

Reviewed preliminary financial results for the year ended 30 September 2012

Coronation Fund Managers delivered a solid set of results for the year to 30 September 2012. The business again recorded significant net inflows, entrenching its position within the institutional market and consolidating its standing as the 2nd largest manager of long-term funds in the collective investment schemes industry.

Assets under management increased by 37% to R339 billion (September 2011: R247 billion), benefitting from net inflows of R41.5 billion and strong capital markets. While the major indices ended the year in strong positive territory, volatility was high as market participants responded to stimulatory measures taken by central bankers around the world. The consequent abundance of liquidity saw the MSCI World Index returning 22.3% (in US dollars), the MSCI Emerging Markets Index 17.3% (in US dollars) and the FTSE/JSE All Share Index 24.4% (in rands). The rand remained relatively strong, falling 2.6% against the US dollar to close at R8.30.

Results
Revenue increased by 14% to R2.0 billion (September 2011: R1.7 billion) on the back of strong growth in assets under management. In line with the variable cost model employed by Coronation, total operating costs increased by 21% to R1.0 billion. Profit from fund management increased by 7% to R979 million and diluted headline earnings per share by 12% to 197.8 cents (September 2011: 176.1 cents).

Institutional
The institutional business enjoyed exceptional growth, attracting net inflows of R17.6 billion; an increase of 77% over last year's strong R9.9 billion. This is a significant achievement given the relative maturity of the market.

As an independent fund manager, our reputation depends on our ability to outperform the market. Given the size of our institutional business, domestic equity market capacity pressures are felt more acutely. Thus, following the closure of our SA Equity products to new clients on 31 March 2012, the Balanced and Absolute Return product ranges are to close on 31 December 2012. The closures do not impact existing clients or our unit trust business. Our institutional SA Fixed Interest, Hedge and International fund ranges remain open to new clients.

In terms of investment performance, the domestic balanced portfolios ranked 2nd over 5 and 10 years in the Alexander Forbes (AF) SA Large Manager Watch™ survey to end September 2012, while our global balanced portfolios ranked 2nd over 5 years and 4th over 10 years in the AF Global Large Manager Watch™ survey. Our longest running absolute portfolio, Coronation Global Absolute, outperformed its benchmark of inflation plus 6% by an annualised 5.3% since inception to end September 2012.

During the year we received Imbasa Yegolide Awards for Equities Manager of the Year, Absolute Returns Manager of the Year, Bond Manager of the Year and Overall Investment/Asset Manager of the Year. These awards are under the auspices of the Principal Officers' Association in South Africa.

Retail
The retail business again attracted one of the highest levels of net inflows in the collective investment schemes industry. This can be attributed to strong long-term investment performance and deepening market support. Net inflows of R23.9 billion were directed largely to our multi-asset funds as well as our flagship flexible fixed interest fund, Coronation Strategic Income.

For the second consecutive year, Coronation was named Best Large Fund House at the 2012 Morningstar South Africa Awards. All funds in the domestic flagship fund range delivered to mandate, recording top quartile performances over 1, 3 and 5 years and since launch to end September 2012 in their respective Morningstar categories. Highlights include:

- Coronation Top 20, which has outperformed its benchmark by an impressive 6.6% per annum since launch in October 2000;
- Coronation Balanced Plus, the no. 1 balanced fund in South Africa since launch in April 1996, which has outperformed its average competitor by 2.4% per annum over this period;
- Coronation Capital Plus, which has outperformed inflation by 8.3% per annum since inception in July 2001;
- Coronation Balanced Defensive, the no. 1 conservative fund in South Africa for the 5-year period to end September 2012, which has outperformed inflation by 4.4% per annum over this period; and
- Coronation Strategic Income, which has outperformed cash by 3% per annum since launch in July 2001.

International
Assets under management increased by 62% to US\$4.4 billion, supported by growth in our institutional and retail businesses. In addition, the excellent performances from our specialist Africa and Global Emerging Markets units continued to attract interest from global capital allocators. Since inception in October 2008, the Coronation Africa Frontiers Fund has outperformed its benchmark by 10.2% per annum (gross of fees), while the Coronation Global Emerging Markets Fund has produced an annualised outperformance of almost 7% (gross of fees) ahead of benchmark since inception in July 2008.

Coronation's ability in managing global assets was recognised as follows:

- Best Africa Fund Manager for the second time at the prestigious annual Africa Investor Index Series Awards held in New York;
- Raging Bull Award for the Coronation Global Emerging Markets Fund in the category Best Offshore Global Equity Fund available to South African investors based on performance over three years to end December 2011; and
- Coronation Global Managed ranked by Morningstar as the no. 1 foreign multi-asset unit trust fund in South Africa for the 12 months to end September 2012.

Transformation
On 29 August 2012, we announced that Coronation's broad-based black economic empowerment partner, the Imvula Trust (Imvula), had settled its remaining debt. The exchange of the Imvula investment in Coronation Investment Management (Pty) Ltd to listed Coronation shares will be completed once the final version of the Financial Sector Charter has been gazetted. In terms of the Department of Trade and Industry's Code of Good Practice on Broad-based Black Economic Empowerment, Coronation is rated a Level III contributor.

Final dividend
We continue to reward shareholders through regular and significant distributions of free cash flow generated. We endeavour to distribute at least 75% of after-tax cash profit. Dividends declared after 31 March 2012 are subject to a 15% Dividends Tax (DT), where applicable.

Accounting for projected cash requirements, a final gross dividend of 111 cents per share has been declared, resulting in a net dividend of 94.35 cents per share for shareholders subject to DT. Together with the interim gross dividend of 95 cents per share, this amounts to a total gross dividend of 206 cents per share for the year. No STC credits are available to be utilised.

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

Last day to trade	Friday, 30 November 2012
Shares trade ex dividend	Monday, 3 December 2012
Record date	Friday, 7 December 2012
Payment date	Monday, 10 December 2012

Share certificates may not be dematerialised or rematerialised between Monday, 3 December 2012, and Friday, 7 December 2012, both dates inclusive.

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

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

Prospects
We pursue a single philosophy of investing for the long term across all client portfolios. In the current low growth, low inflation environment the search for alpha is critical to achieving strong long-term returns for all stakeholders. In the year ahead, we will continue to pursue our strategy of consolidating our institutional business and nurturing our international and retail franchises.

External audit review
The external auditors, Ernst & Young Inc., reviewed the preliminary condensed statement of financial position of Coronation Fund Managers Limited Group as at 30 September 2012 and the related condensed statement of comprehensive income, changes in equity and cash flows for the period then ended, and other explanatory notes, from which this information has been extracted. The review has been conducted in accordance with the International Standard on Review Engagements 2410. Copies of the unqualified report of Ernst & Young Inc. are available for inspection at the registered office of the company.

Shams Pather Chairman	Hugo Nelson Chief Executive Officer	Anton Pillay Chief Operating Officer
Cape Town 13 November 2012		

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Reviewed 30 Sept 2012 R'000	% Change	Audited 30 Sept 2011 R'000
Fund management activities			
Revenue	1 975 256	14	1 725 910
Other income	2 802		21 407
Operating expenses	(1 016 479)	21	(838 056)
Share-based payment expense	(3 239)		(4 856)
Other expenses	(1 013 240)		(833 200)
Results from operating activities	961 579	6	909 261
Finance and dividend income	17 966		12 263
Finance expense	(4 765)		(5 262)
Share of income of equity accounted investee	4 180		2 365
Profit from fund management	978 960	7	918 627
Income attributable to policyholder linked assets and investment partnerships	42 889		19 518
Net fair value gains on policyholder and investment partnership financial instruments	57 866		34 431
Administration expenses borne by policyholders and investors in investment partnerships	(14 977)		(14 913)
Profit before income tax	1 021 849		938 145
Income tax expense	(337 794)		(314 295)
Taxation on shareholder profits	(294 905)		(294 777)
Taxation on policyholder investment contracts	(42 889)		(19 518)
Profit for the year	684 055	10	623 850
Other comprehensive income	3 280		19 890
Foreign currency translation differences for foreign operations	217		20 627
Net change in fair value of available-for-sale financial assets	3 134		(737)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(71)		-
Total comprehensive income for the year	687 335		643 740
Profit attributable to:			
- equity holders of the company	684 090	10	623 977
- non-controlling interest	(35)		(127)
Profit for the year	684 055		623 850
Total comprehensive income attributable to:			
- equity holders of the company	687 370	7	643 867
- non-controlling interest	(35)		(127)
Total comprehensive income for the year	687 335		643 740
Earnings per share (cents)			
- basic	217.3	10	198.2
- diluted	197.8	9	181.3
Note to the statement of comprehensive income			
Headline earnings per share (cents)			
- basic	217.3	13	192.4
- diluted	197.8	12	176.1
Dividend per share (cents)			
- interim	95.0	19	80.0
- final	111.0	21	92.0

DILUTED NUMBER OF SHARES (THOUSAND)

	Reviewed 30 Sept 2012	Audited 30 Sept 2011
Weighted average number of shares in issue	314 819	314 819
Shares to be issued		
- BEE transaction	34 798	34 693
Diluted weighted average number of shares in issue	349 617	349 512

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital and premium	Foreign currency translation reserve	Share-based payment valuation reserve	Re-reserve	Issued capital and reserves attributable to equity holders of the company	Non-controlling interest	Total equity
R'000							
Balance at 30 September 2010	255 907	419	866 019	113 559	2 539	1 238 443	10 702
Total comprehensive income for the year							
Profit for the year			623 977			623 977	(127)
Other comprehensive income							
Currency translation differences		20 627				20 627	20 627
Revaluation of available-for-sale financial assets				(737)		(737)	(737)
- Net change on fair value				(737)		(737)	(737)
- Reclassified to profit or loss on disposal				-		-	-
Total other comprehensive income		20 627		(737)		19 890	19 890
Total comprehensive income for the year		20 627	623 977		(737)	643 867	(127)
Transactions with owners recorded directly in equity							
Share-based payments			4 856		4 856		4 856
Transfer to retained earnings			311	(311)			
Dividends paid			(495 111)		(495 111)	(103)	(495 214)
Imvula units acquired by the Imvula Trust			(2 274)		(2 274)		(2 274)
Loss of control of subsidiary						(9 425)	(9 425)
Increase in equity of subsidiary						700	700
Total transactions with owners			(497 074)	4 545	(492 529)	(8 828)	(501 357)
Balance at 30 September 2011	255 907	21 046	992 922	118 104	1 802	1 389 781	1 747
Total comprehensive income for the year							
Profit for the year			684 090			684 090	(35)
Other comprehensive income							
Currency translation differences		217				217	217
Revaluation of available-for-sale financial assets				3 063		3 063	3 063
- Net change on fair value				3 134		3 134	3 134
- Reclassified to profit or loss on disposal				(71)		(71)	(71)
Total other comprehensive income		217		3 063		3 280	3 280
Total comprehensive income for the year		217	684 090		3 063	687 370	(35)
Transactions with owners recorded directly in equity							
Share-based payments			3 239		3 239		3 239
Dividends paid			(605 680)		(605 680)		(605 680)
Imvula units acquired by the Imvula Trust			(1 028)		(1 028)		(1 028)
Total transactions with owners			(606 708)	3 239		(603 469)	
Balance at 30 September 2012	255 907	21 263	1 070 304	121 343	4 865	1 473 682	1 712

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed 30 Sept 2012 R'000	Audited 30 Sept 2011 R'000
Assets		
Goodwill and intangible assets	1 087 772	1 087 772
Equipment	13 131	14 839
Investment in equity accounted investees	32 779	31 338
Deferred tax asset	6 015	8 069
Investments backing policyholder funds and investments held through investment partnerships	53 669 044	31 566 179
Investment securities	111 911	28 467
Trade and other receivables	321 049	242 450
Cash and cash equivalents	426 120	393 169
Total assets	55 667 821	33 372 283
Liabilities		
Interest-bearing borrowing	-	42 800
Deferred tax liabilities	30 913	18 629
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	53 638 780	31 547 550
Income tax payable	13 157	9 860
Trade and other payables	509 577	361 916
Total liabilities	54 192 427	31 980 755
Net assets	1 475 394	1 391 528
Equity		
Share capital and premium	255 907	255 907
Retained earnings	1 070 304	992 922
Reserves	147 471	140 952
Total equity attributable to equity holders of the company	1 473 682	1 389 781
Non-controlling interest	1 712	1 747
Total equity	1 475 394	1 391 528

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed 30 Sept 2012 R'000	Audited 30 Sept 2011 R'000
Cash flows from operating activities		
Profit for the year	684 055	623 850
Income tax expense	337 794	314 295
Non-cash and other adjustments	(18 482)	(12 598)
Operating profit before changes in working capital	1 003 367	925 547
Working capital changes	70 362	10 361
Cash generated from operations	1 073 729	935 908
Interest paid	(6 065)	(6 773)
Income taxes paid	(320 159)	(314 718)
Net cash from operating activities	747 505	614 417
Cash flows from investing activities		
Finance and dividend income	17 966	12 263
Conversion of subsidiary to associate	-	(1 305)
Acquisition of equipment	(5 563)	(6 991)
Purchases of investment securities	(77 666)	(930)
Net cash from investing activities	(65 263)	3 037
Cash flows from financing activities		
Dividends to shareholders	(605 680)	(495 351)
Repayment of interest-bearing borrowing	(42 800)	(39 200)
Other	(1 028)	(10 999)
Net cash from financing activities	(649 508)	(545 550)
Net increase in cash and cash equivalents	32 734	71 904
Cash and cash equivalents at beginning of year	393 169	300 638
Exchange rate adjustments	217	20 627
Cash and cash equivalents at end of year	426 120	393 169

The cash flows above represent cash and cash equivalents of shareholders only. Cash and cash equivalents of policyholders are not available for use by the group.

RECONCILIATION OF HEADLINE EARNINGS

	Reviewed 30 Sept 2012 R'000	Audited 30 Sept 2011 R'000
Earnings attributable to ordinary shareholders	684 090	623 977
Effect of adjustments	(78)	(18 136)
Profit on disposal of equipment	(7)	(6)
Gain on loss of control of subsidiary	-	(18 130)
Profit on disposal of available-for-sale financial assets	(71)	-
Total tax effect of adjustments	9	1
Headline earnings attributable to ordinary shareholders	684 021	605 842

CONDENSED CONSOLIDATED SEGMENT REPORT

	Africa		International		Group	
	Reviewed 30 Sept 2012 R'000	Audited 30 Sept 2011 R'000	Reviewed 30 Sept 2012 R'000	Audited 30 Sept 2011 R'000	Reviewed 30 Sept 2012 R'000	Audited 30 Sept 2011 R'000
Segment external revenue	1 642 811	1 531 729	332 445	194 181	1 975 256	1 725 910
Segment operating expenses	(942 158)	(770 937)	(74 321)	(67 119)	(1 016 479)	(838 056)
Segment profit	700 653	760 792	258 124	127 062	958 777	887 854
Share of income of equity accounted investee	4 180	2 365	-	-	4 180	2 365
Net financial income/(expense)						