

VUNANI LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1997/020641/06)

JSE code: VUN

ISIN: ZAE000163382

("Vunani" or "the company" or "the group")

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE 6 MONTH PERIOD ENDED 31 AUGUST 2016

The Unaudited Condensed Consolidated Interim Results have been prepared under the supervision of the Chief Financial Officer, Aphrodite Judin CA(SA).

Listed on AltX on the JSE Limited ("JSE")

These results are available on our website [www.vunanilimited.co.za](http://www.vunanilimited.co.za)

#### SALIENT FEATURES

REVENUE OF R75 million compared to R58.6 million at 30 June 2015

PROFIT FOR THE PERIOD OF R15.4 million compared to R3.8 million at 30 June 2015

BASIC EARNINGS PER SHARE OF 13.4c compared to 3.1c at 30 June 2015

Condensed consolidated statement of comprehensive income for the 6 month period ended 31 August 2016

Figures in R'000	Note	Unaudited 31 August 2016	Unaudited 30 June 2015 Re-presented*
Continuing operations			
Revenue	1	75 005	58 600
Other income		339	7 541
Investment revenue		1 603	4 145
Interest received from investments		873	152
Net profit on disposal of assets		2 806	108
Fair value adjustments and impairments	2	3 010	1 540
Equity-accounted earnings (net of income tax) *		13 250	2 449
Operating expenses		(77 394)	(71 577)
Results from operating activities		19 492	2 958
Finance income		744	2 656
Finance costs		(893)	(1 183)
Net finance (costs)/income		(149)	1 473
Profit before income tax		19 343	4 431
Income tax expense		(3 951)	(750)
Profit from continuing operations		15 392	3 681
Discontinued operations			
Profit from discontinued operations (net of income tax)		-	164
Profit for the period		15 392	3 845
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Exchange differences on translating foreign operations		(674)	497
Total comprehensive income for the period		14 718	4 342
Profit from continuing operations attributable to:			
Equity holders of Vunani Limited		14 700	3 241
Non-controlling interest		692	440
		15 392	3 681
Profit for the period attributable to:			
Equity holders of Vunani Limited		14 700	3 371
Non-controlling interest		692	474
		15 392	3 845
Total comprehensive income for the period attributable to:			
Equity holders of Vunani Limited		14 361	3 510
Non-controlling interest		357	832
		14 718	4 342
Basic and diluted earnings per share (cents)		13.4	3.1
Basic and diluted earnings per share from continuing operations (cents)		13.4	3.0
Basic and diluted earnings per share from discontinued operations (cents)		-	0.1
Basic and diluted headline earnings per share (cents)	3	11.5	3.0
Basic and diluted headline earnings per share from continuing operations (cents)		11.5	2.9
Basic and diluted headline earnings per share from discontinued operations (cents)		-	0.1

\* In the current period, the equity-accounted earnings (net of income tax) are presented as part of operating activities, as these are considered to be part of the company's main operations. The prior year comparatives have been re-presented to reflect this change in presentation

Condensed consolidated statement of financial position  
at 31 August 2016

Figures in R'000	Note	6 months Unaudited 31 August 2016	14 months Audited 29 February 2016
<b>Assets</b>			
Property, plant and equipment		8 012	8 655
Goodwill		34 123	34 123
Intangible assets		-	184
Investments in and loans to associates		81 580	76 909
Other investments	4	31 545	34 318
Deferred tax asset		45 530	46 203
Other non-current assets		22 691	22 504
Total non-current assets		223 481	222 896
Other investments	4	3 530	3 769
Other current assets		1 682	1 598
Taxation prepaid		1 178	1 267
Non-current assets held for sale	5	52 923	42 504
Trade and other receivables		36 134	25 186
Accounts receivable from trading activities		698 274	648 817
Trading securities		289	131
Cash and cash equivalents		15 126	17 562
Total current assets		809 136	740 834
Total assets		1 032 617	963 730
<b>Equity</b>			
Stated capital	6	631 690	624 888
Treasury shares		(15 915)	(15 571)
Share-based payments reserve		14 458	12 871
Foreign currency translation reserve		(1 572)	(1 233)
Accumulated loss		(364 190)	(365 474)
Equity attributable to equity holders of Vunani		264 471	255 481
Non-controlling interest		3 033	1 670
Total equity		267 504	257 151
<b>Liabilities</b>			
Other financial liabilities	4	10 755	10 150
Deferred tax liabilities		2 858	2 152
Total non-current liabilities		13 613	12 302
Other financial liabilities	4	12 092	10 982
Taxation payable		6 560	4 498
Trade and other payables		34 284	30 458
Accounts payable from trading activities		698 503	647 872
Bank overdraft		61	467
Current liabilities		751 500	694 277
Total liabilities		765 113	706 579
Total equity and liabilities		1 032 617	963 730
Shares in issue (000s)	6	118 916	114 665
Net asset value per share (cents)		222.4	222.8
Net tangible asset value per share (cents)		193.7	192.9
Net asset value per share (cents)			
Equity attributable to equity holders of Vunani Limited, divided by the total shares in issue, including treasury shares.			
Net tangible asset value per share (cents)			
Equity attributable to equity holders of Vunani Limited, excluding goodwill and intangible assets divided by the total shares in issue, including treasury shares.			

Condensed consolidated statement of changes in equity for the 6 month period ended 31 August 2016

Figures in R'000	Stated	Treasury	Share-based payment	Foreign currency translation	Accumulated	Total attributable to equity holders	Non-controlling interest	Total equity
	capital	shares	reserve	reserve	loss	holders	interest	equity
Balance as at 31 December 2014 - Audited	624 888	(15 571)	13 249	(900)	(364 004)	257 662	(2 818)	254 844
Total comprehensive income for the period								
Profit for the year	-	-	-	-	3 371	3 371	474	3 845
Other comprehensive income for the period	-	-	-	139	-	139	358	497
Total comprehensive income for the period	-	-	-	139	3 371	3 510	832	4 342
Transactions with owners, recorded directly in equity								
Dividends paid	-	-	-	-	(6 014)	(6 014)	(1 618)	(7 632)
Share-based payments	-	-	772	-	-	772	-	772
Total transactions with owners, recorded directly in equity	-	-	772	-	(6 014)	(5 242)	(1 618)	(6 860)
Balance as at 30 June 2015 - Unaudited	624 888	(15 571)	14 021	(761)	(366 647)	255 930	(3 604)	252 326
Total comprehensive income for the period								
Profit for the period	-	-	-	-	3 379	3 379	945	4 324
Other comprehensive income for the period	-	-	-	(472)	-	(472)	117	(355)
Total comprehensive income for the period	-	-	-	(472)	3 379	2 907	1 062	3 969
Transactions with owners, recorded directly in equity								
Share-based payments	-	-	856	-	-	856	-	856
Transfer between reserves	-	-	(2 006)	-	2 006	-	-	-
Acquisition of non-controlling interests	-	-	-	-	(4 212)	(4 212)	4 212	-
Total transactions with owners, recorded directly in equity	-	-	(1 150)	-	(2 206)	(3 356)	4 212	856
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 period	-	-	-	-	14 700	14 700	692	15 392
Other comprehensive income for the period	-	-	-	(339)	-	(339)	(335)	(674)
Total comprehensive income for the period	-	-	-	(339)	14 700	14 361	357	14 718
Transactions with owners, recorded directly in equity								
Share-based payments	-	-	1 587	-	-	1 587	-	1 587
Dividends paid	-	-	-	-	(503)	(503)	-	(503)
Capitalisation share issue award	6 802	(344)	-	-	(6 458)	-	-	-
Acquisition of non-controlling interests	-	-	-	-	(6 455)	(6 455)	1 006	(5 449)
Total transactions with owners, recorded directly in equity	6 802	(344)	1 587	-	(13 416)	(5 371)	1 006	(4 365)
Balance as at 31 August 2016 - Unaudited	631 690	(15 915)	14 458	(1 572)	(364 190)	264 471	3 033	267 504

DIVIDENDS

	Unaudited 31 August	Audited 29 February
Figures in R'000	2016	2016
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 capitalisations share issue award, shareholders were able to elect to receive a gross dividend of 6c per. For those shareholders electing to receive cash, the dividend was paid to ordinary shareholders on 29 August 2016 (net of treasury shares held)	503	-
Ordinary dividend paid		
2016: Nil (2015: ordinary dividend number 2 of 5.5 cents per share, (net of treasury shares held))	-	6 014
	6 961	6 014

Condensed consolidated statement of cash flows for the 6 month period ended 31 August 2016

		6 months Unaudited 31 August	14 months Audited 29 February	6 months Unaudited 30 June
Figures in R'000	Note	2016	2016	2015
Cash flows from operating activities				
Net cash utilised by operating activities	7	(6 976)	(28 523)	(16 843)
Investment revenue received		1 603	8 263	4 145
Finance income received		768	5 421	2 408
Finance costs paid		(289)	(1 965)	(1 206)
Dividends paid to shareholders		(503)	(6 014)	(6 012)
Dividends paid to non-controlling interest		-	(1 618)	(1 607)
Income tax paid		(1 908)	(5 472)	(1 736)
Net cash utilised by operating activities		(7 305)	(29 908)	(20 851)
Cash flows from investing activities				
Proceeds on disposal of business		494	15 000	15 000
Acquisition of property, plant and equipment		(846)	(1 575)	(566)
Proceeds from repayment of loans to associates		481	-	-
Increase in investment and loans to associates		(271)	(50 949)	(47 372)
Increase in other non-current assets		-	(4 032)	(2 390)
Proceeds from repayment of other non-current assets		8	4 257	-
Acquisition of other investments		(1 332)	(1 010)	-
Proceeds on disposal of other investments		6 724	40 994	17 274
Net cash inflow/(outflow) from investing activities		5 258	2 685	(18 054)
Cash flows from financing activities				
Increase in other financial liabilities		17	-	-
Repayments of other financial liabilities		-	(22 338)	(4 103)
Net cash inflow/(outflow) from financing activities		17	(22 338)	(4 103)
Net decrease in cash and cash equivalents		(2 030)	(49 561)	(43 008)
Cash and cash equivalents at the beginning of the period		17 095	66 656	66 656
Total cash and cash equivalents at end of the period		15 065	17 095	23 648

Segmental reporting for the 6 month period ended 31 August 2016

The fund management, advisory services and private equity segments are geographically located in South Africa and, on a smaller scale, in Zimbabwe. The institutional securities broking and private client segments are geographically located in South Africa.

	Revenue	Reportable	Total	Total
		segment		
		profit/	assets	liabiliti
		(loss)		es
	after tax		Unaudited	Unaudited
	Unaudit	Unaudited	31 August	31 August
	ed	31 August	2016	2016
	31	2016		
	August			
Figures in R'000	2016	2016	2016	2016
Continuing operations				
Fund management*	33 042	5 007	27 232	(4 954)
Asset administration**	-	2 148	56 744	(5 448)
	Advisory services	2 973	(412)	3 352
				(1 461)
Investment banking				
	Institutional securities broking	32 364	2 461	710 352
				(716 952)
Private equity*	4 364	5 136	234 937	(36 298)
Private wealth and investments	2 262	1 052	-	-
Total	75 005	15 392	1 032 617	(765 113)

	Revenue	Reportable	Total	Total
		segment		
		profit/	assets	liabiliti
		(loss)		es
	after tax		Unaudited	Unaudited
	Unaudit	Unaudited	30 June	30 June
	ed	30 June	2015	2015
	30 June	2015		
Figures in R'000	2015	2015	2015	2015
Continuing operations				
Fund management*	21 746	53 #	47 735	(2 767)
Asset administration**	-	2 368 #	43 543	-
	Advisory services	115	(1 885) #	1 252
				(575)
Investment banking				
	Institutional securities broking	25 221	2 533 #	382 649
				(379 665)
Private equity*	5 529 #	1 447 #	212 807 #	(51 315)

Private wealth and investments	5 989	(835) #	3 093	(3 568)
	58 600	3 681	691 079	(437 890)
Discontinued operations				
Property 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)

# Vunani previously reported a "Group" segment, however, this segment supports all of the group's businesses. In reviewing the reportable segments, this segment has consequently been reallocated across the other segments and has fallen away. Prior period segmental results have been adjusted.

\* The Fund management segment was previously named "Asset management" and the Private equity segment was previously named "Investment holdings". The segments names were amended in 2015.

\*\* In 2015, the group introduced a new reporting segment "Asset administration" after the acquisition of Fairheads International Holdings Proprietary Limited ("Fairheads"). At 30 June 2015 the asset administration segment was presented as part of the fund management segment. The comparative segmental results have been adjusted to reflect the segments separately.

Notes to the condensed consolidated interim financial statements  
(all figures in R'000)

#### BASIS OF PREPARATION

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements.

The unaudited condensed consolidated interim financial statements have been presented on the historical cost basis, except for other investments and certain other financial liabilities, which are fair valued. These unaudited condensed consolidated interim financial statements are presented in South African Rand, rounded to the nearest thousand, which is the functional and presentation currency of the parent company.

The unaudited condensed consolidated interim financial statements of the group at and for the period ended 31 August 2016 comprise the company and its subsidiaries (the 'group') and the group's interests 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 change in presentation of equity-accounted earnings.

#### CHANGE IN FINANCIAL REPORTING PERIOD

The unaudited condensed consolidated financial statements for the six months covers the period 1 March 2016 to 31 August 2016, as a result of a decision taken during 2015 to change the financial year-end of Vunani Limited and its subsidiaries ("Vunani Group") from 31 December to the last day of February. The change was primarily motivated by Vunani's acquisition of a significant interest in Fairheads International Holdings Proprietary Limited ("Fairheads") in May 2015, which has a February year-end. Financial reporting standards require that all companies in the group have the same reporting period.

NOTES

1. Revenue

Revenue includes trading revenue and fees earned from advisory services.

2 Fair value adjustments and impairments

	Unaudited 31 August 2016	Unaudited 30 June 2015
Figures in R'000		
Fair value adjustment on financial assets and liabilities	2 527	5 238
Impairment reversal/(loss) of loans in other non-current	8	(3 698)
Impairment reversal on loans to associates	475	-
	3 010	1 540

3 Reconciliation of headline earnings for the period

	Unaudite d 31 2016	Unaudite d 30 June 2015
Figures in R'000		
Profit for the period attributable to equity holders of	14 700	3 371
Adjusted for:		
Asset disposal		
Loss on disposal	-	16
Taxation	-	(3)
Disposal of subsidiaries		
Profit on disposal	(2 806)	(124)
Taxation	629	23
	12 523	3 283
Headline earnings per share (cents)	11.5	3.0
Basic and diluted headline earnings per share from continuing operations	11.5	2.9
Basic and diluted headline earnings per share from discontinued operations	-	0.1



#### 4. 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.

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.

#### 5. Non-current assets held for sale

The group made a decision to dispose of its listed investments in BSI Limited and the Workforce Holdings Limited shares (held in Verbicept Proprietary Limited). The assets relating to the sale of investments have been presented as non-current assets held for sale. It is expected that the sale of these assets will be concluded within a 12-month period. At 31 August 2016, the non-current assets held for sale were stated at fair value and consisted of assets of R52.9 million.

As at 31 August 2016 the non-current assets held for sale were detailed as follows:

	Unaudited 31 August 2016	Audited 29 February 2016
Assets classified as held for sale		
Other investment		
BSI Limited	8 322	7 260
Investment in associate		
Verbicept Proprietary Limited	44 601	35 244
	52 923	42 504

#### 6. Authorised and issued stated capital

The authorised stated capital at 31 August 2016 was 200 million ordinary shares of no par value (2016: 200 million ordinary shares of no par value). 118 915 865 shares were in issue at 31 August 2016 (2016: 114 664 649). 4 251 396 shares were issued on 29 August in terms of capitalisation share issue award described in note 10.

	Unaudited 31 August 2016	Audited 29 February 2016	Unaudited 30 June 2015
Weighted average number of ordinary shares (000s)	31	29	30
Issued ordinary shares at the beginning of the	114 665	114 665	114 665
Effect of share issue	35	-	-
Effect of own shares held	(5 366)	(5 364)	(5 364)
Weighted average number of shares in issue during the period	109 334	109 301	109 301
Number of shares in issue at the end of the period	118 916	114 665	114 665
Dilutive weighted average number of ordinary shares (000s)			
Issued ordinary shares at the beginning of the	114 665	114 665	114 665
Effect of share issue	35	-	-
Effect of own shares held	(5 366)	(5 364)	(5 364)
Effect of dilutive shares	246	221	136
Diluted weighted average number of shares in issue during the period	109 580	109 522	109 437
Number of shares in issue at the end of the period (000s)	118 916	114 665	114 665

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. The impact of the potential dilutive shares is immaterial.

7. Net cash utilised by operating activities

	6 months Unaudited 31 August 2016	14 months Audited 29 February 2016	6 months Unaudited 30 June 2015
Figures in R'000	2016	2016	2015
Profit before income tax expense from continuing operations	19 343	8 426	4 431
(Loss)/profit before income tax expense from discontinued operations	-	(324)	164
Adjusted for:			
Depreciation of property, plant and equipment	387	1 743	236
Profit on disposal of subsidiaries	(2 806)	-	(124)
Reversal of other financial liabilities	-	(1 483)	-
Equity-accounted earnings (net of income tax)	(13 250)	(31 797)	(2 449)
Loss on disposal of assets	-	-	16
Fair value adjustments and impairments	(3 010)	18 934	(1 540)
Realisation of deferred income	-	(3 574)	(1 786)
Movement in impairment allowance	-	1 083	-
Amortisation of intangible assets	-	858	368
Share-based payments expense	1 587	1 628	772
Foreign currency translation loss/(gain)	316	(3 460)	848
Lease straight-line adjustment	(161)	(394)	-
Interest received from investments and finance income	(1 617)	(6 718)	(2 964)
Investment revenue	(1 603)	(8 263)	(4 145)

Finance costs	893	2 697	1 183
Changes in working capital:			
(Increase)/decrease in trading securities	(158)	120	66
Increase in trade and other receivables	(12 862)	(6 747)	(2 775)
Increase/(decrease) in trade and other payables	4 164	(2 155)	(9 042)
Increase/(decrease) in accounts receivable and payable from trading activities	1 801	903	(102)
Cash utilised by operating activities	(6 976)	(28 523)	(16 843)

#### 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 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.

8. Financial instruments carried at fair

Fair values Figures in R'000	Unaudited 31 August 2016		Audit 29 February 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at fair value				
Designated at fair value through profit or loss on initial recognition	54 148	54 148	57 160	57 160
Non-current assets held for sale	8 322	8 322	7 260	7 260
Trading securities	289	289	131	131
Financial assets not measured at fair value				
Loans to associates	28 075	25 805	27 298	25 150
Loans in other non-current assets	5 300	8 352	5 030	8 141
	96 134	96 916	96 879	97 842
Financial liabilities measured at fair value				
Designated at fair value through profit or loss on initial recognition	(5 231)	(5 231)	(4 290)	(4 290)
Financial liabilities not measured at fair value				
Other financial liabilities	(17 616)	(16606)	(16 842)	(16 226)
	(22 847)	(21837)	(21 132)	(20 516)
Total	73 287	75 079	75 747	77 326

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 31 August 2016

Figures in R'000	Level 1	Level	Level 3	Total
Financial assets designated at fair value through profit or loss	26 570	-	27 578	54 148
Financial assets measured at fair value	8 611	-	-	8 611
Financial assets at amortised cost	-	-	34 157	34 157
Financial liabilities designated at fair value through profit or loss	-	-	(5 231)	(5 231)
Financial liabilities at amortised cost	-	-	(16 606)	(16 606)
	35 181	-	39 898	75 079

Audited 29 February 2016

Figures in R'000	Level 1	Level	Level 3	Total
Financial assets designated at fair value through profit or loss	29 556	-	27 604	57 160
Financial assets measured at fair value	7 391	-	-	7 391
Financial assets at amortised cost	-	-	33 291	33 291
Financial liabilities designated at fair value through profit or loss	-	-	(4 290)	(4 290)
Financial liabilities at amortised cost	-	-	(16 226)	(16 226)
	36 947	-	40 379	77 326

Figures in R'000	Unaudited 31 August 2016	Audited 29 February 2016
Level 3 comprises:		
Balance at beginning of period	23 314	35 890
Total gains or losses in profit or loss	(967)	(14 971)
Purchases, transfers, sales, issues and settlements	-	2 395
Balance at end of the period	22 347	23 314

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.

8 Financial instruments carried at fair value (continued)

	Unaudited 31 August 2016	Audited 29 February 2016
Effect on statement of comprehensive income (profit/(loss)) and equity before taxation		
Net asset value		
10% increase	1 202	1 204
10% decrease	(1 111)	(1 113)
Free cash flow		
10% increase	11 083	2 844
10% decrease	1 182	(5 471)
Foreign exchange movement		
10% increase	799	799
10% decrease	(572)	(572)

9. Events after reporting date

On 30 August 2016, at the annual general meeting of shareholders, Vunani Limited approved the issue of 1.9 million Vunani ordinary shares for cash. The shares were issued at a price of 160 cents per share. The gross proceeds amounted to R3 million. The ordinary shares were issued and allotted on 5 September 2016.

On 16 September 2016, through a private placement, Vunani Limited issued 30 million shares for cash at a price of 160 cents per share. The gross proceeds amounted to R48 million.

10. Dividends

For the period ended 31 August 2016: Capitalisation share issue award, with a cash alternative

A capitalisation share award with a cash alternative was declared in the ratio of 4 shares for every 100 shares held, with the alternative being a 6 cents cash payment per share. The capitalisation share award of 4 251 396 million shares at 160 cents per share was issued on 29 August 2016. Those shareholders not electing to receive capitalisation shares received a gross ordinary dividend of 6 cents per share (2016: 5.5 cents per share). The dividend was paid to ordinary shareholders on 29 August 2016. Total cash of R0.5 million was paid.

For the period ended 30 June 2015: Ordinary dividend

A gross ordinary dividend of 5.5 cents per share was declared out of income reserves on 30 March 2015 and paid to ordinary shareholders on 28 April 2015.

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.

12. Contingent liability

A full and final settlement agreement on the contingent liability matter relating to the Dreamworks Investments 125 Proprietary Limited, disclosed in the results to 29 February 2016 was reached with all parties on 31 August 2016. As a result, Vunani Limited paid R0.1 million as the full and final payment on the matter.

## OVERVIEW AND PROSPECTS

The reporting period was dominated by heightened uncertainty in the run-up to the local authority elections and concomitant volatile Rand- exchange rate, driven by the increased threat of further sovereign rating downgrades - potentially to below investment grade. Domestic business conditions remained tight amidst a rising inflation and interest rate trajectory, suppressing local demand. The demand for exports was equally uninspiring as commodity prices remained depressed as world economic growth struggled to gain traction in spite of sustained stimulus efforts.

Despite difficult market conditions, Vunani's performance for the period has shown improvement when compared to the 6 months ended 30 June 2015.

Vunani generated total comprehensive income for the period of R14.7 million (2015: R4.3 million), while total comprehensive income attributable to equity holders of the company amounted to R14.4 million (2015: R3.5 million).

The group's reportable segments are as follows:

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

### Fund management

The fund management segment includes the group's investments in Vunani Fund Managers Proprietary Limited ("VFM") and Purpose Vunani Asset Management (Private) Limited ("PVAM"). The segment reported revenue of R33.0 million for the period (June 2015: R21.7 million), which is an increase of 52%. The reportable segment profit amounted to R5.0 million for the period compared to a profit of R0.05 million at 30 June 2015.

VFM's performance and profitability improved during the period as its assets under management increased from R14.1 billion at 29 February 2016 to R15.7 billion at 31 August 2016. This increase is mainly attributable to good performance on the existing assets being managed.

PVAM's performance improved during the period despite the ongoing challenging economic conditions in Zimbabwe. PVAM's assets under management increased to \$22.5 million at 31 August 2016 from \$17.8 million at 29 February 2016. The increase in assets under management and diversification of product offering has contributed to the return to profitability of PVAM.

### Asset administration

The asset administration segment includes the group's investment in Fairheads Beneficiary Services Proprietary Limited ("Fairheads"). Fairheads has encountered a tough start to the financial year following the withdrawal of a significant mandate. In light of this, Fairheads successfully implemented corrective action and has resized its operations to ensure that the effect on profitability from the loss of the mandate is offset through a corresponding reduction of cost. Fairheads is making good progress in increasing its assets under administration, which amounted to R6.2 billion at 31 August 2016 (29 February 2016: R7.8 billion). Fairheads contributed R3.9 million in equity-accounted after tax earnings to the group for the period ended 31 August 2016 (for the two months'

post acquisition to 30 June 2015: R2.5 million).

#### Advisory services

The segment has shown improved deal flow during the period which has resulted in an improvement in revenue generated, being R3.0 million compared to R0.1 million for the period ended 30 June 2015. While the segment reported a marginal loss for the period of R0.4 million (2015: R1.9 million), the division is working on a good pipeline of transactions and is expected to return to profitability by year-end.

#### Institutional securities broking

This segment includes equity, derivative and capital market trading services to institutional clients. Revenue increased by 28% compared to 30 June 2015. The segment reported a profit for the period of R2.5 million (30 June 2015: R2.5 million). The focus for the period was on revenue growth through the expansion of the client base and exploring diversified products, which is progressing well.

#### Private equity

The segment has refined its focus into three investment sub-categories, namely mining, property and African investments. The segment holds the remaining listed investments in its portfolio. It is the group's intention to dispose of the listed investment portfolio, except in cases where the holding of listed equities supports regulatory capital requirements. The return on the investments

and optimal use of capital is monitored to ensure that an efficient structure is maintained. Mining investments are focused primarily on coal and are considered in partnership with well-capitalised and strategic associates. The focus in the current period was to generate revenue from the mining operations.

The group is progressing with its effort to create a property portfolio. The strategy involves partnering with investors who have experience in the property sector and several opportunities are currently being explored. Furthermore, Vunani is continuing its investment strategy onto the African continent through relationships with large corporates. The segment reported a profit of R5.1 million for the period (30 June 2015: R1.4 million).

#### Private wealth and investments

During the period, the retail securities-broking part of this business segment was sold to management. Subsequently, the segment's main business activity is providing private wealth and investment products to high net worth retail clients. The segment reported a profit of R1.1 million for the period ended 31 August 2016 (2015: a loss of R0.8 million).

#### Discontinued operations

The group's legacy property development, investments and property asset management segments went through a realization phase and have been reflected as discontinued operations since 2014.

#### Financial performance

Revenue from continuing operations increased by 28% to R75.0 million (2015: R58.6 million) for the period ended 31 August 2016.

Other income historically primarily comprised the amortisation of deferred revenue that arose on the historic acquisition of Black Wattle Colliery Proprietary Limited. The deferred revenue was amortised over a period of five years and at 29 February 2016, the total deferred revenue had been amortised. Other once-off income was realised during the period ended 30 June 2015 and would consequently not be expected to be repeated in subsequent financial periods. As a result, other income for the current



period has reduced significantly as compared to the prior period.

Investment income is received in the form of dividends. Total investment income for the current period amounted to R1.6 million as compared to R4.1 million for the period ended 30 June 2016.

Positive fair value adjustments and impairments of R3.0 million (2015: R1.5 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 earnings for the period amounted to R13.3 million (2015: R2.4 million). The group's investment in Fairheads is classified as an associate and as such, its earnings are equity accounted. As Fairheads was acquired with effect from 4 May 2015, the results for the period to 30 June 2015 included two months' worth of Fairheads' earnings, while the current period includes the full six months' worth of earnings. Furthermore, Vunani's investment in Workforce Holdings Limited ("Workforce") is structured such that Vunani's interest is considered to be a joint venture and accordingly, the fluctuations in the fair value of Workforce are accounted for under the equity accounted earnings line item.

Operating expenses increased by 8% from R71.6 million to R77.4 million. The increase is attributable to additional share based payment expenses as a result of the introduction of the new share scheme in November 2015. The devaluation of the Rand 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 decreased to R0.7 million for the period ending 31 August 2016 compared to R2.7 million for the period ended 30 June 2015. Finance costs decreased from R1.2 million for the period ended 30 June 2015 to R0.9 million for the period ended 31 August 2016, as result of a reduction in financial liabilities.

The decrease in other investments was due to the disposal of a small portion of the group's listed investment portfolio during the period. In line with the presentation at 29 February 2016, the investments in Workforce and BSi Steel Limited ("BSi") have been presented as non-current assets held for sale. It is expected that the sale of these assets will be concluded within a 12-month period. The non-current assets held for sale are stated at fair value.

The capitalisation share issue award resulted in an increase in stated capital of R6.8 million. The cash alternative for the award resulted in a cash dividend payment to shareholders who elected to receive cash amounting to R0.5 million (2015: cash dividend declared of R6.0 million). The share-based payments reserve movement of R1.6 million is attributable to the current period IFRS 2 charge (2015: charge of R0.8 million). Furthermore, during the period, the group acquired the entire non-controlling interest of 9.5% in VFM for R5.4 million and, as a result, VFM is now a 100% held subsidiary.

#### Prospects

Vunani's executive is exploring a number of interesting opportunities to further grow the business and enhance shareholder value. The focus on the operating businesses is a key strategy to solidify the group as a formidable financial services player and ultimately ensure the long-term success of Vunani. It is therefore critical that these businesses are run by high-calibre staff who are strong leaders. Vunani is positive about the growth that it has seen in the current financial period and expects that the momentum created in the first six months can be maintained into the second half of the year.

#### 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 E Dube and A Judin on 5 October 2016.

#### CORPORATE INFORMATION

##### Executive directors

E Dube (Chief Executive Officer)

A Judin (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

##### 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

70 Marshall Street

Johannesburg

2001

#### RESULTS PRESENTATION

Vunani will be hosting the interim results presentation by CEO Ethan Dube and CFO Aphrodite Judin, followed by a question and

answer session, on Thursday, 6 October 2016, at 11:30 via a web/audio cast. The web/audio cast link is as follows:  
<http://www.corpcam.com/Vunani06102016>.

#### CHANGES TO THE BOARD

##### APPOINTMENT OF NON-EXECUTIVE DIRECTOR

In accordance with paragraph 3.59 of the Listings Requirements of the JSE Limited, shareholders are advised that Mr. Marcel Golding ("Marcel") has been appointed as a non-executive director to the Vunani board with effect from 6 October 2016.

Marcel has over 30 years of experience working in various industries in South Africa.

Marcel served as an office-bearer in the National Union of Mineworkers from 1987 to 1994, ultimately becoming deputy general secretary. He was also involved in the Congress of South African Trade Unions since its inception in 1986 and served as a member of parliament from 1994 to 1997. Marcel was a founding director of the Mineworkers Investment Company in 1993.

In 1997, Marcel cofounded Hosken Consolidated Investments Limited ("HCI") and served as the executive chairman of HCI between 1997 and 2014. Since its formation, HCI has been built into a prominent JSE listed company with majority shareholdings in a number of industries including buses, casinos and hotels, television, clothing and textiles, mining, renewable gas, property and motor component manufacture.

Marcel has served on numerous boards in varying capacities, including as the chief executive officer of ETV from 1999 to 2014. His current significant directorships include Tsogo Sun Holdings, KWV Holdings Limited, Geomer Investments Proprietary limited, Rex Trueform Clothing Company Limited and African & Overseas Enterprises Limited.

Vunani welcomes Marcel to the board and is looking forward to working closely with him on new opportunities and building the business.

##### OTHER MATTERS

In compliance with paragraph 3.59 of the Listings Requirements of the JSE Limited, Aphrodite Judin, the current chief financial officer, has notified the board that she will be stepping aside from her role with effect from 9 December 2016 as her family will be moving abroad.

The board is pleased to announce that Tafadzwa Mika ("Tafadzwa") will be appointed in the role of chief financial officer with effect from 9 December 2016.

Tafadzwa qualified as a Chartered Accountant (SA) in 2009, after completing his training contract with Moore Stephens South Africa. He worked as an audit manager at Rain Chartered Accountants from May 2009 to February 2010 and joined Vunani in 2010. In 2011 he was promoted to group financial manager.

Tafadzwa has worked closely with Aphrodite since he joined and a handover process has been planned in the ensuing months to ensure a smooth and seamless transition of roles.

The board wishes to express its sincere thanks to Aphrodite for her years of dedication to Vunani and wish her and the Judin family well in the new chapter of their lives abroad.

6 October 2016

Designated Adviser

Grindrod Bank Limited