute return oriented products thrive in this environment. Defined contribution funds introducing member investment choice also face the challenge of education and on-going communication with members.

The CFM Group remains one of the preferred asset management houses in the institutional investment market. It has managed to differentiate itself by building on its key success factors, which remain excellent investment performance, strong relationships with consultants and innovative product development. The Group's segregated institutional portfolios are consistently ranked in the first quartile of recognised performance surveys and the company is recognised as having pioneered many innovative products and strategies that have become the norm in the asset management industry. The Group was the first asset manager in South Africa to offer absolute return oriented international and domestic portfolios to institutional clients. Since their launch in 1999, the Group has attracted over R4 billion in assets in absolute portfolios and remains the recognised leader in the field of absolute return products.

## **Retail business**

### *Business description*

The CFM Group's retail business provides fund management solutions to individual investors, primarily through focusing on institutions and investment advisors that provide financial planning services. The client base includes South African major banking and insurance groups, most major investment advisory businesses, more than 400 prominent independent financial advisors and high net worth individuals. In addition, the business has more than 8 000 direct unit trust account holders.

### *Product range*

Since the launch of the Group's first unit trust in 1996, the retail product range has increased to include a comprehensive range of 20 unit trusts, complemented by traditional and alternative strategy offshore investments, an exclusive range of life licence based investment products and structured products.

The domestic product range includes fully managed and risk profiled funds aimed at capital growth, as well as a range of specialist equity and fixed interest funds. In addition, a full range of income producing funds, investing in listed property, bonds and the money market is offered. The offshore product range focuses primarily on absolute return funds aimed at long-term investors.

### *Market trends*

The South African retail market can be narrowly defined as the collective investments market, with 29 participants, 460 unit trusts and R181 billion in assets under management. Segments of the R169 billion retail deposits at banks, the investment portion of the R814 billion life insurance industry and the estimated R20 billion held by South African citizens in foreign investments, also form part of the retail savings market.

The key trends in the South African retail market in the recent past were a continuing shift of assets from banks and insurers to unit trusts, a significant externalisation of assets into foreign investments, and a major overhaul of the regulatory framework governing the savings industry. At the same time, the poor performance of equity markets has resulted in the overall market size remaining largely static. The most significant continuing trends, primarily as a result of poor financial market conditions, are a switch away from risky assets to structured products, listed property, fixed interest and the money market and significant industry consolidation. Consequently, it is expected that the number of domestic unit trust funds will reduce by more than 10% by the end of 2003. Distribution is also becoming increasingly complex, with significant regulatory and cost pressure on most of the traditional channels.

The prospects of the industry are directly linked to the health of the financial markets in general. Retail oriented fund management activities will remain under pressure for as long as the markets do. However, specific industry participants can continue to thrive by offering appropriate products and adding real value for clients.

### **3.3.2 The CFM Group's International operations**

#### **Business description**

Coronation International Limited ("Coronation International") is the London-based alternative investment management subsidiary of the Group.

Coronation International specialises in the management of both hedge funds and funds of hedge funds on behalf of sophisticated investors, predominantly institutional, as well as high net worth individuals.

#### **Product range**

CIM started its first fund of hedge funds, the Coronation Global Equity Fund, in 1996. Today this fund is one of the largest long/short equity funds with assets under management in excess of US\$500 million. The fund aims to outperform the MSCI World Index but with low volatility of returns and low correlation to stock markets.

At the beginning of 2000 Coronation International extended its product spectrum with the launch of two additional funds of hedge funds, the Coronation Relative Value Fund and the Coronation Global Macro Fund. The low risk Coronation Relative Value fund focuses on generating consistent returns significantly in excess of risk free returns across all market conditions. The Global Macro Fund invests across all global markets and asset classes, while aiming to outperform the global equity markets with lower volatility of returns. Both funds have produced positive returns since inception.

The Coronation Multi-Strategy Fund complements the product range by investing across the entire universe of hedge fund strategies and selects from the other funds the best managers and those in which we have the highest level of conviction. This fund was launched in August 2002.

In addition to the core funds of hedge funds business, Coronation International also manages a number of individual hedge funds, that focus on the US and European financial markets and plans to grow the business further.

### **Market trends**

The hedge fund industry was the fastest growing financial industry during the last decade and the demand for absolute return products continues to be strong with many independent consultants forecasting growth rates in excess of 30% per annum over the next few years. Currently the global hedge fund industry controls in excess of US\$600 billion in assets managed by over 5 000 hedge funds. The size of the funds of hedge funds industry is in excess of US\$100 billion with approximately 500 funds.

The underlying hedge funds primarily invest in four broad sectors – relative value, event driven, equity long/short and tactical trading. The relative value sector comprises strategies such as convertible bond arbitrage, equity arbitrage and fixed income arbitrage, while the event driven sector includes distressed debt/high yield, merger arbitrage and special situations. Equity long/short consists of diversified strategies, those with a geographical focus and those with an industry or sector focus. Tactical trading comprises global macro and managed futures managers.

Institutional investors have over the past few years become significant users of hedge fund products, which historically have been dominated by high net worth individuals and family offices. The primary reasons for this asset allocation shift have been the attractive absolute returns and low correlations to traditional asset classes as well as rapid advances and developments in the area of risk management. The sophistication and rigour institutions bring to the investment process have also been an important catalyst for refining the standards of practice in the industry and the preferred route for institutions to invest in hedge funds has been via funds of funds. The growth prospects for the hedge fund industry are very promising with many independent observers forecasting the industry to almost quadruple to US\$2 trillion by 2010.

### **3.3.3 Associates**

#### **Kagiso Asset Management (49%)**

Kagiso Asset Management (Proprietary) Limited is a specialist investment management company focused primarily on a quantitative investment approach. The company's main target market consists of sophisticated private and public sector institutional clients, for whom core portfolios are managed.

Products include core tracker funds, as well as more sophisticated products such as enhanced tracker funds, absolute return funds and structured solutions. The company manages specialist equity, bond and cash funds, as well as balanced funds, which combine these asset classes.

The company is well positioned to benefit from changes to investment strategies within retirement funds, which results in increased usage of quantitative core managers, in line with regulatory changes and international best practice. In addition, due to its 51% empowerment shareholding and staff which are representative of the demographics of South Africa, it will benefit from the increasing trend by retirement funds to make use of empowerment managers.

### **FinSource (20%)**

FinSource is a specialist provider of a comprehensive range of administration and technical solutions to the asset management industry. The businesses are arranged under FinSource Group Holdings (Proprietary) Limited and services are grouped under the following subsidiaries:

- FinSource (Proprietary) Limited is a specialist provider of outsourced back office services which include portfolio administration, fund accounting, unit trust investor and multi-manager administration solutions;
- FinSolutions (Proprietary) Limited provides specialist Information Technology services including network management, disaster recovery facilities and consulting, application development and hosting, Internet connectivity and consulting; and
- FinSwitch (Proprietary) Limited is an electronic trading bureau for the unit trust industry. It acts as a transaction switch, linking South African linked investment service providers with unit trust management companies. FinSwitch provides a mechanism for the full transaction flow within this trading environment and includes transaction instruction, settlement and confirmation, and electronic price information.

The central value proposition of FinSource is that it allows fund managers to contract out non-core information technology and back office activities, thereby enabling them to focus on their core business of managing assets. As an additional benefit the client's business is placed on a current and enabling technical platform without incurring the associated cost and complexity.

Assets under administration currently amount to R112 billion and the FinSource client base includes 35 companies which are leading participants in the South African fund management industry.

### **3.3.4 CFM's market position**

#### **(a) South Africa**

The CFM Group is the third largest manager of third party segregated assets and the sixth largest manager of unit trusts assets in South Africa. Assets under management currently exceed R48 billion; 20% of these assets (US\$1,2 billion) are managed internationally. The steady growth in assets under management has been a function of innovative product development, targeted distribution and superior consistent investment performance.

The Group employs 100 staff in South Africa, which includes 40 investment professionals. The key investment professionals have worked together since the inception of the Company resulting in the team being recognised for its depth of experience and stability. The result of these strengths has meant that the Group has a solid long-term investment performance track record – its segregated institutional portfolios and unit trust portfolios have been consistently ranked in the first quartile of recognised performance surveys.

#### **(b) International**

With assets under management of about US\$1,2 billion, the multi-manager business is ranked as one of the top 50 global funds of hedge funds managers and the 16th largest company of its kind in Europe and the UK. Although the bulk of these assets originate from South African sources, the Company's strategic focus is to grow offshore assets under management.

The business employs 21 individuals, which includes 12 investment professionals.

### **3.4 Prospects**

The CFM Group is regarded as one of the premier asset management groups in South Africa. Its competitive strengths include:

- a highly rated, stable and experienced investment team;
- a superior consistent long-term performance track record;

- an extensive product range covering most asset classes, risk profiles and global regions;
- an undiluted focus on fund management;
- the outsource of all non-core operations;
- an absolute commitment to clients and service excellence;
- the strength of its ethos and reputation;
- market leadership in absolute and funds of hedge funds products in South Africa;
- a unique distribution model whereby the CFM Group is able to secure strong relationships with financial advisors, consultants and clients as a result of the independent relationship which exists; and
- an effective incentivisation system which attracts and retains high calibre professionals by focusing on rewarding exemplary performance.

The CFM Group is well-positioned for the long term. The Group's key strengths have previously enabled it to successfully adapt to changing market circumstances and these strengths should continue to provide it with the ability to be successful in the future, despite the significant slow down in the South African savings industry.

Large variable international performance fees, particularly over the past 30 months, have had a substantial positive impact on the profitability of the Group. The intention is to continue to place emphasis on performance-based fee structures and further grow the international operations. Additional expenditure to recruit skills for the Group's international funds of hedge funds business will be incurred.

Going forward, the Group's strategy is to remain a "product provider" utilising non-affiliated distribution channels for its sales purposes and to continue to strengthen its relationships with these channels. The Group will remain focused on the core competencies of providing consistent superior investment performance, innovative products and exceptional client service and on retaining its high return on capital and maintaining the low level of fixed costs.

The listing of CFM represents a new and exciting phase in its development. It gives the Group independence from the Corohold Group and access to additional sources of capital. It also affords the Group the opportunity to, over time, acquire a broader, more representative range of shareholders within the context of the anticipated Financial Services Charter. The CFM Group is a proudly South African Group and will move forward to reflect this at all levels of its business.

#### **4. CORPORATE SOCIAL INVESTMENT**

The CFM Group sponsors projects that focus on human development, ranging from academic and leadership development at various educational levels, to training and deployment of individuals in the work environment.

We work with established partners, as well as those with innovative ideas best suited to deliver development programmes to their communities. Our focus is on building sustainable relationships within the projects that we support, rather than on an *ad-hoc* opportunistic involvement.

In addition to funding, we also involve our staff in building and developing mentoring programmes and we offer career guidance and job internships to students.

#### **5. RATIONALE FOR LISTING**

The listing of CFM is being implemented to achieve the following objectives:

- to establish CFM as a business with its own public profile. This will be of great advantage in international markets where the CFM brand is not well known and hence subject to highly detailed due diligence;
- to provide CFM with access to capital markets for the future evaluation of acquisition opportunities;
- to enable CFM to acquire a broader, more representative range of shareholders in the long term;
- to facilitate a meaningful share incentive scheme for the management and staff of CFM which directly aligns their interests with those of the Company;

- to unlock value for Corohold shareholders;
- to enhance transparency and awareness of CFM’s business to clients and investors; and
- to afford CFM the opportunity to appoint non-executive directors with relevant experience and business acumen to contribute to the operations’ future business strategy. This is particularly valuable for a larger asset management company in evaluating new growth strategies.

## 6. FINANCIAL INFORMATION

### 6.1 Historical financial information

CFM’s company balance sheets, income statements, statements of changes in equity and cash flow statements for the three financial years ended 30 September 2002 are set out in Annexure 2. This information should be read in conjunction with the independent reporting accountants’ report on the historical financial information of the Company set out in Annexure 1.

CIM’s consolidated balance sheets, income statements, statements of changes in equity and cash flow statements for the three financial years ended 30 September 2002 are set out in Annexure 4. This information should be read in conjunction with the independent reporting accountants’ report on the historical financial information of CIM set out in Annexure 3.

### 6.2 Pro forma financial information

The unaudited pro forma financial information of the CFM Group as at 30 September 2002 is set out in Annexure 6. This information should be read in conjunction with the independent reporting accountants’ report on the unaudited pro forma financial information of the CFM Group set out in Annexure 5.

### 6.3 Dividend policy

The CFM Group intends to declare dividends annually at the discretion of the board of directors, either by way of a capitalisation award or in cash. The form and quantum of dividends will be determined by the financial position of the Group at the time of declaration.

## 7. ADEQUACY OF WORKING CAPITAL

The directors of the Company are of the opinion that the working capital available to the CFM Group will be adequate to meet its needs for the 12 months subsequent to the issue of this pre-listing statement.

## 8. ADVANCES, LOAN CAPITAL AND BORROWINGS

8.1 Details of CIM’s interest-bearing debt are set out below:

### Secured interest-bearing borrowings

	R’000
<i>Gemini Film Finance Limited</i>	
The loan was raised in South Africa, is denominated in UK Pounds and accrues interest at 8% per annum. The loan is repayable in full on 18 December 2008.	56 839
<i>Coronation Global Limited</i>	
The loan was raised in South Africa, is denominated in US Dollars and accrues interest at 8.85% per annum. The loan is repayable in full on 31 March 2010.	74 640
<i>Coronation Global Limited</i>	
The loan was raised internationally, is denominated in US Dollars and accrues interest at 1.74% per annum. The loan is repayable in full on 19 March 2017.	56 095
<b>Current portion transferred to current liabilities</b>	<b>(11 423)</b>
	<b>176 151</b>

8.1.1 The secured interest-bearing borrowings arose from the Group's acquisition of film investments. The rights to these investments, valued at R187 million as at 30 September 2002, were ceded as collateral for the borrowings.

8.1.2 The settlement of the current portion of borrowings, relating to accrued interest, is to be financed by the Group's available cash and bank resources.

8.2 Details of the Group's non-interest bearing debt are set out below:

**Unsecured non-interest bearing borrowings**

	<b>R'000</b>
<i>Coronation Overseas Limited</i>	82 856

The loan was raised in South Africa, is denominated in UK Pounds and was repaid in full on 30 April 2003.

8.2.1 The unsecured non-interest bearing loan was used to facilitate the commencement of Coronation International Limited's UK-based operations.

8.2.2 The early settlement of the non-interest-bearing loan is to be financed by the Group's available cash and bank resources.

**9. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

At the date of this pre-listing statement, the CFM Group has no material commitments for capital expenditure and has no contingent liabilities, other than contracted operating lease commitments estimated at R23.2 million.

**10. IMMOVABLE PROPERTIES**

10.1 The table below summarises the acquisitions made by CFM Group companies within the three years preceding the date of this pre-listing statement:

<b>Date</b>	<b>Subject matter</b>	<b>Vendor</b>	<b>Consideration</b>
1 March 2000	Acquisition of 50% of the issued share capital of Coronation Life at NAV	African Harvest	Cash consideration of R15.5 million
25 July 2000	Acquisition of 25% of the issued share capital of FinSource (Pty) Limited at NAV	African Harvest	Cash consideration of R9.4 million
1 October 2000	Acquisition of 25% of the issued share capital of Coronation Asset Management (Pty) Limited at NAV	Coronation Holdings	Cash consideration of R49.2 million
1 October 2000	Acquisition of 25% of the issued share capital of CIS at NAV	Coronation Holdings	Cash consideration of R5.4 million
31 October 2000	Acquisition of 50% of the issued share capital of Coronation Life at NAV	Coronation Holdings	Cash consideration of R16 million
31 May 2001	Acquisition of a 4.54% interest in Finswitch (Pty) Limited at NAV	Gryphon Financial Services (Pty) Limited	Cash consideration of R455
30 September 2001	Acquisition of the entire issued share capital of CFM International (Pty) Limited	Acquired on formation	Cash consideration of R80.9 million
22 January 2002	Acquisition of a 49% interest in Kagiso Asset Management (Pty) Limited	Kagiso Trust Investments (Pty) Limited	Cash consideration of R1.5 million
12 February 2002	Acquisition of a 25% interest in Kagiso Securities (Pty) Limited	Kagiso Trust Investments (Pty) Limited	Cash consideration of R5 000

10.2 At the date of this pre-listing statement, the Group did not own any immovable property.

10.3 Details of immovable properties leased from third parties are set out below:

Landlord	Location	Tenure	Expiry date	Lessee	Monthly rental	Area (m <sup>2</sup> )
RMB Properties (Pty) Limited	Newlands South Africa	10 years	31 March 2008	Coronation Asset Management (Pty) Ltd	R271 062	3 039.43
Tomen	London United Kingdom	6 years	30 November 2006	Coronation International Limited	GBP 12 000	1 200

## 11. SUBSIDIARY COMPANIES

Details in respect of the subsidiary companies of CFM are set out in Annexure 7 hereto.

## 12. MATERIAL CHANGES

Subsequent to 30 September 2002, being the date of the last audited financial results of CFM, the Group:

- issued 381 889 830 ordinary shares to Corohold at an amount of R1 757 million as consideration for the acquisition of the entire issued share capital of CIM;
- created 7 600 000 preference shares, with a par value of 0.01 cent each, for allotment and issue at a premium of 171.99 cents per share to CFM's Chief Executive Officer; and
- settled the loan due to Coronation Overseas Limited of R83 million.

It is intended to leave the CFM Group with a net asset value of R100 million following the implementation of the Corohold restructuring. The reduction in net asset value is to be accomplished by a dividend distribution of R145 million and a transfer of reserves of R221 million based on the Group's financial position as at 30 September 2002.

The directors of CFM report that, save as disclosed in this pre-listing statement and other than in the ordinary course of business, no other material changes have occurred in the financial or trading position of the CFM Group since 30 September 2002 to the date of this pre-listing statement.

## 13. LITIGATION

There are no material legal or arbitration proceedings, including any such proceedings that are pending or threatened that CFM and its subsidiaries are aware of, that may have or have had, in the past 12 months, a material effect on the financial position of CFM and its subsidiaries.

## 14. SHARE CAPITAL

### 14.1 Authorised and issued share capital

14.1.1 The authorised and issued share capital of the Company at listing is as follows:

	R
<i>Authorised share capital</i>	
750 000 000 ordinary shares of 0.01 cent per share	75 000
7 600 000 convertible redeemable preference shares of 0.01 cent per share	760
<b>Total authorised share capital</b>	<b>75 760</b>
<i>Issued share capital</i>	
381 889 930 ordinary shares of 0.01 cent per share	38 189
Share premium	1 756 655 489
<b>Total issued share capital and share premium</b>	<b>1 756 693 678</b>

- 14.1.2 The authorised but unissued ordinary and preference shares are under the control of the directors, subject to the provisions of sections 221 and 222 of the Companies Act and the Listings Requirements of the JSE.
- 14.1.3 All of the issued ordinary shares are to be listed on the JSE. The current authorised and issued ordinary shares (including those to be issued pursuant to the transaction) are of the same class and rank *pari passu* in every respect.
- 14.1.4 The preference shares will not be listed on the JSE but application is to be made to the Listings Committee of the JSE for the listing of the ordinary shares into which the preference shares will convert in accordance with their terms of issue. The preference shares are transferable. Any issues subsequent to the listing of the Company will be subject to the approval of the JSE.
- 14.1.5 All the preference shares, whether authorised or issued, rank *pari passu* in all respects.
- 14.1.6 Any variation of rights attaching to shares will require the consent of shareholders in general meeting in accordance with the articles of association of CFM.
- 14.1.7 In accordance with the articles of association of CFM, at any general meeting, every member present in person or by proxy (or, if a body corporate, duly represented by an authorised representative) shall have one vote on a show of hands and, on a poll, every member present in person or by proxy shall have one vote for each share of the class of which he is the holder.
- 14.1.8 No commission or consideration, including underwriting commission, has been paid by the Company during the three years preceding the date of this pre-listing statement, nor is it intended to pay a commission or a consideration to any person subscribing for or agreeing to subscribe or procuring or agreeing to procure the subscription for any shares for the purposes of the listing, as no shares will be issued on listing.

## 14.2 Alterations to share capital

There have been no alterations to the share capital of CFM during the past three years save for the following:

### 14.2.1 *CFM ordinary share capital*

- 14.2.1.1 Prior to the acquisition of the shares in CIM from Corohold, CFM's authorised ordinary share capital comprised R4 000 divided into 4 000 ordinary shares with a par value of 100 cents each, of which 600 were in issue.
- 14.2.1.2 On 22 April 2003, the CFM shares were the subject of a sub-division on a 10 000:1 basis. Following the sub-division, CFM's ordinary share capital comprised 40 000 000 authorised shares and 6 000 000 shares of 0.01 cent each issued to Corohold. On the same day, the Company increased the authorised ordinary share capital by R71 000 to R75 000, divided into 750 000 000 ordinary shares of 0.01 cent each.
- 14.2.1.3 CFM subsequently bought back and cancelled 5 999 900 ordinary shares to reduce its issued share capital to 100 issued shares with a par value of 0.01 cent each.
- 14.2.1.4 CFM then issued 381 889 830 ordinary shares to Corohold at a premium of R1 757 million as consideration for the acquisition of the entire issued share capital of CIM.
- 14.2.1.5 The following resolutions were passed at a general meeting of the Company on 15 April 2003 to achieve the aforementioned restructuring:
- special resolutions to approve the sub-division, repurchase and cancellation of shares; and
  - an ordinary resolution to place the unissued share capital under the control of the directors.

14.2.1.6 The aforementioned alterations to CFM's share capital are summarised below:

Date	Detail	Number of shares in issue	Premium (R'm)	Total (R'm)
30 September 2002	Amount in issue prior to sub-division	600		-
22 April 2003	Sub-division	5 999 400		-
22 April 2003	Share repurchase and cancellation	(5 999 900)		-
		100		-
22 April 2003	Issued as consideration for CIM shares	381 889 830	1 757	1 757
		381 889 930	1 757	1 757

#### 14.2.2 *CFM preference share capital*

14.2.2.1 On 22 April 2003 CFM created 7 600 000 preference shares of 0.01 cent each in terms of its articles of association.

14.2.2.2 On 22 April 2003, the 7 600 000 preference shares were placed under the control of the board of directors of the Company as a specific authority to allot and issue same, at a premium of 171.99 cents per share, to M M du Toit, the Company's Chief Executive Officer. Additional details are set out in paragraph 16 below.

14.2.2.3 The preference shares, the full terms and conditions of which are set out in Annexure 8, will:

- be convertible into ordinary shares on a one-for-one basis after three, four and five years, subject to the achievement of pre-determined EPS and share growth targets;
- confer on the holders thereof, the right to receive out of the divisible profits of the Company a cumulative annual preferential cash dividend at a rate of 66% of the prime rate of interest on the capital paid up thereon plus any arrear dividends;
- rank pari passu with the ordinary shares as to voting rights; and
- be redeemable upon the occurrence of certain events stipulated in Article 141.7, which extract is included in Annexure 8 to this pre-listing statement.

#### 14.2.3 *Other applicable subsidiaries*

14.2.3.1 On 22 August 2001 Coronation Life increased its authorised share capital from 200 000 000 to 300 000 000 shares of 10 cents each.

14.2.3.2 There were no alterations to the share capital of any of CFM's other subsidiaries in the past three years.

## 15. DIRECTORS AND SENIOR MANAGEMENT

The names, ages, addresses and positions of the executive and non-executive directors of CFM are set out below. All of the CFM directors are South African.

Name	Age	Address	Position
<b>Non-executive directors</b>			
G M C Ryan	54	Coronation Holdings, 1st Floor, Coronation House The Oval, 1 Oakdale Road, Cape Town, 8001	Chairman
E Molobi	57	2nd Floor, Kagiso House, Mellis Office Park 1-3 Mellis Road, Rivonia, 2128	Director
WT Floquet	61	Flagship Private Asset Management (Pty) Limited Alphen Office Park, Constantia Main Road Constantia, 7806	Director
<b>Executive director</b>			
M M du Toit	44	Coronation Fund Managers, Boundary Terraces 1 Mariendahl Lane, Newlands, 7700	Chief Executive Officer

## 15.1 Directors

### **Gavan Mark Christopher Ryan (Chairman and Head of the Remuneration Committee)**

B.Com; CTA; CA(SA); MBA (Harvard)

Prior to the formation of Corohold in 1992, Gavan spent 23 years with UAL Merchant Bank, initially holding a number of managerial positions and later becoming an Executive Director of UAL Merchant Bank. Gavan has been an executive director of Corohold since 1992, serving as chairman from 1993 to 2001.

### **Eric Molobi**

BA (University of South Africa)

Following his release from Robben Island, Eric worked for the Munich Re Insurance Company (South Africa) as an insurance underwriter and was subsequently recruited by the South African Council of Churches to set up a community development programme aimed at the disadvantaged youth of South Africa. In 1990, he joined the Kagiso Charitable Trust ("Kagiso Trust") as Chief Executive Officer. He initiated the establishment of Kagiso Trust Investments (Proprietary) Limited and is currently responsible for the overall strategic direction as Executive Chairman.

### **Winston Theodore Floquet (Head of the Audit Committee)**

CA(SA); MBA

Winston has held the position of Chairman of Flagship Private Asset Management (Proprietary) Limited for the past two years (2001 – current). Prior to this, he held the position of deputy Chairman of Fleming Martin South Africa (now JP Morgan) for seven years (1995 – 2001) and the position of Chief Executive Officer of Martin & Co Inc for ten years (1986 – 1995). He is also a former Chairman of the Investment Analysts Society and a former member of the Accounting Practices Board.

### **Matthys Michielse du Toit (Chief Executive Officer)**

BSc; MBA (University of Stellenbosch)

Thys is one of the founding members of CIM, and was appointed as the Chief Executive Officer in 1997. Prior to joining CIM, he spent four years with Syfrets Managed Assets as a portfolio manager, and six years (three years as director) with George Huysamer & Partners (later bought out by ABN Amro) in the fields of capital and derivative markets, equity research and portfolio management.

15.1.1 Details of the directors' directorships and/or partnerships in the past five years are included in Annexure 10 hereto.

15.1.2 None of the above directors has been:

- declared bankrupt or entered into any individual voluntary arrangements with creditors;
- party to any receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with creditors generally or any class of creditors of any company where such person is (or was) a director with an executive function at the time of or within the 12 months preceding such events;
- a director of any company which has been liquidated (other than voluntarily) or reached a composition of any nature with its creditors;
- censored by any statutory or regulatory authorities or disqualified by a court from acting as a director of a company or from acting in the management of the affairs of any company;
- convicted of any offence involving dishonesty.

## 15.2 Directors' remuneration

15.2.1 A pro forma analysis of the emoluments proposed to be paid during the financial year ending 30 September 2003 by CFM and its subsidiaries to the directors of CFM is as follows:

	<b>Salaries R'000</b>	<b>Fees R'000</b>	<b>Contributions paid under pension scheme R'000</b>	<b>Benefits R'000</b>	<b>Total R'000</b>
<b>Executive</b>					
M M du Toit	252	–	50	42	344
<b>Non-executive</b>					
E Molobi	–	10	–	–	10
G M C Ryan	–	25	–	–	25
WT Floquet	–	25	–	–	25
	252	60	50	42	404

15.2.2 Bonuses will be awarded annually to executive directors at the discretion of the CFM Remuneration Committee. Refer paragraph 16 below for further detail.

15.2.3 It is not intended that the board of directors of CFM will be reconstituted.

15.2.4 There will be no variation in the remuneration receivable by the directors of CFM as a consequence of the listing.

### 15.3 Appointment of directors

No payment has been made to any director in the three years preceding the date of this pre-listing statement to induce him to become a director or in connection with the promotion or formation of the Company.

### 15.4 Interests of directors

15.4.1 At the date of the pre-listing statement, the directors in aggregate had no direct or indirect interests in the issued ordinary share capital of the Company. However, following the implementation of the unbundling, G M C Ryan and M M du Toit will each hold 26 363 305 and 1 092 840 ordinary shares, respectively, in CFM.

15.4.2 M M du Toit is the only director who will hold a direct beneficial interest of 100% in the preference shares of the Company.

15.4.3 The directors of CFM had no direct or indirect beneficial interests in transactions entered into by the Company during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

15.4.4 No technical, secretarial or management fees have been paid by CFM to its executive directors during the three years preceding the date of this pre-listing statement. No fees have been paid to non-executive directors during the last three years.

15.4.5 The executive director has an employment contract with the Company, which does not contain any terms of an abnormal nature.

### 15.5 Appointment, terms of office, remuneration and borrowing powers of directors

The relevant provisions of the articles of association of CFM regarding the appointment, qualification, remuneration and borrowing powers of the directors of the company are set out in Annexure 8.

### 15.6 Management

The profiles of the executive management of the CFM Group are as follows:

**Anthony John Gibson** – *Chief Investment Officer*

[7B1, 7B2]

Age: 47

Qualifications: BCom

Business address: Coronation Fund Managers, Boundary Terraces, 1 Mariendahl Lane, Newlands, 7700

Anthony is one of the founding members of CIM and he has served as its Chief Investment Officer since inception. In 1996, he spearheaded Coronation's international expansion. Prior to joining the company, he spent seven years at UAL Merchant Bank and eight years at Syfrets Managed Assets working in the areas of portfolio management and research.

**John Ashley Snalam – Chief Financial Officer**

Age: 44

Qualifications: BCom; CA (SA)

Business address: Coronation Fund Managers, Boundary Terraces, 1 Mariendahl Lane, Newlands, 7700

John has been with CIM since its inception in 1993. Before joining CIM, he spent 13 years in the fields of accounting and compliance, both in London and South Africa.

**Glynnis Byron – Marketing Manager**

Age: 35

Qualifications: BCom (Hons)

Business address: Coronation Fund Managers, Boundary Terraces, 1 Mariendahl Lane, Newlands, 7700

Glynnis has been with CIM since 1996. Prior to that she spent seven years in the field of marketing in financial services institutions.

**Pieter Johannes Koekemoer – Head of Business Development – Retail**

Age: 33

Qualifications: BCom (Hons); CA (SA)

Business address: Coronation Fund Managers, Boundary Terraces, 1 Mariendahl Lane, Newlands, 7700

Pieter joined CIM in 1998. Prior to that he worked at Coopers and Lybrand for four years, and at Sanlam for three years as senior project manager in the marketing and distribution division.

**Louis Francois Stassen – Head of Absolute Investments**

Age: 39

Qualifications: BSc; BCom (Hons); CFA

Business address: Coronation Fund Managers, Boundary Terraces, 1 Mariendahl Lane, Newlands, 7700

Louis has been with CIM since inception. He started his investment career at Allan Gray Investment Council, where he worked as an investment analyst for two years, followed by research positions at Syfrets Managed Assets and Standard Bank, London.

**Morné Marais – Head of Relative Investments**

Age: 34

Qualifications: BCom (Hons) Mathematical Statistics (Actuarial); CFA

Business address: Coronation Fund Managers, Boundary Terraces, 1 Mariendahl Lane, Newlands, 7700

Morné joined CIM in 1997 as an investment analyst and progressed rapidly to the position of a portfolio manager. Prior to joining CIM, he worked at Sanlam Investments, both as a portfolio manager and an investment strategist.

**Richard Leonard Kommel – Head of Aggressive Funds**

Age: 33

Qualifications: BCom (Hons); CA (SA); CFA

Business address: Coronation Fund Managers, Boundary Terraces, 1 Mariendahl Lane, Newlands, 7700

Richard joined CIM in 1997 as a research analyst, after working for five years at Deloitte & Touche, with the last two years as manager. He rapidly progressed to a portfolio management position. Prior to his return to South Africa in 2002, Richard was part of our international team and headed up the direct asset management operation.

**Robert Alec Oellermann – Head of Research**

Age: 34

Qualifications: BCom; CA (SA); CFA

Business address: Coronation Fund Managers, Boundary Terraces, 1 Mariendahl Lane, Newlands, 7700

Rob has been with CIM since 1997. Before joining, Rob spent three years with Allan Gray Investment Council as an investment analyst and five years with Deloitte & Touche with the last two years as manager. He transferred to London in 1999 and formed part of our international investment team. In 2001, he returned to South Africa as Head of Research.

**André du Plessis – Chief Executive Officer – Coronation International Limited**

Age: 48

Qualifications: ACIS

Business address: Coronation International Limited, 3rd Floor, 13 Charles II Street, Mayfair, London, SW1Y 4QU

André is responsible for all of CFM's alternative hedge fund management businesses based in London and Dublin. André was previously with HSBC Investment Bank as a director of the international equities division, specialising as a strategist and research analyst. Previously he was a director at NatWest Markets in London and earlier spent ten years in fund management with Syfrets.

**Bryan Melville – Chief Financial Officer – Coronation International Limited**

Age: 31

Qualifications: BCom; CA (SA)

Business address: Coronation International Limited, 3rd Floor, 13 Charles II Street, Mayfair, London, SW1Y 4QU

Bryan has overall responsibility for the financial accounting and operational functions. Bryan joined CIM in 1997 from accountants KPMG where he was a manager in the Computer Audit department. After 18 months with CIM in Cape Town, Bryan was transferred to our offshore offices as financial accountant and has been instrumental in setting up and managing all these operations.

**Arné Hassel – Chief Investment Officer – Coronation International Limited**

Age: 46

Qualifications: BA (Political Science); MSc (Biotechnology); MSc (Economics)

Business address: Coronation International Limited, 3rd Floor, 13 Charles II Street, Mayfair, London, SW1Y 4QU

Arné joined Coronation International Limited as Chief Investment Officer in 2003. He is responsible for the fund of funds investment research team and the investment process as well as the Multi Strategy and Macro funds. Arné was previously managing director and head of the Alternative Strategies Group at Goldman Sachs in London where he was responsible for the funds of hedge funds business. Previously, he spent over ten years as a senior portfolio manager and trader in both the fixed income and currency markets at Goldman Sachs in London and SEB (Enskilda Asset Management).

**Stuart Davies – Senior Fund Manager – Coronation International Limited**

Age: 34

Qualifications: BCom; CA (SA); CFA

Business address: Coronation International Limited, 3rd Floor, 13 Charles II Street, Mayfair, London, SW1Y 4QU

Stuart joined Coronation International Limited as a senior fund manager in the funds of funds business in 2000. He is responsible for the Relative Value Fund and has been directly involved in the fund almost since inception. He also has back-up responsibility for the Global Equity Fund and is responsible for product structuring. Stuart started his career in auditing at Deloitte & Touche and after five years he was transferred to Deloitte's corporate finance division in London. After two years, he moved to Nedcor Investment Bank in London where he became head of the fund of funds business and also their structured products division.

**Gavin John Wood – Chief Executive Officer – Kagiso Asset Management**

Age: 32

Qualifications: BBusSc; FFA; CFA

Business address: Coronation Fund Managers, Boundary Terraces, 1 Mariendahl Lane, Newlands, 7700

Gavin joined Kagiso Asset Management in April 2002 as Chief Executive Officer. Prior to joining Kagiso, Gavin spent three years with CIM as an investment analyst covering a wide range of SA and international financial services companies. Gavin started his career with Old Mutual, where he was instrumental in the development of the retail investment business, Investment Frontiers.

**15.7 Company Secretary**

Derek Paul McDonald

Age: 33

Qualifications: BCom; BAcc; CA (SA)

Business address: Coronation Fund Managers, Boundary Terraces, 1 Mariendahl Lane, Newlands, 7700

Derek joined CIM in April 1996 and has been involved in internal audit, financial management and compliance.

**16. REMUNERATION POLICY**

Attracting, motivating and retaining the best quality staff is the key to the future success of the CFM Group. A critical factor in this regard is the remuneration policy, which is linked directly to performance and acts as a strong incentive to professional staff. Low basic salaries are combined with potentially high performance-based profit participation in the form of bonuses allocated from a bonus pool. As a result exemplary performance is recognised with exceptional rewards.

The bonus pool is an amount equal to 30% of the consolidated pre-tax profits of the CFM Group. The bonus pool is allocated by a committee comprising the Chief Executive and Chief Investment Officer of the Company (“Exco”) and is subject to approval by the Company’s Remuneration Committee, whose Chairman is a non-executive director of the Company. The bonus pool is determined on 31 March and 30 September of each year.

Exco has discretion, after consultation with the Remuneration Committee, not to allocate the entire bonus pool applicable to any period, during such period, but instead to defer such allocations and payments to subsequent periods.

As the CFM Group is a fund management business, the majority of senior staff are investment professionals, and their remuneration should therefore be linked to investment performance and not EPS or share price appreciation. Exceptional investment returns for clients should continue to ensure exceptional rewards for the investment staff. This is taken into account in the allocation process of the bonus pool.

The above arrangement has been an integral component of the Company’s operational philosophy and structure and it is envisaged that it will continue to apply following its listing.

While this has proved a satisfactory and successful policy for motivating staff on a shorter-term basis, the directors are of the view that once the Company is listed, a longer-term incentive in the form of a share option scheme is a necessary adjunct to the existing basis of remuneration. The salient features of the Company’s staff share incentive scheme are set out in Annexure 12 to this pre-listing statement.

In view of the need for the Chief Executive Officer to have a wider focus than the investment professionals, a remuneration system has been designed to align his interests more closely with those of the shareholders. Actual share ownership was considered an essential element in ensuring the appropriate motivation. Accordingly, it was decided that the Chief Executive Officer apply his own capital to acquire preference shares in the Company. These shares are convertible into ordinary shares on a one-for-one basis after three, four and five years, subject to pre-determined EPS and growth in share price targets being achieved over the period.

## 17. MAJOR SHAREHOLDERS

### 17.1 CFM shareholding, before the implementation of the unbundling

	Number of shares held	Percentage
Corohold	381 889 930	100

### 17.2 CFM shareholding, post the implementation of the unbundling

Based on the Corohold share register at the last practicable date and assuming that none of the Corohold shareholders elect to subscribe for CIT shares, the CFM shareholders, save for the directors, whose interests are set out in paragraph 15.4 above, holding more than 5% of the issued share capital of CFM after the implementation of the unbundling, are:

	Number of shares held	Percentage
D L Barnes	88 976 710	23.3
Old Mutual plc	56 745 640	14.9
Public Investment Commissioner	36 871 600	9.7
Allan Gray Limited (SA)	21 378 005	5.6

## 18. SIGNIFICANT CONTRACTS

Save as otherwise disclosed in this pre-listing statement, CFM and its subsidiary companies have not entered into any material contracts, other than in the ordinary course of business, during the period of two years prior to the date of this pre-listing statement.

## 19. CORPORATE GOVERNANCE

Refer to Annexure 9 for the statement in support of The King II Report.

## 20. JSE LISTING

Subject to the minimum shareholder spread requirements in relation to CFM, which require a minimum public shareholding of 20% and a minimum of 500 public shareholders, being met after the subscription for shares in CIT, the JSE has granted a listing, on the implementation of the Corohold distributions, in respect of 381 889 930 ordinary shares of 0.01 cent each in the share capital of CFM under the abbreviated name "CML" in the Industrial – "Speciality and other finance" sector of the JSE list with effect from the commencement of business on Friday, 13 June 2003.

## 21. SOUTH AFRICAN EXCHANGE CONTROL REQUIREMENTS

21.1 In terms of the Exchange Control Regulations of South Africa:

- 21.1.1 a former resident of the common monetary area who has emigrated may use emigrant blocked funds to subscribe for future shares in the Company;
- 21.1.2 all payments in respect of subscriptions for shares by an emigrant using emigrant blocked funds must be made through the authorised dealer in foreign exchange controlling the blocked assets;
- 21.1.3 any share certificates that might be issued pursuant to the use of emigrant blocked funds will be endorsed "non-resident" and will be sent to the authorised dealer in foreign exchange through whom the payment was made; and
- 21.1.4 if applicable, refund monies payable in respect of unsuccessful applications or partly successful applications, as the case may be, for shares emanating from emigrant blocked accounts will be returned to the authorised dealer in foreign exchange through whom the payments were made, for credit to such applicants' blocked accounts.

Applicants resident outside the common monetary area should note that, where share certificates are in fact issued, such share certificates will be endorsed "non-resident" in terms of the Exchange Control Regulations of South Africa.

## 22. LISTING EXPENSES

The listing costs, estimated to amount to R405 825, include the following:

	<b>R</b>
JSE documentation and inspection fees (inclusive of VAT)	305 825
Printing, publishing and distribution costs	100 000
	<b>405 825</b>

These costs will be borne by CFM and written off against the share premium account.

## 23. DIRECTORS' RESPONSIBILITY

The directors, whose names are given on page 9 of this pre-listing statement, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein false or misleading, and that they have made all reasonable enquiries to ascertain such facts.

## 24. CONSENTS

The independent advisor to the board, corporate broker and sponsor, reporting accountants, attorneys, tax advisors, banker and transfer secretaries have given and not withdrawn prior to publication of this pre-listing statement their respective consent to the inclusion of their names in the capacities stated in this pre-listing statement.

## 25. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents, as applicable, will be available for inspection during normal business hours at the registered office of CFM from the date hereof up to and including Monday, 9 June 2003:

- 25.1 the memoranda and articles of association of CFM and its subsidiaries;
- 25.2 copies of special or notarial contract bearing on the memorandum and articles of association within the last three years;
- 25.3 memorandum giving details, where significant contract has not been reduced to writing;
- 25.4 copies of service agreements with directors, managers or secretaries;
- 25.5 copies of vendor agreements and promoters' agreements entered into in past three years;
- 25.6 the CFM Group unaudited pro forma financial information;
- 25.7 the consolidated annual financial statements of CIM for the three financial years ended 30 September 2002;
- 25.8 the signed independent reporting accountants' reports reproduced in Annexures 1, 3 and 5;
- 25.9 the letters of consent of the professional advisors to CFM;
- 25.10 the written consent of the independent reporting accountants to the issue of this pre-listing statement including their reports in the form and context in which they are included herein, which consent has not been withdrawn;
- 25.11 the share incentive trust deed;

25.12 a copy of the shareholders agreement between CIM and Kagiso Trust Investments (Proprietary) Limited in respect of shares held in Kagiso Asset Management (Proprietary) Limited; and

25.13 details of the principal immovable properties occupied by CFM and its subsidiaries including the situation, area and tenure.

For and on behalf of the Board

**G M C Ryan**  
*Chairman*

Cape Town  
12 May 2003

**Registered office**

Boundary Terraces  
70 Marshall Street  
1 Mariendahl Lane  
Newlands, 7700  
(PO Box 993, Cape Town, 8000)

**Transfer secretaries**

Computershare Investor Services Limited  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)

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**REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF CFM**

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"The Directors  
Coronation Fund Managers Limited  
1 Mariendahl Lane  
Coronation House  
Newlands  
7700

25 April 2003

Dear Sirs

**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF CORONATION FUND MANAGERS LIMITED ("CFM") FOR INCLUSION IN THE PRE-LISTING STATEMENT OF CFM TO CORONATION HOLDINGS LIMITED ("COROHOLD") SHAREHOLDERS****INTRODUCTION**

The board of directors of Corohold has resolved, subject to approval by its shareholders, to unbundle its entire shareholding in CFM to Corohold shareholders ("the unbundling"). Simultaneously, CFM will apply for a listing on the JSE Securities Exchange, South Africa ("the JSE") ("the proposed listing").

**PURPOSE OF THE REPORT**

At your request, and for the purposes of the pre-listing statement of CFM, to be dated on or about 5 May 2003, we present our report on the historical financial information of CFM, as set out in Annexure 2 of the pre-listing statement, in compliance with the Listings Requirements of the JSE.

**RESPONSIBILITY**

The compilation, contents and presentation of the pre-listing statement and the historical financial information of CFM presented in Annexure 2 are the responsibility of the directors of the Company.

Our responsibility is to express an opinion on the historical financial information of CFM included as Annexure 2 to the pre-listing statement.

**SCOPE**

We have audited the historical financial information of CFM for the years ended 30 September 2002, 2001 and 2000.

**AUDIT OPINION**

We conducted our audit in accordance with the Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the historical financial information of CFM relating to the years ended 30 September 2002, 2001 and 2000 is free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures of the aforementioned historical financial information;
- assessing the accounting principles used and significant estimates made by the management, and
- evaluating the overall historical financial information presentation.

**AUDIT OPINION**

In our opinion, the historical financial information of CFM for the years ended 30 September 2002, 2001 and 2000 fairly presents, in all material respects, the financial position at those dates, and the results of the operations and cash flows for the periods then ended in accordance with South African Statements of Generally Accepted Accounting Practice applicable to the accounting period being reported on, and in the manner required by the Companies Act in South Africa and the JSE Listings Requirements.

**DELOITTE & TOUCHE**

*Chartered Accountants (SA)*

*Registered Accountants and Auditors*

Cape Town"

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**HISTORICAL FINANCIAL INFORMATION OF CORONATION FUND MANAGERS LIMITED (FORMERLY CORONATION INVESTMENT SERVICES (PTY) LIMITED)**


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**HISTORICAL BALANCE SHEETS**

for the years ended 30 September 2002, 2001 and 2000

	Notes	2002 R	2001 R	2000 R
<b>ASSETS</b>				
<b>Non-current assets</b>				
Coronation Fund Managers (Pty) Limited		1 500 000	–	–
<b>Current assets</b>				
Coronation Asset Management (Pty) Limited		21 310 992	–	–
Taxation		389 026	–	–
Accounts receivable and repayments		–	352 606	8 526
Cash and cash equivalents	5	–	24 318 384	21 542 532
<b>Total assets</b>		<b>23 200 018</b>	<b>24 670 990</b>	<b>21 551 058</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	2	20 000	20 000	20 000
Accumulated profit		23 062 880	21 671 869	21 528 289
<b>Current liabilities</b>				
Accounts payable		3 750	–	4 200
Taxation		–	91 385	(1 431)
Coronation Asset Management (Pty) Limited		–	887 736	–
Shareholder for dividend		–	2 000 000	–
Bank overdraft	5	113 388	–	–
<b>Total equity and liabilities</b>		<b>23 200 018</b>	<b>24 670 990</b>	<b>21 551 058</b>

**HISTORICAL INCOME STATEMENTS**

for the years ended 30 September 2002, 2001 and 2000

	2002 R	2001 R	2000 R
<b>Revenue</b>	2 063 946	3 143 803	3 334 639
Portfolio management fees	862 243	810 738	–
Interest received	1 201 703	2 333 065	3 334 639
<b>Expenses</b>	77 064	63 773	72 176
Auditors' remuneration	9 450	588	5 287
Audit fee – current year	3 600	–	6 252
Audit fee – prior year underprovision	5 850	588	(965)
Bank charges	44	82	178
Fees for professional and consulting services	7 032	12 662	6 487
Insurance	49 589	–	–
Interest paid	–	38 543	–
Other sundry charges	7 612	5 199	–
Regional Services Council levies	3 337	6 699	7 352
Management fee rebate	–	–	52 872
<b>Net profit before taxation</b>	1 986 882	3 080 030	3 262 463
Taxation	595 871	936 450	978 739
<b>Net profit for the year</b>	1 391 011	2 143 580	2 283 724

**HISTORICAL STATEMENTS OF CHANGES IN EQUITY**

for the years ended 30 September 2002, 2001 and 2000

	Share capital R	Share premium R	Accumulated profit R	Total R
<b>Balance at 30 September 1999</b>	600	19 400	19 244 656	19 264 565
Net profit for the year	–	–	2 283 724	2 283 724
<b>Balance at 1 October 2000</b>	600	19 400	21 528 289	21 548 289
Net profit for the year	–	–	2 143 580	2 143 580
Dividends	–	–	(2 000 000)	(2 000 000)
<b>Balance at 30 September 2001</b>	600	19 400	21 671 869	21 691 869
Net profit for the year	–	–	1 391 011	1 391 011
<b>Balance at 30 September 2002</b>	600	19 400	23 062 880	23 082 880

**HISTORICAL CASH FLOW STATEMENTS OF CFM**  
for the years ended 30 September 2002, 2001 and 2000

	Notes	2002 R	2001 R	2000 R
<b>Cash flows from operating activities</b>				
Cash receipts from investment management services		1 214 849	458 747	–
Cash paid to suppliers and employees		(73 314)	(21 519)	(951 847)
Cash generated by operations	4	1 141 535	437 228	(951 847)
Interest received		1 201 703	2 333 065	3 334 639
Interest paid		–	(38 543)	–
Dividends paid		(2 000 000)	–	–
Taxation paid		(1 076 282)	(843 634)	(1 284 971)
Net cash (outflow)/inflow from operating activities		(733 044)	1 888 116	1 097 821
<b>Cash flows from financing activities</b>				
Change in amount owing to Coronation Asset Management (Pty) Limited		(22 198 728)	887 736	(2 276 278)
Increase in amount owing by Coronation Fund Managers (Pty) Limited		(1 500 000)	–	–
Net cash (outflow)/inflow from financing activities		(23 698 728)	887 736	(2 276 278)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(24 431 772)	2 775 852	(1 178 457)
<b>Cash and cash equivalents at beginning of year</b>		24 318 384	21 542 532	22 720 989
<b>Cash and cash equivalents at end of year</b>	5	(113 388)	24 318 384	21 542 532

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the years ended 30 September 2002, 2001 and 2000

**1. ACCOUNTING POLICIES**

**Basis of preparation**

The annual financial statements are prepared in terms of South African Statements of Generally Accepted Accounting Practice using the historical cost basis, except as disclosed below.

**1.1 Financial instruments**

Financial instruments are recognised when the company has rights or other access to economic benefit. Such assets consist of cash, equity instruments, a contractual right to receive cash or other financial assets, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another entity on potentially unfavourable terms. When this criteria no longer applies, the financial asset or liability is no longer recognised.

If a legally enforced right exists to set off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts, and the company intends to settle on a net basis, the relevant financial assets and liabilities are offset.

Interest costs are charged against income in the year in which they are incurred.

When the fair value of an asset falls below the asset's carrying value, the difference is provided for if it is considered that impairment exists. In the case of current assets, provision is only made to the extent that it is considered as resulting in a lower net realisable value.

## 1.2 Revenue

Revenue, which is recognised on an accrual basis, comprises fee income for the management of clients' funds, and interest income.

## 1.3 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation.

## 1.4 Deferred taxation

Deferred taxation is provided for on the comprehensive basis using the liability method. Where the tax effects of deductible differences, including those arising from tax losses, give rise to a deferred tax asset, the asset is recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

	2002 R	2001 R	2000 R
<b>2. SHARE CAPITAL</b>			
<b>Authorised</b>			
4 000 ordinary shares of R1,00 each	4 000	4 000	4 000
<b>Issued</b>			
600 ordinary shares of R1,00 each	600	600	600
Share premium	19 400	19 400	19 400
	20 000	20 000	20 000

The unissued shares are under the control of the directors until the next annual general meeting.

## 3. TAXATION

South African normal taxation			
Current taxation – current year	595 871	924 009	978 739
– prior year	–	12 441	–
	595 871	936 450	978 739
<b>Reconciliation of effective rate of taxation</b>	%	%	%
Standard normal taxation rate	30.0	30.0	30.0
Prior year underprovision	–	0.4	–
Effective taxation rate	30.0	30.4	30.0

Distribution of accumulated profit of R23 062 880 (2001: R21 671 869; 2000: R21 528 289) is subject to secondary tax on companies at a rate of 12.5%.

	2002 R	2001 R	2000 R
<b>4. CASH GENERATED BY OPERATIONS</b>			
Net profit before taxation	1 986 882	3 080 030	3 262 463
<i>Adjusted for:</i>			
Interest received	(1 201 703)	(2 333 065)	(3 334 639)
Interest paid	–	38 543	–
Operating profit before working capital changes	785 179	785 508	(72 176)
Working capital changes	356 356	(348 280)	(879 671)
Decrease/(Increase) in accounts receivable	352 606	(344 080)	(8 181)
Increase/(Decrease) in accounts payable	3 750	(4 200)	(871 490)
	1 141 535	437 228	(951 847)

#### 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

Units in money market unit trust portfolios	–	23 827 533	21 499 107
Cash at bank	–	490 851	43 425
Bank overdraft	(113 388)	–	–
	(113 388)	24 318 384	21 542 532

#### 6. FUNDS UNDER ADMINISTRATION

At the year end there were R227 647 386 of assets under the company's management (2001: R239 320 099; 2000: Nil).

#### 7. FINANCIAL INSTRUMENTS

##### 7.1 Credit risk management

Potential concentrations of credit risk consist principally of loans to related parties. At the year end the directors did not consider there to be any significant concentration of credit risk that had not been adequately provided for.

## 7.2 Interest rate risk

The company's exposure to interest rate risk and the effective interest rates on financial instruments at balance sheet date are:

	Weighted average effective interest rate %	Floating interest rate R	Non- interest bearing R	Total R
<b>30 September 2002</b>				
<b>Assets</b>				
Loans	–	–	22 810 992	22 810 992
Taxation	9.00	389 026	–	389 026
Total financial assets		389 026	22 810 992	23 000 018
<b>Liabilities</b>				
Bank overdraft	14.58	113 388	–	113 388
Accounts payable	–	–	3 750	3 750
Total financial liabilities		113 388	3 750	23 082 880
Net financial assets		275 638	22 807 242	23 082 880
<b>30 September 2001</b>				
Total financial assets	11.23	24 670 990	–	24 670 990
Total financial liabilities	0.42	91 385	2 887 736	2 979 121
Net financial assets/(liabilities)		24 579 604	(2 887 736)	21 691 869
<b>30 September 2000</b>				
Total financial assets		21 551 058	–	21 551 058
Total financial liabilities		2 769	–	2 769
Net financial assets/(liabilities)		21 548 289	–	21 548 289

## 7.3 Fair value of financial instruments

With the exception of the interest-free intercompany loan accounts, the carrying amounts of the financial assets and liabilities reported in the balance sheet approximate fair values at the year end.

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**REPORTING ACCOUNTANTS' REPORT ON THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF CIM**

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"The Directors  
Coronation Fund Managers Limited  
1 Mariendahl Lane  
Coronation House  
Newlands  
7700

25 April 2003

Dear Sirs

**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF CORONATION INVESTMENT MANAGEMENT (PROPRIETARY) LIMITED ("CIM") FOR INCLUSION IN THE PRE-LISTING STATEMENT OF CORONATION FUND MANAGERS LIMITED ("CFM") TO CORONATION HOLDINGS LIMITED ("COROHOLD") SHAREHOLDERS****INTRODUCTION**

The board of directors of Corohold has resolved, subject to approval by its shareholders, to unbundle its entire shareholding in Coronation Fund Managers Limited ("CFM") to Corohold shareholders ("the unbundling"). Simultaneously, CFM will apply for a listing on the JSE Securities Exchange, South Africa ("the JSE") ("the proposed listing").

**PURPOSE OF THE REPORT**

At your request, and for the purposes of the pre-listing statement, to be dated on or about 5 May 2003, we present our report on the historical financial information of CIM, as set out in Annexure 4 and Annexure 11 of the pre-listing statement, in compliance with the Listings Requirements of the JSE.

**RESPONSIBILITY**

The directors of CFM are responsible for the preparation of the pre-listing statement and all information contained therein. The directors of CIM are responsible for the audited annual financial statements of CIM for the year ended 30 September 2002 and the reviewed years 30 September 1993 to 30 September 2001 from which the historical financial information has been prepared.

It is our responsibility to express an opinion on the historical financial information of CIM as set out in Annexure 4 and Annexure 11 hereto.

**SCOPE**

We have:

- reviewed the historical financial information for the years ended 30 September 1993 – 2001; and
- audited the historical financial information for the year ended 30 September 2002.

**BASIS OF OPINIONS****Review opinion**

We conducted our review in accordance with the Statement of South African Standards applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance that the historical financial information of CIM for the years ended 30 September 1993 to 30 September 2001 is free of material misstatement. A review is limited primarily to enquiries of Company personnel and analytical procedures applied to financial data and this provides less assurance than an audit. We have not performed an audit of the aforementioned historical information and, accordingly, do not express an audit opinion thereon.

### **Audit opinion**

We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the historical financial information of CIM relating to the year ended 30 September 2002 is free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures of the –  
aforementioned historical financial information;
- assessing the accounting principles used and significant estimates made by the management; and
- evaluating the overall historical financial information presentation.

### **OPINIONS**

#### **Review opinion**

Based on our review, nothing came to our attention that causes us to believe that the historical financial information of the business for the years ended 30 September 1993 to 30 September 2001 is not fairly presented in all material respects, in accordance with South African Statements of Generally Accepted Accounting Practice applicable to the accounting period being reported on, and in the manner required by the Companies Act in South Africa and the JSE Listings Requirements.

#### **Audit opinion**

In our opinion, the historical financial information of CIM for the year ended 30 September 2002, fairly presents, in all material respects, the financial position at that date, and the results of the operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa and the JSE Listings Requirements.

### **DELOITTE & TOUCHE**

*Chartered Accountants (SA)*

*Registered Accountants and Auditors*

Cape Town"

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**CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF CIM**


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**CONSOLIDATED HISTORICAL BALANCE SHEETS OF CIM**

 for the years ended 30 September 2002, 2001 and 2000
 

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	Notes	Audited 30 September 2002 R'000	Reviewed 30 September 2001 R'000	Reviewed 30 September 2000 R'000
<b>ASSETS</b>				
Investment in associates	1	11 952	10 567	9 411
Financial investments	2	474 375	179 760	138 959
Long-term receivables		–	640	–
Plant and equipment	3	10 577	9 143	4 869
<b>Non-current assets</b>		<b>496 904</b>	<b>200 109</b>	<b>153 240</b>
Securities held for trading	4	2 688	34 650	6 914
Trade and other receivables		312 570	190 812	70 104
Funds on call and deposit		234 883	507 419	275 744
<b>Current assets</b>		<b>550 141</b>	<b>732 881</b>	<b>352 762</b>
<b>Total assets</b>		<b>1 047 045</b>	<b>932 990</b>	<b>506 002</b>
<b>EQUITY AND LIABILITIES</b>				
Ordinary share capital	5	–	–	–
Non-distributable reserves	6	25 157	–	–
Distributable reserves		483 279	222 819	282 311
Policyholders		9 203	8 569	3 958
Linked assets		(9 203)	(8 569)	(3 958)
<b>Shareholders' interest</b>		<b>508 437</b>	<b>222 819</b>	<b>282 311</b>
Interest-bearing borrowings	7	176 151	102 281	79 846
Non-interest bearing borrowings	8	82 856	262 955	39 909
Deferred taxation	9	50 386	29 666	28 155
<b>Non-current liabilities</b>		<b>309 393</b>	<b>394 902</b>	<b>147 910</b>
Other payables		187 734	156 397	49 401
Taxation owing		30 059	45 872	25 879
Current portion of interest-bearing borrowings	7	11 423	–	–
Shareholders for dividends		–	113 000	500
<b>Current liabilities</b>		<b>229 215</b>	<b>315 269</b>	<b>75 780</b>
<b>Total equity and liabilities</b>		<b>1 047 045</b>	<b>932 990</b>	<b>506 002</b>
<b>Net asset value per share (cents)</b>		<b>5 084 370</b>	<b>2 228 190</b>	<b>2 823 110</b>

**CONSOLIDATED HISTORICAL INCOME STATEMENTS OF CIM**  
for the years ended 30 September 2002, 2001 and 2000

	Notes	Audited 30 September 2002 R'000	Reviewed 30 September 2001 R'000	Reviewed 30 September 2000 R'000
Fee income	12	517 682	403 346	273 438
Trading income	13	49 957	22 845	46 603
Interest income		26 979	36 849	32 687
Investment income	14	5 819	4 532	2 664
Other income	15	1 863	20 303	3 082
<b>Total operating income</b>		<b>602 300</b>	<b>487 875</b>	<b>358 474</b>
Operating expenses	16	(243 536)	(189 804)	(160 859)
Interest expense		(11 243)	(7 897)	(3 249)
<b>Total expenses</b>		<b>(254 779)</b>	<b>(197 701)</b>	<b>(164 108)</b>
Net operating income		347 521	290 174	194 366
Foreign exchange profit/(loss)		8 580	(19 713)	(1 209)
Net capital impairments	17	(21 712)	(103)	(64)
Share of associates' retained income		96	1 155	279
Net income before taxation		334 485	271 513	193 372
Taxation	18	(74 025)	(58 423)	(37 091)
<b>Net income</b>		<b>260 460</b>	<b>213 090</b>	<b>156 281</b>
<b>Headline earnings adjustments</b>				
– Impairment of investments, goodwill and capital assets		21 712	103	64
– Surplus on disposal of financial investments		(248)	(788)	(2 160)
– Surplus/(Deficit) on disposal of business equipment		(23)	7	(7)
– Decrease in carrying amount of financial investments		2 636	–	–
– Foreign exchange (gains)/losses		(8 580)	19 713	1 209
<b>Headline earnings</b>	19	<b>275 957</b>	<b>232 125</b>	<b>155 387</b>
<b>Earnings per share (cents)</b>				
– Attributable		2 604 602	2 130 900	1 562 810
– Headline		2 759 570	2 321 250	1 553 870
Dividend (cents)		–	1 130 000	5 000

**CONSOLIDATED HISTORICAL STATEMENTS OF CHANGES IN EQUITY OF CIM**  
for the years ended 30 September 2002, 2001 and 2000

	Ordinary share capital R'000	Ordinary share premium R'000	Non-distri- butable reserves R'000	Distri- butable reserves R'000	Total R'000
<b>Balance at 1 October 1999 as restated</b>				126 530	126 530
Net income				156 281	156 281
Dividends paid				(500)	(500)
<b>Balance at 30 September 2000</b>				282 311	282 311
Adjustment due to change in structure – Inter-company reserves transfer				(159 581)	(159 581)
<b>Balance at 1 October 2000 as restated</b>	–	–	–	122 729	122 729
Net income	–	–	–	213 090	213 090
Dividends paid	–	–	–	(113 000)	(113 000)
<b>Balance at 30 September 2001</b>	–	–	–	222 819	222 819
Foreign currency translation difference	–	–	25 157	–	25 157
Net income	–	–	–	260 460	260 460
<b>Balance at 30 September 2002</b>	–	–	25 157	483 279	508 437

**CONSOLIDATED HISTORICAL CASH FLOW STATEMENTS OF CIM**

for the years ended 30 September 2002, 2001 and 2000

	Note	Audited 30 September 2002 R'000	Reviewed 30 September 2001 R'000	Reviewed 30 September 2000 R'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net cash flow from trading activities	A	272 706	51 825	(187 580)
Interest received		26 979	36 849	32 687
Dividends received		5 819	4 532	2 664
Interest paid		(11 243)	(7 897)	(3 249)
Operating income before changes to net operating assets		294 261	85 309	(155 478)
Dividends paid		(113 000)	(500)	(2 908)
taxation paid		(69 118)	(38 430)	(18 464)
Net cash inflow/(outflow) from operating activities		112 143	46 379	(176 850)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Acquisition of associates		(1 475)	–	(9 132)
Net cash inflow on acquisition of subsidiaries		–	–	322 424
Net decrease/(increase) in financial investments		(294 615)	(52 004)	5 469
Net decrease/(increase) in long-term receivables		640	(640)	16 133
Disposals of plant and equipment		179	142	48
Additions to plant and equipment		(6 829)	(7 682)	(1 635)
Net cash inflow/(outflow) from investing activities		(302 100)	(60 184)	333 307
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net increase in interest-bearing borrowings		85 292	65 710	45 923
Net (decrease)/increase in non-interest-bearing borrowings		(180 099)	179 770	–
Net cash (outflow) from financing activities		(94 807)	245 481	45 923
Net (decrease) in cash and cash equivalents		(284 764)	231 675	202 380
Net cash and cash equivalents at beginning of year		507 419	275 744	73 364
Foreign exchange adjustment		12 228	–	–
Net cash and cash equivalents at end of year		234 883	507 419	275 744

**CONSOLIDATED HISTORICAL SEGMENTAL INFORMATION OF CIM**  
for the years ended 30 September 2002, 2001 and 2000

	<b>South African interest R'000</b>	<b>Inter- national interest R'000</b>	<b>Total R'000</b>
<b>2002</b>			
Operating income	343 028	232 293	575 321
Interest income	23 549	3 430	26 979
Total income	366 577	235 723	602 300
Operating expenses	(188 736)	(54 800)	(243 536)
Interest expense	(10 705)	(538)	(11 243)
Net operating income	167 136	180 385	347 521
Foreign exchange profit	8 580	–	8 580
Net capital impairments	(21 712)	–	(21 712)
Share of associates' retained income	96	–	96
Net income before taxation	154 100	180 385	334 485
Taxation	(48 279)	(25 746)	(74 025)
Net income	105 821	154 639	260 460
<b>2001</b>			
Operating income	270 531	180 495	451 026
Interest income	35 946	903	36 849
Total income	306 477	181 399	487 875
Operating expenses	(115 659)	(74 145)	(189 804)
Interest expense	(7 897)	–	(7 897)
Net operating income	182 920	107 254	290 174
Foreign exchange loss	(19 713)	–	(19 713)
Net capital impairments	(103)	–	(103)
Share of associates' retained income	1 155	–	1 155
Net income before taxation	164 259	107 254	271 513
Taxation	(48 800)	(9 623)	(58 423)
Net income	115 459	97 631	213 090
<b>2000</b>			
Operating income	258 745	67 042	325 787
Interest income	32 687	–	32 687
Total income	291 432	67 042	358 474
Operating expenses	(132 509)	(28 350)	(160 859)
Interest expense	(3 249)	–	(3 249)
Net operating income	155 674	38 692	194 366
Foreign exchange loss	(1 209)	–	(1 209)
Net capital impairments	(64)	–	(64)
Share of associates' retained income	279	–	279
Net income before taxation	154 680	38 692	193 372
Taxation	(31 367)	(5 724)	(37 091)
Net income	123 313	32 968	156 281

**NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL STATEMENTS OF CIM**  
for the years ended 30 September 2002, 2001 and 2000

	Audited 30 September 2002 R'000	Reviewed 30 September 2001 R'000	Reviewed 30 September 2000 R'000
<b>1. INVESTMENT IN ASSOCIATES</b>			
Unlisted investments, at cost	10 607	9 132	9 132
Share of retained income since acquisition	1 530	1 434	279
Impairment write-off	(186)	–	–
Carrying value of associates	11 952	10 567	9 411
Directors' valuation of unlisted associates	11 952	10 567	9 411
Analysis of associates			
FinSource (Pty) Limited – 20% share	11 505	10 567	9 411
Kagiso Asset Management – 49% share	442	–	–
Kagiso Securities (Pty) Limited – 25% share	5	–	–
	11 952	10 567	9 411
Aggregate interest in FinSource (Pty) Limited:			
Share capital	7 000	7 000	7 000
Accumulated profit	10 336	6 445	538
Property, plant and equipment	14 314	11 665	8 440
Net current assets	1 376	6 095	2 870
Profit after taxation (comparative figure for 2001 is for a 15-month period)	7 091	8 264	1 132
Aggregate Interest in Kagiso Asset Management (Pty) Limited:			
Share capital	3 000	–	–
Accumulated loss	(2 097)	–	–
Property, plant and equipment	332	–	–
Net current assets	570	–	–
Loss after taxation	(2 097)	–	–
Aggregate Interest in Kagiso Securities (Pty) Limited:			
Share capital	20 000	–	–
Accumulated profit	742	–	–
Property, plant and equipment	1 282	–	–
Net current assets	2 818	–	–
Profit after taxation	631	–	–

	Audited 30 September 2002 R'000	Reviewed 30 September 2001 R'000	Reviewed 30 September 2000 R'000
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## 2. FINANCIAL INVESTMENTS

Ordinary shares – unlisted			
– Finswitch (Pty) Limited – 9% share – shares, at cost	– 1	– 1	– 1
Preference shares – at cost, unlisted			
– Depfin Investments (Pty) Limited	–	20 000	–
– Sechold (Pty) Limited	25 000	25 000	–
JSE Rights, at cost	50	130	130
Investment in Coronation Capital Trust, at cost	–	23 300	23 300
Financial investment in Film Structure –			
– at directors' valuation	187 390	88 434	99 282
Units in unit trusts – at fair value	261 934	22 896	16 247
	474 375	179 760	138 959

The Finswitch (Pty) Limited non-current receivables were written off during 2002 as the directors no longer consider the amount to be recoverable.

## 3. PLANT AND EQUIPMENT

Business equipment:			
Cost	25 161	18 511	10 971
Accumulated depreciation	(14 584)	(9 368)	(6 102)
Carrying value	10 577	9 143	4 869
Business equipment:			
Net book value at beginning of year	9 143	4 869	5 185
Additions	6 829	7 682	1 635
Disposals	(179)	(142)	(48)
Depreciation	(5 217)	(3 266)	(1 903)
Net book value at end of year	10 577	9 143	4 869

## 4. SECURITIES HELD FOR TRADING

Units in unit trusts – at lower of cost or fair value	2 688	34 650	6 914
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## 5. ORDINARY SHARE CAPITAL

### *Authorised*

50 000 ordinary shares of 1 cent each	–	–	–
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### *Issued*

10 000 ordinary shares of 1 cent each	–	–	–
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## 6. NON-DISTRIBUTABLE RESERVES

Foreign currency translation reserve	25 157	–	–
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	Audited 30 September 2002 R'000	Reviewed 30 September 2001 R'000	Reviewed 30 September 2000 R'000
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#### 7. INTEREST BEARING-BORROWINGS

Secured interest-bearing borrowings:

Gemini Film Finance Limited	56 839	48 192	36 571
The loan is denominated in UK Pounds and accrues interest at 8% per annum. The loan is repayable in full on 18 December 2008.			
Coronation Global Limited	74 640	54 089	43 275
The loan is denominated in US Dollars and accrues interest at 8.85% per annum. The loan is repayable in full on 31 March 2010.			
Coronation Global Limited	56 095	–	–
The loan is denominated in US Dollars and accrues interest at 1.74% per annum. The loan is repayable in full on 19 March 2017.			
Current portion transferred to current liabilities	(11 423)	–	–
	176 151	102 281	79 846

#### 8. NON-INTEREST BEARING BORROWINGS

Coronation Overseas Limited	82 856	71 469	–
Coronation Holdings Limited	–	110 509	39 909
Coronation Capital Holdings Limited	–	80 976	–
	82 856	262 955	39 909

#### 9. DEFERRED TAXATION

Balance at beginning of year	29 666	28 155	31 800
Movements:			
Originating and reversing temporary differences	20 720	1 511	(3 645)
Balance at the end of the year			
– deferred tax liability	50 386	29 666	28 155
The closing deferred tax balance comprises:			
Investment in films	50 782	26 530	29 785
Other	(397)	3 136	(1 630)
	50 386	29 666	28 155

#### 10. RELATED PARTY TRANSACTIONS

Coronation Fund Managers and its subsidiaries, in the ordinary course of business, enter into various service and investment transactions with associates and other entities in which the Group has material interest.

These transactions are under terms no less favourable than those arranged with third parties.

	Audited 30 September 2002 R'000	Reviewed 30 September 2001 R'000	Reviewed 30 September 2000 R'000
<b>11. COMMITMENTS</b>			
Operating leases payable – 2003	7 390	7 995	2 952
Operating leases payable – 2004 to 2007	27 104	35 712	15 560
	34 495	43 707	18 512
<b>12. FEE INCOME</b>			
Asset management fees	424 587	316 094	180 605
Unit Trust service charges and initial fees	93 095	87 252	92 833
	517 682	403 346	273 438
<b>13. TRADING INCOME</b>			
Unit trading	50 564	24 250	46 766
Equity trading	(607)	(1 405)	(163)
	49 957	22 845	46 603
<b>14. INVESTMENT INCOME</b>			
Dividends received	5 188	3 268	163
Unit trust distributions	631	1 264	385
Coronation Capital Trust	–	–	2 116
	5 819	4 532	2 664
<b>15. OTHER INCOME</b>			
Surplus on disposal of financial investments	247	788	2 160
Profit/(Loss) on sale of fixed assets	23	(7)	7
Other sundry income	1 593	19 522	915
	1 863	20 303	3 082
<b>16. OPERATING EXPENSES</b>			
Personnel expenses:			
Remuneration			
– fixed	30 562	24 341	20 383
– variable	134 046	95 910	83 241
Provident fund contributions	5 990	4 942	1 814
Other personnel expenses	13 894	8 727	3 913
	184 492	133 921	109 351

	Audited 30 September 2002 R'000	Reviewed 30 September 2001 R'000	Reviewed 30 September 2000 R'000
Auditors' remuneration:			
Audit fees			
– current year	1 174	426	360
– prior year underprovision	24	31	59
Fees for other services	154	109	383
	1 353	566	802
Other expenses			
Depreciation	5 217	3 266	1 903
Film amortisation	(8 407)	10 664	17 549
Fee and commission expenses	30 142	16 394	13 657
Other administrative and operating expenses	30 739	24 993	17 597
	57 691	55 318	50 706
Total operating expenses	243 536	189 804	160 859

#### 17. NET CAPITAL IMPAIRMENTS

Write down in film structure	(23 000)	–	–
Write off negative goodwill on associates	1 288	(103)	(64)
	(21 712)	(103)	(64)

#### 18. TAXATION

South African normal taxation			
– current year	26 162	46 408	34 055
– prior year	(417)	20	(114)
Deferred taxation			
– current year	20 720	1 511	(3 645)
Foreign taxation	25 746	9 623	5 724
Other taxes and levies	1 814	862	1 071
	74 025	58 423	37 091
Reconciliation of tax rate:			
	%	%	%
Standard rate	30.00	30.00	30.00
Prior year (over)/underprovision	(0.12)	0.25	(0.09)
Permanent differences	(1.74)	(0.73)	(8.18)
Lower tax rates applicable to foreign subsidiaries	(7.93)	(8.46)	(2.99)
Other taxes and levies	0.5	0.54	0.44
Effective rate	20.71	21.60	19.18

Distribution of accumulated profit of R483 279 000 is subject to Secondary Tax on Companies at a rate of 12.5%. The Group has unutilised STC credits of R773 205.

## 19. ATTRIBUTABLE AND HEADLINE EARNINGS PER SHARE

The calculation of attributable earnings per ordinary share is based on the net income attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares in issue during the year was 2002: 10 000 (2001: 10 000; 2000: 10 000) and the earnings attributable to ordinary shareholders were 2002: R260 460 000 (2001: R213 090 000, 2000: R156 281 000).

The calculation of headline earnings per ordinary share is based on the headline earnings attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares in issue during the year was 2002: 10 000 (2001: 10 000, 2000: 10 000) and the headline earnings attributable to ordinary shareholders were 2002: R275 957 000 (2001: R232 125 000, 2000: R155 387 000).

## 20. EMPLOYEE BENEFIT INFORMATION

### Coronation Retirement Fund

All staff are members of a defined contribution provident fund, which is governed by the Pension Funds Act, 1956, as amended. No valuation is performed, as the liabilities of the fund cannot exceed its assets. Other than ongoing contributions charged against income as incurred, the Group has no further retirement benefit obligations.

## 21. POST-BALANCE SHEET EVENTS

The CFM Group is to remain with a net asset value of R100 million following the implementation of the proposed Corohold restructuring. The reduction in net asset value will be accomplished by a dividend distribution of R145 million and a transfer of reserves of R221 million based on the Group's financial position as at 30 September 2002.

	<b>Audited</b> <b>30 September</b> <b>2002</b> <b>R'000</b>	<b>Reviewed</b> <b>30 September</b> <b>2001</b> <b>R'000</b>	<b>Reviewed</b> <b>30 September</b> <b>2000</b> <b>R'000</b>
<b>A. RECONCILIATION OF NET INCOME BEFORE TAXATION TO NET CASH FLOW FROM TRADING ACTIVITIES</b>			
Net income before taxation	334 485	271 513	193 372
<i>Adjustments for:</i>			
Interest received	(26 979)	(36 849)	(32 687)
Dividends received	(5 819)	(4 532)	(2 664)
Interest paid	11 243	7 897	3 249
(Surplus)/Deficit on disposal of fixed assets	(23)	7	(7)
Surplus on disposal of financial investments	(247)	(788)	(2 160)
Impairment of investments	21 712	103	64
Depreciation	5 217	3 266	1 903
Amortisation of films	(8 407)	10 864	17 549
Operating profit before working capital changes	331 182	251 481	178 619
Working capital movement:			
Increase in accrued income	(121 758)	(79 146)	(34 593)
Increase in expense accruals and pre-payments	31 320	98 510	21 168
Net decrease/(increase) in securities held for trading	31 962	(27 736)	7 465
Inter-company reserves transfer		(191 284)	(360 239)
Net cash flow from trading activities	272 706	51 825	(187 580)

## **ACCOUNTING POLICIES**

### **BASIS OF PREPARATION**

The Group annual financial statements are prepared in terms of South African Statements of Generally Accepted Accounting Practice using the historical cost basis, except as disclosed below.

### **PRINCIPLES OF CONSOLIDATION**

The Group financial statements incorporate the assets, liabilities, operating results and cash flows of Coronation Investment Management and its subsidiaries.

#### **Subsidiaries**

Subsidiaries are those entities controlled by the Group and which are not acquired with a view to their subsequent disposal in the near future. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiaries are carried at cost to the Company, less amounts written off.

The results of the subsidiaries are included in the Group from the effective dates of acquisition to the effective dates of disposal. Any difference between the purchase price of a subsidiary and the Group's share of the identifiable net assets acquired is treated in accordance with the Group's accounting policy for goodwill.

All material inter-company transactions are eliminated on consolidation. Where necessary, the accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

#### **Associates**

Associates are entities over whose financial and operating policies the Group has the ability to exercise significant influence.

The equity method of accounting for associates is adopted in the financial statements. In applying the equity method, account is taken of the Group's share of the accumulated retained earnings and movements in reserves from the effective date on which an entity became an associate and up to the effective date of disposal. Goodwill arising on the acquisition of associates is identified and accounted for in accordance with the Group's accounting policy for goodwill.

Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the enterprises.

### **FOREIGN CURRENCY TRANSLATION**

Transactions in foreign currencies are translated at the rate of exchange ruling at the transaction date. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any resultant foreign exchange differences are dealt with in the income statement in the year in which they arise.

Assets and liabilities of independent foreign entities are translated at the exchange rates ruling at year-end. Income statement items are translated at the weighted average rates of exchange for the year. The translation difference is classified as a foreign currency translation reserve and is included in non-distributable reserves. These reserves will be released to income, should the foreign entities be sold.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the holding company and are not translated at the exchange rate at the balance sheet date but rather at the rate on date of acquisition.

Where foreign currency loans form part of the Group's net investment in a foreign entity, the exchange differences arising on the loans are taken directly to the foreign currency translation reserve.

## **GOODWILL AND NEGATIVE GOODWILL**

Goodwill represents the excess of the cost of subsidiaries and associates over the fair value of the identifiable net assets acquired. It is brought to account in the year in which the subsidiary, associate or joint venture is acquired.

Goodwill is carried at cost, less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis over its estimated useful life or a maximum of twenty years.

## **SECURITIES HELD FOR TRADING**

Securities held for trading are those that the Group principally holds for the purpose of short-term profit taking. Securities held for trading are carried at lower of cost or fair value. Fair values are obtained from end of day closing prices obtained at year-end.

## **OTHER FINANCIAL INVESTMENTS**

Unlisted investments are carried at cost, subject to impairment.

Financial investments in film structures are carried at directors' valuation, which is established by reference to the expected future foreign currency denominated cash flows related to the film structure and rates of currency exchange at the balance sheet date. The valuation is performed at each reporting date and re-measurement gains and losses are taken to the income statement.

Other financial investments are held at the lower of cost or fair value.

## **TRADE AND OTHER RECEIVABLES**

Trade and other receivables originated by the Group are stated at amortised cost less a provision for doubtful debts.

## **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash balances on hand, cash deposited with financial institutions and short-term highly liquid investments with maturities of three months or less when purchased. Measurement is at fair value, based on the relevant exchange rates at balance sheet date.

## **FINANCIAL LIABILITIES**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisations.

## **OFF-SETTING**

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right of offset and an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis.

The effect on the income statement is reported in line with the presentation in the balance sheet.

## **PLANT AND EQUIPMENT**

### **Business equipment**

Business equipment is carried at cost, less accumulated depreciation and impairment losses. Depreciation is recognised on a straight-line basis over the estimated useful lives of the assets. Useful lives are estimated as follows:

Computer equipment	3 years
Furniture and fittings	6 years
Office equipment	5 years
Leasehold improvements	5 years

## **IMPAIRMENT**

The carrying amounts of the Group's plant and equipment, goodwill, intangible assets and investments in subsidiaries and associates are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of an asset's net selling price and its value in use.

In assessing value in use, the expected future net cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

## **REVENUE RECOGNITION**

### **Fee income**

Fee income is recognised when earned, but only to the extent costs are recoverable where there are significant uncertainties regarding the recoverability of the consideration due.

### **Interest income**

Interest income is recognised in the income statement on an accrual basis using the effective interest rate method. Interest income includes coupons earned and amortised/accrued premiums/discounts on fixed income securities.

### **Dividend income**

Dividends are deemed to accrue to the Group on the last date to trade. Capitalisation shares received in terms of a capitalisation issue from reserves, other than share premium or a reduction in share capital, are treated as dividend income.

## **EMPLOYEE BENEFITS**

### **Short-term employee benefits**

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

### **Post-employment benefits**

Employees belong to the Group's provident fund, a defined contribution plan. Contributions are charged to the income statement as incurred. The Group does not have any other retirement benefit obligations.

## **TAXATION**

Taxation comprises current tax and deferred tax. Current tax comprises tax payable on the basis of expected taxable income for the year, and any adjustment to tax payable for previous years. Current tax includes secondary tax on companies (STC) which is calculated on the dividend paid to shareholders, net of any credits from qualifying dividends received.

Deferred tax is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### **DIVIDENDS**

Dividends are reflected in the period declared.

#### **SEGMENT REPORTING**

The basis of segment reporting is representative of the internal structure used for management reporting. Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment. Inter-segment transfer pricing is market related.

#### **COMPARATIVE FIGURES**

Where necessary comparative figures are reclassified.

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**REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE CFM GROUP**

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"The Directors  
Coronation Fund Managers Limited  
Coronation House  
1 Mariendahl Lane  
Newlands  
7700

25 April 2003

Ladies and Gentlemen

**REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE CORONATION FUND MANAGERS LIMITED ("CFM") GROUP AT 30 SEPTEMBER 2002****1. INTRODUCTION**

We report on the unaudited pro forma income statement and balance sheet of the CFM Group ("the unaudited pro forma financial information") set out in Annexure 6 of the pre-listing statement to be dated on or about 5 May 2003 ("the pre-listing statement").

The unaudited pro forma financial information has been prepared for illustrative purposes only, to provide information on how the unbundling of CFM to Coronation Holdings Limited ("Corohold") shareholders and its simultaneous listing would have impacted on the consolidated results and financial position of the CFM Group. For purposes of the pro forma balance sheet, it is assumed that the unbundling was effected on 30 September 2002. For purposes of the pro forma income statement, it is assumed that the unbundling was effected on 1 October 2001. Consequently, the income statement adjustment arising out of the unbundling is not reflected in the balance sheet at 30 September 2002. Because of its nature, the unaudited pro forma financial information may not give a fair reflection of the CFM Group's financial position after the unbundling, nor the effect on future earnings.

At your request, and for purposes of the pre-listing statement, we present our report on the unaudited pro forma financial information of the CFM Group in compliance with the Listings Requirements of the JSE Securities Exchange South Africa ("JSE").

**2. RESPONSIBILITIES**

The directors of CFM are solely responsible for the preparation of the unaudited pro forma financial information to which this reporting accountants' report relates and for the financial information from which it has been prepared.

It is our responsibility to express an opinion on the unaudited pro forma financial information set out in Annexure 6 and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information, beyond that owed to those to whom those reports were addressed at their dates of issue.

**3. BASIS OF OPINION**

Our work, which did not involve any independent examination of any of the underlying financial information of the CFM Group for the period ended 30 September 2002, consisted primarily of agreeing the unaudited pro forma financial information with the financial information of Coronation Investments Management (Pty) Limited ("CIM"), considering the evidence supporting the adjustments, recalculating the amounts based on the information obtained and discussing the unaudited pro forma financial information with the directors of CFM.

Because the above procedures do not constitute either an audit or a review made in accordance with Statements of South African Auditing Standards, we do not express any assurance on the fair presentation of the unaudited pro forma financial information.

Had we performed additional procedures or had we performed an audit or review of the unaudited pro forma financial information in accordance with the Statements of South African Auditing Standards, other matters might have come to our attention that would have been reported to you.

#### **4. OPINION**

In our opinion:

- the unaudited pro forma financial information has been properly compiled on the basis stated;
- such basis is consistent with the accounting policies of the CFM Group; and
- the adjustments are appropriate for the purposes of the unaudited pro forma financial information.

We consent to the inclusion of our report on the unaudited pro forma financial information and the references thereto, in the form and context in which they appear.

Yours faithfully

**DELOITTE & TOUCHE**

*Chartered Accountants (SA)*

*Registered Accountants and Auditors*

Cape Town”

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## UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE CFM GROUP

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### 1. INTRODUCTION

This annexure presents the unaudited pro forma financial information of the CFM Group at 30 September 2002, based on the assumptions set out in paragraph 3 below.

The pro forma financial information has been prepared for illustrative purposes only, to provide information about how the acquisition of CIM and the listing of CFM might have impacted the consolidated results and financial position of CFM. The pro forma consolidated balance sheet was prepared as if the acquisition of CIM and the listing of CFM were effected at 30 September 2002. The pro forma consolidated income statement was prepared as if the acquisition of CIM and listing of CFM were effected at 1 October 2001. Therefore this unaudited pro forma financial information may, because of its nature, not give a true reflection of the Group's consolidated results and financial position.

### 2. DIRECTORS' RESPONSIBILITY

The contents and presentation of the unaudited pro forma financial information is the responsibility of the directors of CFM.

### 3. BASES OF PREPARATION

The financial information presented in this report of unaudited pro forma financial information has been based on the published audited consolidated financial information of CIM at 30 September 2002 and the Company financial information of CFM at 30 September 2002. The unaudited pro forma financial information illustrates the estimated effects of:

- a dividend distribution of R145 million by CIM;
- a transfer of reserves of R221 million by CIM;
- the acquisition of CIM from Corohold for a total consideration of R1 757 million, in exchange for CFM shares, and the amortisation of the resultant goodwill;
- the creation, allotment and issue of 7 600 000 preference shares by CFM to the Company's Chief Executive Officer;
- the payment of estimated listing costs of approximately R405 825; and
- the repayment of the loan due to Coronation Overseas Limited of R83 million on 30 September 2002.

### 4. PRO FORMA FINANCIAL INFORMATION OF THE CFM GROUP

The tables below set out the financial effects of the acquisition of CIM and the listing of CFM on the Group's consolidated results and financial position.

**UNAUDITED PRO FORMA BALANCE SHEET OF THE CFM GROUP**

	CFM <sup>(1)</sup> R'm	Adjust- ments <sup>(2)</sup> R'm	CFM post acquisition of CIM R'm	CIM <sup>(3)</sup> R'm	Adjust- ments <sup>(4)</sup> R'm	Pro forma consolidated CFM R'm
<b>ASSETS</b>						
<b>Non-current assets</b>		1 757	1 757	497	(423)	<b>1 831</b>
Investment in associates				12		<b>12</b>
Financial investments				474	(304)	<b>170</b>
Investment in CIM		1 757	1 757		(1 757)	<b>–</b>
Intangible assets					1 638	<b>1 638</b>
Plant and equipment				11		<b>11</b>
<b>Current assets</b>	23	13	36	527	(145)	<b>418</b>
Securities held for trading				2		<b>2</b>
Trade and other receivables	23		23	290		<b>313</b>
Funds on call and deposit		13	13	235	(145)	<b>103</b>
<b>Total assets</b>	<b>23</b>	<b>1 770</b>	<b>1 793</b>	<b>1 024</b>	<b>(568)</b>	<b>2 249</b>
<b>EQUITY AND LIABILITIES</b>						
Ordinary share capital and premium		1 757	1 757		–	<b>1 757</b>
Preference shares and premium		13	13			<b>13</b>
Non-distributable reserves				25	(25)	<b>–</b>
Distributable reserves	23		23	460	460	<b>23</b>
Policyholders				9		<b>9</b>
Linked assets				(9)		<b>(9)</b>
Shareholders' interest	23	1 770	1 793	485	(485)	<b>1 793</b>
<b>Non-current liabilities</b>				309	(83)	<b>226</b>
Interest-bearing borrowings				176		<b>176</b>
Non-interest bearing borrowings				83	(83)	<b>–</b>
Deferred taxation				50		<b>50</b>
<b>Current liabilities</b>				230		<b>230</b>
Payables				188		<b>188</b>
Taxation owing				31		<b>31</b>
Current portion of interest-bearing borrowings				11		<b>11</b>
Bank overdraft						
<b>Equity and liabilities</b>	<b>23</b>	<b>1 770</b>	<b>1 793</b>	<b>1 024</b>	<b>(568)</b>	<b>2 249</b>
Number of shares in issue	600					381 889 930
Net asset value per share – including goodwill	3 833 333					469.51
Net asset value per share – excluding goodwill	3 833 333					40.59

**Notes:**

1. Amounts extracted from the audited financial statements of CFM (formerly CIS) as at 30 September 2002.

2. Adjustments relate to:
  - CFM’s acquisition of CIM from Corohold for a total consideration of R1 757 million;
  - the issue of CFM shares to Corohold as settlement of the total consideration; and
  - the issue of 7 600 000 preference shares to the Chief Executive Officer of the Company for cash.
3. Amounts extracted from the audited consolidated financial statements of CIM as at 30 September 2002 exclude the assets and liabilities of CFM as at the same date.
4. Adjustments relate to:
  - a dividend distribution of R145 million;
  - a transfer of reserves of R221 million;
  - the elimination of CFM’s investment in CIM;
  - the elimination of CIM’s share capital and pre-acquisition reserves;
  - the write-off of estimated listing costs of R405 825 against the Ordinary Share Premium account; and
  - the settlement of the Coronation Overseas Limited loan of R83 million.
5. The calculation of the CFM consolidated pro forma net asset value per share is based on pro forma net assets of R1 793 million (including intangible assets) and R155 million (excluding intangible assets) and pro forma ordinary shares in issue of 381 889 930. The pro forma net asset value per share ratio is disclosed for illustrative purposes only.

## UNAUDITED PRO FORMA INCOME STATEMENT OF THE CFM GROUP

	CFM <sup>(1)</sup> R'000	Acquisition of CIM <sup>(2)</sup> R'000	Goodwill amortisation <sup>(3)</sup> R'000	Pro forma consolidated CFM R'000
Fee income	862	516 820		517 682
Trading income		49 957		49 957
Interest income	1 202	25 777		26 979
Investment income		5 819		5 819
Other income		1 863		1 863
<b>Total operating income</b>	<b>2 064</b>	<b>600 236</b>		<b>602 300</b>
Operating expenses	(77)	(243 459)	(81 866)	(325 402)
Interest expense		(11 243)		(11 243)
<b>Net operating income</b>	<b>1 987</b>	<b>345 534</b>	<b>(81 866)</b>	<b>265 655</b>
Foreign exchange profit		8 580		8 580
Net capital impairments		(21 712)		(21 712)
Share of associates’ retained income		96		96
<b>Net income before taxation</b>	<b>1 987</b>	<b>332 498</b>	<b>(81 866)</b>	<b>252 619</b>
Taxation	(596)	(73 429)		(74 025)
<b>Net income</b>	<b>1 391</b>	<b>259 069</b>	<b>(81 866)</b>	<b>178 594</b>
<b>Headline earnings adjustments</b>				
– Impairment of investments, goodwill and capital assets		21 712	81 866	103 578
– Surplus on disposal of financial investments		(248)		(248)
– Surplus on disposal of business equipment		(23)		(23)
– Decrease in carrying amount of financial investments		2 636		2 636
– Foreign exchange profit		(8 580)		(8 580)
<b>Headline earnings</b>	<b>1 391</b>	<b>274 566</b>		<b>275 957</b>
<b>Number of shares in issue</b>	<b>600</b>	<b>10 000</b>		<b>381 889 930</b>
<b>Earnings per share (cents)</b>				
– Attributable	231 833	2 590 690		46.77
– Headline	231 833	2 745 660		72.26

### Notes:

1. Amounts extracted from the audited financial statements of CFM (formerly CIS) as at 30 September 2002.
2. Represents amounts extracted from the audited consolidated financial statements of CIM as at 30 September 2002, excluding the income and expense items relating to CFM as at the same date.
3. Represents an annual goodwill amortisation charge that would have been incurred had the acquisition of CIM occurred on 1 October 2001. The goodwill has been amortised over its estimated useful life of 20 years in accordance with the Group’s accounting policies.

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**SUBSIDIARY COMPANIES OF CFM**


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<b>Name of subsidiary</b>	<b>Incorporation</b>	<b>Percentage held</b>	<b>Principle business</b>	<b>Directors</b>
Coronation Asset Management (Pty) Limited (Registration number 1993/002807/07)	25 May 1993 South Africa	100	Investment management	M M du Toit A J Gibson J A Snalam L F Stassen
Coronation Investment Management (Pty) Limited (previously Coronation Fund Managers (Pty) Limited) (Registration number 1995/002652/07)	24 March 1995 South Africa	100	Holding company of operating subsidiaries	M M du Toit A J Gibson P J Koekemoer R L Kommel M Marais R A Oellerman J A Snalam L F Stassen
Coronation Management Company Limited (Registration number 1995/010002/06)	19 September 1995 South Africa	100	Collective investment schemes management company	M M du Toit A J Gibson P J Koekemoer J A Snalam L F Stassen
Coronation Life Assurance Company Limited (previously Harvest Life Assurance Company Limited) (Registration number 1999/005510/06)	16 March 1999 South Africa	100	Long-term insurance company	M M du Toit A J Gibson J A Snalam L F Stassen G J Wood
CFM International Limited (Registration number 450196)	22 June 2001 British Virgin Islands	100	Holding company of the international subsidiaries	M M du Toit P Mahon B C Melville
Coronation Fund Managers (Ireland) Limited (Registration number 271476)	2 September 1997 Ireland	100	Collective investment schemes management company	D Dillon A du Plessis M M du Toit A J Gibson P Mahon B C Melville
Coronation International Limited (Registration number 04027812)	6 December 2000 United Kingdom	100	Investment management company	A du Plessis M M du Toit A J Gibson R L Kommel B C Melville
CIH Management Limited (Registration number 355570)	3 December 1999 British Virgin Islands	100	Investment management company	A du Plessis M M du Toit A J Gibson B C Melville

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**EXTRACTS FROM THE ARTICLES OF ASSOCIATION**

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Extracts from the articles of association pertaining to the appointment, qualification, remuneration and borrowing powers of the directors of Coronation Fund Managers are set out below:

**APPOINTMENT OF MANAGING AND EXECUTIVE DIRECTORS**

70.

- (a) Until otherwise from time to time determined by the Company in general meeting, the number of directors shall be not less than four.

72. Without prejudice to the provisions for retirement by rotation or otherwise hereinafter contained, the office of a director shall be vacated in any of the events following, namely:

- (i) if he becomes insolvent or assigns his estate for the benefit of his creditors, suspends payments generally, or compounds with his creditors, or files a petition for the surrender of his estate;
- (ii) if he is found or becomes of unsound mind;
- (iii) if he is requested in writing by all his co-directors to resign;
- (iv) if he be removed by a resolution of the Company pursuant to section 220 of the Act;
- (v) if he shall pursuant to the provisions of the Statutes or by reason of any order made there under be prohibited from acting as a director;
- (vii) if he resigns his office by notice in writing to the Company;

if he is absent from meetings of the directors for six consecutive months without leave of the directors otherwise than on the business of the Company and is not represented at any such meetings during such six consecutive months by an alternate director, and the directors resolve that his office be, by reason of such absence, vacated; provided that the directors shall have power to grant to any director not resident in South Africa leave of absence for any or an indefinite period.

73. A director may hold any other office under or position with the Company, or may be employed as a director or employee of a subsidiary company (in each case except that of auditor), in conjunction with his office of director for such period and on such remuneration terms (in addition to the remuneration to which he may be entitled as a director) and otherwise as a disinterested quorum of the directors may determine.

74. Save as otherwise provided herein, a director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise and (except insofar as otherwise decided by the directors), he shall not be accountable for any remuneration or other benefits received by him as a director or officer of or from his interest in such other company.

75. Any director may act by himself or through his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director.

76. A director who is in any way whether directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company, shall declare the nature of his interest in accordance with sections 234, 235, 237 and 238 of the Act.

77. Subject to the next succeeding article hereof, no director or intending director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any other office under or position with the Company or in any company promoted by the Company or in which the Company is interested or in respect of professional services rendered

or to be rendered by such director or as vendor, purchaser or in any other manner whatever, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any director is in any way interested be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the Company for any profit realised by any such appointment, contract or arrangement by reason of such director holding the office or of the fiduciary relationship thereby established.

78.

(a) A director shall not vote nor be counted in the quorum and if he shall do so his vote shall not be counted on any resolution for his own appointment to any other office under or position with the Company or in respect of any contract or arrangement in which he is interested, but this prohibition shall not apply to:

- (i) any arrangement for giving to any director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (ii) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company which the director has himself guaranteed or secured; or
- (iii) any contract by a director to subscribe for or underwrite shares or debentures of the Company; or
- (iv) any contract or arrangement with a company in which he is interested by reason only of being a director, officer, creditor or member of such company;

provided that these prohibitions may at any time be suspended or relaxed to any extent either generally, or in respect of any particular contract or arrangement, by the Company in general meeting.

(b) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each director separately and in such cases each of the directors concerned shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

(c) If any question shall arise at any meeting as to the entitlement of any directors to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to any other director shall be final and conclusive except in a case where the nature or extent of the interests of the director concerned have not been fairly disclosed.

79. The directors may exercise the voting powers conferred by the shares in any other company held or owned by the Company in such manner in all respects as they think fit, including the exercise thereof in favour of any resolution appointing themselves or any of them to be directors or officers of such other company or voting or providing for the payment of remuneration to the directors or officers of such other company.

80. Each director may appoint either another director or any person approved for that purpose by a resolution of the directors to act as alternate director in his place and during his absence and may at his discretion remove such alternate director. A person so appointed shall, except as regards power to appoint an alternate, and remuneration, be subject in all respects to the terms and conditions existing with reference to the other directors of the Company, and each alternate director, whilst so acting, shall be entitled to receive notices of all meetings of the directors or of any committee of the directors of which his appointor is a member, and to attend and vote at any such meeting at which his appointor is a member, and to attend and vote at any such meeting at which his appointor is not personally present and he shall generally be entitled to exercise and discharge all the functions, powers and duties of his appointor in such appointor's absence as if he were a director. Any director acting as alternate shall (in addition to his own vote) have a vote for each director for whom he acts as alternate. An alternate director shall *ipso facto* cease to be an alternate director if his appointor ceases for any reason to be a director, provided that if any director retires by rotation or otherwise but is re-elected

at the same meeting, any appointment made by him pursuant to this article which was in force immediately before his retirement shall remain in force as though he had not retired. Any appointment or removal of an alternate director shall be effected by instrument in writing delivered at the office and signed by the appointor. The remuneration of an alternate director shall be payable only out of the remuneration payable to the director appointing him and he shall have no claim against the Company for his remuneration. In this article reference to in writing shall include the use of Electronic communication, subject to any law for the time being in force and to any terms and conditions decided on by the directors.

81. Subject to Article 95 hereof at every annual general meeting one-third of the directors for the time being or if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire from office. The directors so to retire at every annual general meeting shall be those who have been longest in office since their last election, but as between persons who become or were last elected directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot; provided that notwithstanding anything herein contained, if at the date of any annual general meeting any director shall have held office for a period of three years since his last election or appointment, he shall retire at such meeting either as one of the directors to retire in pursuance of the foregoing or additionally thereto. The length of time a director has been in office shall be computed from his last election, appointment or date upon which he was deemed re-elected. A director retiring at a meeting shall retain office until the close or adjournment of the meeting.
82. Retiring directors shall be eligible for re-election but no person, other than a director retiring at the meeting, shall, unless recommended by the directors, be eligible for election to the office of a director at any general meeting unless not more than thirty but at least six clear days before the day appointed for the meeting, there shall have been left at the office or any branch or other office outside South Africa, a notice in writing by some member duly qualified to be present and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected (so that the period of days shall not include the day on which the notices are left at the office or the day appointed for the meeting). In this article reference to notice in writing shall include the use of Electronic communication, subject to any law for the time being in force and to any terms and conditions decided on by the directors.
83. Subject to the last preceding article the Company at the meeting at which a director retires in manner aforesaid, may fill the vacated office by electing a person thereto and in default the retiring director, if willing to continue to act, shall be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office, or unless a resolution for the re-election of such director shall have been put to the meeting and lost.
84. The Company may in general meeting (but subject to the provisions of Article 82) elect any person to be a director either to fill a casual vacancy or as an additional director, but so that the total number of directors shall not exceed at any time any maximum number fixed in accordance with these articles. The Company in general meeting may also from time to time increase or reduce the number of directors and may also determine in what rotation such increased or reduced number is to go out of office.
85. The validity of the appointment of any director shall not be affected by a failure to comply with section 211(3) of the Act.
89. Without prejudice to the powers of the Company in general meeting in pursuance of any of the provisions of these articles to appoint any person to be a director, the directors shall have power at any time and from time to time to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing board, but so that the total number of directors shall not at any time exceed any maximum number fixed by or in accordance with these articles. Any director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation at such meeting.

94. The directors may from time to time appoint one or more of their body to be Managing Director, Assistant Managing Director, Executive Director (with or without specific designation) or General Manager of the Company or to other executive office with the Company as the directors shall think fit, and may from time to time remove or dismiss him or them from office and appoint another or others in his or their place or places.
95. Subject to any provisions either in these articles or in the contract under which he is appointed any director appointed to any position or executive office pursuant to the last preceding article shall not, while he continues to hold that position or office under a contract for a term of years (which provides for him to be exempted from retirement by rotation during such term of years), be subject to retirement by rotation during the currency of such contract and he shall not, in such case, be taken into account in determining the rotation of retirement of directors but he shall be subject to the same removal terms as the other directors of the Company and, if he ceases to hold office as director, his appointment to such position or executive office shall *ipso facto* and immediately be terminated but without prejudice to any claims or damages which may accrue under any such contract in respect of such termination: Provided that the directors shall not appoint any director to any position or executive office under a contract as aforesaid which provides for him to be so exempted, if at the time of such appointment under such contract the effect of such exemption would be to cause one-half or more of the directors to be exempt from retirement by rotation.
96. The directors may from time to time entrust to and confer upon a director appointed to any position or executive office under Article 95 such of the powers exercisable under these articles by the directors as they think fit, and may confer such powers for such time, and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions, as they think expedient, and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

#### **REMUNERATION OF DIRECTORS**

- 70.
- (b) The directors shall be entitled to such remuneration as a director as the Company by ordinary resolution in general meeting may from time to time determine, which remuneration shall be divided among the directors in such proportion as they may agree, or in default of such agreement, equally, except that any director holding office for less than a year shall only rank in such division in proportion to the period during which he has held office during the year.
71. Any director who serves on any executive or other committee or who devotes special attention to the business of the Company or who goes or resides outside South Africa for any purposes of the Company, or who otherwise performs services which, in the opinion of the directors, are outside the scope of the ordinary duties of a director, may be paid such extra remuneration, as a disinterested quorum of the directors may determine, in addition to or in substitution for any other remuneration to which he may be entitled as a director. The directors shall also be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company and in attending meetings of the directors or of committees of the directors or of the Company.

#### **THE CFM PREFS**

141. The following terms, conditions, rights and privileges shall attach to the 7 600 000 convertible cumulative redeemable preference shares of 0.01 cent each ("the CFM Prefs") in the share capital of the Company:
- 141.1 The CFM Prefs shall have a par value of 0.01 cent each and shall be allotted and issued, credited as fully paid, at a premium of 171.99 cents per CFM Pref against receipt by the Company of the issue price of 172 cents for each CFM Pref.

- 141.2 The CFM Prefs shall confer on the holders thereof the right on the winding up of the Company, in priority to any payment in respect of any other class of shares in the capital of the Company then in issue, to receive a return of capital plus the premium paid on the issue of the CFM Prefs, plus all arrear dividends, if any, declared but remaining unpaid at the date of winding up of the Company.
- 141.3 The CFM Prefs shall confer on the holders thereof the right to receive out of the distributable profits of the Company a cumulative annual preferential cash dividend ("the preference dividend") which shall be determined in the manner set out in paragraph 141.4 below.
- 141.4 The cumulative preference dividend shall be due and payable, in arrear, on the last day of September in each year in respect of the 12-month period ending on that date (save in the case of the first dividend which shall be due and payable, in respect of the period from the date of issue of the CFM Prefs ("the Issue Date") to the next succeeding 30 September) and shall be determined and paid in the following manner:
- 141.4.1 The preference dividend payable on each CFM Pref shall be equal to 66% of the Prime Rate multiplied by the sum of:
- 141.4.1.1 the total amount of capital and premium paid for each CFM Pref held and remaining unredeemed or unconverted, as the case may be, at the date on which the preference dividend becomes due; plus
- 141.4.1.2 the arrear dividends, if any, which remain unpaid at the date on which the preference dividend becomes due,
- which preference dividend will be calculated from the Issue Date up to the day immediately prior to the date on which that CFM Pref is redeemed or converted in accordance with these conditions.
- 141.4.2 For purposes hereof "Prime Rate" shall mean the nominal annual compounded monthly in arrear overdraft prime rate of interest from time to time publicly quoted as such by Nedbank Limited, as certified by any manager of that bank, whose appointment as such it will not be necessary to prove, the contents of which certificate shall be *prima facie* proof thereof.
- 141.4.3 The preference dividend shall rank in priority to any dividend which after the Issue Date may be declared in respect of any ordinary shares in the Company, and in preference to any dividend declared on any other class of shares in the Company.
- 141.5 The following conversion rights shall apply to the CFM Prefs:
- 141.5.1 on the day immediately following that of the Company's financial years which ends next after the third anniversary of the Issue Date, and on the day immediately following each of the Company's two succeeding financial years thereafter, that number mentioned in paragraph 141.5.2 below of the CFM Prefs remaining unredeemed at each of those dates (each a "conversion date") will automatically and without notice convert into a like number of ordinary shares in the share capital of the Company ranking *pari passu* from the date of conversion in all respects with the ordinary shares, on the following basis:
- 141.5.2 Subject to all the conditions of this paragraph 141.5:
- 141.5.2.1 on the first of such of the Company's financial years 4 560 000 of the CFM Prefs will so convert into ordinary shares;
- 141.5.2.2 on the second of such of the Company's financial years 1 520 000 of the CFM Prefs will so convert into ordinary shares, together with those CFM Prefs mentioned in paragraph 141.5.5 if applicable; and

- 141.5.2.3 on the third of such of the Company's financial years 1 520 000 of the CFM Prefs will so convert into ordinary shares, together with those CFM Prefs mentioned in paragraph 141.5.5 if applicable;
- 141.5.3 Each of such conversions will be conditional upon:
- 141.5.3.1 the market price per ordinary share of the Company having increased at a minimum rate of 10% per annum from an agreed base of R4,60 per ordinary share at 30 September 2003 (irrespective of the actual ordinary share price at that date), up to the relevant conversion date. The aforesaid market price per ordinary share will be calculated as the average daily closing price per ordinary share for the 30 days immediately preceding the relevant financial year end; and
- 141.5.3.2 the earnings per share of the ordinary shares having increased at a minimum rate of 15% per annum from a base of 66 cents per share at 30 September 2003, up to the relevant conversion date. The aforesaid earnings per share shall be calculated in accordance with South African Statements of Generally Accepted Accounting Practice ("GAAP") and on the basis of the accounting policies as applied in the financial year of the Company ended 30 September 2002, except if they are required to be changed in order to comply with GAAP at the date of each set of subsequent financial statements. The earnings per share will exclude the effect of any amortisation of the goodwill arising on the restructuring of Coronation Holdings Limited (Registration number 1902/001739/06) ("Coronation") and its subsidiaries which is being undertaken at the date of adoption of these articles whereby, inter alia, the entire issued share capital of the Company will be unbundled by Coronation and distributed to Coronation's shareholders; and
- 141.5.3.3 the attainment of the criteria mentioned in paragraphs 141.5.3.1 and 141.5.3.2 above having been verified by the issue of a certificate to that effect by the then auditors of the Company.
- 141.5.4 Notwithstanding the provisions of paragraph 141.5.3 above, the directors shall be entitled in their discretion, but not obliged, to reduce the criteria mentioned in paragraph 141.5.3.1 and paragraph 141.5.3.2 on written notice to the holders of the CFM Prefs should, in their opinion, this be reasonably justified regard being had to the market or trading conditions prevailing at the relevant conversion date and regard being had to the performance of the holders of the CFM Prefs as employees of the Company (or if a holder is a trust then any person being a beneficiary thereof who is in the employ of the Company).
- 141.5.5 Notwithstanding the foregoing, if on any of the aforesaid conversion dates the criteria mentioned in paragraph 141.5.3.1 and paragraph 141.5.3.2 have not been attained, then the CFM Prefs which would have converted into ordinary shares on that conversion date, had the criteria been attained, may be converted on any following conversion date into a like number of ordinary shares if at that following conversion date the increase in the Company's market capitalisation and earnings per share is that which would have been attained had both such criteria been met in previous relevant financial years, subject always to the right of the directors to exercise their discretion in terms of paragraph 141.5.4 above in relation to either or both of such criteria.
- 141.5.6 Those CFM Prefs that have not converted into ordinary shares on the last of the three conversion dates shall cease to carry conversion rights and shall instead become redeemable on that conversion date in terms of paragraphs 141.6 and 141.7 below.

- 141.5.7 On conversion of the CFM Prefs into ordinary shares, those ordinary shares will not participate in dividends declared by the Company to the holders of the ordinary shares in respect of any period up to and including the date of such conversion.
- 141.5.8 Notwithstanding the provisions of this Article 141, should the Company's financial year end change from 30 September at any time whilst any of the CFM Prefs remain unredeemed, then for the purposes of this Article 141, all references to a "financial year" shall mean the twelve month period ending on 30 September as if no such change had taken place, but in that event the auditors shall refer for the purposes of this Article 141 to management accounts of the Company for the relevant twelve month period ending on 30 September, instead of the audited financial statements of the Company to which they would have referred had there been no change to the Company's financial year end.
- 141.6 Subject to the provisions of the Companies Act, No. 61 of 1973 (as amended) ("the Companies Act"), upon the occurrence of any one of the events listed in paragraph 141.7 below, the Company shall forthwith redeem the CFM Prefs in full for an amount equal to:
- 141.6.1 the issue price; plus
- 141.6.2 all arrear dividends which at the date of redemption remain unpaid, against surrender to the Company of the certificates in respect of such CFM Prefs.
- 141.7 Subject to the provisions of paragraph 141.6, the CFM Prefs shall forthwith become redeemable and shall be redeemed upon the occurrence of any one of the following events:
- 141.7.1 the holder thereof (or if the holder is a trust then any person being a beneficiary thereof who is in the employ of the Company) ceases to be employed by the Company, for whatever reason, including death, incapacity or disability, otherwise than as a result of the unlawful termination of his employment by the Company; or
- 141.7.2 the holder thereof (or if the holder is a trust then any person being a beneficiary thereof who is in the employ of the Company) ceases to be employed by the Company as a result of the unlawful termination of such person's employment by the Company, and such person thereafter elects that the CFM Prefs be redeemed; or
- 141.7.3 the Company gives any notice or takes any steps to convene a meeting of its shareholders to adopt a resolution for its winding up or placing it under judicial management whether provisional, voluntary or otherwise; or
- 141.7.4 the Company makes or attempts to make or recommend any general offer of compromise with any or all of its creditors; or
- 141.7.5 the CFM Prefs shall have become redeemable in terms of the provisions of paragraph 141.5.6 above,
- but nothing contained in this Article will oblige the Company to redeem the CFM Prefs, in whole or in part, within a period of three years from the Issue Date or will confer upon the holder the option to require redemption of the CFM Prefs in whole or in part within that 3 year period or a right of acquisition which may be exercised within such period, all as contemplated in s8E of the Income Tax Act No. 58 of 1962 (as amended).
- 141.8 Save as set out herein, the CFM Prefs shall not be entitled to participate in any profits or assets of the Company, or, on a winding up of the Company, in any surplus assets of the Company.
- 141.9 The CFM Prefs shall rank *pari passu* with the ordinary shares as to voting rights.

- 141.10 At every class meeting of the holders of the CFM Prefs the provisions of the Company's Articles of Association relating to general meetings of ordinary shareholders shall apply *mutatis mutandis*, except that a quorum at any such meeting shall be any person or persons holding or representing by proxy at least 25% of the issued CFM Prefs; provided that if at any adjournment of such meeting a quorum is not so present, the provision of the Articles relating to adjourned general meetings shall apply *mutatis mutandis*.
- 141.11 Notwithstanding any provisions to the contrary herein contained, no new share in the capital of the Company ranking as regards rights to dividend, or on a winding up as regards return of capital, in priority to or *pari passu* with the CFM Prefs, shall be created or issued without the consent in writing of all the holders of the CFM Prefs.
- 141.12 The Company shall not be liable to CFM Pref shareholders for interest on any dividends or redemption monies unclaimed by the holder.
- 141.13 Should any cheque in respect of a dividend or redemption amount not be cashed, the Company shall retain that amount until it is claimed by the person entitled thereto, provided that all monies which remain unclaimed for a period of three years shall be forfeited to the Company; and provided further that if so resolved by the directors such unclaimed dividends may be paid by the Company into a trust account under the control of the Company's attorneys or auditors for the benefit of the creditors in relation to those amounts, on such notification to those creditors as the directors may deem appropriate, whereupon the liability of the Company in relation thereto shall be extinguished.
- 141.14 Payments in respect of preference dividends and/or redemption monies for the CFM Prefs shall be transmitted by the Company to the holders thereof by transfer of the same to the credit of the holder's bank account or at such other address as may be notified from time to time by the holders.

## **BORROWING POWERS**

90.

- (a) The Company may create and issue secured or unsecured debentures and subject to the listings requirements of any Stock Exchange on which the shares of any holding company of the Company are listed or quoted and to any regulations from time to time made by the Company in general meeting, the directors may raise or borrow from time to time for the purposes of the Company or secure the payment of such sums as they think fit and may secure the repayment or payment of any such sums by bond, mortgage or charge upon all or any of the property or assets of the Company or by the issue of debentures or otherwise as they may think fit, and may make such regulations regarding the transfer of debentures, the issuing of certificates therefore (subject always to Article 14 hereof) and all such other matters incidental to debentures as they may think fit: Provided that no special privileges as to allotment of shares in the Company, attending and voting at general meetings, appointment of directors or otherwise, shall be given to the holders of debentures of the Company save with the sanction of the Company in general meeting.
- (b) The Company may issue guarantees in order to secure obligations and loans, including but not limited to loans to subsidiaries.

### **Subsidiaries**

Coronation Life is restricted in its ability to borrow in that borrowings require the approval (which may be conditional) of the Registrar of Insurance, in terms of the South African Long-term Insurance Act, 1998.

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## STATEMENT IN SUPPORT OF THE KING II REPORT

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### INTRODUCTION

The Company is committed to the promotion of good corporate governance as set out in The King II Report on Corporate Governance in South Africa. The Company intends to comply with the code of corporate practices and conduct set out in the report and to adhere to the guidelines contained in Schedule 22 of the JSE Listings Requirements.

### THE BOARD OF DIRECTORS

#### Composition of the Board

The Board shall consist of four directors three of whom will be non-executive directors independent from management. The directors bring a wide range of diverse experience and insight to the Board.

The roles of Chairman and Chief Executive Officer ("CEO") are separated with Messrs Ryan and Du Toit, respectively, appointed to these positions.

#### Role and function of the Board

The Board is responsible for the effective management and control of the Company and participates in the determination of the strategic direction and policy of the Company, discussions regarding transactions and disposals, approval of major capital expenditure, diverse financial and administrative activities and any other matters that may materially impact on the business of the Company. Day-to-day management of the businesses vests in the executive teams of the subsidiaries and the businesses themselves.

Management will supply the Board in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties. The directors will have unrestricted access to all Company information records, documents and property, which they may require in the fulfilment of their duties. Directors will furthermore have the ability to delegate certain functions, either internally or externally in order to assist them with the performance of their duties and the decision-making process. The CEO will have the power to review the content and implementation of such delegated functions and will report on this to the Board.

The Board will meet quarterly, with additional meetings being convened when necessary.

#### Independence of the Board

It is the intention of the Board to maintain a balance between non-executive and executive directors, to provide a measure of independence to the Board. Initially, there will be more non-executive directors than executive directors. Therefore, the number and calibre of non-executive directors will carry sufficient weight in Board deliberations and resolutions to act as a balance to the executive directors. In addition, all Board committees will be chaired by a non-executive director and the remuneration of non-executive directors will not be dependent on the financial performance of the Company.

All directors will have access to the services of the Company secretary and will be entitled to seek independent professional advice regarding the affairs of the Company at the Company's expense with the prior approval of a majority of the non-executive directors of the Company.

#### Appointment and re-election of the Board

Directors are subject to retirement by rotation and re-election by shareholders in accordance with the articles of association of the Company.

## **INTERNAL, FINANCIAL AND OPERATING CONTROLS**

The Board has ultimate responsibility for the internal, financial and operating systems of the Company and for monitoring their effectiveness. These systems are designed to provide reasonable assurance against material misstatement and loss.

The systems, which will be monitored by the Audit Committee of the Board on an ongoing basis in order to adapt to changing business circumstances, are designed to provide reasonable safeguards regarding:

- unauthorised disposal or use of Company assets;
- compliance with relevant legislation and regulations;
- the maintenance of proper accounting records.

The internal and external audit functions provide the Board with monitoring systems for the identification and management of risk.

## **ADDITIONAL GOVERNANCE ISSUES**

### **Directors' remuneration**

The existing Remuneration Committee will continue to be chaired by an independent non-executive director and will make recommendations to the Board. Recommendations will be made to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and its costs. The committee will ensure that levels of remuneration are sufficient to attract and retain directors needed to run the Company successfully.

### **Going concern**

The financial statements of the Company will continue to be prepared on the going concern basis.

### **Internal audit**

The internal audit function of the CFM Group is conducted by the Chief Financial Officer of CIM, together with the Company Secretary, KPMG Management Assurance Services (to which performance of the domestic internal audit work has been outsourced) and in conjunction with the various Audit Committees and external auditors. All Audit Committees are attended by internal and external auditors as well as management when their input is required.

All reports of the internal audit function will be circulated to the external auditors.

### **Company Secretary**

The Company Secretary is required to provide the Board of the Company with guidance and advice regarding their responsibilities, duties and powers and to ensure that the Board is aware of all the legislation relevant to or affecting the affairs of the Company. The Company secretary is to ensure that the Company complies with all applicable legislation regarding the affairs of the Company, including the necessary recording of meetings of the Board or shareholders of the Company.

## **CODE OF ETHICS**

The Board subscribes to the highest level of professionalism and integrity in conducting its business and dealing with all its stakeholders.

In adhering to its code of ethics, the Board will be guided by the following broad principles:

- businesses should operate and compete in accordance with the principles of free enterprise;
- free enterprise will be constrained by the observance of relevant legislation and generally accepted principles regarding ethical behaviour in business;
- ethical behaviour is predicated on the concept of utmost good faith and characterised by integrity, reliability and a commitment to avoid harm;
- business activities will benefit all participants through a fair exchange of value or satisfaction of need; and
- equivalent standards of ethical behaviour are expected from individuals and companies with whom business is conducted.

**COMMUNICATIONS WITH STAKEHOLDERS**

A policy of effective communication and engagement with all stakeholders in the affairs of the Company will be adhered to and the Company will seek to provide a secure, healthy and participative social and working environment for its staff and associates.

**CLOSED PERIOD**

The Company will operate a closed period prior to the publication of its financial results or any other period considered sensitive. During such closed periods, the directors, officers and all employees may not deal in the shares of the Company.

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**DIRECTORSHIPS**


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<b>Director</b>	<b>Company</b>	<b>Nature of business</b>	
M M duToit	Coronation Fund Managers Ltd	Holding company	
	Coronation Investment Management (Pty) Ltd	Holding company	
	Coronation Asset Management (Pty) Ltd	Investment management	
	Coronation Management Company Ltd	Collective investment schemes management company	
	Coronation Life Assurance Company Ltd	Long-term insurance company	
	Coronation International Ltd	Investment Management	
	CFM International Ltd	Holding company	
	Coronation Fund Managers (Ireland) Ltd	Collective investment schemes management company	
	CIH Management Ltd	Multi-manager investment company	
	Kagiso Asset Management (Pty) Ltd	Investment management	
Coronation Nominees (Pty) Ltd	Previously dormant now deregistered	Resigned	
E Molobi	Coronation Fund Managers Ltd	Holding company	
	Kagiso Trust Investments (Pty) Ltd	Investment company	
	Kagiso Asset Management (Pty) Ltd	Investment management	
	Kagiso Media Ltd	Media and broadcasting holding company	
	Kagiso Ventures (Pty) Ltd	Portfolio investments	
	Kagiso Enterprises (Pty) Ltd	Financial services	
	Kagiso Financial Services (Pty) Ltd	Financial advisory services	
	Kagiso Property Holdings (Pty) Ltd	Asset and property management	
	Kagiso Securities Ltd	Stock brokerage financial services	
	Kagiso Treasury Services (Pty) Ltd	Financial services	
	Compass Group SA (Pty) Ltd	Investment company	
	Imperial Holdings Ltd	Diversified holding company	
	Imperial Bank Ltd	Financial services	
	Northam Platinum Ltd	Platinum mining company	
	National Housing Finance Corporation	State-owned development finance company	
	Peoples Bank Ltd	Financial services	
	Remgro Group Ltd	Investment holding company	
	NM Rothschild & Sons SA Ltd	Financial institution	
	Mvelaphanda Resources Ltd	Mining	
	First Lifestyle Holdings Ltd	Investment holding company	
	Southern Life Association Ltd	Financial services	
	Liberty Life Association of Africa Ltd	Financial services	Resigned
	Telkom Ltd	Integrated communications operator	Resigned
Perskor Ltd	Media, print and publishing	Resigned	
Bourmat Ltd (renamed ImperiLog Ltd)	Wholesale and retail logistics	Resigned	

<b>Director</b>	<b>Company</b>	<b>Nature of business</b>	
G M C Ryan	Coronation Holdings Ltd	Trading in investments	
	Coronation Investments and Trading (Pty) Ltd		
	Coronation Fund Managers Ltd	Holding company	
	Coronation Investment Management (Pty) Ltd	Holding company	
	Coronation Capital Holdings Ltd	Holding company	
	Coronation Capital Ltd	Investment banking, treasury, dealing in listed securities and financial instruments	
	Coronation Overseas Ltd	Holding company	
	Coronation Capital Limited (Dublin) Ltd	Investment management and property trading	
	Coronation Capital Property Investments Ltd	Property trading and sale of investment properties	
	Coronation FRM Strategies (Pty) Ltd	Trading and investment	
	Trencor & Coronation Financial Services (Pty) Ltd	Financial services – dormant	
	Rybec Investments (Pty) Ltd	Family investment company	
	CIE Investment Company Ltd	Educational investment company	
	Coronation Life Assurance Company Ltd	Long-term insurance company	Resigned
	Coronation Asset Management (Pty) Ltd	Investment management	Resigned
	Coronation Management Company Ltd	Collective investment schemes management company	Resigned
WT Floquet	APC Trading (Pty) Ltd	Importer and distributor of pumps	
	Black Jack (Pty) Ltd	Share dealer	
	Coronation Fund Managers Ltd	Holding company	
	Flagship Private Asset Management (Pty) Ltd	Investment management	
	Hedge Fund of South Africa Ltd	Property owning	
	Hollard Street Sharedealers (Pty) Ltd	Share dealer	
	Ikwezi Farm (Pty) Ltd	Property owning	
	La Maison Vinasse (Pty) Ltd	Property owning	
	La Vinasse Vineyards (Pty) Ltd	Property owning	
	Lyonnais Private Asset Management South Africa Ltd	Investment management	
	Lyonnais Sharetrading South Africa (Pty) Ltd	Share dealer	
	Martin Global Securities Ltd	Investment company – dormant	
	MBA Investments (Pty) Ltd	Investment company	
	MMIP International Fund Limited	Open ended investment company	
	Moneyline 858 (Pty) Ltd	Property owning	
	Salute Properties Seven (Pty) Ltd	Investment company	
	Sharestock Investment Holdings Incorporated	Investment company	
	Sharestock Management Company (Pty) Ltd	Leasing company – dormant	
	Fleming Asset Management South Africa Ltd	Investment management	Resigned
	Fleming Martin Asset Management Ltd	Investment management	Resigned

<b>Director</b>	<b>Company</b>	<b>Nature of business</b>	
	Fleming Martin Holdings Ltd	Holding company	Resigned
	Fleming Martin SA Ltd	Stockbroking	Resigned
	Fleming Martin Securities Ltd	Stockbroking	Resigned
	Fleming Unit Trust Management Company South Africa Ltd	Unit trust management	
	RFSA Investments (Pty) Ltd	Investment management	Resigned
	Robert Fleming Holdings SA Ltd	Holding company	Resigned
	Robert Fleming South Africa Ltd	Investment company	Resigned

## PROFIT HISTORY OF CIM

CFM (South Africa)	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
	R	R	R	R	R	R	R	R	R	R
Portfolio management fees	233 384 540	202 422 367	181 911 511	122 388 805	159 598 241	91 322 785	34 110 329	12 080 594	7 732 493	265 939
Performance fees	39 626 096	20 427 720	24 484 934	—	—	—	—	—	—	—
Trading income	49 956 826	22 845 110	46 603 025	23 490 650	25 210 869	13 864 499	2 868 402	(49 486)	949 049	737 680
Operating income	149 011 016	150 339 438	123 667 417	70 754 431	75 909 616	47 541 305	19 065 627	5 224 515	2 212 318	(222 654)
Interest and investment income	29 367 744	40 477 826	35 350 230	18 355 371	19 732 254	12 079 943	4 537 442	1 055 480	1 203 573	247 240
Interest paid	(10 705 410)	(7 896 964)	(3 249 236)	(2 355 756)	(1 586 634)	(270 187)	(88 566)	(685 360)	(1 385 388)	(374)
Net operating income	167 673 350	182 920 300	155 768 411	85 754 046	94 055 236	59 351 061	23 514 503	5 594 635	2 030 503	24 212
<b>CFM (International)</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>			
	USD	USD	USD	USD	USD	USD	USD			
Portfolio management fees	11 560 779	8 240 501	5 373 790	3 124 400	186 935	59 927	3 750			
Performance fees	14 058 763	17 069 968	4 768 660	—	—	—	—			
Trading income	—	—	—	—	—	—	—			
Operating income	16 698 461	14 913 308	5 839 453	2 322 113	—	—	—			
Interest and investment income	323 661	126 665	—	—	—	—	—			
Net operating income	16 971 380	15 039 960	5 839 453	2 322 113	—	—	—			
International assets under management – million	1 200	895	588	363	258	112	6			
<b>CFM</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>	<b>1995</b>	<b>1994</b>	<b>1993</b>
	R	R	R	R	R	R	R	R	R	R
Portfolio management fees	329 073 576	261 187 458	217 432 266	141 478 887	160 695 549	91 597 532	34 127 335	12 080 594	7 732 493	265 939
Performance fees	188 608 356	142 157 964	56 005 778	—	—	—	—	—	—	—
Trading income	49 956 826	22 845 110	46 603 025	23 490 650	25 210 869	13 864 499	2 868 402	(49 486)	949 049	737 680
Operating income	325 966 439	256 689 998	162 265 204	84 942 539	75 909 616	47 541 305	19 065 627	5 224 515	2 212 318	(222 654)
Interest and investment income	32 797 614	41 381 106	35 350 230	18 355 371	19 732 254	12 079 943	4 537 442	1 055 480	1 203 573	247 240
Interest paid	(11 243 124)	(7 897 059)	(3 249 236)	(2 355 756)	(1 586 634)	(270 187)	(88 566)	(685 360)	(1 385 388)	(374)
Net operating income	347 520 929	290 174 045	194 366 198	100 942 154	94 055 236	59 351 061	23 514 503	5 594 635	2 030 503	24 212
Total assets under management – billion	57	48	44	28	26	24	12	7	3	1

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## SHARE INCENTIVE SCHEME

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The staff will furthermore be incentivised through an employee incentive scheme, to be operated by an employee incentive trust ("the Trust") for the benefit of any employee (including a director holding salaried employment or office), of CIM and/or its subsidiaries from time to time. The salient features of the scheme are the following:

- The aggregate number of ordinary shares in CFM (whether issued or unissued) which may be utilised for the scheme at any time shall not exceed a number equal to 10%. At the time of listing, the aggregate number of shares in the authorised share capital of CFM available to the Trust shall be 75 000 000. The maximum number of shares, which may be acquired by any employee under the scheme, shall not exceed 3% of the issued share capital of CFM from time to time.
- In terms of the scheme, employees will be granted options to acquire shares in CFM. The price at which scheme shares will be sold to a participant shall be:
  - prior to the listing of CFM on the JSE, the par value of the shares;
  - after the listing of CFM on the JSE, the middle market price of a share on the JSE on the trading day immediately preceding the date upon which an offer of scheme shares is made.
- Unless otherwise determined by the Board, a participant will, on each anniversary of the date on which the option was granted to such participant ("the Option Date"), other than the first anniversary, become entitled to exercise the option in respect of one-third of the shares ("the annual entitlement") to which such option relates, provided that:
  - the option may only be so exercised if certain performance targets (as may be determined by the Chief Executive Officer and Chief Investment Officer of CFM from time to time) are met;
  - if the said performance targets are not met in relation to a particular year, the option in respect of the annual entitlement for that year shall lapse;
  - to the extent that the option has not been exercised on the fourth anniversary of the Option Date, the option shall lapse.
- Unless otherwise determined by the Board, a participant shall make payment of the option price and take delivery of the scheme shares in respect of which the option has been exercised, on the fifth business day after the exercise of the option.
- Pending delivery and payment, risk in and benefit of the scheme shares shall not pass to the participant and the participant shall not be entitled to any dividends declared in respect of those shares or to exercise or dispose of any voting rights attached to the scheme shares.
- It shall be competent for the Board and the Trustees to amend any of the provisions of the scheme by agreement, subject to approval by the JSE (where required); provided that:
  - no such amendment shall affect the vested rights of any participant unless it is approved, *mutatis mutandis*, in accordance with the requirements of CFM's articles of association relating to the variation of rights attaching to different classes of shares, as if the respective shares of the participants concerned were each shares of a different class; and
  - no such amendment affecting any of the following matters shall be competent unless it is sanctioned by CFM in general meeting:
    - the category of persons eligible for participation under the scheme;
    - the calculation of the total number of shares which may be acquired for the purpose of or by any employee pursuant to the scheme;
    - the manner of determining the Option Price;
    - the amount (if any) payable on exercise of the option, the period within which the Option Price must be paid, or any loan in respect thereof repaid, the terms of such loan, the procedure to be adopted on termination of the employment or retirement of any participant; and
    - the voting, dividend, transfer and other rights, including those arising on liquidation of CFM, attaching to the options and the shares acquired pursuant thereto (if any).

Notwithstanding the above, if it should become necessary or desirable by reason of the enactment of any new legislation at any time after approval of the scheme, to amend the provisions of the scheme so as to preserve the substance of the provisions of the scheme as contained in the scheme document but amend the form so as to achieve the objectives embodied in the scheme document in the best manner having regard to such new legislation and without prejudice to the participants concerned, then the Board and the Trustees may amend the scheme document accordingly.