UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

FOR THE 6 MONTH PERIOD ENDED 30 JUNE

2015

VUNANI

LIMITED

VUNANI LIMITED ("Vunani" or "the company" or "the group")
Incorporated in the Republic of South Africa
Registration number: 1997/020641/06
JSE code: VUN ISIN: ZAE000163382 Listed on Alt-X on the JSE Limited ("JSE")
These results are available on our website www.vunanilimited.co.za

The unaudited condensed consolidated interim results have not been reviewed. The unaudited condensed consolidated interim results were published on 18 August 2015. The unaudited condensed consolidated interim results have been prepared under the supervision of the Chief Financial Officer, Aphrodite Judin CA(SA).

SALIENT FEATURES

REVENUE OF
R58.6 million
compared to R54.0 million at 30 June 2014

PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS OF
R3.7 million
compared to a loss of R9.1 million at 30 June 2014

BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS OF
3.0c
compared to a loss of 8.7c at 30 June 2014

ACQUIRED 70% STAKE IN
Fairheads International Holdings (SA)
for R210 million in May 2015

Condensed consolidated statement of comprehensive income
for the 6 month period ended 30 June 2015

Figures in R'000	Note	Unaudited 30 June 2015	Unaudited 30 June 2014
Continuing operations			
Revenue	1	**58 600**	53 977
Other income		**7 541**	2 128
Investment revenue		**4 145**	12 207
Interest received from investments		**152**	1 401
Net profit on disposal of assets		**108**	(75)
Fair value adjustments and impairments	2	**1 540**	(13 165)
Operating expenses		**(71 577)**	(67 137)
Results from operating activities		**509**	**(10 664)**
Finance income		**2 656**	3 445
Finance costs		**(1 183)**	(1 323)
Net finance income		**1 473**	2 122
Results from operating activities after net finance costs		**1 982**	(8 542)
Equity accounted earnings (net of income tax)		**2 449**	114
Profit/(loss) before income tax		**4 431**	(8 428)
Income tax expense		**(750)**	(707)
Profit/(loss) from continuing operations		**3 681**	**(9 135)**
Discontinued operations			
Profit from discontinued operations (net of income tax)	3	**164**	90 700
Profit for the period		**3 845**	**81 565**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Exchange differences on translating foreign operations		**497**	30
Total comprehensive income for the period		**4 342**	**81 595**
Profit/(loss) from continuing operations attributable to:			
Equity holders of Vunani Limited		**3 241**	(8 741)
Non-controlling interest		**440**	(394)
		3 681	**(9 135)**
Profit for the period attributable to:			
Equity holders of Vunani Limited		**3 371**	68 764
Non-controlling interest		**474**	12 801
		3 845	**81 565**
Total comprehensive income for the period attributable to:			
Equity holders of Vunani Limited		**3 510**	68 773
Non-controlling interest		**832**	12 822
		4 342	**81 595**
Basic and diluted earnings per share (cents)		**3.1**	68.5
Basic and diluted earnings/(loss) per share from continuing operations (cents)		**3.0**	(8.7)
Basic and diluted earnings per share from discontinued operations (cents)		**0.1**	77.2
Basic and diluted headline earnings/(loss) per share (cents)	4	**3.0**	(18.4)
Basic and diluted headline earnings/(loss) per share from continuing operations (cents)		**2.9**	(10.1)
Basic and diluted headline earnings/(loss) per share from discontinued operations (cents)		**0.1**	(8.3)

Condensed consolidated statement of financial position

at 30 June 2015

Figures in R'000	Note	Unaudited 30 June 2015	Audited 31 December 2014
Assets			
Property, plant and equipment		**7 133**	6 787
Goodwill		**34 123**	34 123
Intangible assets		**674**	1 042
Investments in and loans to associates		**67 507**	17 686
Other investments	5	**93 879**	102 270
Deferred tax asset		**47 729**	44 890
Other non-current assets		**26 206**	22 005
Total non-current assets		**277 251**	228 803
Other investments	5	**5 122**	8 900
Other current assets		**–**	2 823
Taxation prepaid		**1 155**	886
Trade and other receivables		**24 370**	39 085
Accounts receivable from trading activities		**360 277**	120 573
Trading securities		**185**	251
Cash and cash equivalents		**24 072**	67 773
Total current assets		**415 181**	240 291
Total assets		**692 432**	**469 094**
Equity			
Stated capital	6	**624 888**	624 888
Treasury shares		**(15 571)**	(15 571)
Share-based payments reserve		**14 021**	13 249
Foreign currency translation reserve		**(761)**	(900)
Accumulated loss		**(366 645)**	(364 004)
Equity attributable to equity holders of Vunani Limited		**255 932**	257 662
Non-controlling interest		**(3 593)**	(2 818)
Total equity		**252 339**	254 844
Liabilities			
Other financial liabilities	5	**18 572**	20 298
Deferred tax liabilities		**8 811**	7 825
Total non-current liabilities		**27 383**	28 123
Other financial liabilities	5	**21 245**	25 282
Taxation payable		**11 028**	9 648
Trade and other payables		**20 513**	29 555
Accounts payable from trading activities		**359 500**	120 525
Bank overdraft		**424**	1 117
Current liabilities		**412 710**	186 127
Total liabilities		**440 093**	214 250
Total equity and liabilities		**692 432**	**469 094**
Shares in issue (000s)	6	**114 665**	114 665
Net asset value per share (cents)		**223.2**	224.7
Net tangible asset value per share (cents)		**192.9**	194.0

Condensed consolidated statement of changes in equity

for the period ended 30 June 2015

Figures in R'000	Total attributable to equity holders of Vunani	Non-controlling interest	Total equity
Balance as at 31 December 2013 – Audited	**214 473**	**(6 226)**	**208 247**
Transactions with owners, recorded directly in equity			
Business combination	–	3 575	3 575
Issue of shares	4 656	–	4 656
Dividends paid	(30 016)	(11 677)	(41 693)
Share-based payments reserve	1 282	–	1 282
Total transactions with owners	(24 078)	(8 102)	(32 180)
Total comprehensive income			
Profit for the period	68 764	12 801	81 565
Other comprehensive income for the period	9	21	30
Total comprehensive income for the period	68 773	12 822	81 595
Balance as at 30 June 2014 – Unaudited	**259 168**	**(1 506)**	**257 662**
Transactions with owners, recorded directly in equity			
Disposal to non-controlling interest	(318)	318	–
Issue of shares	10 144	–	10 144
Treasury shares acquired	(306)	–	(306)
Share-based payments reserve	1 711	–	1 711
Total transactions with owners	11 231	318	11 549
Total comprehensive income			
Profit for the period	(12 725)	(1 855)	(14 580)
Other comprehensive income for the period	(12)	225	213
Total comprehensive income for the period	(12 737)	(1 630)	(14 367)
Balance as at 31 December 2014 – Audited	**257 662**	**(2 818)**	**254 844**
Transactions with owners, recorded directly in equity			
Dividends paid	(6 012)	(1 607)	(7 619)
Share-based payments reserve	772	–	772
Total transactions with owners	(5 240)	(1 607)	(6 847)
Total comprehensive income			
Profit for the period	3 371	474	3 845
Other comprehensive income for the period	139	358	497
Total comprehensive income for the period	**3 510**	**832**	**4 342**
Balance as at 30 June 2015 – Unaudited	**255 932**	**(3 593)**	**252 339**

DIVIDENDS

Figures in R'000	Unaudited 30 June 2015	Audited 31 December 2014
Ordinary dividend paid		
Ordinary dividend number 2 of 5.5 cents per share (2014: 5.0 cents) declared on 30 March 2015 and paid to ordinary shareholders on 28 April 2015 (net of treasury shares held)	**6 012**	5 003
Special dividend paid		
2015: No special dividend declaration		
2014: Special dividend number 1 of 25.0 cents per share (net of treasury shares held)	**–**	25 013
	6 012	**30 016**

On 30 March 2015, ordinary dividend number 2 of 5.5 cents per share was declared totalling R6.3 million and was paid on 28 April 2015.

Condensed consolidated statement of cash flows

for the period ended 30 June 2015

Figures in R'000	Note	Unaudited 30 June 2015	Audited 31 December 2014	Unaudited 30 June 2014
Cash flows from operating activities				
Net cash utilised by operating activities	7	**(16 843)**	(35 260)	(22 856)
Investment revenue received		**4 145**	12 787	3 228
Finance income received		**2 408**	7 473	1 246
Finance costs paid		**(1 206)**	(3 047)	(1 280)
Dividends received		**–**	–	4 257
Dividends paid to shareholders		**(6 012)**	(30 016)	(30 229)
Dividends paid to non-controlling interest		**(1 607)**	(11 677)	(11 676)
Income tax paid		**(1 736)**	(17 706)	(231)
Net cash utilised by operating activities		**(20 851)**	(77 446)	(57 541)
Cash flows from investing activities				
Proceeds on disposal of business		**15 000**	102 000	102 000
Taxation paid on disposal of business		**–**	–	(7 287)
Acquisition of property, plant and equipment		**(566)**	(678)	(269)
Repayment of loans to associates		**–**	2 239	1 273
Increase in investment and loans to associates		**(47 372)**	(4 089)	–
Increase in other non-current assets		**(2 390)**	(798)	(2 753)
Proceeds from repayment of other non-current assets		**–**	331	–
Acquisition of other investments		**–**	(2 833)	(3 495)
Proceeds on disposal of other investments		**17 274**	–	–
Net cash (outflow)/ inflow from investing activities		**(18 054)**	96 172	89 469
Cash flows from financing activities				
Proceeds on issue of share capital		**–**	14 800	4 656
Repayments of other financial liabilities		**(4 103)**	(6 718)	(4 917)
Net cash (outflow)/inflow from financing activities		**(4 103)**	8 082	(261)
Net (decrease)/increase in cash and cash equivalents		**(43 008)**	26 808	31 667
Cash and cash equivalents at the beginning of the period		**66 656**	39 360	39 360
Cash acquired in business acquisitions		**–**	488	175
Total cash and cash equivalents at end of the period		**23 648**	66 656	71 202

Segmental reporting
for the period ended 30 June 2015

The asset management, advisory services and investment holdings segments are geographically located in South and to a lesser extent in Zimbabwe. The institutional securities broking, private wealth and investments and group segments are geographically located in South Africa.

Figures in R'000	Revenue Unaudited 30 June 2015	Reportable segment profit/(loss) after tax Unaudited 30 June 2015	Total assets Unaudited 30 June 2015	Total liabilities Unaudited 30 June 2015
Continuing operations				
Asset management	**21 746**	**2 947**	**91 278**	**(2 767)**
Advisory services	**115**	**(1 360)**	**1 252**	**(575)**
Investment holdings	**587**	**1 973**	**197 109**	**(46 411)**
Institutional securities broking	**25 221**	**3 059**	**382 649**	**(379 665)**
Private wealth and investments	**5 989**	**(309)**	**3 093**	**(3 568)**
Group	**4 942**	**(2 629)**	**15 698**	**(4 904)**
	58 600	**3 681**	**691 079**	**(437 890)**
Discontinued operations				
Properties asset management	**–**	**138**	**6**	**(622)**
Property developments and investments	**–**	**26**	**1 347**	**(1 581)**
	–	**164**	**1 353**	**(2 203)**
Total	**58 600**	**3 845**	**692 432**	**(440 093)**

	Revenue Unaudited 30 June 2014	Reportable segment profit/(loss) after tax Unaudited 30 June 2014	Total assets Audited 31 December 2014	Total liabilities Audited 31 December 2014
Continuing operations				
Asset management	21 137	1 571	47 283	(2 904)
Advisory services	1 552	(1 374)	2 008	(573)
Investment holdings	530	(5 642)	207 422	(47 685)
Institutional securities broking	21 741	1 412	155 070	(141 507)
Private wealth and investments	5 047	53	2 275	(2 666)
Group	3 970	(5 155)	38 672	(15 551)
	53 977	(9 135)	452 730	(210 886)
Discontinued operations				
Properties asset management	1 571	91 592	14 990	(1 707)
Property developments and investments	–	(892)	1 374	(1 657)
	1 571	90 700	16 364	(3 364)
Total	**55 548**	**81 565**	**469 094**	**(214 250)**

Notes to the Condensed Consolidated Interim Results

(all figures in R´000)

BASIS OF PREPARATION

The unaudited condensed consolidated interim results for the six months ended 30 June 2015 have been prepared in accordance with the framework concepts and recognition and measurement principles of International Financial Reporting Standards and Financial Pronouncements as issued by the Financial Reporting Standards Council. The unaudited condensed consolidated interim results have been presented in accordance with the minimum content, including disclosures, prescribed by IAS 34 Interim Financial Reporting applied to year end reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Listings Requirements of the JSE Limited 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 2014 are in terms of International Financial Reporting Standards and have been consistently applied. The unaudited condensed consolidated interim results have been presented on the historical cost basis, except for other investments and other financial liabilities, which are fair valued. These condensed consolidated financial statements are presented in South African Rand, rounded to the nearest thousand, which is the group's functional and presentation currency.

These unaudited condensed consolidated interim 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.

Comparatives on the statement of comprehensive income have been re-presented to show the effect of the discontinued operations (refer to note 3).

NOTES

1. Revenue

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

2. Fair value adjustments and impairments

Figures in R'000	Unaudited 30 June 2015	Unaudited 30 June 2014
Fair value adjustment on financial assets and liabilities designated at fair value through profit or loss	**5 238**	(14 907)
Fair value adjustment on remeasurement of stepped up acquisition of subsidiary	**–**	1 742
Impairment of loans in other non-current assets	**(3 698)**	–
	1 540	(13 165)

3. Discontinued operations

A strategic decision was made in November 2013 to dispose of the group's property asset management business. This culminated in the group disposing of the property management contract that was held in Vunani Property Asset Management Proprietary Limited ("VPAM"). The sale of VPAM's business included the transfer of VPAM's executive management and staff's employment contracts to the purchaser. As this disposal related to a major line of the group's business, the related activities have been presented as a discontinued operation. The non-controlling interest relating to the disposal of VPAM's business has been calculated in terms of an agreement between the shareholders of Vunani Properties Proprietary Limited, a 78% held subsidiary of Vunani Limited, that owns 100% of VPAM.

Notes to the Condensed Consolidated Interim Results

(all figures in R'000)(continued)

3. Discontinued operations (continued)

The results of the discontinued operations are as follows:

Figures in R'000	Unaudited 30 June 2015	Unaudited 30 June 2014
Revenue	–	1 571
Other income	**107**	–
Interest from investments	–	217
Profit on disposal of assets	–	116 260
Fair value adjustments and impairments	–	(509)
Operating expenses	**(99)**	(11 758)
Results from operating activities	**8**	105 781
Finance income	**156**	10
Finance costs	–	(90)
Net finance income/(costs)	**156**	(80)
Results from operating activities after net finance costs	**164**	105 701
Equity accounted earnings (net of income tax)	–	(22)
Profit before income tax	**164**	105 679
Income tax expense	–	(14 979)
Profit for the period	**164**	90 700
Attributable to equity holders of Vunani	**130**	77 505
Attributable to non-controlling interest	**34**	13 195
	164	90 700
Effect on basic and diluted earnings per share (cents)	**0.1**	77.2
Effect on basic and diluted headline loss per share (cents)	**0.1**	(8.3)
Cash flows from discontinued operations		
Net cash utilised by operating activities	**(1 883)**	(93 248)
Net cash inflow from investing activities	**14 068**	94 713
Net cash (outflow)/ inflow from financing activities	**(12 189)**	32
Net cash (outflow)/inflow for the period	**(4)**	1 497

4. Reconciliation of headline earnings for the period

Figures in R'000	Unaudited 30 June 2015	Unaudited 30 June 2014
Profit for the period attributable to equity holders of Vunani	**3 371**	68 764
Adjusted for:		
Discontinued operations		
Profit on disposal of discontinued operations	–	(116 260)
Taxation	–	17 248
Non-controlling interest	–	13 210
Disposal of assets		
Loss on disposal	**16**	75
Taxation	**(3)**	(14)
Disposal of subsidiaries		
Profit on disposal	**(124)**	–
Taxation	**23**	–
Business combinations		
Fair value adjustment on stepped up acquisition	–	(1 742)
Bargain purchase	–	(77)
Taxation	–	339
	3 283	(18 457)
Headline earnings/(loss) per share (cents)	**3.0**	(18.4)
Basic and diluted headline earnings/(loss) per share from continuing operations	**2.9**	(10.1)
Basic and diluted headline earnings/(loss) per share from discontinued operations	**0.1**	(8.3)

5. 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 at fair value through profit or loss. Financial liabilities are either accounted for at amortised cost or designated at fair value through profit or loss. The group designates certain financial liabilities at fair value through profit or loss upon initial recognition.

5. Other investments and other financial liabilities (continued)

Ring-fenced special purpose entities have historically been used to house the group's geared equity investments and any financial liabilities that relate to such investments. Financial assets and liabilities that arise in terms of these ring-fenced structures are both fair valued through profit or loss in terms of *IAS 39 Financial instruments: Recognition and measurement*.

The reason for the above designation was to reduce the measurement inconsistency on ring-fenced liabilities relative to the assets that they funded. Because the liability to lenders is limited to the fair value of the assets, if the assets were fair valued through profit or loss and the liabilities carried at amortised cost, inconsistency would arise that would not reflect the true liability of the group. In order to eliminate this inconsistency on ring-fenced structures, these specific liabilities are designated at fair value through profit or loss on initial recognition. Financial liabilities at fair value include capitalised interest and attributable profit participation.

6. Authorised and issued stated capital

The authorised stated capital at 30 June 2015 was 200 million ordinary shares of no par value (2014: 200 million ordinary shares of no par value). 114 664 649 shares were in issue at 30 June 2015 (2014: 108 414 649).

Weighted average number of ordinary shares (000s)	**Unaudited 30 June 2015**	**Audited 31 December 2014**	**Unaudited 30 June 2014**
Issued ordinary shares at the beginning of the period	**114 665**	105 415	105 415
Effect of share issue	**–**	2 588	182
Effect of own shares held	**(5 364)**	(5 364)	(5 211)
Weighted average number of shares	**109 301**	102 639	100 386
Number of shares in issue at the end of the period (000s)	**114 665**	114 665	108 415
Dilutive weighted average number of ordinary shares (000s)			
Issued ordinary shares at the beginning of the period	**114 665**	105 415	105 415
Effect of share issue	**–**	2 588	182
Effect of own shares held	**(5 364)**	(5 364)	(5 211)
Effect of dilutive shares	**136**	–	–
Weighted average number of shares	**109 437**	102 639	100 386
Number of shares in issue at the end of the period (000s)	**114 665**	114 665	108 415

The shares issued as part of the employee share incentive scheme could potentially dilute basic earnings in the future. In the current period, the employee shares have a dilutive effect.

7. Net cash utilised by operating activities

	Unaudited 30 June 2015	**Audited 31 December 2014**	**Unaudited 30 June 2014**
Figures in R'000			
Profit/(loss) before income tax expense from continuing operations	4 431	(23 853)	(8 428)
Profit before income tax expense from discontinued operations	164	107 737	105 679
Adjusted for:			
Depreciation of property, plant and equipment	236	1 570	774
Profit on discontinued operations	–	(116 318)	(116 260)
Loss on disposal of assets	16	–	75
Equity accounted earnings (net of income tax)	(2 449)	116	(92)
Gain on bargain purchase	–	(298)	(77)
Fair value adjustments	(5 238)	17 922	13 674
Profit on disposal of subsidiaries	(124)	–	–
Impairment of other non-current assets	3 698	–	–
Realisation of deferred income	(1 786)	(3 573)	(1 786)
Movement in impairment allowance	–	(297)	–
Amortisation of intangible assets	368	1 165	368
Share-based payments expenses	772	2 993	1 282
Foreign currency translation	848	(920)	9
Lease straight-line adjustment	–	(82)	–
Interest received from investments and finance income	(2 964)	(9 191)	(5 073)
Investment revenue	(4 145)	(14 220)	(12 207)
Finance costs	1 183	3 047	1 413
Changes in working capital:			
Decrease/(increase) in trading securities	66	69	(1 087)
(Increase)/decrease in trade and other receivables	(2 775)	8 473	7 264
Decrease in trade and other payables	(9 042)	(9 688)	(8 930)
(Increase)/decrease in accounts receivable and payable from trading activities	(102)	88	546
Cash utilised by operating activities	(16 843)	(35 260)	(22 856)

8. Financial instruments carried at fair value

The fair value of a financial instrument is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is a presumption that an entity is a going concern without any intention or need to liquidate, to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Fair value is not, therefore, the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distressed sale.

The existence of published price quotations in an active market is the best evidence of fair value and, where they exist, they are used to measure the financial asset or financial liability. A market is considered to be active if transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. Financial instruments fair valued using quoted prices would generally be classified as level 1 in terms of the fair value hierarchy.

Where a quoted price does not represent fair value at the measurement date or where the market for a financial instrument is not active, the group establishes fair value by using a valuation technique. These valuation techniques include reference to the value of the assets of underlying business, earnings multiples (e.g. unlisted investments), discounted cash flow analysis (e.g. unlisted investments, loans and advances) and various option pricing models.

Valuation techniques applied by the group would result in financial instruments being classified as level 2 or level 3 in terms of the fair value hierarchy. The determination of whether a financial instrument is classified as level 2 or level 3 is dependent on the significance of observable inputs versus unobservable inputs in relation to the fair value of the financial instrument.

Inputs typically used in valuation techniques include discount rates, expected future cash flows, dividend yields, earnings multiples, volatility, equity prices and commodity prices.

Valuation methodologies and techniques applied for level 3 financial instruments include a combination of discounted cash flow analysis, application of earnings multiples on sustainable after tax earnings, current and projected net asset values to determine overall reasonability. The valuation technique applied to specific financial instruments depends on the nature of the financial instrument and the most appropriate valuation technique is determined on that basis.

After the valuations of the unlisted financial assets and liabilities are performed, these are presented to the group's investment committee for independent review. All significant valuations are approved by the investment committee.

The valuation methodologies, techniques and inputs applied to the fair value measurement of the financial instruments have been applied in a manner consistent with that of the previous financial period.

Fair values **Figures in R'000**	**30 June 2015** **Carrying amount**	**Fair value**	**31 December 2014** **Carrying amount**	**Fair value**
Financial assets measured at fair value				
Designated at fair value through profit or loss on initial recognition	122 614	122 614	134 874	134 874
Trading securities	185	185	251	251
Financial assets not measured at fair value				
Loans to associates	26 777	20 496	14 325	11 537
Loans in other non-current assets	4 380	5 345	4 788	5 786
	153 956	**148 640**	**154 238**	**152 448**
Financial liabilities measured at fair value				
Designated at fair value through profit or loss on initial recognition	–	–	(2 554)	(2 554)
Financial liabilities not measured at fair value				
Other financial liabilities	(61 919)	(56 946)	(45 580)	(42 760)
	(61 919)	**(56 946)**	**(48 134)**	**(45 314)**

8. Financial instruments carried at fair value (continued)

The carrying amounts of cash and cash equivalents, accounts receivable from trading activities, trade and other receivables, bank overdraft, accounts payable from trading activities and trade and other payables reasonably approximate their fair values.

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on inputs to the valuation techniques used.

The different levels are defined as follows:

– Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Unaudited 30 June 2015

Figures in R'000	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	97 990	–	24 624	122 614
Financial assets measured at fair value	185	–	–	185
Financial assets at amortised cost	–	–	25 841	25 841
Financial liabilities designated at fair value through profit or loss	–	–	–	–
Financial liabilities at amortised cost	–	–	(56 946)	(56 946)
	98 175	–	(6 481)	91 694

Audited 31 December 2014	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	96 430	–	38 444	134 874
Financial assets measured at fair value	251	–	–	251
Financial assets at amortised cost	–	–	17 323	17 323
Financial liabilities designated at fair value through profit or loss	–	–	(2 554)	(2 554)
Financial liabilities at amortised cost	–	–	(42 760)	(42 760)
	96 681	–	10 453	107 134

Figures in R'000	Unaudited 30 June 2015	Audited 31 December 2014
Level 3 comprises:		
Balance at beginning of period	**35 890**	57 674
Total gains or losses in profit or loss	**(13 687)**	(24 927)
Proceeds from loan, interest and repayments	**–**	–
Purchases, transfers, sales, issues and settlements	**2 421**	3 143
Balance at end of the period	**24 624**	**35 890**

A change of 10% in the unobservable inputs of the investment and liability at the reporting date would have increased/(decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables remain constant.

Effect on statement of comprehensive income (profit/(loss)) and equity before taxation	Unaudited 30 June 2015	Audited 31 December 2014
Net asset value		
10% increase	**144**	1 309
10% decrease	**(27)**	(1 192)
Free cash flow		
10% increase	**3 672**	777
10% decrease	**1 391**	821

OVERVIEW AND PROSPECTS

Domestic economic activity remained subdued over the first half of the year as a combination of domestic and international factors weighed on consumer and business confidence. Structural inefficiencies which include intermittent electricity supply, as well as a very bad summer crop season, limited domestic output. In addition, global resources prices continued upon their declining trajectory as prospects for demand dimmed as a result of a marked slowdown in China's economic growth. That, in conjunction with heightened global financial jitters due to Greek debt issues, culminated in an essentially risk-off investor approach which did not bode well for resources based markets and currencies like the Rand.

Vunani generated total comprehensive income for the period of R4.3 million (2014: R81.6 million). Total comprehensive income attributable to equity holders of the company amounts to R3.5 million (2014: R68.8 million). The results for the period ended 30 June 2015 have been presented such that the property asset management business in Vunani Property Asset Management Proprietary Limited ("VPAM") and the winding down of the property investment and development segment have been reflected as discontinued operations (refer to note 3).

Asset management

The asset management segment reflected a profit of R2.9 million for the period ended 30 June 2015 (2014: R1.6 million). The segment has historically included the group's investments in Vunani Fund Managers Proprietary Limited ("VFM") and Purpose Vunani Private Limited ("PVAM"). VFM's performance and profitability improved during the period and its assets under management increased from R12.4 billion at December 2014 to R13.4 billion at June 2015. This increase in assets under management is mainly attributable to market growth.

PVAM faced challenging economic conditions in Zimbabwe, but despite this, PVAM's assets under management increased to $19.4 million at June 2015 from $16.2 million at December 2014. Operating margins in this business remain tight and costs are monitored closely.

In May 2015, the group concluded the acquisition of 70% of Fairheads International Holdings (SA) Proprietary Limited ("Fairheads") through Mandlalux Proprietary Limited ("Mandlalux"), a subsidiary of the group. Mandlalux has performed well since the acquisition, contributing R2.5 million in equity accounted earnings.

Advisory services

This segment also faced challenging conditions during the period. The segment reflected a loss for the period of R1.4 million (2014: R1.4 million). This segment assisted in the conclusion of the Fairheads acquisition, however intersegment revenues are eliminated for reporting purposes and the fee earned by this segment on the transaction has consequently been excluded from the segment's results.

Investment holdings

The segment includes the group's listed and unlisted investments. The segment reported a profit of R2.0 million for the period (2014: loss of R5.6 million) mainly as a result of positive fair value adjustments and dividends received. The group's investment strategy continues to focus on investing alongside well-capitalised strategic partners and the use of innovative funding mechanisms to lower risk and exposure to the group's balance sheet.

Institutional securities broking

This segment includes equity, derivative and capital market trading services to a spread of institutional clients. The segment reported a profit for the period of R3.1 million (2014: R1.4 million). Revenue increased by 16% compared to 2014, while costs were closely managed. The focus for the period was on revenue growth through the expansion of the client base and exploring diversified product offerings, which are progressing positively.

Private wealth and investments

The segment focuses on retail securities broking and providing private wealth and investment products to clients. The segment reflected a loss of R0.3 million for the period ended 30 June 2015 (2014: profit of R0.05 million), despite an increase in revenue. The established platform in place provides a good foundation and management's focus will be dedicated to ensure growth in the number of actively trading clients.

Property developments and investments and property asset management

The property developments and investments and property asset management segments have gone through realisation and as a result have been reflected as discontinued operations.

The group is exploring the next phase of its involvement in the property segment, but this is still in its early stages. While in this phase, any property related activities will be classified in the investment holdings segment.

Group

This segment represents the central operating platform that is provided by the group executive, finance and support. Revenues are generated by executives from external directorships as well as initiatives that are driven by the executives.

Revenue from continuing operations increased by 9% to R58.6 million (2014: R54.0 million) for the period ended 30 June 2015. **Other income** comprises the amortisation of deferred revenue that arose on the historic acquisition of Black Wattle Colliery Proprietary Limited, directors' fees earned where the group's executive directors serve on investee company boards and the effect of the write back of certain financial liabilities that have prescribed.

Investment income (in the form of dividends) amounting to R4.1 million (2014: R12.2 million) was received during the period. This decrease was a result of lower dividend declarations by investee companies.

Positive **fair value adjustments and impairments** of R1.5 million (2014: negative fair value adjustments of R13.2 million) relate to the valuation of the groups' listed and unlisted investments, which have been designated at fair value through profit or loss.

Operating expenses have increased by 7% from R67.1 million to R71.6 million. The increase in costs is attributable to cost of living adjustments in staff costs and increases in information and technology costs, specifically those that are dollar denominated. The group remains focused on cost containment, but is cognisant that the underlying operating businesses are in a growth phase therefore managing costs is critical such that growth continues to be facilitated.

Finance income has decreased to R2.7 million in 2015 compared to R3.4 million in 2014 due to lower cash resources in the group. **Finance costs** have decreased from R1.3 million for the period ended June 2014 to R1.1 million for the period ended June 2015.

Discontinued operations relates to the disposal of VPAM's business and the winding down of the property investment and development businesses. The discontinued operations generated a profit of R0.2 million (R90.7 million). The balance of the proceeds on the disposal of the business amounting to R15 million were received on 28 February 2015 in accordance with the agreement.

Investments in and loans to associates have increased following the acquisition of Fairheads in May 2015. Vunani owns 70% of the shares in Fairheads, with Fairheads' management holding the remaining 30%. The investment is equity accounted as a result of the fact that the shareholders agreement does not give Vunani outright control over the strategic decision making within the business. The net decrease in **other investments** during the period is attributable to the disposal of a portion of the group's listed investment portfolio.

The **share-based payments reserve** movement of R0.8 million is attributable to the current period IFRS 2 charge (2014: charge of R1.3 million). **Dividends paid** to Vunani's shareholders during the period amounted to R6.0 million (2014: R30.0 million). **Cash and cash equivalents** decreased by R43 million since December 2014 (2014: increase of R31.7 million) primarily as a result of the acquisition of Fairheads and the payment of the dividend.

Prospects

The group's focus remains on building the operating businesses through strong leadership and a high-quality product offering. The strategic partnerships and alliances that have been formed, both locally and on the African continent, will boost the group's ability to produce sustainable growth in earnings.

Despite the slowdown of South Africa's economic growth, Vunani has experienced steady deal-flow and management is cautiously optimistic that this will have a positive impact in the second half of the year.

EVENTS AFTER REPORTING DATE

There have been no material events between the period end and the date of the signing of the results.

DIVIDENDS PAID

A gross ordinary dividend of 5.5 cents per share (2014: 5 cents and a gross special dividend of 25 cents per share) was declared out of income reserves on 30 March 2015 and paid to ordinary shareholders on 28 April 2015.

GOING CONCERN

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

FORWARD-LOOKING STATEMENTS AND DIRECTORS' RESPONSIBILITY

Statements made throughout this announcement regarding the future financial performance of Vunani have not been reviewed or audited by the company's external auditors. The company cannot guarantee that any forward-looking statement will materialise and accordingly, readers are cautioned not to place undue reliance on any forward-looking statements. The company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason, other than as required by the JSE Listings Requirements.

The directors take full responsibility for the preparation of the condensed consolidated interim results.

Signed on behalf of the board of directors by EG Dube and A Judin on 18 August 2015.

CORPORATE INFORMATION

Executive directors

EG Dube *(Chief Executive Officer)*

A Judin *(Chief Financial Officer)*

BM Khoza

NM Anderson

Independent non-executive directors

LI Jacobs (Chairman)

Dr XP Guma

NS Mazwi

G Nzalo

JR Macey

S Mthethwa

Company secretary

A Judin (resigned 22 June 2015)

CIS Company Secretaries Proprietary Limited (appointed 22 June 2015)

Designated adviser

Grindrod Bank Limited

Transfer secretaries

Computershare Investor Services Proprietary Limited

70 Marshall Street

Johannesburg

2001

Notes

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