



- ▶ **Assets under management increase to R70 billion**
- ▶ **Revenue up 39% to R262,7 million**
- ▶ **Net income attributable to shareholders up 25% to R75,3 million**
- ▶ **Headline earnings per share up 22% to 19,6 cents per share**

## Reviewed interim results for the six months ended 31 March 2005

▶ **RESULTS** Coronation Fund Managers Limited ("Coronation"), one of South Africa's largest independent fund management companies, has again produced a strong set of financial results.

Revenue for the six-month period ended 31 March 2005 was up 39% to R262,7 million from R188,9 million for the comparable period in the previous year. Fixed fees increased to R151,6 million from R127,8 million, with strong investment performance resulting in performance fees of R96,4 million.

Operating expenditure of R148,3 million included R28 million of restraint payments to senior management and staff. Excluding these amounts, the increase in operating expenditure over the comparable prior period was limited to 18%.

Net income attributable to shareholders increased by 25% to R75,3 million from R60,5 million. Headline earnings per share improved 22% to 19,6 cents.

The effective tax rate increased from 31% to 35%. This was mainly as a result of the secondary tax on companies (STC) on the dividend paid in December 2004.

Coronation's cash generation remained strong with cash and cash equivalents comprising a large portion of the balance sheet.

▶ **ASSETS UNDER MANAGEMENT** Total assets under management increased by 18% from R59,3 billion at 31 March 2004 to R70,0 billion at 31 March 2005.

Coronation's collective investment funds (unit trusts) achieved net inflows of R800 million during the period. Domestic retail assets under management currently exceed R9,9 billion, representing growth of 52% over the past year.

Institutional assets under management grew by 16% to R53,5 billion, in spite of some net outflows on the back of specific fund restructurings.

Assets under management internationally exceeded US\$1 billion and the international business continued to deliver satisfactory investment performance within its niche alternative strategies arena.

▶ **INVESTMENT PERFORMANCE** Our ability to produce consistently strong investment returns for clients across asset classes and mandates is best reflected in the industry accolades we received and the rankings we achieved during the period:

- The local unit trust business was awarded the ACI/Raging Bull Best Unit Trust Company of the Year for consistency of investment performance across the entire product spectrum over one, three and five years. Our dominance in the quarterly Plexus Survey, upon which this award is based, was again confirmed in our first place ranking for the quarter ended 31 March, making this the 18th consecutive quarter that Coronation has taken first or second position in this survey.
- We received eight individual gold medals at the Standard & Poor's Investment Fund Awards.
- We were ranked first over one year in the Alexander Forbes SA Large Manager Watch and third over three years in the period to end March 2005. We were ranked second over one year in the Alexander Forbes Global Large Manager Watch.
- The Coronation Global Equity Alternative Strategy Fund was named the Best Global Equity Fund for 2004 by InvestHedge at the annual Fund of Hedge Fund Awards recently held in New York.

▶ **TRANSFORMATION** We formalised our commitment to achieving black participation in the equity of the business through the creation of the Invulva Trust, a broad-based black economic empowerment vehicle. Current and future permanent black staff now collectively own 10% of both the South African and international operations.

We continue to devote significant resources to employment equity and skills development, procurement, enterprise development and corporate social investment. This has resulted in previously disadvantaged South Africans playing an increasingly important role in the decision making of the business and will, in the years ahead, contribute to the economic success of the company.

▶ **STAFF OWNERSHIP** Eleven percent of the equity of Coronation was sold to senior management and staff by Coronation Investments & Trading Limited. This has reinstated the equity ownership culture that has been integral to the company's success.

▶ **PROSPECTS** Coronation is about a singular focus on managing money for institutional and individual clients. Staff now own more than 20% of the business, ensuring that their interests are aligned with the interests of clients and shareholders, and enhancing our long-term competitiveness and sustainability.

We have a strong balance sheet and a team of talented and committed people who share a passion and drive for excellence. Our investment team is operating at full strength and we remain committed to producing strong consistent investment performance, appropriate products and delivering excellent service to our clients.

▶ **FINANCIALS** **Basis of preparation and accounting policies** The condensed consolidated interim financial report for the six months ended 31 March 2005 has been prepared in compliance with the South African Statement of Generally Accepted Accounting Practice applicable to Interim Financial Reporting, the Listings Requirements of the JSE Securities Exchange South Africa and the South African Companies Act, 1973, as amended. The accounting policies applied in the presentation of the interim financial report are consistent with those applied for the year ended 30 September 2004.

**Related party transactions** Coronation 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 a material interest. These transactions are under terms no less favourable than those arranged with third parties.

**Independent review by the auditors** The condensed consolidated balance sheet at 31 March 2005 and the related condensed consolidated statements of income, changes in equity and cash flow for the six months then ended have been reviewed by our auditors, KPMG Inc. Their unqualified review report is available for inspection at the registered office of the company.

**Events subsequent to the balance sheet date** Shareholders are referred to the announcement dated 26 January 2005 regarding Coronation's broad-based black economic empowerment transaction (effective 1 April 2005) and to the announcement and circular dated 24 March 2005 regarding the proposed distribution of 25 cents per Coronation share. This special distribution was approved on 9 April 2005. Coronation disposed of its 49% interest in Kagiso Asset Management with effect from 1 April 2005. The proceeds from this transaction amounted to R5,7 million.

▶ **DIVIDEND** Coronation's policy is to declare one dividend per annum, payable after the announcement of the year-end results.

**Gavan Ryan**  
Chairman

**Thys du Toit**  
Chief Executive Officer

**Derek McDonald**  
Company Secretary

Cape Town

10 May 2005

### GROUP INCOME STATEMENT

	31 March 2005 6 months Reviewed R'000	31 March 2004 6 months Reviewed R'000	30 September 2004 12 months Audited R'000
<b>REVENUE</b>	<b>262 719</b>	<b>188 905</b>	<b>389 025</b>
Management and service fees	151 625	127 823	263 308
Performance fees, trading income and initial charges	103 247	56 575	119 965
Interest income	4 840	3 163	6 906
Investment income	19	8	17
Other income	2 988	1 336	(1 171)
<b>OPERATING EXPENSES</b>	<b>(148 346)</b>	<b>(99 386)</b>	<b>(217 597)</b>
Interest expense	(196)	(2 944)	(1 993)
<b>NET INCOME BEFORE TAXATION</b>	<b>114 177</b>	<b>86 575</b>	<b>169 435</b>
Income tax	(39 744)	(26 958)	(43 014)
<b>NET INCOME AFTER TAXATION</b>	<b>74 433</b>	<b>59 617</b>	<b>126 421</b>
Share of associates' retained income	874	867	116
<b>NET INCOME ATTRIBUTABLE TO SHAREHOLDERS</b>	<b>75 307</b>	<b>60 484</b>	<b>126 537</b>
<b>Earnings per share (cents)</b>			
Attributable	19,6	15,7	32,8
Headline	19,6	16,1	33,9
<b>Diluted earnings per share (cents)</b>			
Attributable	19,3	15,5	32,5
Headline	19,3	16,0	33,5

### GROUP BALANCE SHEET

	31 March 2005 Reviewed R'000	30 September 2004 Audited R'000
<b>ASSETS</b>		
Equipment	5 626	5 684
Investment in associates	4 580	3 706
Financial investments	77 813	120 575
Deferred tax asset	5 466	-
Long-term receivable	1 660	1 660
<b>Non-current assets</b>	<b>95 145</b>	<b>131 625</b>
Financial investments	8 029	6 690
Securities held at fair value	16 610	14 378
Trade receivables	80 427	65 727
Other receivables	13 324	20 967
Cash and cash equivalents	110 099	143 667
<b>Current assets</b>	<b>228 489</b>	<b>251 429</b>
<b>Total assets</b>	<b>323 634</b>	<b>383 054</b>
<b>EQUITY AND LIABILITIES</b>		
Ordinary share capital	38	38
Preference share capital	1	1
Share premium	93 561	93 561
Non-distributable reserve	(11 412)	(9 242)
Distributable reserves	125 725	141 373
<b>Total shareholders' interest</b>	<b>207 913</b>	<b>225 731</b>
Policyholders' funds	12 425 630	11 386 588
Linked assets backing policyholders' funds	(12 425 630)	(11 386 588)
Interest-bearing borrowing	-	38 871
Deferred tax liability	-	11 661
<b>Non-current liabilities</b>	<b>-</b>	<b>50 532</b>
Trade payables	82 471	69 046
Taxation owing	32 778	37 745
Shareholder for dividend	472	-
<b>Current liabilities</b>	<b>115 721</b>	<b>106 791</b>
<b>Total equity and liabilities</b>	<b>323 634</b>	<b>383 054</b>

### GROUP STATEMENT OF CHANGES IN EQUITY

	31 March 2005 6 months Reviewed R'000	31 March 2004 6 months Reviewed R'000	30 September 2004 12 months Audited R'000
<b>Equity at beginning of period</b>	<b>225 731</b>	<b>150 207</b>	<b>150 207</b>
Currency translation differences	(2 170)	(10 782)	(5 326)
Net income attributable to shareholders	75 307	60 484	126 537
Dividends paid	(96 041)	(45 873)	(46 875)
Revaluation of available-for-sale financial investments	5 086	-	1 188
<b>Equity at end of period</b>	<b>207 913</b>	<b>154 036</b>	<b>225 731</b>

### GROUP CASH FLOW STATEMENT

	31 March 2005 6 months Reviewed R'000	31 March 2004 6 months Reviewed R'000	30 September 2004 12 months Audited R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(39 067)</b>	<b>(12 321)</b>	<b>53 079</b>
Operating profit before working capital changes	110 880	90 228	188 542
Working capital changes	2 797	(33 535)	(53 532)
Cash flows generated from return on investments	4 663	227	4 930
Taxation paid	(61 838)	(23 368)	(39 986)
Dividend paid	(95 569)	(45 873)	(46 875)
<b>CASH FLOWS FROM/(APPLIED TO) INVESTING ACTIVITIES</b>	<b>7 669</b>	<b>(64 041)</b>	<b>(51 313)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>(9 784)</b>
Net decrease in cash and cash equivalents	(31 398)	(76 362)	(8 018)
Cash and cash equivalents at beginning of period	143 667	157 029	157 029
Exchange rate adjustments	(2 170)	(10 782)	(5 344)
Cash and cash equivalents at end of period	110 099	69 885	143 667

### SEGMENT REPORT

	6 months to 31 March 2005		
	South Africa operations Reviewed R'000	International operations Reviewed R'000	Group Reviewed R'000
<b>Primary</b>			
<b>Segment revenue</b>	<b>231 188</b>	<b>31 531</b>	<b>262 719</b>
<b>Segment operating expenses</b>	<b>(125 780)</b>	<b>(22 762)</b>	<b>(148 542)</b>
<b>Segment net income before taxation</b>	<b>105 408</b>	<b>8 769</b>	<b>114 177</b>
% contributions to headline earnings	90	10	100

	6 months to 31 March 2004		
	South Africa operations Reviewed R'000	International operations Reviewed R'000	Group Reviewed R'000
<b>Primary</b>			
<b>Segment revenue</b>	<b>162 122</b>	<b>26 783</b>	<b>188 905</b>
<b>Segment operating expenses</b>	<b>(82 347)</b>	<b>(19 983)</b>	<b>(102 330)</b>
<b>Segment net income before taxation</b>	<b>79 775</b>	<b>6 800</b>	<b>86 575</b>
% contributions to headline earnings	92	8	100

	31 March 2005 6 months Reviewed R'000	31 March 2004 6 months Reviewed R'000
	<b>Secondary</b>	
<b>Segment revenue</b>		
Institutional	166 350	126 606
Retail	64 838	35 516
International	31 531	26 783
	<b>262 719</b>	<b>188 905</b>

### CALCULATION OF HEADLINE EARNINGS

	31 March 2005 6 months Reviewed R'000	31 March 2004 6 months Reviewed R'000	30 September 2004 12 months Audited R'000
Weighted average number of shares in issue (thousand)	382 275	382 275	382 275
Number of shares in issue for diluted earnings per share (thousand)	389 875	389 875	389 875
Headline earnings attributable to shareholders, calculated as follows:			
Net income attributable to shareholders	75 307	60 484	126 537
Less: Dividend on convertible cumulative redeemable preference shares	(472)	(503)	(1 002)
STC on convertible cumulative redeemable preference dividend	-	(63)	-
Capital expenses	-	-	2 207
Write-down of investment in associate	-	1 315	1 315
(Profit)/Loss on disposal/scraping of equipment	(26)	450	450
<b>Headline earnings attributable to shareholders</b>	<b>74 809</b>	<b>61 683</b>	<b>129 507</b>

**Directors:** G M C Ryan\* Chairman, M M du Toit Chief Executive Officer, W T Floquet\*†, A J Gibson, E Molobi\*† (\* Non-executive † Independent)

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**Registration number:** 1973/009318/06

**Transfer secretaries:** Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg 2001

**JSE share code:** CML **ISIN:** ZAE000047353 **Website:** www.coronation.com