



- ▶ Assets under management of R125 billion (-7%)
- ▶ Cash of R186 million returned to shareholders
- ▶ Diluted headline earnings per share of 48.6 cents (-33%)
- ▶ Distribution of 46 cents per share (-31%)

### Reviewed preliminary financial results for the year ended 30 September 2008

#### Results

This year's results reflect a period of extreme volatility across world markets and a local economy that has been buffeted by a series of economic shocks. Markets remain challenging and the current financial crisis is undoubtedly one of the most extreme of modern times. Against this economic backdrop all business areas have come under pressure.

Despite difficult operating conditions, assets under management declined by only 6.7% from R134 billion at 30 September 2007 to R125 billion at 30 September 2008. The profit for the year is down 38% to R178 million (2007: R285 million). Headline earnings per share decreased by 34% to 52.9 cents (2007: 79.6 cents) and diluted headline earnings per share declined by 33% to 48.6 cents (2007: 72.7 cents).

#### Capital structure

During 2008 Coronation initiated a further share buy-back programme which resulted in a total of 8 211 988 shares being bought back at a cost of R39.6 million. These shares were all cancelled. Together with additional shares issued during the year in terms of the exercise of 3 253 352 options granted to staff in December 2003, this resulted in a weighted average number of shares in issue for the financial year of 321 080 742 (2007: 348 893 885). Actual shares in issue at 30 September 2008 were 315 774 163 (2007: 320 732 799).

#### Cash returned to shareholders

While this is the first year since listing in 2003 that Coronation is reporting a decline in earnings, we continue to reward shareholders with generous distributions. The distribution policy has been maintained. The final cash dividend for the 2008 financial year will be R95 million, equivalent to a cash dividend per share of 30 cents, making a total distribution of 46 cents per share for the 2008 financial year (2007: 67 cents per share). Inclusive of the amounts spent on share buy-backs, Coronation will be returning R186 million (share buy-back R40 million and cash distributions of R146 million) in 2008. In 2007 R522 million was returned (share buy-back R300 million and cash distributions of R222 million).

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

Last day to trade cum dividend	Friday, 5 December 2008
Shares trade ex dividend	Monday, 8 December 2008
Record date	Friday, 12 December 2008
Payment date	Monday, 15 December 2008

Share certificates may not be dematerialised or rematerialised between Monday, 8 December 2008, and Friday, 12 December 2008, both dates inclusive.

#### Investment performance

The domestic equity market held up well into the initial global sell-off. A combination of the 'blow-off' phase of the commodity bull market and a weaker rand saw the large resource component of the JSE deliver strong returns in the first half of the year. In the final quarter, all of this changed as world stock markets collapsed and the commodity bubble burst. Amidst the market turmoil we held firm to our investment philosophy of investing for the long term, delivering strong relative performance in both our institutional and unit trust portfolios.

#### Institutional

The institutional business continued to strengthen its position as a leader in the industry, ending the year with a net inflow of R775 million at a time when the FTSE/JSE All Share Index declined by 20%.

We were successful in attracting a number of new client mandates, particularly in the area of specialist fixed income where we are recognised for our product innovation. Our equity franchise continues to attract assets, with the Core Equity portfolio outperforming its benchmark by 5.82% for the year ended September 2008. The domestic and global balanced houseview portfolios also outperformed their benchmarks for the year by 2.64% and 2.38% respectively.

#### Retail

Domestic unit trusts experienced net outflows of R4.35 billion over the period. This is in sympathy with the industry trend for single manager funds as investors sought the relative safety of the money market over alpha seeking solutions in a falling equity market. The decline in assets also reflects the difficult performance year experienced by the Strategic Income Fund and the Absolute franchise. On a positive note, all core funds ranked in the top two positions of their respective categories on an annualised basis since inception to end September 2008, and all significantly outperformed their benchmarks.

Coronation's skill as a stock picking house is best illustrated in the Coronation Top 20 Fund's no.1 position over all time periods of 1, 3 and 5 years, and in our one-year top decile peer group ranking for the Coronation Equity Fund. Also ranked in the top decile of its peer grouping for the year is the Balanced Plus Fund, which is 1st over 3 and 5 years, and for those investors seeking less exposure to the equity markets the Coronation Balanced Defensive Fund delivered on its promise, ending the year in no.2 position of all prudential low equity funds. Within the absolute franchise, the Coronation Capital Plus Fund is no.1 over 5 years.

#### International

Traditionally known as a global fund of funds manager (long only and hedge funds) we enhanced our global product offering to include single manager funds, managed by our Global Emerging Markets (GEM) and Africa teams based in Cape Town. We also launched the Coronation Latitude fund, a flexible portfolio which invests across asset classes in both global developed and emerging markets. Assets under management total US\$1.26 billion.

#### Initiatives

The GEM unit is now fully operational. We have also established an Africa unit with the introduction of the Coronation Africa and Africa Frontiers funds.

We successfully recruited a highly experienced private equity team and in launching our first fund have partnered with Peotona, a leading empowerment entity which is 85% owned by black women. The first closing of the Coronation Peotona Private Equity Fund is scheduled for early 2009.

PPS Investments, a joint initiative in which we own 49%, continues to grow and develop.

#### Prospects

The financial crisis is exacerbating an already serious cyclical downturn in international economies. Despite aggressive and unprecedented intervention by governments and central banks worldwide, the outlook for the global economy is deteriorating rapidly. It is clear that the developing recession is likely to be the worst in modern times. Stock markets have already reacted sharply with the MSCI world index down 43% (US dollar terms) to 31 October 2008 from its peak a year ago. Price/earnings ratios have fallen to historically low levels but only time will tell whether all the bad news has been discounted.

Although largely shielded from the financial crisis, South Africa will not escape the impact of the looming world recession. Local markets have already declined sharply and the immediate future direction remains unclear.

In these challenging times we will retain our singular focus on identifying value in order to deliver sound long-term returns for our clients. This will ultimately bring its rewards in terms of a recovery in our earnings.

#### Financial statements

The financial information has been reviewed by the company's auditors, KPMG Inc. A copy of their review report is available for inspection at the company's registered office.

Gavan Ryan  
Chairman

Hugo Nelson  
Chief Executive Officer

John Snalam  
Company secretary

Cape Town  
11 November 2008

**Directors:** G M C Ryan\* (Chairman), H Nelson (Chief Executive Officer), M M du Toit\*, J February\*†, W T Floquet\*†, S Pather\*†, A Watson\*†  
(\* Non-executive † Independent)  
**Registered office:** 7th Floor, MontClare Place, Cnr Campground & Main Roads, Claremont 7708  
**Postal address:** PO Box 993, Cape Town 8000  
**Registration number:** 1973/009318/06  
**Transfer secretaries:** Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg 2001  
**JSE share code:** CML **ISIN:** ZAE00047353 **Website:** www.coronation.com

#### CONDENSED CONSOLIDATED INCOME STATEMENT

	Reviewed 2008 R'000	Growth %	Audited 2007 R'000
<b>Fund management activities</b>			
Revenue	803 632	(16)	961 996
Financial income	14 568	(68)	45 914
Interest and dividend income	11 431		24 452
Other income	3 137		21 462
<b>Operating expenses</b>	<b>(525 087)</b>	<b>(7)</b>	<b>(564 489)</b>
Share-based payment expense	(33 661)		(40 212)
Other expenses	(491 426)		(524 277)
Interest expense	(16 441)		(13 049)
Share of profit of associate	-		1 334
<b>Profit from fund management</b>	<b>276 672</b>	<b>(36)</b>	<b>431 706</b>
(Expense)/income attributable to policyholder linked assets and investment partnerships	(5 650)		49 149
Net fair value gains on policyholder and investment partnership financial instruments	1 679		54 956
Administration expenses borne by policyholders and investors in investment partnerships	(7 329)		(5 807)
<b>Profit before tax</b>	<b>271 022</b>		<b>480 855</b>
<b>Income tax expense</b>	<b>(93 434)</b>		<b>(196 249)</b>
Taxation on shareholder profits	(99 084)	(33)	(147 100)
Taxation on policyholder investment contracts	5 650		(49 149)
<b>Profit for the year</b>	<b>177 588</b>	<b>(38)</b>	<b>284 606</b>
<b>Attributable to:</b>			
- equity holders of the company	172 943		284 035
- minority interest	4 645		571
<b>Profit for the year</b>	<b>177 588</b>		<b>284 606</b>
<b>Earnings per share (cents)</b>			
- basic	53.9	(34)	81.4
- diluted	49.5	(33)	74.3
<b>Note to the income statement</b>			
<b>Headline earnings per share (cents)</b>			
- basic	52.9	(34)	79.6
- diluted	48.6	(33)	72.7
<b>Capital distribution per share (cents)</b>			
- interim	-		20.0
<b>Dividend distribution per share (cents)</b>			
- interim	16.0		-
- final payable	30.0		47.0
<b>Total distribution</b>	<b>46.0</b>	<b>(31)</b>	<b>67.0</b>
<b>Shares in issue (millions)</b>	<b>315.8</b>		<b>320.7</b>
<b>Weighted average number of ordinary shares (millions)</b>	<b>321.1</b>		<b>348.9</b>
<b>Weighted average number of ordinary shares (diluted) (millions)</b>	<b>354.9</b>		<b>386.4</b>

#### DILUTED NUMBER OF SHARES (THOUSANDS)

	Reviewed 2008	Audited 2007
Weighted average number of shares in issue	321 081	348 894
Shares to be issued	-	1 145
- Preference share transaction converted on 24 November 2006	-	1 145
- December 2003 options	191	2 002
- BEE transaction	33 625	34 400
<b>Diluted weighted average number of shares in issue</b>	<b>354 897</b>	<b>386 441</b>

#### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Share capital and premium	Foreign currency translation reserve	Accumulated earnings	Share-based payment reserve	Re-valuation reserve	Issued capital and reserves attributable to equity holders of the company	Minority interest	Total equity
<b>Balance at 30 September 2006</b>	843 153	11 197	316 892	72 991	5 803	1 250 036		1 250 036
Currency translation differences		(7 006)				(7 006)		(7 006)
Revaluation of available-for-sale financial assets				(3 927)	(3 927)	(3 927)		(3 927)
- Revaluation gains taken to equity				2 971	2 971	2 971		2 971
- Transferred to profit or loss on sale				(6 898)	(6 898)	(6 898)		(6 898)
Net income recognised directly in equity		(7 006)		(3 927)	(10 933)	(10 933)		(10 933)
Profit for the year			284 035		284 035	571		284 606
<b>Total recognised income and expense for the year</b>		(7 006)	284 035	(3 927)	273 102	571		273 673
Share-based payment reserve				40 212	40 212	40 212		40 212
Dividends paid			(861)		(861)	(861)		(861)
Capital distribution	(256 514)				(256 514)	(256 514)		(256 514)
Shares issued	1 963				1 963	1 963		1 963
Shares repurchased and cancelled	(299 576)				(299 576)	(299 576)		(299 576)
Minority interest at acquisition of subsidiary							3 827	3 827
<b>Balance at 30 September 2007</b>	<b>289 026</b>	<b>4 191</b>	<b>600 066</b>	<b>113 203</b>	<b>1 876</b>	<b>1 008 362</b>	<b>4 398</b>	<b>1 012 760</b>
Currency translation differences	13 349				13 349	13 349		13 349
Revaluation of available-for-sale financial assets				(6 170)	(6 170)	(6 170)		(6 170)
- Revaluation losses taken to equity				(2 531)	(2 531)	(2 531)		(2 531)
- Transferred to profit or loss on sale				(3 639)	(3 639)	(3 639)		(3 639)
Net income recognised directly in equity	13 349			(6 170)	7 179	7 179		7 179
Profit for the year			172 943		172 943	4 645		177 588
<b>Total recognised income and expense for the year</b>	<b>13 349</b>		<b>172 943</b>	<b>(6 170)</b>	<b>180 122</b>	<b>4 645</b>		<b>184 767</b>
Share-based payment reserve				33 661	33 661	33 661		33 661
Dividends paid			(203 861)		(203 861)	(4 348)		(208 209)
Shares issued	11 143				11 143	11 143		11 143
Shares repurchased and cancelled	(39 575)				(39 575)	(39 575)		(39 575)
<b>Balance at 30 September 2008</b>	<b>260 594</b>	<b>17 540</b>	<b>569 148</b>	<b>146 864</b>	<b>(4 294)</b>	<b>989 852</b>	<b>4 695</b>	<b>994 547</b>

#### CONDENSED CONSOLIDATED BALANCE SHEET

	Reviewed 2008 R'000	Audited 2007 R'000
<b>Assets</b>		
Intangible assets	1 097 309	1 097 309
Equipment	20 684	9 171
Investment in associate	1 960	1 960
Deferred tax asset	4 999	1 872
Investments backing policyholder funds and investments held through investment partnerships	19 207 633	18 482 686
Investment securities	36 312	97 958
Loan receivable	39 137	-
Trade and other receivables	111 496	168 265
Cash and cash equivalents	108 453	119 134
<b>Total assets</b>	<b>20 627 983</b>	<b>19 978 355</b>
<b>Liabilities</b>		
Interest-bearing borrowing	110 419	125 765
Deferred tax liabilities	12 520	47 788
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	19 195 113	18 437 426
Income tax payable	26 083	108 702
Trade and other payables	170 757	245 914
Bank overdraft	118 544	-
<b>Total liabilities</b>	<b>19 633 436</b>	<b>18 965 595</b>
<b>Net assets</b>	<b>994 547</b>	<b>1 012 760</b>
<b>Equity</b>		
Issued capital and reserves attributable to equity holders of the company	989 852	1 008 362
Minority interest	4 695	4 398
<b>Total equity</b>	<b>994 547</b>	<b>1 012 760</b>

#### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed 2008 R'000	Audited 2007 R'000
<b>Cash flows from operating activities</b>		
Profit before tax	271 022	480 855
Non-cash and other adjustments	74 867	9 678
Working capital changes	(18 125)	35 540
<b>Cash generated from operations</b>	<b>327 764</b>	<b>526 073</b>
Interest paid	(16 704)	(13 167)
Income taxes paid	(214 448)	(158 448)
<b>Net cash from operating activities</b>	<b>96 612</b>	<b>354 458</b>
<b>Net cash from investing activities</b>	<b>12 801</b>	<b>86 848</b>
<b>Cash flows from financing activities</b>		
Shares issued, repurchased and cancelled	(28 432)	(297 613)
Capital distribution and dividends paid	(208 209)	(257 375)
Decrease in interest bearing borrowings	(15 346)	(13 768)
<b>Net cash used in financing activities</b>	<b>(251 987)</b>	<b>(568 756)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(142 574)</b>	<b>(127 450)</b>
Cash and cash equivalents at beginning of year	119 134	253 590
Exchange rate adjustments	13 349	(7 006)
<b>Cash and cash equivalents at end of year</b>	<b>(10 091)</b>	<b>119 134</b>

#### RECONCILIATION OF HEADLINE EARNINGS

	Reviewed 2008 R'000	Audited 2007 R'000
Earnings attributable to shareholders	172 943	284 035
Dividend on convertible cumulative redeemable preference shares	-	(149)
Earnings attributable to ordinary shareholders	172 943	283 886
Effect of adjustments:	(3 798)	(6 868)
(Profit)/loss on disposal of equipment	(159)	86
Profit on disposal of available-for-sale financial assets	(3 639)	(6 898)
Profit on disposal of investment in subsidiary	-	(56)
Total tax effect of adjustments	637	852
<b>Headline earnings</b>	<b>169 782</b>	<b>277 870</b>

#### SEGMENT REPORT

	Africa		International		Group	
	Reviewed 2008 R'000	Audited 2007 R'000	Reviewed 2008 R'000	Audited 2007 R'000	Reviewed 2008 R'000	Audited 2007 R'000
<b>Segment revenue</b>	<b>724 825</b>	<b>880 241</b>	<b>78 807</b>	<b>81 755</b>	<b>803 632</b>	<b>961 996</b>
<b>Segment operating expenses</b>	<b>(452 893)</b>	<b>(495 918)</b>	<b>(72 194)</b>	<b>(68 571)</b>	<b>(525 087)</b>	<b>(564 489)</b>
<b>Segment result for the year</b>	<b>271 932</b>	<b>384 323</b>	<b>6 613</b>	<b>13 184</b>	<b>278 545</b>	<b>397 507</b>
<b>Net financial (expense)/income</b>	<b>(956)</b>	<b>22 606</b>	<b>(917)</b>	<b>10 259</b>	<b>(1 873)</b>	<b>32 865</b>
<b>Share of profit of associate</b>	<b>-</b>	<b>1 334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 334</b>
<b>Profit from fund management</b>	<b>270 976</b>	<b>408 263</b>	<b>5 696</b>	<b>23 443</b>	<b>276 672</b>	<b>431 706</b>