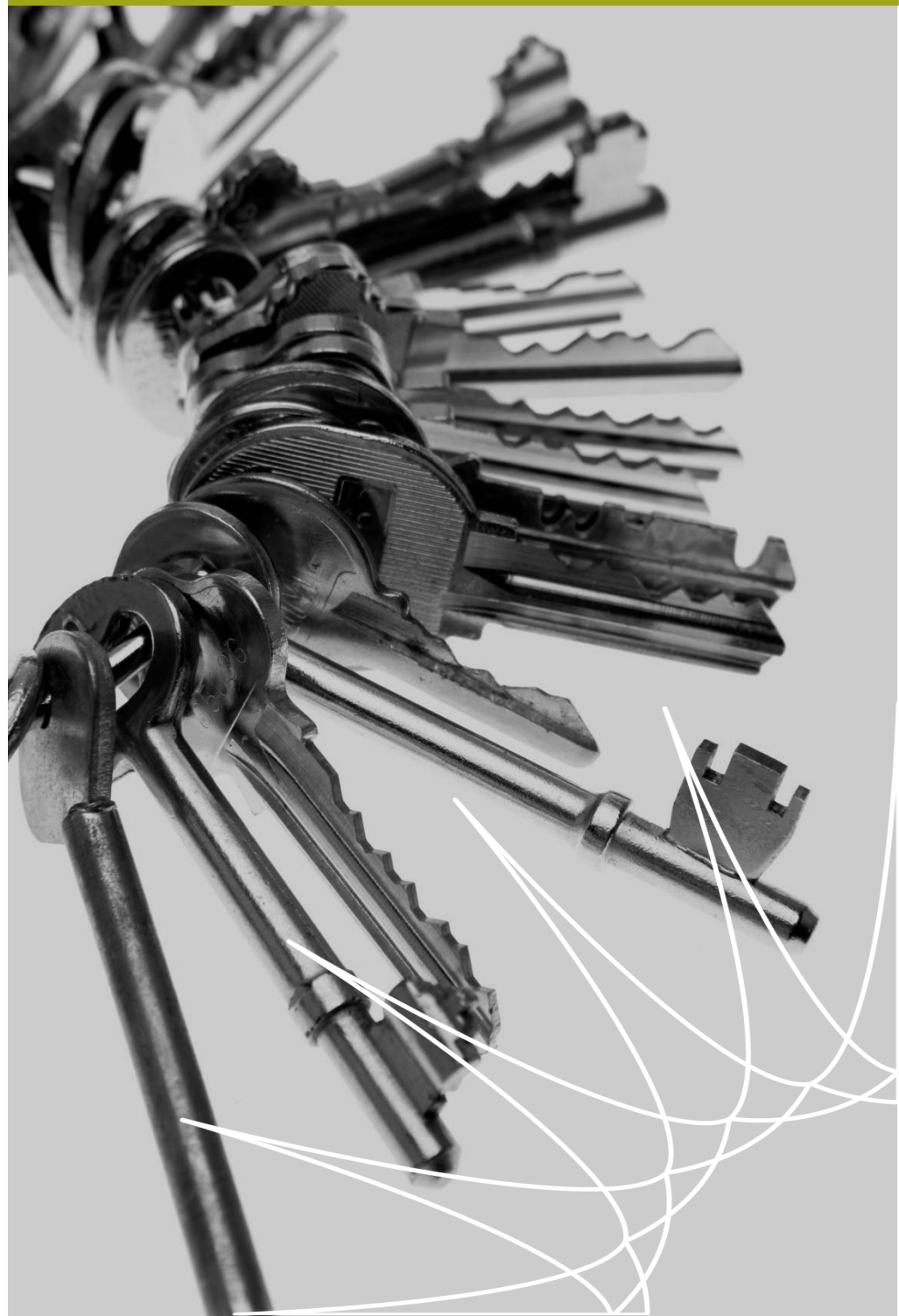


# VUNANI

LIMITED

Unaudited condensed  
consolidated results for the  
6 month period ended  
30 June 2013



The unaudited condensed consolidated results have not been reviewed.

The unaudited condensed consolidated results were published on 6 August 2013.

The unaudited condensed consolidated results have been prepared under the supervision of the chief financial officer, Aphrodite Judin CA (SA).

Salient features

**83% reduction in net finance costs | Results from operating activities after net finance costs increased by 35% | Earnings per share of 9.3c per share**

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2013**

Figures in R'000s	Note	Unaudited 30 June 2013	Unaudited 30 June 2012
Revenue	1	51 191	51 183
Other income		5 369	4 410
Investment income		4 317	644
Interest received from investments		656	6 639
Profit on disposal of assets		1 297	1 475
Fair value adjustments and impairments	2	18 555	27 591
Operating expenses		(67 490)	(62 839)
<b>Results from operating activities</b>		<b>13 895</b>	<b>29 103</b>
Finance income		996	1 114
Finance costs		(4 600)	(22 588)
Net finance cost		(3 604)	(21 474)
<b>Results from operating activities after net finance cost</b>		<b>10 291</b>	<b>7 629</b>
Income from associates (net of income tax)		(2 037)	2 368
<b>Net profit before taxation</b>		<b>8 254</b>	<b>9 997</b>
Income tax (expense)/income		(1 380)	7 819
<b>Profit for the period</b>		<b>6 874</b>	<b>17 816</b>
<b>Profit and total comprehensive income for the period</b>		<b>6 874</b>	<b>17 816</b>
<b>Profit and total comprehensive income for the period attributable to :</b>			
Equity holders of Vunani Limited		9 339	15 019
Non-controlling interest		(2 465)	2 797
		<b>6 874</b>	<b>17 816</b>
<b>Earnings per share (cents)</b>			
Basic and diluted basic earnings per share		9.3	14.2
Headline and diluted headline earnings per share		7.2	19.3

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2013**

Figures in R'000s	Total attributable to equity holders of Vunani	Non- controlling interest	Total equity
<b>Balance as at 31 December 2011</b>	198 856	13 842	212 698
<b>Transactions with owners, recorded directly in equity</b>			
Increase in investment in subsidiaries	-	(193)	(193)
Share based payment reserve	1 134	-	1 134
<b>Comprehensive income</b>			
Profit and total comprehensive profit for the period	15 019	2 797	17 816
<b>Balance as at 30 June 2012</b>	<b>215 009</b>	<b>16 446</b>	<b>231 455</b>
<b>Transactions with owners, recorded directly in equity</b>			
Treasury shares	(623)	-	(623)
Share based payment reserve	2 248	-	2 248
Acquisition of non-controlling interest	119	-	119
Dividends paid	-	(12 901)	(12 901)
<b>Comprehensive income</b>			
Loss and total comprehensive loss for the period	(15 236)	9 249	(5 987)
<b>Balance as at 31 December 2012</b>	<b>201 517</b>	<b>12 794</b>	<b>214 311</b>
<b>Transactions with owners, recorded directly in equity</b>			
Increase in investment in subsidiaries	135	(135)	-
Acquisition of subsidiaries	-	(2 112)	(2 112)
Decrease in investment in subsidiary	(462)	651	189
Share based payment reserve	2 521	-	2 521
Foreign currency translation reserve	(358)	(372)	(730)
Dividends paid	-	(3 300)	(3 300)
<b>Comprehensive income</b>			
Profit and total comprehensive income for the period	9 339	(2 465)	6 874
<b>Balance as at 30 June 2013</b>	<b>212 692</b>	<b>5 061</b>	<b>217 753</b>

**CONDENSED STATEMENT OF FINANCIAL POSITION  
AT 30 JUNE 2013**

Figures in R'000s	Note	Unaudited 30 June 2013	Audited 31 December 2012
<b>ASSETS</b>			
Investment property		4 000	4 000
Property, plant and equipment		2 500	2 611
Goodwill		36 330	34 123
Investment in and loans to associates		28 484	80 073
Other investments	3	104 872	73 728
Deferred tax asset		40 982	40 917
Other non-current assets		19 946	15 984
Other intangible assets		-	489
<b>Total non-current assets</b>		<b>237 114</b>	<b>251 925</b>
Other investments	3	-	78 513
Non-current asset held for sale	6	28 503	-
Other current assets		6 708	3 994
Taxation prepaid		204	254
Trade and other receivables		36 219	25 768
Accounts receivable from trading activities		478 036	199 629
Trading securities		319	1 564
Cash and cash equivalents		20 216	29 378
<b>Total current assets</b>		<b>570 205</b>	<b>339 100</b>
<b>Total assets</b>		<b>807 319</b>	<b>591 025</b>
<b>EQUITY</b>			
Share capital and share premium		595 189	595 189
Foreign currency translation reserve		(358)	-
Share based payment reserve		8 427	5 906
Accumulated loss		(390 566)	(399 578)
Equity attributable to equity holders of Vunani Limited		212 692	201 517
Non-controlling interest		5 061	12 794
<b>Total equity</b>		<b>217 753</b>	<b>214 311</b>
<b>LIABILITIES</b>			
Other financial liabilities	3	54 647	60 080
Deferred tax liabilities		5 814	8 610
<b>Total non-current liabilities</b>		<b>60 461</b>	<b>68 690</b>
Other financial liabilities	3	10 197	68 646
Current tax payable		13 825	10 310
Trade and other payables		29 405	25 861
Accounts payable from trading activities		475 646	200 373
Trading securities		29	-
Bank overdraft		3	2 834
<b>Current liabilities</b>		<b>529 105</b>	<b>308 024</b>
<b>Total liabilities</b>		<b>589 566</b>	<b>376 714</b>
<b>Total equity and liabilities</b>		<b>807 319</b>	<b>591 025</b>
Shares in issue (000s)		105 415	105 415
Net asset value per share (cents) *		201.8	191.2
Net tangible asset value per share (cents) **		167.3	158.3

**CONDENSED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2013**

Figures in R'000s	Unaudited 30 June 2013	Audited 31 December 2012	Unaudited 30 June 2012
Net cash outflows from operating activities	(20 322)	(60 407)	(1 628)
Net cash inflows from investing activities	80 349	200 121	27 471
Net cash outflows from financing activities	(66 358)	(130 179)	(30 757)
Net (decrease)/increase in cash and cash equivalents	(6 331)	9 535	(4 914)
Cash and cash equivalents at beginning of the year	26 544	17 009	17 009
<b>Total cash and cash equivalents at end of the period</b>	<b>20 213</b>	<b>26 544</b>	<b>12 095</b>

## Unaudited condensed consolidated results for the 6 month period ended 30 June 2013

### SEGMENTAL REPORTING FOR THE PERIOD ENDED 30 JUNE 2013

All segments are geographically located in South Africa, with the exception of advisory services, which operates out of South Africa and Zimbabwe.

Figures in R'000s	Revenue from external customers	Reportable segment profit/ (loss) for the period	Total assets
	Unaudited 30 June 2013	Unaudited 30 June 2013	Unaudited 30 June 2013
Asset management	15 951	1 274	41 644
Advisory services * - South Africa	1 731	1 175	9 694
Advisory services * - Zimbabwe	545	(4 140)	3 293
Investment holdings	-	17 268	180 107
Securities broking	24 033	3 011	501 813
Properties - investments and developments **	521	(2 334)	58 768
Properties - asset management	4 322	1 502	758
Group ***	4 088	(10 882)	11 242
	<u>51 191</u>	<u>6 874</u>	<u>807 319</u>
<b>Unaudited 30 June 2012</b>	<b>Unaudited 30 June 2012</b>	<b>Unaudited 30 June 2012</b>	<b>Audited 31 December 2012</b>
Asset management	10 746	532	49 440
Advisory services *	7 564	(1 854)	2 045
Investment holdings	-	21 152	221 071
Securities broking	24 576	(841)	220 449
Properties - investments and developments **	1 115	(1 166)	89 213
Properties - asset management	3 209	1 400	690
Group ***	3 973	(1 407)	8 117
	<u>51 183</u>	<u>17 816</u>	<u>591 025</u>

\* The Advisory services segment was previously named "Investment banking and advisory". The name was amended in 2012.

\*\* The Properties - investments and developments segment was previously reported as two separate segments. In the current year, these segments have been combined and reported as one segment.

\*\*\* The Group segment was previously named "Group overhead". The name was amended in December 2012.

### OVERVIEW AND PROSPECTS

The economic growth recovery disappointed both domestically and internationally over the first half of the year due to varying degrees of infrastructure bottlenecks and other capacity constraints, slower external demand growth, lower commodity prices, financial stability concerns and weaker policy support. In addition, the recession in Europe was deeper than expected and the US economy expanded at a weaker pace than anticipated. The rather sluggish real economic growth performance by the domestic economy in the first quarter of the year can mainly be blamed on sluggish growth in consumer demand. Consumers struggled to cope with high levels of indebtedness in the absence of further monetary easing and also had to absorb higher energy-related price increases. Securities markets have been particularly volatile due to jitters regarding the inevitable prospective termination of quantitative easing and equity markets also came under pressure as bond yields deteriorated, triggering significant currency weakening in emerging markets, including the Rand exchange rate.

The effect of the unpredictable market conditions was felt in a number of segments within the group. Overall, **revenue** remained at similar levels in comparison to the 6 months ended 30 June 2012, with some segments showing good growth in revenue for the period, while other segments' revenues were disappointing.

**Other income** increased by 22% compared to the comparative period for 2012. Other income includes the amortisation of deferred revenue that arose on the acquisition of the investment in Black Wattle Colliery Proprietary Limited, directors' fees earned where the group's executive directors serve on investee company boards and foreign exchange translation gains resulting from the group's investment in Vunani Capital Zimbabwe (Private) Limited ("VCZ").

**Investment income** increased from R0.6 million in June 2012 to R4.3 million in June 2013 due to dividends being declared by a number of the group's investments in the current year. **Interest received from investments** reduced by 90% from R6.6 million in June 2012 to R0.7 million in June 2013 due to the disposal of the groups' interest earning investments at the end of 2012. **Profit on disposal of assets** of R1.3 million (June 2012: R1.5 million) resulted from the disposal of two of the group's associates, Integrated Managed Investments Proprietary Limited ("IMI") and Buttonwood Proprietary Trading Proprietary Limited ("Buttonwood"). Positive **fair value adjustments** of R17.3 million (June 2012: R34.1 million) related to revaluation of assets and liabilities designated as fair value through profit and loss.

**Operating expenses** increased by 7% to R67.5 million (June 2012: R62.9 million). A significant portion of the increase is attributable to the consolidation of VCZ's cumulative loss to date in the current period (please refer to note 5 below for further details).

**Finance income** reduced by 11% to R1.0 million (June 2012: R1.1 million). **Finance costs** have decreased by 80% from R22.6 million in June 2012 to R4.6 million in June 2013 as a result of the reduction in other financial liabilities. **Income from associates** reflected a loss of R2.0 million compared to earnings of R2.4 million in June 2012. The loss in the current year is attributable to our share of associate company losses that arose in the property segment resulting from costs incurred in winding down property development companies where the developments have been completed and sold.

**Taxation** is reflected as a charge of R1.4 million compared to a credit of R7.8 million in June 2012. The charge is attributable mainly to the investment holding segment and arises as a result of capital gains tax recognised on the disposal of investments.

**Goodwill** increased by R2.2 million following the group's acquisition of 11% in Vunani Private Clients Proprietary Limited (refer to note 4 for additional information). **Investments and loans to associates** reduced as a result of the disposal of IMI and Buttonwood and the anticipated disposal of the groups' investment in Greenstone Hill Office Park Proprietary Limited ("GHOP"), which has been reflected as a non-current asset held for sale. The group also received dividends of R18.6 million (June 2012: R2.2m) from associate companies during the period.

**Other investments** have decreased by R78.5 million following the disposal of Redefine Properties Limited shares to settle the related liability to financial institutions.

### SEGMENTAL OVERVIEW

#### Asset management

The asset management segment reported a profit of R1.3 million for the 6 months ended June 2013 compared to a profit of R0.5 million in June 2012. The segment saw the disposal of the group's investment in IMI and is now underpinned by the investment in Vunani Fund Managers Proprietary Limited ("VFM"). VFM has successfully tendered for new business with assets under management increasing by a net R1.9 billion to R13.3 billion during the first six months of the year.

#### Advisory

The corporate finance business had a tough start to the year on the back of significant uncertainty in the market delaying in the execution of transactions. Furthermore, the results of Vunani Capital Zimbabwe Private Limited ("VCZ") were consolidated in this segment. VCZ was previously accounted for as an associate of which the group owns 49%. With the application of new accounting standards (refer to note 5 below), the result of VCZ are now consolidated as the group controls the investment. Overall, the segment recognised a loss of R3.0 million during the period.

#### Investment holdings

This segment reflected a profit of R17.3 million to June 2013 (June 2012: R21.2 million). Positive fair value adjustments and reduced interest costs reflect the considerable effort that has been devoted to further restructuring the investment holding portfolio. Included in this segment are all listed and unlisted equity investments, together with any related liabilities. During the year, part of the investment in Redefine Properties Limited was disposed of. The corresponding liabilities to RMB Bank Limited and Standard Bank Group Limited were redeemed.

#### Securities broking

Revenue of R24.0 million for the six months to 30 June 2013 remained relatively flat in comparison to June 2012. Profitability improved significantly with the segment reporting a profit of R3.0 million for the six months to June 2013 compared to a loss of R0.8 million in June 2012. The turnaround is attributable to reduced operating costs in the segment.

#### Properties – investments and developments

This segment was previously reported as two separate segments. In the financial year ended 31 December 2012, the segmental reporting was combined. The completion of a number of developments in the last half of 2012 resulted in the segment reflecting revenue of R0.52 million to June 2013, compared to R1.1 million in June 2012. The segment reflects a loss of R2.3 million (June 2012: R1.2 million) after taking into account equity accounted losses of R2.0 million (June 2012: profit of R0.3 million).

#### Properties - asset management

This segment is underpinned by the operations of Vunani Property Asset Management Proprietary Limited ("VPAM"), who provides asset management services to Vunani Property Investment Fund Limited. The segment reflected revenue of R4.3 million (June 2012: R3.2 million) and profit of R1.5 million (June 2012: R1.4 million) for the period.

#### Group

Revenue in this segment is generated from services provided by directors to clients and opportunistic transactions, which may involve arbitrage opportunities and/or result in facilitation fees being earned. The segment losses increased from R1.4 million in June 2012 to R10.9 million in 2013.

#### Prospects

Notwithstanding the significant strides made by the group in the last 3 reporting periods, the state of global markets and their impact on domestic trading conditions continue to be challenging. However the board has confidence in management's ability to find opportunities that are value accretive to shareholders. Good progress has been made in building and strengthening the business platforms and they are poised to make more meaningful contributions to the group in the future.

### NOTES TO THE CONDENSED CONSOLIDATED RESULTS (all figures in R'000)

#### BASIS OF PREPARATION

The unaudited condensed consolidated results for the 6 months ended 30 June 2013 have been prepared in accordance with IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the Companies Act of South Africa.

The accounting policies as set out in the audited financial statements for the year ended 31 December 2012 have been consistently applied. The unaudited condensed consolidated results have been presented on the historical cost basis, except for other investments, investment property and other financial liabilities, which are fair valued. These condensed consolidated financial statements are presented in Rand, rounded to the nearest thousand, which is the group's functional and presentation currency.

These unaudited condensed consolidated results incorporate the financial statements of the company, its subsidiaries and entities that, in substance, are controlled by the group and the group's interest in associates. Results of subsidiaries and associates are included from the effective date of acquisition up to the effective date of disposal. All significant transactions and balances between group enterprises are eliminated on consolidation.

**Unaudited condensed consolidated results  
for the 6 month period ended 30 June 2013**

**NOTES TO THE CONDENSED CONSOLIDATED RESULTS CONTINUED (all figures in R'000)**

**1. Revenue**

Revenue includes fees earned from advisory services, brokerage, asset management fees, client service fees and proprietary trading revenue.

**2. Fair value adjustments and (impairments) for continuing operations**

	Unaudited 30 June 2013 R'000	Unaudited 30 June 2012 R'000
Financial assets and liabilities designated as fair value through profit and loss	17 286	34 146
Goodwill impairment	-	(271)
Reversal of Impairment/ (impairment) of investments and loans to associates	1 240	(3 459)
Other impairments	29	(2 825)
	<b>18 555</b>	<b>27 591</b>

**3. Other investments and other financial liabilities**

Unlisted investments are fair valued annually by the directors. Listed investment prices are determined with reference to the share price at period end. Both listed and unlisted investments are designated as fair value through profit and loss. Financial liabilities are either accounted for at amortised cost or designated as fair value through profit and loss. An independent valuer is used to determine the fair values of any liabilities that are linked to the listed investments.

**4. Business acquisitions**

On 1 May 2013, Vunani increased its holding in Vunani Private Clients Proprietary Limited ("VPC") from 40% to 51% for a nominal amount. The 40% shareholding was previously held indirectly through Vunani Private Client Holdings Proprietary Limited ("VPCH"), which owned 100% of VPC. VPCH then sold 51% of its shareholding in VPC to Vunani and 49% to the other minorities. The carrying amount of the investment in VPC in VPCH was a nominal amount. The acquisition resulted in goodwill of R2.2m. R2.1m of the acquisition date net asset value of VPC was allocated to the non-controlling interest. Since acquisition an after tax profit of R0.3m has been included in Vunani's profit or loss. R0.1m of this profit is attributable to non-controlling shareholders interests. If the acquisition had taken place at the beginning of the year, an after tax profit of R0.7m would have been included in Vunani's profit or loss. R0.3m of this profit would have been attributable to non-controlling shareholders interests. A preliminary purchase price allocation in terms of IFRS 3 has been presented below. This purchase price allocation may be adjusted before 31 December 2013 in the event of new or additional information relating to the acquisition in terms of IFRS 3.

The goodwill arose because VPC has a very large client base which will ensure revenue streams for the future. VPC also has significant intellectual capital and top management has over 10 years in the private client management industry. VPC also has significant trading platforms in place, which will enable it to service any increase in the client base with ease. The trade receivables acquired are at fair value and are expected to be collected in their entirety. The valuation of the non-controlling interest was based on the net asset value of VPC at acquisition date.

The provisional values of the net assets in terms of the business combination are presented below:

	VPC R'000
<b>Net assets acquired</b>	
Property, plant and equipment	254
Goodwill	2 207
Deferred tax asset	68
Trade and other receivables	2 729
Cash and cash equivalents	124
Other financial liabilities	(3 390)
Trade and other payables	(4 104)
Outside shareholders interests	2 112
Cost of investment	-

**5. Impact of new accounting standards**

A number of new IFRS standards become applicable to the group in the 2013 financial year. An assessment of the applicability of these standards for Vunani was performed. The requirements of the consolidation suite of standards (IFRS 10, 11 and 12) were assessed and in the assessment, it was determined that the group's investment in Vunani Capital Zimbabwe (Private) Limited will need to be consolidated. The standards require retrospective application and if the impact of the application is material, prior periods will need to be restated to reflect the impact of application. The impact of the application of the standard has been quantified and is considered immaterial for the prior periods. Consequently, the full impact of consolidating the subsidiary has been included in the 2013 interim results. The consolidation of the subsidiary also resulted in a foreign currency translation reserve of R0.7 million at 30 June 2013.

**6. Non-current assets held for sale**

Part of the group's interest in an investment in associate, in the Property Investments and Developments segment is presented as a non-current asset held for sale following the commitment of the group's management, to a plan to sell the group's interest in the associate. The sale decision was concluded on 12 April 2013. As at 30 June 2013 the non-current asset held for sale was valued at R28.5 million, which is detailed as follows:

	2013 R'000
<b>Non-current assets held for sale</b>	
Investment in associate at carrying value	28 503
	<b>28 503</b>

**7. Authorised and issued share capital**

The authorised share capital at 30 June 2013 was 200 million ordinary shares of no par value (2012: 200 million ordinary shares of no par value).

	Unaudited 30 June 2013	Unaudited 30 June 2012	Audited 31 December 2012
<b>Weighted average number of ordinary shares (000s)</b>			
Issued ordinary shares at the beginning of the period	105 415	5 270 732	5 270 732
Effect of share consolidation	-	(5 165 317)	(5 165 317)
Effect of own shares held	(5 008)	-	(4 793)
Issued ordinary shares at the end of the period	<b>100 407</b>	<b>105 415</b>	<b>100 622</b>
<b>Weighted average number of shares in issue</b>	<b>100 407</b>	<b>105 415</b>	<b>100 622</b>

**8. Headline profit**

	Unaudited 30 June 2013	Unaudited 30 June 2012
Total profit attributable to equity holders of Vunani	9 339	15 019
Adjusted for		
Goodwill impairment	-	271
(Reversal of)/impairment of investment and loans to associates	(1 240)	3 459
Taxation	231	-
Other impairments	(29)	2 825
Taxation	5	(527)
Profit on disposal of assets	(1 297)	(1 475)
Taxation	242	413
Non-controlling shareholders' interest	-	234
	<b>7 251</b>	<b>20 219</b>
<b>Headline earnings per share (cents)</b>		
Basic and diluted headline earnings per share	7.2	19.3

**SUBSEQUENT EVENTS**

There have been no material subsequent events between the period-end to the date of signing of the results.

**DIVIDENDS**

No dividends were declared or paid to shareholders during the period under review (2012: R nil).

**GOING CONCERN**

The directors have made an assessment of the company and its subsidiaries ability to continue as going concerns and have no reason to believe the company and group will not continue as going concerns for the foreseeable future.

**CORPORATE INFORMATION**

<b>Executive directors</b>	<b>Independent non-executive directors</b>
EG Dube (Chief Executive Officer)	WC Ross (Chairman)
BM Khoza (Managing Director)	Dr.XP Guma (appointed 1 July 2013)
A Judin (Chief Financial Officer)	NS Mazwi
CE Chimombe-Munyoro	G Nzalo
NM Anderson	JR Macey



**Company secretary** A Judin

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Vunani House Athol Ridge Office Park 151 Katherine Street Sandown Sandton 2196	PO Box 652419 Benmore 2010

**Telephone number** +27 11 263 9500  
**Facsimile number** +27 11 784 3095

**Transfer secretaries** Computershare Investor Services Proprietary Limited  
70 Marshall Street  
Johannesburg  
2001

**Designated Adviser** Grindrod Bank Limited

 EG Dube 6 August 2013	 A Judin 6 August 2013
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