



VUNANI

LIMITED

PROVISIONAL CONDENSED CONSOLIDATED RESULTS

for the year ended 28 February 2018

The Reviewed Provisional Condensed Consolidated Results have been prepared under the supervision of the Chief Financial Officer, Tafadzwa Mika CA(SA).

Condensed consolidated statement of comprehensive income

for the year ended 28 February 2018

SALIENT FEATURES

REVENUE OF
R350.9 million

compared to R184.2 million
at 28 February 2017

PROFIT FOR THE
YEAR OF
R45.6 million

compared to R40.0 million at
28 February 2017

HEADLINE
EARNINGS PER
SHARE OF

25.2c

compared to 19.2c at
28 February 2017

NET ASSET VALUE
PER SHARE OF

242.5c

Compared to 221.2c at
28 February 2017

Figures in R'000	Note	*Re-presented	
		Reviewed 28 February 2018	Audited 28 February 2017
Continuing operations			
Revenue	1	350 889	184 192
Other income		2 518	4 717
Investment revenue		5 421	1 624
Interest received from investments		137	1 646
Net profit on disposal of assets		–	12 200
Fair value adjustments and impairments	2	41 242	9 247
Equity-accounted earnings (net of income tax)		(10 823)	23 305
Operating expenses		(327 957)	(187 348)
Results from operating activities		61 427	49 583
Finance income		3 592	2 784
Finance costs		(11 055)	(3 866)
Net finance costs		(7 463)	(1 082)
Profit before income tax		53 964	48 501
Income tax expense		(7 139)	(8 648)
Profit from continuing operations		46 825	39 853
Discontinued operations			
(Loss)/profit from discontinued operations (net of income tax)	3	(1 269)	185
Profit for the year		45 556	40 038
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Exchange differences on translating foreign operations		(1 192)	(2 243)
Total comprehensive income for the year		44 364	37 795
Profit from continuing operations attributable to:			
Equity holders of Vunani Limited		42 330	37 896
Non-controlling interest		4 495	1 957
		46 825	39 853
Profit for the year attributable to:			
Equity holders of Vunani Limited		41 061	38 081
Non-controlling interest		4 495	1 957
		45 556	40 038
Total comprehensive income for the period attributable to:			
Equity holders of Vunani Limited		40 477	36 793
Non-controlling interest		3 887	1 002
		44 364	37 795
Basic and diluted earnings per share (cents)			
Basic and diluted earnings per share from continuing operations (cents)		26.0	30.1
Basic and diluted (loss)/earnings per share from discontinued operations (cents)		26.8	30.0
Basic and diluted (loss)/earnings per share from discontinued operations (cents)		(0.8)	0.1
Basic and diluted headline earnings per share (cents)			
Basic and diluted headline earnings per share from continuing operations (cents)	4	25.2	19.2
Basic and diluted headline earnings per share from continuing operations (cents)		26.7	20.8
Basic and diluted headline loss per share from discontinued operations (cents)		(1.5)	(1.6)

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

Condensed consolidated statement of financial position

at 28 February 2018

Figures in R'000	Note	Reviewed 28 February 2018	Audited 28 February 2017
Assets			
Property, plant and equipment		10 404	10 535
Goodwill		139 766	139 766
Intangible assets		87 388	98 613
Investments in and loans to associates		75 495	84 242
Other investments	5	50 720	38 109
Deferred tax asset		47 010	47 280
Other non-current assets		54 127	29 802
Total non-current assets		464 910	448 347
Other investments	5	575	4 291
Other current assets		–	1 712
Taxation prepaid		1 462	1 343
Trade and other receivables		73 680	52 702
Accounts receivable from trading activities		689 510	693 427
Trading securities		435	183
Cash and cash equivalents		51 584	82 284
Total current assets		817 246	835 942
Total assets		1 282 156	1 284 289
Equity			
Stated capital	6	706 572	700 022
Treasury shares		(14 842)	(15 915)
Share-based payments reserve		21 646	16 100
Foreign currency translation reserve		(3 105)	(2 521)
Accumulated loss		(310 368)	(340 886)
Equity attributable to equity holders of Vunani Limited		399 903	356 800
Non-controlling interest		(566)	(4 021)
Total equity		399 337	352 779
Liabilities			
Other financial liabilities	5	64 062	107 714
Deferred tax liabilities		25 955	31 311
Total non-current liabilities		90 017	139 025
Other financial liabilities	5	34 667	35 580
Taxation payable		8 006	8 327
Trade and other payables		60 022	57 615
Accounts payable from trading activities		687 659	688 819
Trading securities		86	1 934
Bank overdraft		2 362	210
Current liabilities		792 802	792 485
Total liabilities		882 819	931 510
Total equity and liabilities		1 282 156	1 284 289
Shares in issue (000s)	6	164 897	161 296
Net asset value per share (cents)		242.5	221.2
Net tangible asset value per share (cents)		104.8	73.4

Net asset value per share (cents)

Net asset value per share is the equity attributable to equity holders of Vunani Limited, utilising all shares in issue, including treasury shares.

Net tangible asset value per share (cents)

Net tangible asset value per share is the equity attributable to equity holders of Vunani Limited, (excluding goodwill and intangible assets) utilising all shares in issue, including treasury shares.

Condensed consolidated statement of changes in equity

for the year ended 28 February 2018

	Stated capital	Treasury shares	Share-based payment reserve	Foreign currency translation reserve	Accumulated loss	Total attributable to equity holders	Non-controlling interest	Total equity
Figures in R'000								
Balance as at 29 February 2016 – Audited	624 888	(15 571)	12 871	(1 233)	(365 474)	255 481	1 670	257 151
Total comprehensive income for the period								
Profit for the year	–	–	–	–	38 081	38 081	1 957	40 038
Other comprehensive income for the period	–	–	–	(1 288)	–	(1 288)	(955)	(2 243)
Total comprehensive income for the period	–	–	–	(1 288)	38 081	36 793	1 002	37 795
Issue of shares	68 332	–	–	–	–	68 332	–	68 332
Share-based payments	–	–	3 229	–	–	3 229	–	3 229
Dividends paid	–	–	–	–	(503)	(503)	–	(503)
Capitalisation share issue award	6 802	(344)	–	–	(6 458)	–	–	–
Acquisition of non-controlling interests	–	–	–	–	(6 532)	(6 532)	1 082	(5 450)
Business combination	–	–	–	–	–	–	(7 775)	(7 775)
Total transactions with owners, recorded directly in equity	75 134	(344)	3 229	–	(13 493)	64 526	(6 693)	57 833
Balance as at 28 February 2017 – Audited	700 022	(15 915)	16 100	(2 521)	(340 886)	356 800	(4 021)	352 779
Total comprehensive income for the year								
Profit for the year	–	–	–	–	41 061	41 061	4 495	45 556
Other comprehensive income for the year	–	–	–	(584)	–	(584)	(608)	(1 192)
Total comprehensive income for the period	–	–	–	(584)	41 061	40 477	3 887	44 364
Transactions with owners, recorded directly in equity								
Issue of shares	7 188	–	–	–	–	7 188	–	7 188
Share-based payments	–	–	5 546	–	435	5 981	–	5 981
Dividends paid	–	–	–	–	(8 241)	(8 241)	(538)	(8 779)
Delisted shares	(638)	638	–	–	–	–	–	–
Transfer between reserves	–	435	–	–	(435)	–	–	–
Acquisition of non-controlling interests	–	–	–	–	(2 302)	(2 302)	106	(2 196)
Total transactions with owners, recorded directly in equity	6 550	1 073	5 546	–	(10 543)	2 626	(432)	2 194
Balance as at 28 February 2018 – Reviewed	706 572	(14 842)	21 646	(3 105)	(310 368)	399 903	(566)	399 337

DIVIDENDS

	Reviewed 28 February 2018	Audited 28 February 2017
Figures in R'000		
Ordinary dividend		
Ordinary dividend number 3 of 5.2 cents (4.16 cents net of dividend withholding tax) per share was paid to ordinary shareholders on 28 July 2017 (net of treasury shares)	8 241	–
Capitalisation share issue award (with cash alternative)		
A scrip dividend of 4 shares for every 100 shares held (4.3 million shares) was issued on 26 August 2016 (net of treasury shares)	–	6 458
As an alternative to the capitalisation share issue award, shareholders were able to elect to receive a gross dividend of 6c per share. For those shareholders electing to receive cash the dividend was paid to ordinary shareholders on 29 August 2016 (net of treasury shares held).	–	503
	8 241	6 961

Condensed consolidated statement of cash flows

for the year ended 28 February 2018

Figures in R'000	Note	Reviewed 28 February 2018	Audited 28 February 2017
Cash flows from operating activities			
Net cash generated/(utilised) by operating activities	7	28 488	(161)
Investment revenue received		5 421	1 624
Finance income received		3 592	2 784
Finance costs paid		(9 627)	(1 220)
Dividends paid to shareholders		(8 241)	(503)
Dividends paid to non-controlling interest		(538)	–
Income tax paid		(12 214)	(10 278)
Net cash generated/(utilised) by operating activities		6 881	(7 764)
Cash flows from investing activities			
Proceeds on disposal of business		1 500	494
Acquisition of property, plant and equipment		(4 245)	(2 161)
Proceeds on disposal of property, plant and equipment		–	6
Proceeds from repayment of loans to associates		1 186	606
Advances in investment and loans to associates		(7 592)	(1 664)
Dividends received from associates		741	–
Proceeds from repayment of other non-current assets		1 712	8
Acquisition of other investments		(2 590)	(298)
Proceeds on disposal of other investments		10 292	6 990
Net cash inflow from investing activities		1 004	3 981
Cash flows from financing activities			
Proceeds on issue of shares		2 772	51 066
Advances of other financial liabilities		30 305	70
Repayments of other financial liabilities		(73 814)	(2 064)
Net cash (outflow)/inflow from financing activities		(40 737)	49 072
Net (decrease)/increase in cash and cash equivalents		(32 852)	45 289
Cash acquired in business combination		–	20 013
Cash disposed of during the year		–	(323)
Cash and cash equivalents at the beginning of the year		82 074	17 095
Total cash and cash equivalents at end of the year		49 222	82 074

Segmental reporting

for the year ended 28 February 2018

The fund management, advisory services and other investments segments are geographically located in South Africa and, on a smaller scale, in Zimbabwe and Malawi. The institutional securities broking, mining and private wealth and investments segments are geographically located in South Africa.

Figures in R'000		Reportable segment			
		Revenue Reviewed 28 February 2018	profit/(loss) after tax Reviewed 28 February 2018	Total assets Reviewed 28 February 2018	Total liabilities Reviewed 28 February 2018
Fund management		64 683	4 284	66 651	(15 635)
Asset administration		124 781	6 714	234 151	(106 632)
Investment banking	Advisory services	4 895	(1 450)	3 321	(1 122)
	Institutional securities broking	63 686	1 376	717 873	(706 319)
Private equity*	Mining	92 344	41 153	85 400	(22 453)
	Other investments	500	(5 252)	174 620	(30 540)
Total		350 889	46 825	1 282 016	(882 701)
Discontinued operations					
Private wealth and investments**		344	(1 269)	140	(118)
Total		351 233	45 556	1 282 156	(882 819)
Figures in R'000		Re-presented			
		Revenue Audited 28 February 2017	profit/(loss) after tax Audited 28 February 2017	Total assets Audited 28 February 2017	Total liabilities Audited 28 February 2017
Continuing operations					
Fund management		64 452	6 049	60 735	(15 636)
Asset administration		22 909	16 595	245 887	(150 682)
Investment banking	Advisory services	5 236	(525)	2 239	(1 741)
	Institutional securities broking	67 955	2 585	721 258	(713 466)
Private equity*	Mining	23 640	8 873	43 431	(10 403)
	Other investments	–	6 276	209 967	(38 753)
Total		184 192	39 853	1 283 517	(930 681)
Discontinued operations					
Private wealth and investments**		4 421	185	772	(829)
Total		188 613	40 038	1 284 289	(931 510)

* In the current year, the Private equity segment has been refined into two segments namely Mining and Other investments as a result of the increased mining processing activities. Comparative figures have been re-presented to reflect the impact of the change.

** The Private wealth and investments segment has been represented as a discontinued operation as a result of the disposal of the client book.

Notes to the condensed consolidated financial statements

(all figures in R'000)

BASIS OF PREPARATION

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA *Financial Reporting Guides* as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

The reviewed condensed consolidated provisional financial statements have been presented on the historical cost basis, except for other investments and certain 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 presentation currency.

These reviewed condensed consolidated provisional financial statements 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, fund management fees, asset administration fees and client service fees.

2. Fair value adjustments and impairments

	Reviewed 28 February 2018	Audited 28 February 2017
Figures in R'000		
Fair value adjustment on financial assets and liabilities designated at fair value through profit or loss	43 714	8 639
Impairment reversal/(loss) of loans in other non-current assets	–	8
Impairment reversal/(loss) on loans to associates	(2 472)	600
	41 242	9 247

3. Discontinued operations

A strategic decision was made in June 2017 to dispose of the group's private wealth and investments business. This culminated in the group disposing of the client book that was held in Vunani Wealth and Investments Proprietary Limited ("VWI"). The sale of the business included the transfer of VWI's executive management's employment contracts to the purchaser. As the disposal related to a separate line of the group's business, the related activities have been presented as a discontinued operation.

The comparative information in the February 2017 consolidated statement of comprehensive income has been re-presented to disclose the discontinued operations separately from continuing operations.

	Reviewed 28 February 2018	Audited 28 February 2017
Revenue	344	4 421
Profit on disposal of assets	1 500	2 806
Operating expenses	(3 103)	(7 052)
Profit before income tax	(1 259)	175
Income tax expense	(10)	10
Profit for the year	(1 269)	185
Profit for the period attributable to:		
Equity holders of Vunani Limited	(1 269)	185
Effect on basic and diluted earnings per share (cents)	(0.8)	0.1
Effect on basic and diluted headline loss per share (cents)	(1.5)	(1.6)
Cash flows from discontinued operations		
Net cash (utilised)/generated by operating activities	(64)	128
Net cash inflow from investing activities	1 500	–
Net cash outflow from financing activities	(1 500)	–
Net cash (outflow)/inflow for the year	(64)	128

Notes to the condensed consolidated financial statements

(all figures in R'000) (continued)

4. Reconciliation of headline earnings for the year

	Reviewed 28 February 2018	Audited 28 February 2017
Figures in R'000		
Profit for the year attributable to equity holders of Vunani	41 061	38 081
Adjusted for:		
Associates		
Gross revaluation of investment property	(31)	888
Deferred taxation on revaluation	9	(249)
Non-controlling interest	5	(141)
Disposal of businesses		
Profit on disposal	(1 500)	(2 806)
Taxation	336	629
Business combination		
Fair value adjustment on stepped up acquisition	-	(12 153)
Disposal of assets		
Profit on disposal	-	(47)
Taxation	-	11
	39 880	24 213
Headline earnings per share (cents)	25.2	19.2
Basic and diluted headline earnings per share from continuing operations	26.7	20.8
Basic and diluted headline earnings per share from discontinued operations	(1.5)	(1.6)

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.

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*.

For additional information on the fair values of other investments and other financial liabilities, please refer to note 8 of these financial results.

6. Authorised and issued stated capital

The authorised stated capital at 28 February 2018 was 500 million ordinary shares of no par value (2017: 200 million ordinary shares of no par value). 164 896 943 shares were in issue at 28 February 2018 (2017: 161 296 081).

	Reviewed 28 February 2018	Audited 28 February 2017
Weighted average number of ordinary shares (000s)		
Issued ordinary shares at the beginning of the year	161 296	114 665
Effect of share issue	1 899	17 203
Effect of own shares held	(5 219)	(5 473)
Weighted average number of shares in issue during the year	157 976	126 395
Number of shares in issue at the end of the year (000s)	164 897	161 296
Dilutive weighted average number of ordinary shares (000s)		
Issued ordinary shares at the beginning of the year	161 296	114 665
Effect of share issue	1 899	17 203
Effect of own shares held	(5 219)	(5 473)
Effect of dilutive shares	2 061	669
Diluted weighted average number of shares in issue during the year	160 037	127 064
Number of shares in issue at the end of the year (000s)	164 897	161 296

The shares issued as part of the employee share incentive scheme could potentially dilute basic earnings in the future. The employee shares have a dilutive effect. The impact of the potential dilutive shares is immaterial.

7. Net cash utilised by operating activities

Figures in R'000	Reviewed 28 February 2018	Re-presented Audited 28 February 2017
Profit before income tax expense from continuing operations	53 964	48 501
(Loss)/income before income tax expense from discontinued operations	(1 269)	185
Adjusted for:		
Depreciation of property, plant and equipment	3 722	1 297
Profit on disposal of subsidiaries	–	(2 806)
Profit on disposal of associates	–	(12 153)
Profit on disposal of discontinued operations	(1 500)	–
Equity-accounted loss/(earnings) (net of income tax)	10 823	(23 305)
Profit on disposal of fixed assets	–	(47)
Fair value adjustments and impairments	(41 242)	(9 247)
Derecognition of deferred payment	–	(3 580)
Movement in impairment allowance	369	1 097
Amortisation of intangible assets	11 224	2 055
Share-based payments expense	5 981	3 229
Foreign currency translation loss	362	541
Lease straight-line adjustment	(432)	(301)
Interest received from investments and finance income	(3 729)	(4 430)
Investment revenue	(5 421)	(1 624)
Finance costs	11 055	3 866
Changes in working capital:		
(Decrease)/increase in trading securities	(2 100)	1 882
Increase in trade and other receivables	(22 080)	(22 944)
Increase in trade and other payables	5 523	18 139
Decrease/(increase) in accounts receivable and payable from trading activities	3 238	(516)
Cash generated/(utilised) by operating activities	28 488	(161)

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 valuation techniques. These valuation techniques include reference to the value of the assets of the underlying business, earnings multiples (e.g. unlisted investments), discounted cash flow analysis (e.g. unlisted investments, loans and advances) and various option pricing models.

Inputs typically used in valuation techniques for loans and advances, other investments, investments in associates and other financial liabilities, 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 and 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.

Notes to the condensed consolidated financial statements

(all figures in R'000) (continued)

Fair values	Reviewed 28 February 2018		Audited 28 February 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Figures in R'000				
Financial assets measured at fair value				
Designated at fair value through profit or loss on initial recognition	101 739	101 739	68 520	68 520
Trading securities	435	435	183	183
Financial assets not measured at fair value				
Loans to associates	27 387	21 949	22 953	20 761
Loans in other non-current assets	3 683	3 909	5 394	5 168
	133 244	128 032	97 050	94 632
Financial liabilities measured at fair value				
Designated at fair value through profit or loss on initial recognition	(5 084)	(5 084)	(6 610)	(6 610)
Trading securities	(86)	(86)	(1 934)	(1 934)
Financial liabilities not measured at fair value				
Other financial liabilities	(93 645)	(94 016)	(136 684)	(139 172)
	(98 815)	(99 186)	(145 228)	(147 716)
Total	34 429	28 846	(48 178)	(53 084)

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 and are therefore not included in the table above.

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).

Reviewed 28 February 2018

Figures in R'000	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	19 951	–	81 788	101 739
Financial assets measured at fair value	435	–	–	435
Financial assets at amortised cost	–	–	25 858	25 858
Financial liabilities designated at fair value through profit or loss	(86)	–	(5 084)	(5 170)
Financial liabilities at amortised cost	–	–	(94 016)	(94 016)
	20 300	–	8 546	28 846

Audited 28 February 2017

	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	33 910	–	34 610	68 520
Financial assets at amortised cost	–	–	25 929	25 929
Financial liabilities designated at fair value through profit or loss	(1 934)	–	(6 610)	(8 544)
Financial liabilities at amortised cost	–	–	(139 172)	(139 172)
	31 976	–	(85 243)	(53 267)

Figures in R'000	Reviewed 28 February 2018	Audited 28 February 2017
Level 3 comprises:		
Balance at beginning of year	28 000	23 314
Total gains or losses in profit or loss	40 536	4 686
Purchases, transfers, sales, issues and settlements	8 168	–
Balance at end of the year	76 704	28 000

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.

	Reviewed 28 February 2018	Audited 28 February 2017
Effect on statement of comprehensive income (profit/(loss)) and equity before taxation		
Net asset value		
10% increase	1 399	666
10% decrease	(1 308)	(1 492)
Free cash flow		
10% increase	(2 182)	(6 477)
10% decrease	167	6 850
Foreign exchange movement		
10% increase	868	1 333
10% decrease	(868)	(190)

9. Events after reporting date

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

10. Dividends

A dividend of 5.2 cents (4.16 cents net of dividend withholding tax) per share was paid to ordinary shareholders on 28 July 2017. Total cash of R8.2 million (net of treasury shares held) was paid to ordinary shareholders.

Dividend declared

Notice is hereby given that a gross ordinary dividend of 6.2 cents per share (2017: 5.2 cents per share) has been declared out of income reserves on 25 April 2018 and are payable to ordinary shareholders in accordance with the following timetable.

In terms of dividend tax effective since 1 April 2012, the following additional information is disclosed:

- The local Dividend Withholding Tax rate is 20%
- 164 896 943 shares are in issue
- The gross ordinary dividend is 6.20000 cents per share for shareholders exempt from paying Dividend Withholding Tax
- The net ordinary dividend is 4.96000 cents per share for ordinary shareholders who are not exempt from Dividend Withholding Tax
- Vunani Limited's tax reference number is 9841003032

Timetable	2018
Declaration and finalisation date announcement	Wednesday, 25 April
Last day to trade <i>cum</i> dividend	Tuesday, 24 July
Shares commence trading <i>ex</i> -dividend	Wednesday, 25 July
Record date	Friday, 27 July
Dividend payment date	Monday, 30 July

No dematerialisation or rematerialisation of shares will be allowed for the period from Wednesday, 25 July 2018 to Friday, 27 July 2018, both dates inclusive.

Dividends are declared in the currency of the Republic of South Africa. The directors have confirmed that the company will satisfy the liquidity and solvency requirements immediately after the payment of the dividend.

11. 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.

REVIEW OPINION

The condensed consolidated financial statements for the year ended 28 February 2018 have been reviewed by KPMG Inc., who expressed an unmodified review conclusion. The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditors engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuers registered office.

Overview and Prospects

The reporting period was dominated by heightened volatility in the Rand-exchange rate in the run-up to, and aftermath of the ANC elections, exacerbated by the further sovereign rating downgrades - to below investment grade by two ratings agencies. The fourth quarter numbers of 2017 indicate further recovery of the economy driven by private consumption and fixed investment. The change in leadership of the ANC and the country has resulted in improved confidence in the economy amongst consumers and business. The change in the direction of economic policies, reshuffling of cabinet and the budget which increased tax helped the country avoid further downgrades. The current prices of commodities will help growth in the mining sector. Globally the potential trade wars between China and the USA threaten to dampen growth in the global economy as several countries could be impacted directly or indirectly. The impact on South Africa is expected to be minimal as the country's exports to the USA are less than 2% of GDP and the exposure of the JSE-listed shares to the USA economy is very low. Business conditions are looking more favourable and as a result domestic real economic growth performance for 2018 is expected to be 1.8%.

Vunani's performance for the 12 months to 28 February 2018, has shown improvement when compared to the prior period to 28 February 2017.

Vunani generated total comprehensive income for the year of R44.4 million (2017: R37.8 million), while total comprehensive income attributable to equity holders of the company amounted to R40.5 million (2017: R36.8 million).

The group's reportable segments are as follows:

- Fund management
- Asset administration
- Investment banking
 - Advisory services
 - Institutional securities broking
- Private equity
 - Other investments
 - Mining
- Private wealth and investments

Fund management

The fund management segment includes the group's investments in Vunani Fund Managers Proprietary Limited ("VFM"), Purpose Vunani Asset Management (Private) Limited ("PVAM") and Alliance Capital Limited ("Alliance"). The segment reported revenue of R64.7 million for the year ended 28 February 2018 (2017: R64.5 million), which is a slight increase from prior year. The reportable segment profit amounted to R4.3 million for the year compared to R6.0 million at 28 February 2017.

VFM's performance slowed down during the year, due to lower performance fees being earned. Despite this VFM won new assets under management, which increased from R15.9 billion at 28 February 2017 to R20.9 billion at 28 February 2018. The increase in assets under management is key to improving the profitability of VFM.

PVAM's performance improved during the year due to increased revenue being earned from trading treasury bills. PVAM's assets under management decreased to \$24.2 million at 28 February 2018 from \$31.1 million at 28 February 2017.

Alliance contributed R1.4 million in equity accounted earnings for the year. Dividends amounting to R0.7 million were received from the investment during the year.

Asset administration

The asset administration segment includes the group's investment in Fairheads Benefit Services Proprietary Limited ("Fairheads") which is held through Mandlalux Proprietary Limited ("Mandlalux").

Fairheads contributed revenue of R124.8 million to February 2018. The segment reported a profit of R6.7 million compared to R16.6 million in 2017. The prior year included a once off R12.2 million gain on the step-up acquisition of Fairheads. Fairheads' assets under administration amounted to R6.2 billion at 28 February 2018 (2017: R6.2 billion).

Advisory services

The segment generated revenue of R4.9 million compared to R5.2 million for the year ended 28 February 2017. The decrease in performance is due to deals taking longer to complete. The segment reported a loss of R1.5 million (2017: R0.5 million) during the year.

Institutional securities broking

This segment includes equity, derivative and capital market trading services to institutional clients. The segment generated revenue of R63.7 million to February 2018 compared to R68.0 million in 2017. The decrease in revenue is due to the decrease in trading volumes in the market. The segment reported profit for the year of R1.4 million (2017: R2.6 million) despite the challenging economic conditions. With a stable team and closely managed cost base for both the institutional equity, derivative and capital markets businesses, the focus will be on revenue growth through the expansion of the client base and exploring diversified products.

Private equity

The private equity segment has been refined into two segments, namely other investments and mining. The other investments segment holds the group's listed, unlisted investments and property investments. The mining segment is focused primarily on coal processing and mining investments that are considered in partnership with well-capitalised and strategic associates.

Other investments

The other investments segment generated revenue of R0.5 million (2017: R nil) during the year. The segment reported a loss of R5.3 million for the year (2017: profit of R15.2 million). The loss is attributable to negative fair value adjustments on the equity accounted investments.

Mining

The mining segment includes the group's investment in Vunani Resources Proprietary Limited ("VR"), Vunani Mining Proprietary Limited ("VM") and certain equity accounted investments. The segment generated revenue of R92.3 million (2017: R23.6 million) and contributed R41.2 million (2017: 8.9 million) in profit to the group. The improved performance is attributable to increased coal processing activities within VR and the positive fair value adjustments on the mining investments that are carried at fair value through profit and loss.

Discontinued operations - Private wealth and investments

During the year, the private wealth and investments business was disposed of to a third party. As a result, the segment is now accounted for as a discontinued operation. The segment reported a loss of R1.3 million for the year ended 28 February 2018 (2017: profit of R0.2 million).

Financial performance

Revenue for the group increased by 90% to R350.9 million (2017: R188.6 million) for the year ended 28 February 2018. The increase is due to the consolidation of Fairheads' full year's results and the increased revenue from the mining segment.

Other income comprised mainly once-off income that was realised during the year and would consequently not be expected to be repeated in subsequent financial periods. Other income for the current year has decreased by 47% from R4.7 million to R2.5 million in February 2018.

Investment income is received in the form of dividends. Total investment income for the year amounted to R5.2 million compared to R1.6 million for the year ended 28 February 2017. The improvement is as result of an increase in dividend declarations from investee companies.

Positive **fair value adjustments and impairments** of R41.2 million (2017: R9.2 million) relate to a net increase in the value of the groups' listed and unlisted investment portfolio that has been designated at fair value through profit or loss.

Equity-accounted loss for the year amounted to R10.8 million (2017: R23.3 million). The group's investment in Fairheads was classified as an associate until 31 December 2016 and as such, its earnings were equity accounted until that date. Furthermore, Vunani's investment in Workforce Holdings Limited ("Workforce") is structured such that Vunani's interest is a joint venture and accordingly, the fluctuations in the fair value of Workforce are equity accounted.

Operating expenses increased by 75% from R187.3 million to R328.0 million. The consolidation of Fairheads has resulted in an increase in operating expenses. The share based payment expenses have increase as a result of the issue of additional shares to staff, have also contributed to the increase in expenses. The devaluation of the Rand during the year resulted in increases in information and technology costs, which are typically dollar denominated. The group remains focused on cost containment and monitors spending on an ongoing basis.

Finance income increased to R3.6 million for the year compared to R2.8 million to 28 February 2017. **Interest from investments** decreased from R1.6 million to R0.1 million as a result of less interest being charged on loans. **Finance costs** increased from R3.9 million for the year ended 28 February 2017 to R11.1 million for the current year, as result of the consolidation of Fairheads.

The increase in **other investments and other non-current assets** was mainly due to positive fair value adjustments on the listed and unlisted investments.

The issue of shares resulted in an increase in **stated capital** of R6.6 million. The **share-based payments reserve** movement of R5.9 million (2017: R3.2 million) is attributable to the current year IFRS 2 charge. The profit for the year attributed to **non-controlling interest** amounted to R4.5 million.

Prospects

Vunani's executive believe that a continued recovery in business and consumer confidence will have a positive effect on the group's ability to further grow the business and enhance shareholder value. The group will continue its focus on improving the performance of its operating businesses as well as improving synergies amongst them as these will form a solid platform to ensure the long-term success of Vunani. Vunani is cautiously optimistic that the performance of the last twelve can be maintained and that it can fuel growth in the immediate and long-term 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 provisional financial statements.

Signed on behalf of the board of directors by E Dube and T Mika
25 April 2018.

CORPORATE INFORMATION

Executive directors

E Dube (Chief Executive Officer)
T Mika (Chief Financial Officer)
BM Khoza
NM Anderson

Non-executive directors

LI Jacobs – independent chairman
XP Guma – independent
NS Mazwi – independent
G Nzalo – independent
JR Macey – independent
S Mthethwa
M Golding

Company secretary

CIS Company Secretaries Proprietary Limited

Designated adviser

Grindrod Bank Limited

Financial communications adviser

Singular Systems Proprietary Limited

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
2196

RESULTS PRESENTATION

Vunani will be hosting the interim results presentation by CEO Ethan Dube and CFO Tafadzwa Mika, followed by a question and answer session, on Wednesday, 25 April 2018, at 11:00 via a web/audio cast. The web/audio cast link is as follows: <http://www.corpcam.com/Vunani25042018>.

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 AltX on the JSE Limited (“**JSE**”)

These results are available on our website www.vunanilimited.co.za