INTEGRATED ANNUAL REPORT

FOR THE YEAR ENDED
31 DECEMBER

2014

VUNANI

LIMITED

CONTENTS

INTEGRATED REPORTING

About this report

Vunani's integrated reporting aims to:

- improve the quality of information available to stakeholders;
- promote a consistent and efficient approach to reporting;
- enhance accountability to stakeholders; and
- support integrated thinking, decision-making and actions.

In order to achieve this, the integrated report includes information on strategy, risk management, financial reporting, social and environmental factors and aspires to meet the needs of a wider group of stakeholders.

Vunani's fourth integrated report has been prepared with reference to the following standards, legislation and guidelines:

- International Financial Reporting Standards;
- The JSE Listings Requirements;
- The Companies Act No 71 of 2008, as amended;
- The King III Report on Corporate Governance in South Africa. To the extent that these principles have not been applied, explanations have been provided in this report; and
- Recommendations released by the International Integrated Reporting Council.

Vunani strives to provide a more holistic view of the group in one document and regards this process as a valuable opportunity to engage with its stakeholder groups. We welcome your feedback on this report and any comments can be emailed to annualreport2014@vunanigroup.co.za.

Scope and boundary

This integrated report of Vunani covers the financial year from 1 January 2014 to 31 December 2014. No change in the scope of the 2013 report was required.

Vunani's scope of reporting remains focused on its reportable business segments. The content included in this integrated annual report is deemed useful and relevant to Vunani's stakeholders. The content specifically aims to provide stakeholders with an understanding of the economic, environmental, social and governance matters pertaining the group and their related impact on the group in order to enable stakeholders to evaluate the group's ability to create and sustain value.

Statement of responsibility

The board of directors acknowledges its responsibility to ensure the integrity of the integrated report. The board has accordingly applied its mind to the integrated report and, in its opinion, the report initiates a process to better address all material issues facing the group, while endeavouring to fairly present the integrated performance of the group and its impact on all stakeholders.

Annual financial statements

The annual financial statements for the year ended 31 December 2014 were approved by the board of directors on 12 June 2014. KPMG Inc., the independent auditors, have audited the annual financial statements and their unmodified audit report is presented on page 37 of this integrated report.

Forward looking statements

This integrated annual report contains forward looking statements that, unless otherwise indicated, reflect the company's expectations as at 31 December 2014. Actual results may differ materially from the company's expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate.

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.

Sustainability information

The information relating to sustainability as not been assured in 2014. An overview on the group's strategy and sustainability is presented in page 9 of this integrated report.

The consolidated and separate annual financial statements have been prepared under the supervision of A Judin, CA (SA), the group Chief Financial Officer.

“THE VALUE OF HARD WORK”

When other groups talk of miraculous prosperity, we talk of the pathway to it. Because we were raised by experience, not by chance. We've learnt that the harder you work, the more bountiful the harvest. We're innovative thinkers who see opportunities where others see nothing. We believe that success is not what you have - it's what you do with what you have. Which is why we work hard each and everyday for the best possible solution for our clients and their money.

We believe in dreaming, but we also know that dreams don't work unless you do.
We know the value of hard work. We have the honest determination and collective wisdom to make money work for you, and the drive to keep going long after the expected has been done. We're lion-hearted go-getters who aren't afraid of getting our hands dirty.

We started at the bottom and we know what it takes to get our clients to the top and keep them there. We gladly weather storms because we know that rain today means growth tomorrow. And growth leads to wealth and long-term prosperity. Good harvests are borne of mud, sweat and tears. Which is why we're not just there for the harvest, we're there for the ploughing, the planting and every day between and after.

WE ARE VISIONARY VALUE CREATORS.

WE ARE VUNANI LIMITED.

VUNANI AT A GLANCE

“TENACIOUS AND COURAGEOUS”

We know what it takes to get our clients to the top and keep them there. We gladly weather storms because we know that rain today means growth tomorrow.

GROUP SNAPSHOT

Strong operating business focus with targeted strategic equity investments.

Vunani is a black owned and managed diversified financial services group. The owner-managed culture is complemented with an entrepreneurial passion. Vunani has successfully built a strong financial services platform and through a series of acquisitions, growth has been facilitated within the group.

The group's goal is to become South Africa's foremost boutique financial services group, differentiated by the following key elements:

- Strong operating business focus with targeted strategic equity investments;
- Diversified financial service product offering;
- Strong growth track record; and
- Experienced management team.

In the group's early years, focus was placed on identifying unique investment opportunities that would ultimately translate into value for stakeholders. While operating businesses were encompassed in the vision, emphasis was placed on value creation through the group's investment holdings. In more recent years, the group has refocused its attention and significant emphasis is being placed on the growth in the operating businesses within the group.

The group operates out of offices in Sandton and Cape Town in South Africa and Harare in Zimbabwe. The group has 103 employees. The group's activities are categorised into three main focus areas namely: asset management, investment banking and principal investments, which then further split into reportable segments as follows:

- Asset management
- Advisory services
- Institutional securities broking
- Private wealth and investments
- Investment holdings
- Group

The "group" segment stretches across all focus areas.

The legacy property investments, developments and asset management segment is classified as a discontinued operation following the sale of the business in VPAM. The group intends on recreating a property business in the near future and these activities will be include in the investment holdings reportable segment.

The prudent and successful management of these businesses remains at the core of our strategy. The group is ultimately controlled by its senior management, so shareholders' interests are closely aligned with those of management. The management team remains steadfast in identifying growth opportunities that will ultimately translate into shareholder value.

"PASSIONATE **AND POSITIVE**"

Believe in the impossible and work hard, and reap the rewards of prosperity and personal growth.

2014 HIGHLIGHTS

CONTINUING AND DISCONTINUED OPERATIONS

Overview

PROFIT FOR THE YEAR OF
R67.0 million
compared to R8.3 million in December 2013

NET FINANCE INCOME OF
R3.8 million
compared to net finance cost of R2.9 million in December 2013

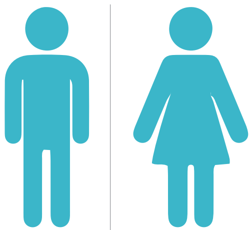
BASIC EARNINGS PER SHARE OF
54.6 cents
per share compared to basic earnings per share of 9.9 cents in December 2013

NET ASSET VALUE PER SHARE
increased to
224.7 cents
per share at 31 December 2014 from 203.5 cents per share at 31 December 2013

Staff

The group regards its people as the most important components of its business. It is therefore important to make the best use of the human capital we have available. The group ascribes to and applies the principles of employment equity. Details of the group's human resources at 31 December 2014 are on page 10 of this report.

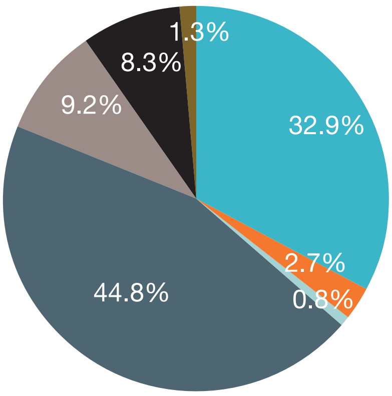
MALE
55%



FEMALE
45%

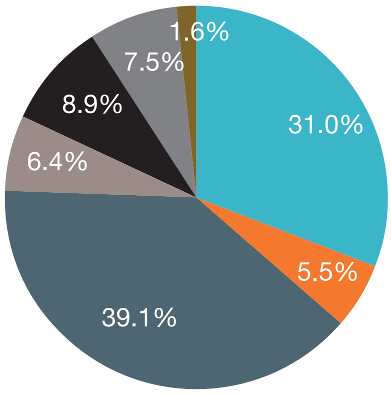
Revenue – Percentages

2014



- Asset management
- Advisory services
- Investment holdings
- Institutional securities broking
- Private wealth and investments
- Group
- Property asset management
- Property developments and investments

2013

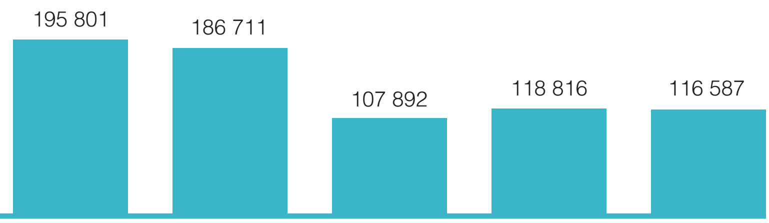


- Asset management
- Advisory services
- Investment holdings
- Institutional securities broking
- Private wealth and investments
- Group
- Property asset management
- Property developments and investments

HISTORICAL FINANCIAL REVIEW

STATEMENT OF COMPREHENSIVE INCOME

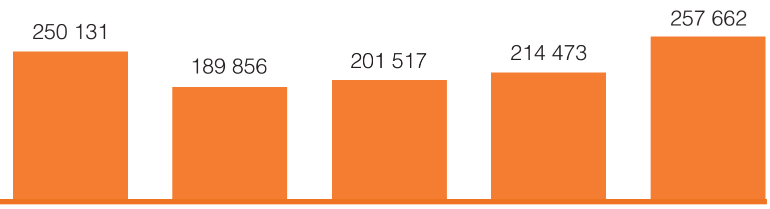
Total revenue (R'000)



	2010	2011 (Note 1)	2012	2013 (Note 1)	2014 (Note 1)
Results from operating activities (profit/(loss)) (R'000)	61 115	53 669	61 935	17 124	**80 420**
Profit/(loss) for the year (R'000)	(44 702)	(58 835)	11 755	8 306	**66 985**
Headline earnings/(loss) (R'000)	(125 577)	(27 378)	(11 245)	2 545	**(28 273)**
Headline earnings/(loss) per share (cents) (note 2)	(2.9)	(20.0)	(11.0)	2.5	**(27.5)**

STATEMENT OF FINANCIAL POSITION

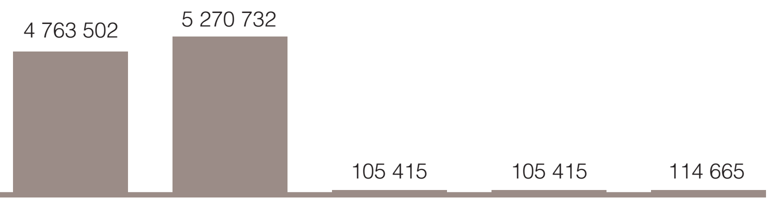
Equity attributable to equity holders (R'000)



	2010	2011 (Note 1)	2012	2013 (Note 1)	2014 (Note 1)
Total assets (R'000)	2 035 425	798 703	591 025	433 284	**469 094**
Total liabilities (R'000)	1 611 206	586 005	376 714	225 037	**214 250**
Net tangible asset value per share (cents) (note 2)	4.2	154.9	158.3	169.0	**194.0**

SHARE PRICE STATISTICS

Number of shares in issue at 31 December ('000)



	2010	2011 (Note 1)	2012	2013 (Note 1)	2014 (Note 1)
Closing price at 31 December (cents)	8	7	225	190	**170**
Closing high for the period (cents)	12	8	399	225	**220**
Closing low for the period (cents)	4	4	4	119	**106**
Volume traded during the period ('000)	77 593	68 920	12 875	4 198	**14 635**
Ratio of volume traded to shares in issue (at year-end) (%)	1.63	1.31	12.21	4.00	**12.76**

Note 1 For continuing and discontinued operations.
Note 2 Value at 31 December 2011 have been adjusted to show the effect of the 50:1 share consolidation that took place on 12 March 2012.

DIRECTORATE

"DYNAMIC AND AGILE"

We are visionary value creators.

Ethan Dube

(55)

Chief executive officer

MSc (Statistics), Executive MBA (Sweden)

Ethan has extensive corporate finance and asset management experience gained at Standard Chartered Merchant Bank, Southern Asset Managers and Infinity Asset Management. Ethan is a founder member of Vunani Limited and has been chief executive officer of Vunani Limited since its inception in the late 1990s.

Aphrodite Judin

(38)

Chief financial officer

BCom, BAcc, CA (SA)

Aphrodite joined Vunani in 2005 after having served as an audit manager in the Financial Institutions Services Team at Deloitte post her articles. She initially focused on the institutional securities broking operations of the group and in early 2010 she was appointed company secretary for the group. In August 2010, she was appointed as the chief financial officer of the group and has since served the group in that capacity.

Butana Khoza

(48)

Executive director

BCom, PG Dip (Accounting), CA (SA)

Butana established African Harvest Capital with Ethan Dube and has served in a number of senior executive roles within the group. Prior to Vunani, Butana worked at Southern Asset Management and Futuregrowth. Butana relinquished his group managing director role to take on as CEO of VFM in June 2014.

Mark Anderson

(55)

Executive director

BCom (Hons), CTA, CA (SA)

Having initiated a number of early BEE deals, Mark formed a corporate finance boutique and then advised on the formation of African Harvest Limited in 1997. Mark is responsible for Vunani Capital Proprietary Limited's investment activities.

Lionel Jacobs

(71)

Independent non-executive chairman (appointed 21 May 2014)

BCom, MBA

Lionel served as an executive director of Bidvest Group Limited from October 2003 to November, 2012, where he was also the commercial director of the Bidserv services division. He remains a non-executive director of Bidvest South Africa and many of its subsidiaries. Lionel is an entrepreneur with extensive negotiating and investment skills. He is currently fully engaged in furthering the prospects of his investment company, Bassap Ventures Proprietary Limited and its subsidiaries, where he is executive director.

Xolile Guma

(58)

Independent non-executive director

PHD (Economics) United Kingdom, MA (Economics) Canada

Xolile began his career as lecturer in the Economics department at the University of Swaziland 1978 and rose to become the director of Social Science Research Unit in 1990. He returned to South Africa in 1994 and worked on various academic boards, as well as an economic consultant to the United Nations, the African Development Bank, government departments and the private sector. He joined the South African Reserve Bank in July 1995 as an economist, progressed through the ranks and was ultimately appointed as deputy governor of the South African Reserve Bank. He served in this position until 2009 when he was appointed Senior Deputy Governor and retired in 2011.

Nambita Mazwi

(41)

Independent non-executive director

BProc LLB, Dip Company Law, Programme in Business Leadership

Nambita is an admitted attorney of the High Court of South Africa and is currently general manager of Legal Services for PPC Limited, a significant cement manufacturer, located in Johannesburg. Prior to PPC, she has held senior management positions at South African Airways SOC and Southern Enterprise Development Fund, a venture capital fund with a pan-African focus. She has also practised as a corporate attorney in South Africa. She has completed Executive Leadership Courses at Harvard Business School, Boston, MA, and Insead, Fontainebleau, France. She is also a fellow of the International Women's Forum 2013/2014.

Sithembiso N Mthethwa

(45)

Non-executive director (appointed 19 November 2014)

BCom (Maritime Economics)

Sithembiso has over 15 years' experience in the Maritime industry having worked in many ports in South Africa, Europe and in the Far East. In 2000, he worked with SMIT International BV and was successful in buying-out Pentow Marine during the unbundling of SAFMARINE Limited (following the demutualisation of Old Mutual Ltd in 1999). Pentow Marine changed its name to SMIT SA and subsequently SMIT AMANDLA MARINE (SAM). In 2005 he co-founded MION Holdings which now owns various investments including a substantial interest in SAM. Sithembiso has been in charge of all the investing and M&A activity at MION since inception. He is a non-executive director of Vunani Limited.

John Macey

(53)

Independent non-executive director

B BusSci (Hons), BCom (Hons), CA (SA)

John is a Chartered Accountant (SA) and Registered Auditor with over 25 years financial experience. He has held positions as an academic lecturer in financial accounting at UCT, as financial director of manufacturing companies, and is currently practicing as an auditor in public practice. John serves on the board and audit committees of two other listed companies.

Gordon Nzalo

(49)

Independent non-executive director

BCom, BAcc, CA (SA)

Gordon is the Group internal audit executive of Imperial Holdings Limited, and has been an independent non-executive director of Vunani Limited since November 2009. Gordon has also served on a number of other boards including Austro Group Limited and PSV Holdings Limited. During different times of his work career he served as partner at KPMG, SizweNtsaluba and PricewaterhouseCoopers.

"INNOVATIVE AND FORWARD THINKING"

We're innovative thinkers who see opportunities where others see nothing.

GROUP OVERVIEW

VUNANI

LIMITED

FOCUS AREA

ASSET MANAGEMENT
Operating businesses that manage funds on behalf of clients, ranging from institutional to private clients

INVESTMENT BANKING
Includes providing advice and consulting on a broad spectrum of corporate finance activities and securities broking services for institutional clients

PRINCIPAL INVESTMENTS
Investments focus in coal mining, tech, property and Africa

REPORTABLE SEGMENTS

- Asset management
- Private wealth and investments

- Institutional securities broking
- Advisory services

- Investment holdings

GROUP

STRATEGY AND SUSTAINABILITY

Strategy

Vunani's fundamental business strategy is driven by its objectives as a financial services group. Its key focus as an organisation has been on building successful operating businesses in the segments in which it operates in. Key objectives and strategies to achieve objectives are developed overall at group level as well as an operating subsidiary level.

The high-level business objectives of the group and strategies developed to achieve these are summarised as follows:

Objective	Strategy
Drawing on the group's established platforms and business relationships to facilitate growth within each segment, which will ultimately translate into profitable operating businesses.	Strategically position the group such that its diverse product offering makes Vunani the financial service provider of choice. Strengthen existing business relationships by providing an outstanding level of service and a competitive product offering. Encourage and facilitate greater cooperation and coordination between the group's operating businesses. Enhance existing products and services offered to a diverse client base to better suit their requirements. Emphasise operating subsidiary profitability, sustainability and positive cash generation.
Achieving a positive and consistent return for shareholders on their investment in the group.	Become a learning organisation that uses institutional memory from positive and negative experiences to develop tactics that facilitate growth. Critically assess business performance and taking corrective action in non-performing business units. Being revenue focused, with active management of costs. Maintain a dividend paying culture.
Investing in human capital to ensure that each segment is driven by experienced leaders, staffed by skilled individuals who share in the group's vision and that talent is nurtured to its full potential.	Employ qualified individuals with the requisite skill set. Develop our people through formal and informal training programmes based on their individual career progression objectives. Appropriately reward staff for performance through short-term and long-term incentives, which are uncomplicated and transparent.
Maintaining the group's BEE status and using this to attract growth and investment opportunities.	Understand relevant legislation and actively manage each component of the operating business' scorecards striving to improve from year to year. Use established business relationships and market intelligence to identify potential investments and/or opportunities to provide additional services in the BEE sphere.
Sustaining a healthy capital structure and utilising capital to maximise stakeholder value.	Ongoing cash and capital management at both a group and operating subsidiary levels. Identify strategic investors who share a similar vision to Vunani and explore opportunities with them as partners and shareholders within Vunani.
Making investments that are complementary to the group's financial service offering and re-evaluating investment holdings periodically to ensure sufficient alignment with the group's overall business objectives.	Hold investments that are strategic and core to the financial services model which Vunani operates in and look for buyers for non-core assets. Partner with large experienced market participants, particularly with regards to investments into Africa.

Sustainability

Sustainability reporting is the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organisational performance towards the goal of sustainable development. The information in this report relates to Vunani's sustainable business practices during 2014 and has not been assured.

Stakeholder relations

The group subscribes to the principles of objective, honest, balanced, relevant and understandable communication of financial and non-financial information to stakeholders. This is considered to be of such importance that the group chief executive is involved with all stakeholder communication. The group acknowledges the role and responsibility of the various regulators and its relationships with them are maintained in a transparent and proactive manner.

Training and development

The group provides training to its employees in a number of different ways that is dependent on the individual employee's training needs. The group encourages employees to attend various external training courses facilitated by organisations governing the various sectors in which the group operates. Employees are supported through learnership programmes, such as obtaining the CFA qualification. The group also undertakes in-house training facilitated by senior employees as a method of transferring knowledge and skills to junior employees. The Vunani Securities Training Programme provides on-the-job training for selected young black graduates. The one-year programme looks to hone the skills of young analysts under the mentorship of experienced and rated analysts. Similarly the Vunani Fund Managers Analyst Training Programme provides structured on-the-job training and mentorship for black junior analysts that work for the company.

Safety, health and environment

The group is committed to ensuring that employees work in a safe, healthy and clean environment. Our activities do not have an adverse effect on the environment. We are committed to having a positive carbon footprint to the environment and are currently focused on minimising paper usage. Employees are encouraged to print responsibly and to recycle as much as possible. Unutilised information technology equipment is donated to charity if it is in good working order. If not, equipment is disposed of through e-waste disposal facilities.

The group is in the process of preparing a formal health and safety policy which will outline the responsibilities of the group and employees in terms of health and safety requirements. It will also detail procedures for first aid, emergency evacuation and exposure to environmental health risks. The group in conjunction with its medical aid provider (Discovery Health) holds an annual wellness day. The purpose of this day is for employee members to assess their overall health and to increase health awareness amongst employees.

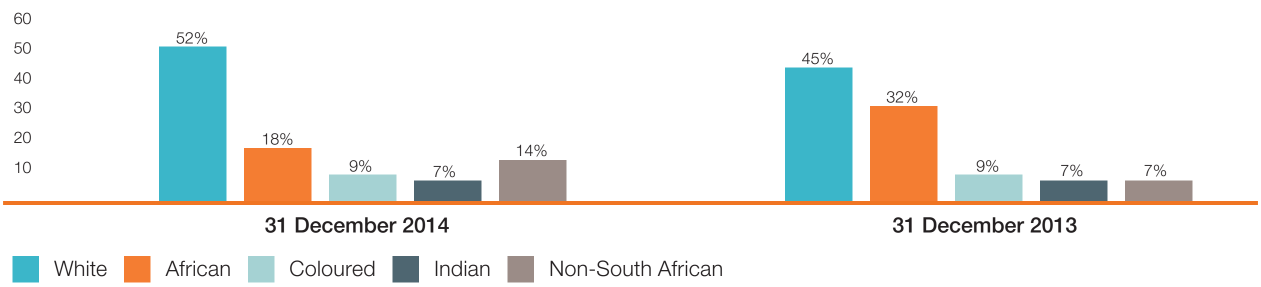
Employee participation

In order to retain and attract entrepreneurs, the group has a philosophy of encouraging management and key employees in the group to acquire a meaningful interest in the group and/or underlying businesses. A share incentive scheme is in place. The participants in the scheme are qualifying employees.

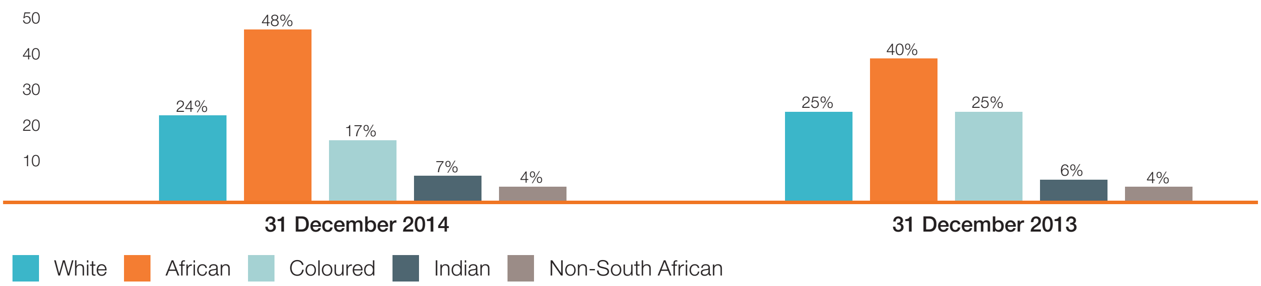
Human resources

The group regards its people as its most important asset. We subscribe to and apply the principles of employment equity as embraced in the Employment Equity Act, its amendments and regulations. The group's human resources, (excluding non-executive directors) at year-end are represented as follows:

MALE DEMOGRAPHIC



FEMALE DEMOGRAPHIC



RISK REPORT

Introduction

Vunani operates in a regulated environment and the board acknowledges that it is accountable for the risk management processes and the systems of internal control and is assisted by the audit and risk committee in this regard.

Risk management is a central part of the group's strategic management and is a structured mechanism whereby risks associated with group activities are identified and plans are put in place to manage and mitigate these risks. The group's view is that a well-managed risk management function will increase the probability of success and reduce both the failure potential and uncertainty in respect of achieving the group's overall objectives.

Objectives

The group's risk management objectives include:

- Ensuring that strategic and operational risks are identified, documented and managed appropriately;
- Ensuring that risk management forms an integral part of normal business practice and promotes a culture of risk awareness throughout the group;
- Apprising key management personnel of the significant risks that the group faces and involving them in developing mitigation plans;
- Identification of appropriate resources required to manage risk to an acceptable level.
- Implementing appropriate internal controls and identifying risk owners, who take responsibility for individual risks and their management.
- Avoid or reduce adverse threats to the business to an acceptable level;
- Provide timely information on risk situations and generate appropriate risk responses related to business strategy to assist with meeting business objectives;
- Maintain a best-practice group risk management system that is owned and managed at all levels of the organisation.

Approach

Vunani is committed to identifying and managing risk in accordance with good corporate governance practice. Accordingly, Vunani has adopted the principles recommended in King III, which co-exist with the Companies Act of 2008 and the JSE Listings Requirements as a guideline for its risk philosophy. In the board's view, this is appropriate because the Companies Act places legal responsibility for risk management on the board of directors. It also requires the adoption of a policy and plan for a systematic, disciplined approach to evaluate and improve the effectiveness of risk management.

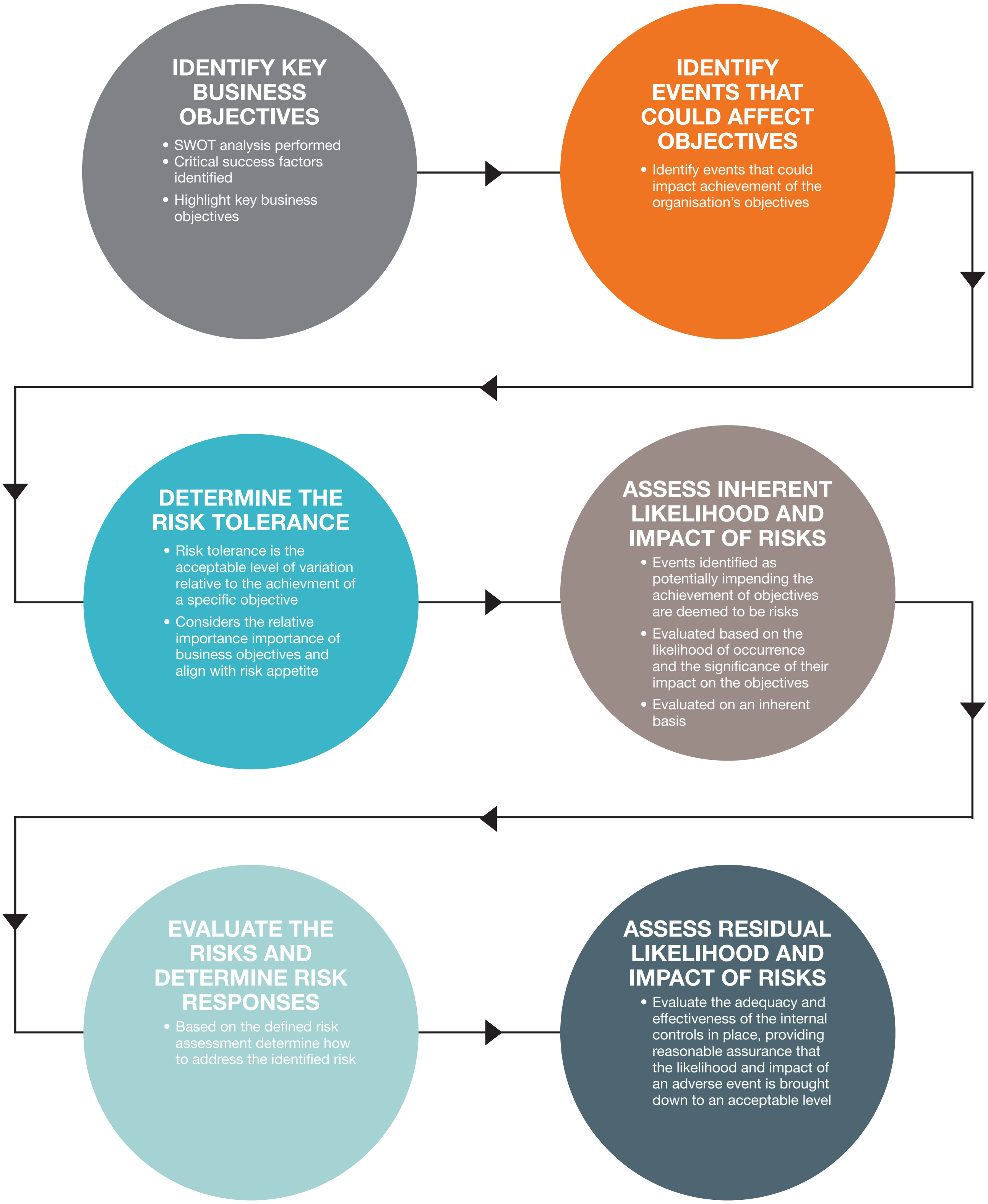
Given the diverse nature of the business, the Vunani group is exposed to a wide range of risks, some of which may have material consequences. Identifying these risks and developing plans to manage them are part of each business unit's prerogative. Group management assesses these periodically and, in terms of King III, the board, through its audit and risk sub-committee, receives assurances from senior management regarding the effectiveness of the risk management process.

Risk management plans and processes are presented, discussed and approved at audit and risk committee meetings based on the audit and risk committee's work plan for the year. The process encompasses both an enterprise-wide risk assessment and divisional assessments. The plans and processed include detailed risk registers of significant strategic and operational risks facing the group, existing controls, perceived control effectiveness and the level of risk tolerance. Risks that are below a tolerable level require a plan for the implementation of additional controls and management's actions to bring these risks within acceptable norms.

Internal audit provides a written assessment of the system of internal controls, including financial controls and risk management processes and conducts annual reviews to assess the adequacy of the risk management process. To meet its obligations, internal audit has to work with underlying businesses and design, test and embark on a combined assurance review process that is risk-based and draws upon appropriate functional expertise.

Furthermore, each operating subsidiary that is subject to regulatory supervision has an appointed compliance officer who is responsible for liaising with the regulator and complying with all the imposed requirements.

The diagram below is a high level depiction of the process used to evaluate the group's risks.



Risk assessment

The approach to assessing and managing risks is based on the group's organisational structure depicted on page 8, which highlights diverse operating businesses, most of which operate in a regulated environment where regulatory compliance is key. Accordingly, the risk management framework seeks to ensure that key risk-related information is available to the board of directors and that enables them to exercise their duty of care, skill and diligence.

Risk assessments are performed systematically throughout the group, with management focusing attention on the most significant risks; making informed risk decisions whilst being careful not to over control or stifle innovation. The key objective is to ensure capital is deployed effectively and that businesses are managed in a manner that reduces the potential occurrence and significance of negative events. The process does not follow a checklist approach, nor is it a process that is disconnected from business decision making, but is integrated into the business process in order to provide timely and relevant risk information to management.

Key divisional and subsidiary management and the relevant compliance officers meet periodically to assess the status of progress, findings, risk reports on analysis and monitoring. This has the following benefits:

- There is a shared approach to risk assessment to facilitate an integrated assessment process;
- The board and audit and risk committee ensure risks facing the organisation are identified and adequately addressed at both strategic and operational levels; and
- Line management is responsible for managing their key business risks, but the group monitors progress on the effective response to key risks.

A group risk and compliance forum will be established in the 2015 year in order to formalise and regulate the matters discussed.

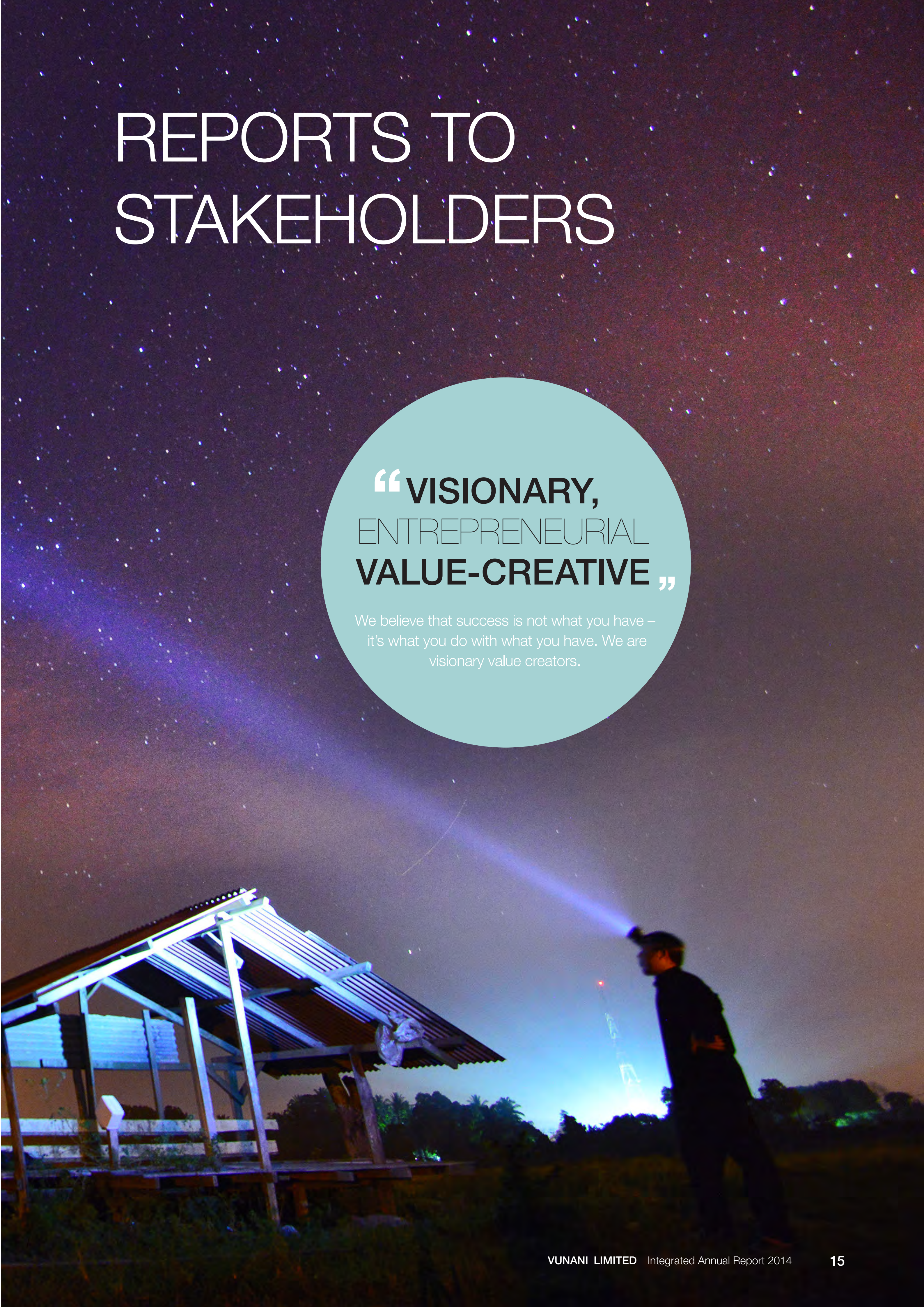
Key risk management and mitigation

Based on the risk process applied, the group has identified the following key risk categories, associated business objectives and risk descriptions.

Risk challenges	Management and mitigation
Group subsidiaries operate in a highly competitive market, where product is relatively commoditised. Price and service factors are an important consideration, which could have a significant impact on the performance of the group and subsidiaries.	Monitoring and tracking of progress on product and business development activities, client relationship management and retention are an integral part of weekly management interaction. Analysis of critical indicators is translated into tactics and resources are assigned to remedy any shortcomings.
The evolution of BEE and transformation legislation and its increasing imperative means that the current level of compliance may not be sufficient to secure business, particularly when providing service to state aligned institutions, which the majority of group companies do.	Embedding transformation into business processes and decisions ensures that BEE and employment equity do not become a tick-box exercise. This quality is also continuously assessed against client requirements and where our competitors are.
Recruiting individuals with talent and appropriate skills is key in the business and therefore attracting competent, experienced and talented individuals will always have a bearing on whether the group stands out amongst its peers.	Recruitment and assessment procedures go beyond the conventional and decisions around key skills are corroborated at different levels of the organisation. While reward and incentive mechanisms are very important, the cultural fit is often more vital.
The capital structure of the group is an important determinant of the extent to which internal and external stakeholders will value their association and desire to do business with the group. Accordingly, beyond financial performance, the group's ability to meet its financial obligations and the stewardship of working capital is critical.	Tracking the financial performance and cashflow generation of each operating business is a standing feature of monthly management reporting and analysis. The group's ability to meet its obligations on both a short and long term basis is further analysed by the board and discussed with stakeholders.

Risk challenges	Management and mitigation
Group subsidiaries depend heavily on reliable and constant availability of information technology and communication systems to ensure that products and services delivered to clients are efficient and accurate and that transaction processing and data retention and protection is thorough.	The group maintains an in-house group Information Technology ("IT") division that manages relationships with internal clients and all external service providers to ensure that a high service level is maintained. The division is managed by an IT Manager who ensures that the group's IT strategy is appropriately formulated and implemented in the most cost beneficial manner. Furthermore, a specific focus area for the 2014 year was the establishment of a more robust disaster recovery and business continuity plan for the group. This includes the identification of a site with appropriate infrastructure and facilities.
The maintenance of a risk framework and on-going risk assessments at various levels of the business to ensure that the group is not surprised by events that could have been anticipated, which could ultimately result in the loss of assets and or financial loss.	A framework has been implemented that outlines the manner in which the group and its subsidiaries ought to approach risk assessment, monitoring and mitigation. The group assesses risk from an overall top-down basis, based on the risk to strategic objectives, while subsidiaries consider operational risks. These are documented in risk registers which are submitted to the group audit and risk committee, where risks are categorised in terms of the priority they should be dealt with. A feature of internal audit's annual plan is the follow up of targeted improvements. The group has allocated the responsibility of ensuring that the risk framework and assessment process are adhered to an individual who monitors the process on a group wide basis.
The group and its subsidiaries operate in a highly regulated business environment and therefore need to meet a number of compliance objectives on both an institutional and corporate basis. Non-compliance can often have significant financial penalties and could result in regulators withdrawing operating licenses which would be severely disruptive to the business.	Notwithstanding the existence of dedicated personnel to monitor compliance within the various group subsidiaries, the group has elevated the monitoring of compliance by delegating the monitoring of all compliance to a dedicated individual. This person has the responsibility of tracking regulations and / or legislation that the group and subsidiaries need to adhere to, monitor compliance and ensure that this is appropriately reported to group audit and risk committee.
The group is a diversified business platform and therefore there is a requirement for corporate discipline that subsidiaries are constantly aligned with the group's strategic objectives. The inability to do this could result in a dysfunctional organisation that never achieves it potential.	Group management operates through an executive committee that manages a dashboard of metrics, designed to ensure that the group has a good sense of how individual businesses are performing and how the group is performing as a whole. This allows group management to respond to adverse developments in time and to support underlying businesses in achieving their performance objectives.
A key feature of the group's evolution and growth is its ability to execute its strategy in a disciplined yet agile manner. Accordingly the existing structures and platforms need to be monitored on a consistent basis to take advantage of economies of scale and avoid unnecessarily expending resources on activities that will not yield the desired objectives.	Strategy review is embedded into the regular interaction between group management and executives in the subsidiaries. Objectives and strategies to achieve these objectives are discussed and changes in strategy are discussed. These are documented and monitored to ensure that headway is being made and that ultimately the desired objectives are achieved.
The investment activities are a major part of the group and therefore have a significant bearing on the financial progress that the group makes, both in terms of its market capitalisation, but also the return on capital employed. Accordingly the approach to making, managing and realising investments has to be structured and disciplined, otherwise it can result in poor returns.	The group has an investment committee, which is made up of the chairman of the board, a non- executive director, two executive directors and an independent appointee. The investment committee ensures that all existing and prospective investments are subjected to the necessary scrutiny to justify their inclusion on the group's portfolio and the allocation of capital. More importantly the investment committee meets regularly to evaluate progress and to ensure that there is accountability for the investments the group makes.

REPORTS TO STAKEHOLDERS



“VISIONARY,
ENTREPRENEURIAL
VALUE-CREATIVE”

We believe that success is not what you have – it’s what you do with what you have. We are visionary value creators.

LEADERSHIP STATEMENT

Introduction

Vunani is pleased that on-going progress is being made in building a sustainable, diversified financial services group. The results for the year ended 31 December 2014 were testament to this, with total comprehensive income attributable to equity holders amounting to R56.0 million (2013: R9.2 million).

The framework

The 2014 year saw the group's long-term growth strategy coming into focus and the clear positioning of each operating business into either the asset management, investment banking (including securities broking and advisory services) or principle investments categories.

All of the group's current efforts are focused within these boundaries and prospective opportunities will be considered to the extent that they are either congruent or supplementary. Great strides have been made to enhance the products and services within each category.

In substance, expanding the group's earnings base will be management's directive. This will be fulfilled through a combination of organic and acquisitive growth and momentum is gaining on both fronts.

The environment

The South African economic environment continued to cause frustration in the 2014 year. A disappointing estimated real growth 1.4% was achieved, while growth in final household demand was limited to approximately 2.0% on the back of an aggregate 75 basis point increase in the prime rate over the first half of the year. The significant drop in global oil prices and resultant reduction in local fuel prices came too late in the 2014 year to have a material impact on the economic outcome. Local business conditions remained challenging throughout the year amidst a downgrading of the country's credit rating, continued unemployment, constraints on infrastructure and domestic labour unrest.

Moreover growth in Europe, South Africa's most important export market, virtually ground to a halt while the rest of the developed world battled to achieve significant growth in spite of various stimulus programmes. Dollar commodity prices remained weak amidst sluggish global demand, and further eroded by a sustained strengthening of the US Dollar.

While local business conditions will remain challenging in the forthcoming year, we remain confident that promising opportunities exist in the market, especially for a group with an entrepreneurial inclination such as Vunani.

Performance

The consolidated profit for the year amounted to R67.0 million during the 2014 financial year, with R56.0 million attributable to shareholders of the group. The segmental results tell a story of a combination of successes and challenges.

The sale of the property asset management business for a lucrative gain was one of the success stories for 2014. Property related investments are generally characterised by long lead times and over the last two years, Vunani has reaped the benefits of the investments made over the last 10 years. Vunani successfully grew the property business in the development, investment and asset management spheres of the sector. The listing of Vunani's home-grown property fund, Vunani Property Investment Fund Limited (now Texton Property Fund Limited) in 2011 saw the opportunity for the group to profitably exit its investment in stages. By early 2013, the group's only interest in the fund was the asset management contract and it had no influence in the underlying fund. By this time, the group's strategy was to streamline its investments and refocus on core strengths where the appropriate in-house skills were available to nurture our investments, so decided to sell the property asset management contract for R117 million, R102 million having been received during the 2014 year and the balance in February 2015.

Vunani Fund Managers underwent a leadership transformation with Butana Khoza having taken over as chief executive officer in that business in June 2014. Butana's has been instrumental in pulling the team together and refocusing their energy. The assets under management declined by R2.2 billion during the year, mainly as a result of the withdrawal of marginally priced mandates. While it may appear that the business has had setbacks, the platform is stable, costs have reduced and the drive is on asset gathering. We remain positive that the right transformation has taken place to put the business on a growth trajectory.

The group acquired a further 10% in the Zimbabwean asset manager Purpose Vunani Asset Management, taking its total investment in the company to 55%. Assets under management in Purpose Vunani increased by $4.1 million during the year, but despite this, higher operating expenses resulted in the company making a marginal loss for the year. Swift action has been taken to remedy this, with a dual approach of driving revenue while simultaneously cutting costs.

The private wealth and investments segment reported a loss of R2.1 million despite an increase in revenue of 39%. The established platform in place provides a growth foundation and a competitive product offering. An intense attention will be given to the vigorous growth of the number of actively trading clients, while keeping the cost base stable.

The advisory services segment has struggled amidst trying economic conditions over the last few years. The 2014 year saw the appointment of a new head for the corporate finance business in June with the aim of rejuvenating the service offering to the group and broadening the pipeline. The work in corporate finance tends to be cyclical, but a strategy of implementing a mechanism for a level of retainer-type income is being implemented to ensure that the segment is at least breaking even while it works on earning the more lucrative fees on larger transactions.

The investment holdings portfolio comprised listed and unlisted investments, some of which are legacy holdings, while others form part of a principle investment portfolio within the group's investment focus areas, which are coal, tech, property and African expansion. The group will concentrate its efforts where it has a competitive edge, the necessary skills and is able to have either a significant or majority shareholding. During the period under review this segment reported a loss of R11.8 million in 2014 mainly as a result of adverse fair value adjustments of R17.9 million.

The institutional securities trading segment reported a profit for 2014 despite volatile trading conditions. The business is not free from challenges, yet its tightly managed operations and methodical approach to implementing its business strategy has resulted in a positive overall contribution to Vunani's results. The team is highly regarded and is top-ranked in the industry for both the fixed interest and equity teams.

The path ahead

The group has established a unique financial services offering that is diverse but internally complimentary. The key to us being successful is ensuring that we recruit individuals that are both skilled and have the requisite experience within our focus areas and to create partnerships that will be mutually beneficial. Ensuring that the right incentive mechanisms are in place for executives and senior management therefore aligning their interests with those of other stakeholders.

It is imperative that we expand our earnings base at group, prioritise cash generation and devote resources to profitable ventures within the scope of the financial services industry.

Board appointments

Willy Ross stepped down as chairman and a board member in May 2014 after serving on the Vunani Limited board since January 2007. Willy's contribution to the group during his tenure was invaluable and the board would like to express its gratitude for his resolute and steadfast guidance.

The group was fortunate to welcome two new board members during 2014. Lionel Jacobs and Sithembiso Mthethwa were appointed as board members during 2014, with Lionel Jacobs appointed the group's chairman in May 2014. Both Lionel and Sithembiso bring a wealth of knowledge and experience that will ultimately enhance the group's governance.

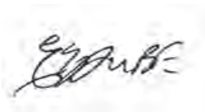
The board welcomes both Lionel and Sithembiso and looks forward to constructive interaction in the coming years.

Dividend

An ordinary dividend of 5.5 cents per share was declared for the 2014 year (2013: 5.0 cents per share and 25 cents special dividend). The declaration of the dividend took place on 30 March 2015 and was paid out on 28 April 2015.

Appreciation

We would firstly like to express our gratitude to the clients of all our operating businesses, who have continued to support us and have been key to our continued success and growth. Secondly, to the staff, without whom the group's ongoing success would not have been achieved. On behalf of the board, we would like to thank each individual staff member for demonstrating their commitment to the group and we look forward to a good and profitable 2015. Finally, we would like to thank our fellow board members for their on-going guidance, insights and encouragement.



EG Dube
Chief executive officer

12 June 2015

LI Jacobs
Chairman

12 June 2015

BUSINESS SEGMENTS AND OPERATIONAL REVIEWS

Asset management

Asset management

The asset management segment comprises the group's investment in Vunani Fund Managers and Purpose Vunani, following the acquisition of an additional 10% interest in Purpose Vunani during the year.

Vunani Fund Managers provides services to institutional as well as retail clients and its product offering spans the following three broad categories:

- Single Asset Class – Core Equity, Bonds, Inflation-linked Bonds and Property;
- Multi-asset Class – Absolute Return (CPI+ range) and Alternate Return (capital protection); and
- Smart beta – Fundamental Indexation, Market Cap Indexation and enhanced indexation.

Vunani Fund Managers has established itself as a formidable team which continues to attract some of the industry's top calibre names. Vunani Fund Managers services retirement funds and other institutions and at 31 December, AUM amounted to R12.4 billion (2013: R14.6 billion). The reduction in assets under management was attributable to the withdrawal of lower fee generating mandates.

Challenges faced with Vunani Fund Managers' leadership culminated in Butana Khoza being appointed its chief executive officer in July 2014 following the departure of the previous chief executive. The business has stabilised since Butana's appointment and significant strides have been made to improve Vunani Fund Managers' performance and to secure new mandates. The outcome of these efforts are expected to transpire in the 2015 financial year.

Purpose Vunani began trading in January 2005 and is regulated by the Reserve Bank of Zimbabwe. Their core product offering includes:

- Money market portfolio management;
- Cash management and outsourced treasury solutions;
- Stock market portfolio management; and
- Investment advisory services.

Purpose Vunani employs 10 people and operates out of offices in Harare.

Experienced investment and corporate finance professionals form the backbone of sound and robust investment processes. Purpose Vunani has a track record for delivering value for clients, excellent service and strong compliance processes. Purpose Vunani's AUM grew by $3.4 million since Vunani acquired a majority stake and at 31 December 2014 amounted to $16.2 million.

The asset management segment reported a loss of R2.6 million for the year ended 31 December 2014 (2013: profit of R1.0 million). This can be further segmented as follows:

- Vunani Fund Managers reported a loss of R1.9 million, which is largely attributable to the share based payment expense required for shares awarded to senior staff members in the Vunani Fund Managers following the achievement of certain performance conditions.
- Purpose Vunani reported an operating loss of R2.5 million ensuing from challenging economic conditions in Zimbabwe. A co-ordinated approach to both increase revenue while reducing expenditure was undertaken since Vunani took control and the results of these efforts are expected to become prevalent during the 2015 financial year
- A positive fair value adjustment of R1.7 million was recognised on the stepped up acquisition of Purpose Vunani.

Private wealth and investments

Asset management products include traditional and alternative investment management offerings, where a niche focus allows Vunani Private Clients the flexibility to build personalised and tailor made client investment solutions.

The group's private client offering is accessible through Vunani Private Clients, which offers wealth management, asset management and private client stockbroking services.

Experienced wealth managers provide services relating to estate planning, retirement and investment planning through personalised, thought-leading solutions and cutting edge products.

Trading platforms are provided to clients wanting to trade their own portfolios, derivatives and hedging instruments.

Stockbroking services combine the experience and innovation of dealers, to offer clients the freedom and support, through a wide range of trading products.

The range of products on offer includes:

- Equity trading;
- Geared derivatives (like CFDs and Single stock futures);
- Offshore trading and investment;
- Money market accounts;
- A range of absolute, balanced and directional funds;
- Alternative portfolio management;
- Financial planning solutions; and
- A formidable research team with a superior track record to complement all of the above.

The segment displayed a 41.6% growth in assets under management over the period and numerous opportunities are currently being considered that will be prioritised to further grow the assets under management of the business. This includes both organic growth and growth by acquisition strategies. Consistency in trading and asset management revenue has created a solid base from which existing opportunities can mature and new opportunities can be developed. An innovative and dynamic focus on financial planning is being implemented and is expected to yield positive returns in 2015 and beyond.

The segment reported a loss of R2.1 million for the year (2013: loss of R0.6 million), despite an increase in revenue of 39%. The established platform in place provides a growth foundation and an intense attention will be given to the vigorous growth of the number of actively trading clients.

Investment banking

Advisory services

Vunani has established a reputation as a trusted advisor to clients in South Africa and increasingly to clients throughout the African continent. These clients include leading public sector entities, public and private corporates, entrepreneurs and municipalities.

Advisory services are provided through a division of Vunani Capital and the objective of the segment is to build long-standing and enduring client relationships, while delivering advice and capabilities across a full range of corporate finance and investment banking disciplines. This is accomplished by delivering thoughtful advice and superior execution. The sustainability of this business depends on our value proposition. We use our entrepreneurial advantage to support our client relationships and recognise that our success is driven by being nimble and innovative.

Advisory deal flow in the Zimbabwean market stalled due to difficult market conditions after the 2013 elections, which resulted in the group significantly scaling back its advisory service operation in Zimbabwe. Despite this, the capacity exists to provide these services and any advisory work assignments in Zimbabwe will be done centrally out of the Johannesburg office. Consequently, the presentation of the advisory services segment has been changed and the results of both the South African and Zimbabwean advisory services business are reported as one segment.

The segment reflected a loss for the year of R0.6 million (2013: loss of R4.1 million) amidst challenging conditions during 2014. A new head of corporate finance was appointed in June 2014, which has provided fresh leadership and renewed energy into the advisory services business. The deal-flow pipeline has strengthened and fresh initiatives in deal generation and execution are being explored and implemented. The team is directing their energies on achievable assignments where a successful outcome is highly probable. The focus has remained on driving revenues and cost rationalisation.

Institutional securities broking

This segment includes the institutional equity, derivative, capital and money market businesses operated through two subsidiaries, namely Vunani Securities and Vunani Capital Markets.

Vunani Securities is a registered financial services provider with the FSB and a full service stockbroker and member of the JSE. The company has impeccable BEE credentials and actively contributes to skills development via the Vunani Securities Training Academy.

Vunani Securities strives to become the foremost independent South African stockbroker, focusing on domestic stocks and boasts a particularly broad covering in the mid-cap segment of the market. Its research analysts and consultants offer clients top-down analysis, supplemented by company specific bottom-up research on approximately 90 listed companies. The product offerings of analysts to institutional clients include daily, weekly and monthly reports and frequent road-show presentations.

The sectors covered include:

- Platinum
- Health care
- Diversified industrials and transport
- Mid- to small market capitalisation financial and industrial
- Food producers
- Information technology
- Telecommunications
- Property
- Construction

The front-end service to clients is handled from its Sandton offices by a dedicated team of dealers and sales traders, who between them, have more than 60 years of trading experience. It also offers trading in stocks listed on other African exchanges via trading agreements with selected stockbrokers in selected African countries.

The products offered include:

- Equity trading;
- Index futures;
- Single stock futures;
- Yield-X (currency and interest rate futures);
- Global futures (stocks and commodities);
- Equity options;
- Over the counter stocks;
- Over the counter option trading;
- Transition management;
- Money market instruments; and
- Fixed interest rate instruments.

Key challenges faced by institutional securities brokers include volatile markets and reduced margins resulting from charging clients competitive market rates, but while still being subjected to increased trade costs.

The Vunani Securities ranked 25th out of 56 brokers on value traded at the end of December 2014.

The fixed interest and money market trading operations have been integrated into Vunani Capital Markets, which provides a trading platform for money market and fixed interest instruments for institutional and corporate clients, which complements the Vunani Securities equity trading capabilities.

The segment's results reflect a profit of R5.1 million (2013: R7.9 million). Despite an increase in revenue of 12% compared to 2013, higher direct trading costs reduced overall profitability within the segment. With a stable team and closely managed cost base for both the institutional equity, derivative and capital markets businesses, the focus for the year was on revenue growth through the expansion of the client base and exploring diversified product offerings.

Principal investments

Investment holdings

Vunani has extensive experience in undertaking and managing investments and has played a strategic and active role in assisting investee companies to expand and grow their operations. Vunani is represented on the board of directors of its investee companies.

As an investor, Vunani is in a unique position to offer a broad range of skills and services to investee companies including investment banking services, mergers and acquisitions, capital raising (both equity and debt), advice on BBBEE, asset management and strong relationships within both the public and private sectors in South Africa and a number of other African countries.

Vunani is able to structure BBBEE transactions to ensure sustainable value add. Thus, Vunani works closely with senior executives at investee companies to ensure the strategic objectives of the company and its BEE partners are aligned with those of the business.

The investment strategy is focused on investing alongside well-capitalised strategic partners and the use of structured funding mechanisms, to lower risk and exposure to the group balance sheet.

It is critical that the group has appropriate sector expertise and a thorough understanding of the investment opportunities that are targeted. Partnering with key individuals who can offer this is a key component of our strategy. The group's investment initiatives are now primarily focused in the following sectors, where we wish to

BUSINESS SEGMENTS AND OPERATIONAL REVIEWS CONTINUED

build platforms for further acquisitions and business opportunities:

- Financial services, particularly asset gathering businesses;
- Coal mining;
- Tech;
- Property; and
- in Africa, together with major South African corporates and local partners.

Over the last three financial years the group's property investments have realised significant value. The group continues to look for new investment opportunities in property.

The investment holding portfolio comprises both listed and unlisted investments. The listed portfolio arises predominantly due to legacy investments and fair value adjustments on these investments introduce a level of volatility in the group's results. Some listed investments are made on a short-term basis to take advantage of arbitrage opportunities and to earn a higher return compared to that on a cash holding.

To the extent that the right opportunity presents itself, either on the listed or unlisted legacy portfolio, Vunani will consider reducing its exposure to these investments.

Detailed information relating to investment holdings has been included in notes 18 (other investments) and 17 (investments in associates) of annual financial statements.

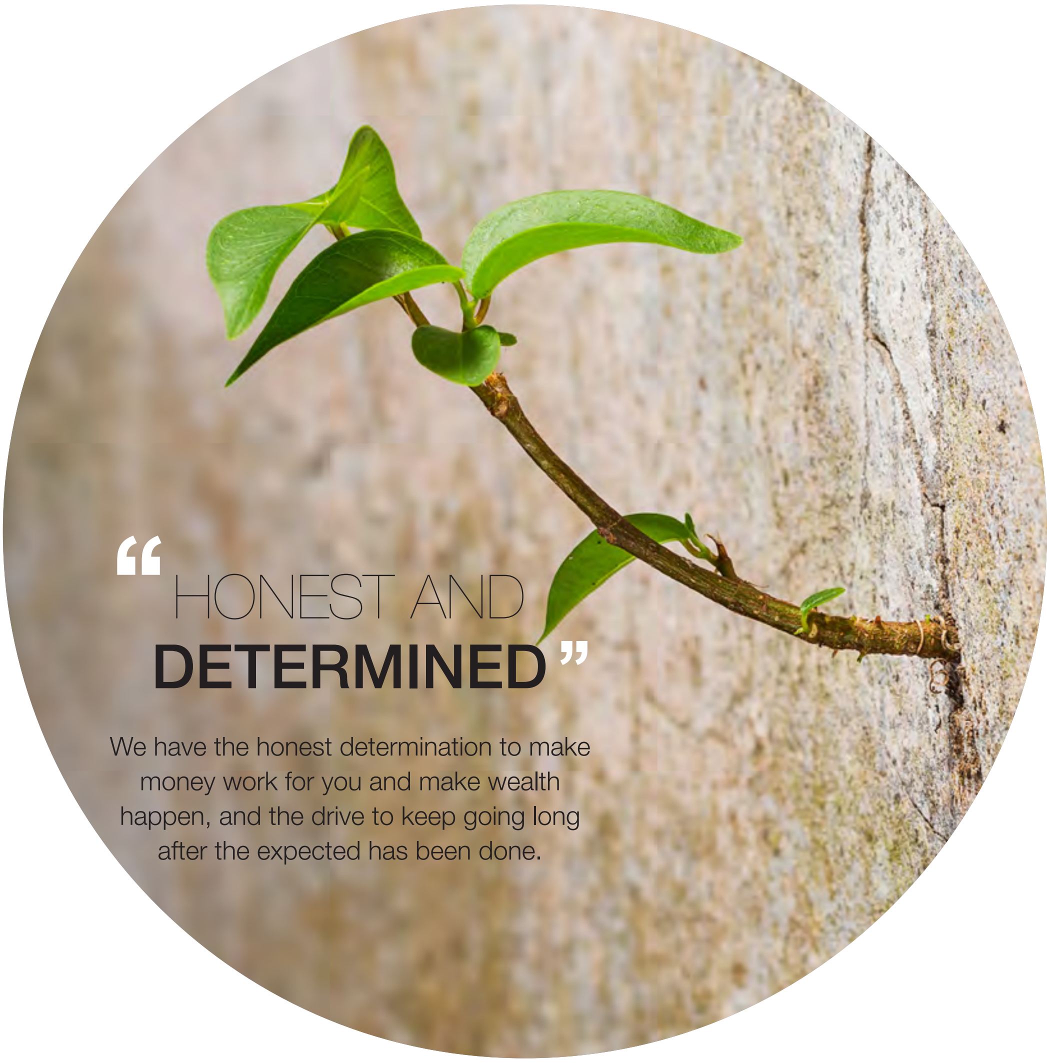
The investment segment reported a loss of R11.8 million for the year (2013: R18.6 million profit). Negative fair value adjustments to listed and unlisted investments have resulted in the decrease in profit.

Group
The group segment comprises the revenue and expenses related to managing the corporate affairs of the group and stretched across the asset gathering, investment banking and principal investment focus areas. Revenue is generated from services provided by directors to clients and through opportunistic transactions, which may involve arbitrage opportunities and/or result in facilitation fees being earned.

Costs within the segment include:

- Listing costs and related expenses;
- Fees for non-executive directors;
- Salaries of the executive directors;
- Cost of the support divisions in the group such as information technology support services and group finance; and
- Professional fees associated with the management of group investments and affairs where these cannot be attributed to a specific segment.

The segment decreased its loss from R16.7 million in 2013 to R 13.2 million in 2014. This segment will strive to at least break even in future reporting periods by identifying innovative ways of generating revenue, coupled with strict cost control.



CORPORATE GOVERNANCE REPORT

The board of directors endorses the Code of Corporate Practices and Conduct as contained and recommended in the Companies Act and the JSE's Listings Requirements as these apply to Alt-X listed companies.

The board strives to ensure that the interests of all our stakeholders are properly protected and adherence to the principles of good corporate governance advocated by King III remains a group commitment. It is the intention of all directors that the principles of integrity and the highest ethical standards are upheld by all who serve the group and its stakeholders. The board is dedicated to ensuring that Vunani achieves the highest standards of corporate governance. The board is committed to governance processes based on integrity, transparency, independence and accountability and recognises that this is a developing process that serves all stakeholders alike.

During the year, the board continued the process of improving compliance with the recommendations as set out in King III and, has complied with the JSE Listings Requirements, except as described in King III section of this report. Please refer to page 32 for additional information.

In line with King III, the directors will continue to state the extent to which the company applies good corporate governance principles to create and sustain value for stakeholders over the short, medium and long term and to explain any instances of non-compliance.

Board of directors

The board composition reflects people with diverse skills, knowledge and experience. Details of the group's directors are provided on pages 6 and 7 of this integrated report. The board met four times during the past year. The attendance at these meetings is set out in the table on page 31. The executive directors meet more regularly to ensure there is effective and meaningful management and control exercised over the affairs of the group.

A more formalised process is on track to ensure that the group executive committee (a newly formed committee comprising heads of business segments and key individuals) meets monthly to ensure that the strategies and goals of the various segments are reviewed and assessed timeously.

The approval of information technology, human resources, compliance and risk, stakeholder relationship management and any other relevant policies will also be approved by the group executive committee prior to the approval of the audit and risk committee and board, in line with the delegation of authority framework for the group and its subsidiaries.

Vunani's MOI requires one-third of the directors of the company to retire by rotation and to offer themselves for re-election by shareholders at the annual general meeting, with the exception of the chief executive officer. Accordingly, B Khoza and XP Guma retire by rotation at the company's forthcoming annual general meeting. The re-election of directors will be dealt with via individual resolutions.

King III recommends that the majority of the non-executive directors be independent and, accordingly, majority of the Vunani non-executive directors are independent in terms of both the King III definition and the JSE listings requirements. There are no service contracts for non-executive directors.

Non-executive directors do not participate in the share incentive scheme and none of them have served for a period longer than seven years. The board will continue to measure their independence, in line with policy. It was confirmed that the independent non-executive directors:

- were not representatives of any shareholder with the ability to control or materially influence management or the board;
- were not employed by the group in any executive capacity in the last three financial years;
- were not members of the immediate family or of an individual who is, or has been in any of the past three financial years, employed by the group in an executive capacity;
- were not professional advisors to the group, other than in the capacity as a director;
- were not suppliers to the group, or to clients of the group;
- did not have material contractual relationships with the group; and
- did not have a business or other relationship which could be seen to materially interfere with their capacity to act in an independent manner.

The executive directors are involved in the day-to-day management of the operations of the group and have service contracts with the group terminable upon one month's written notice. No executive director has a fixed term contract.

The company had four executive directors during the 2014 year.
The executive directors are individually mandated and held accountable for, inter alia:

- the implementation of strategies and key policies determined by the board;
- managing and monitoring the business and affairs of the group in accordance with approved business plans and budgets;
- prioritising the allocation of capital and other resources; and
- establishing the best managerial and operational practices.

W Ross resigned as the non-executive chairman of the board on 21 May 2014. LI Jacobs was appointed as a non-executive director on 14 April 2014 and as chairman on 21 May 2014 and S Mthethwa was appointed as a non-executive director on 19 November 2014.

Board Charter

The composition, scope of authority, responsibility and function of the board is contained in a formal charter, which is reviewed by the board on a regular basis.

The main purpose of the board charter is to regulate the parameters within which the board operates and to ensure the application of principles of good corporate governance. The charter requires the board to represent and promote the legitimate interests of the group and its stakeholders in a manner that is both ethical and sustainable.

The charter states that directors are required to:

- exercise effective leadership;
- exercise integrity and judgement;
- act fairly;
- be accountable;
- take responsibility; and
- embrace transparency and ethical business conduct.

The board charter governs the level of authority and responsibilities of the board to ensure a balance of power is maintained.

CORPORATE GOVERNANCE REPORT CONTINUED

All executive directors are shareholders in the company. The directors' interests are disclosed in the directors' report and the analysis representation on pages 115 and 116.

The board's key roles and responsibilities are, inter alia, to:

- promote the interests of stakeholders;
- formulate and approve strategy;
- take into account corporate governance, risk management and internal control policies and structures;
- retain effective control; and
- be ultimately accountable and take responsibility for the performance and affairs of the company.

Directors' induction and training
A JSE Alt-X induction programme is in place and it is mandatory for all new directors to attend this course. The cost of attending appropriate external training courses is paid by the company. As the JSE Alt-X induction training covers various topics broadly, group specific induction material has been compiled and distributed to all directors appointed in the 2014 year.

Board meetings
The board is cognisant of the fact that careful preparation of the agenda and supporting papers enhances board productivity, and strengthens its strategic and supervisory role. In accordance with this, the agenda and supporting papers for board meetings are distributed to all directors ahead of each meeting. Explanations and motivations for items of business requiring decisions are provided in the meeting by the appropriate executive director. Discussions at board meetings are open and constructive, free of domination, and consensus is sought on items requiring decisions and emerging issues that could affect the business are discussed. No single director has unfettered powers of decision-making. When necessary, decisions are also made by directors between meetings by written resolution as provided for in the company's MOI and the Companies Act. When using written resolutions outside of meetings, directors receive complete background information and evaluations as would normally have been made available at a board meeting. These resolutions are noted at the next formal board meeting. Directors are entitled to have access to all relevant company information, records, executive officers and senior management within the group. Directors are apprised whenever relevant and kept abreast of any new legislation and changing commercial risks that may affect the business interests of the company. In fulfilling their responsibilities, directors may seek professional advice from external professional advisors at the company's expense. The company's JSE-registered designated advisor attends all board meetings.

Board evaluation
The board recognises the importance of conducting an evaluation of its performance, constitution, leadership and supporting structures, and as a result has completed the evaluation of the board as recommended by King III. This assessment was done taking the following into account; the company's strategy, customers and markets served, board diversity, skills and experience of board members, continued eligibility for membership, evaluation of effectiveness and performance of the director, roles and primary strengths of current board members. The report back of the board assessment was done at the August 2014 board meeting. The next board assessment is planned to be done during the second half of 2015.

Board appointments
Nomination related matters such as the identification, evaluation and approval of appointees to the board and board committees are dealt with in accordance with the remuneration and nomination charter.

Directors are at liberty to accept other board appointments so long as the appointment does not conflict with the business and does not detrimentally affect the director's performance as a director in the company.

Board sub-committees

The board has appointed the following sub-committees to assist it in the performance of its duties:

- Audit and risk committee
- Remuneration and nomination committee
- Investment committee
- Social and ethics committee

Audit and risk committee
This committee, established by the board, has specific responsibilities as set out in the audit and risk committee terms of reference approved by the committee and the board.

The committee consists of independent non-executive directors named below:

- G Nzalo (chairman)
- JR Macey
- NS Mazwi

As recommended by King III and the JSE Listings Requirements, the chairman of the board is not a member of the audit and risk committee.

The group's chief executive officer and chief financial officer together with representatives from internal and external audit are invited to and attend all audit and risk committee meetings.

The audit and risk committee is responsible, inter alia, for:

- reviewing the effectiveness of risk management, controls and governance processes;
- setting the principles for recommending the use of the external auditors for audit services and other non-audit services;
- setting the principles for recommending the use of the internal auditors for internal audit services;
- satisfying itself, on an annual basis, of the appropriateness of the expertise and experience of the chief financial officer and company secretary;
- performing an annual assessment of the independence of the external auditors;
- reviewing and approving external audit budgets and staffing to ensure critical risk areas of the business are effectively addressed;
- reviewing the effectiveness of the company's systems of internal control, including internal financial control and business risk management and the maintenance of effective internal control systems;
- reviewing, approving and recommending to the board the approval of the internal audit charter, internal audit plans and internal audit's conclusions with regard to internal controls;
- reviewing the co-operation and co-ordination between the internal and external audit functions and co-ordinating the formal internal audit work plan with external auditors to avoid duplication of work;

- reviewing the accounts and financial statements taken as a whole to ensure they present a balanced and understandable assessment of the position, performance and prospects of the company;
- reviewing compliance matters that could have a significant impact on the financial statements;
- monitoring the ethical conduct of the company, its executives and senior officials; and
- reviewing compliance with the law and regulations of any other applicable statute and of controlling bodies.

In terms of the Amended JSE Listings Requirements, the company's designated advisor does not need to attend the audit and risk committee meetings any longer.

Attendance at the audit and risk committee meetings during the course of the current financial year is tabled on page 26.

Compliance and risk forum
The forum is in the process of being set up and will report to the audit and risk committee. The members of the forum committee have been identified and include a key individuals nominated by each underlying regulated subsidiary and/or segment of the group.

Some of their key focus areas will include the following:

- compliance with applicable statutory and regulatory requirements;
- establishment and maintenance of effective processes for compliance with such requirements.
- compliance with regards to new products in the business etc.
- group and subsidiary policies and procedures

Remuneration and nomination committee
This committee consists of independent non-executive directors named below:

- LI Jacobs (chairman of the nomination component of the committee)
- JR Macey (chairman of the remuneration component of the committee)

The committee has met twice times during the 2014 year and is responsible, inter alia, for:

- reviewing the performance of the executive directors;
- determining the remuneration strategy, conditions of employment and remuneration packages of executives;
- determining the remuneration structure for non-executive directors;
- the approval of cost of living adjustment, market-based salary adjustments and performance-based incentives; and
- the approval of the terms of and the allocation awards of any scheme providing performance-based incentives.
- Identifying, evaluating, recommending and approving appointees to the board and board committees.
- consider and make recommendations on a periodic basis regarding the composition and membership of the board, the needs of the board and any gaps perceived in the composition of the board.
- conduct annual evaluations of the effectiveness and performance of the board as a whole and consider the contribution of each non-executive director.
- review the board's training, development and orientation needs. This includes induction programmes for new directors, training and development needs arising from the annual director/board performance evaluation process and the annual board training/workshop programme.
- review the performance of the CEO and executive directors and planning regarding succession in respect of the CEO and executive directors.

The board is of the opinion that the chairman's role on the remuneration and nomination committee does not affect his independence, as he does not chair the remuneration component of the meeting.

Investment committee
The investment committee has been established in terms of the investment committee charter approved by the committee and the board of directors and operates within the parameters set by the board, which are embodied within the investment committee charter. The primary purpose of the investment committee is to consider projects, acquisitions and the disposal of assets in line with the group's overall strategy.

The committee members are:

- JR Macey (non-executive chairman)
- LI Jacobs (appointed 21 May 2014)
- EG Dube
- NM Anderson
- D Tew (independent investment committee member appointed 24 June 2014)

As part of the restructure agreement signed in 2010, Investec Bank Limited, a shareholder and financier of Vunani's parent company, Vunani Group Proprietary Limited, was entitled to appoint one representative to the investment committee. This appointment provided additional expertise to the committee in its decision-making process. D Tew was appointed to the committee on 24 June 2014 to fulfil this role.

The responsibilities and duties of the investment committee include, but are not limited to:

- the disposal or transfer of any business, share, asset or other investment within the limits of authority;
- the establishment of, or the acquisition or purchase of any business, either directly or indirectly by means of purchasing shares or an interest in or assets of the entity to which such business may belong, within the limits of authority;
- the encumbering of any assets in any manner whatsoever;
- any transactions or agreements with related parties as defined in the JSE Listings Requirements;
- the liquidation or winding-up, de-registration or the discontinuance or suspension of any business activities;
- the implementation of any re-structuring, merger or any joint venture agreements;
- amendment of the MOI of any designated group company;
- any variation to the authorised and/or issued share capital or rights attaching to any shares or class of shares of any designated group company;
- any matter relating to the financing of capital or borrowings which would have the effect of directly or indirectly reducing the proportionate shareholding of any ordinary shareholder in a designated group company;

- the issue of guarantees or other similar undertakings of any nature;
- a change in the business of any designated group company; and
- performing such other investment-related functions as may be designated by the board from time to time.

The committee's limits of authority were amended and approved in November 2014 and are as follows:

Category 1 investments – all investments up to and including R3 million (previously R2 million) are the sole responsibility of the executive management of Vunani and these investments do not require committee or board approval.

Category 2 investments – all investments in excess of R3 million (previously R2 million) and up to a maximum of R30 million require approval by the committee. These investments do not require board approval.

Category 3 investments – all investments relating to an exposure in excess of R30 million are reviewed by the committee. Any approved investment proposal is referred to the board together with the committee's recommendation for the board's final determination. The above limits of authority are subject to the authority limits contained in the JSE Listings Requirements, as transactions exceeding a set financial limit also require shareholder approval.

Attendance at the investment committee meetings during the year is reflected in the table on page 26.

Social and ethics committee
The social and ethics committee was established in terms of the Companies Act during March 2012.

The committee members are:

- NS Mazwi (independent non-executive chairman)
- A Judin
- A Zuma
- I Ross

I Ross (the group Human Resources Manager) was appointed in May 2014. The committee met three times during the 2014 financial year. The social and ethics committee's terms of reference were approved by the committee and by the board.

The committee assists the board in discharging its duties relating to:

- the group's legal obligations;
- prevailing codes of good practice pertaining to social and economic development;
- good corporate citizenship;
- the environment;
- health and public safety;
- consumer relations; and
- compliance with applicable laws and regulations.

Attendance at the social and ethics committee meetings during the year is reflected in the table on page 26.

Corporate social investment committee ("CSI committee")
The CSI committee was formed during the 2014 year is a formal sub-committee of The Vunani Foundation ("the Foundation") which is a non-profit company without members duly incorporated in South Africa in 2014.

The CSI committee will report into the board of the Foundation who will in turn report into the social and ethics committee.

The CSI committee will assist the Foundation in discharging of its duties;

- relating to its legal obligations and/or prevailing codes of good practice pertaining to social and economic development;
- in terms of carrying out its objectives in terms of Section 3.1. -3.1.4. of the Memorandum of Incorporation ("MOI"); and
- in terms of the Corporate Social Investment ("CSI") policy.

The board of the Foundation has approved the CSI committee's terms of reference, the CSI policy and the CSI budget.

The responsibilities of the CSI committee include the review and recommendation of projects of a CSI nature to the board of the Foundation that fall within the framework of the Foundation's objectives. The projects recommended in any given financial year must fall within the approved budget for CSI pursuits.

Health and safety committee ("HS committee")
The Occupational Health and Safety Act 85 of 1993 Section 8 states that the employer must provide and maintain a safe and healthy working environment.

The health and safety committee was formed in April 2015.

The committee members are:

- S Esau (chairman)
- T Mosime
- T Madondo
- P Buthelezi
- A Bokleni

The HS committee plans to conduct health and safety audits, identify potential hazards, risks and dangers, investigate incidents, and make recommendations regarding health and safety, and conduct inspections. The review of the effectiveness of health and safety measures are also part of the HS committee's responsibilities.

Staff wellness and ethical climate survey
Vunani Limited is committed to encouraging a healthy work environment where employees are able to balance their work, personal and family responsibilities as well as adhering to ethics in the workplace.

In December 2014, the group conducted an anonymous survey for the different subsidiaries to highlight areas that management need to focus on to improve overall staff wellness, work life balance and ethics.

Internal audit
Nkonki Inc. is the appointed external provider of internal audit services to the group. An internal audit plan for the 2014 financial year was presented to and approved by the audit and risk committee. The internal audit plan is based on an assessment of risk areas identified by internal audit and management. The approved internal audit plan was executed in various stages during the 2014 financial year. The first step in this process was an assessment of the adequacy and effectiveness of the group's system of internal controls and risk management, using a risk-based approach.

The Internal audit function is governed by a formal internal audit charter which is reviewed and approved by the audit and risk committee. The charter sets out the key responsibilities of the internal audit function as well as the scope of the function. The key responsibilities of the internal audit function are listed below:

- evaluating the group's governance processes including ethics;
- performing an objective assessment of the effectiveness of risk management and the internal control framework;
- systematically analysing and evaluating business processes and associated controls; and
- providing a source of information, as appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities.

Internal audit reports directly to the audit and risk committee and Nkonki Inc. representatives attended all audit and risk committee meetings during the year. At each meeting, they provided feedback to the committee covering progress on the audit plan, areas of significant control weakness and recommendations to correct these weaknesses.

Dealing in securities

A formal policy has been adopted whereby all directors, and employees are prohibited from trading in the group's securities during defined closed periods. These closed periods run from the end of the interim and annual reporting periods, until the financial results are disclosed on SENS as well as any period during which the company is trading under cautionary.

In terms of the JSE Listings Requirements, the directors, the group company secretary, employees and directors of major subsidiaries (that contribute more than 25% to Vunani Limited's revenue) require advance approval from the chief financial officer or alternatively the managing director if the former is not available, for dealings in Vunani shares. Once executed, appropriate disclosure is released on SENS.

Governance of information technology

The group's head of IT is responsible for the implementation of an IT governance framework at group level. This framework will ensure that IT investments and expenditure are managed effectively and are aligned with business objectives.

All the group's subsidiaries are also responsible for IT governance in their respective business environments and this is monitored on a group basis. In terms of the board charter, the board assumes responsibility for the overall supervision of IT risk.

IT steering committee

Vunani established an IT steering committee in 2014. The committee membership comprises of Vunani executive directors and executive management from the various subsidiaries within the group. The IT steering committee reports to the audit and risk committee.

Authority delegated to the IT steering committee is founded on the following principles:

- it does not divest the board of directors of their responsibilities regarding IT governance;
- it integrates both IT and business representation;
- may at any time be varied by the chief executive officer in consultation with the IT steering committee chairman; and
- the board of directors may confirm, or vary any decision taken by the IT steering committee in consultation with the IT steering committee chairman.

The IT steering committee is responsible for directing, controlling and measuring the IT activities and processes of the group. The committee has oversight of the IT function, whose responsibilities include the following:

- organisational structure relationships, frameworks and processes;
- strategic alignment;
- value delivery;
- resource management;
- performance management; and
- risk management

The committee meets at least once every quarter.

Financial reporting

The group provides financial reports to its shareholders twice a year. Details regarding significant transactions undertaken are reported in the appropriate form as required by the JSE Listings Requirements.

Company secretary

Aphrodite Judin, the group chief financial officer, currently fulfils the role of company secretary for the group. The board recognises that in terms of King III and the JSE Listings Requirements the company secretary should not be an executive director, so as to ensure an arm's length relationship is maintained with the board. The board has reviewed the role of the company secretary and has taken active steps to appoint a new company secretary in the 2015 financial year.

Once the new company secretary has been appointed, the board will, in terms of the JSE Listings Requirements, consider and satisfy itself, on an annual basis, of the competence, qualifications and experience of the company secretary and will report to shareholders in the integrated report as to how it has executed this responsibility.

Despite the above mentioned intended review, the board has satisfied itself as to the competence, qualifications and experience of the current company secretary.

Industry associations

As at 31 December 2014, Vunani is represented at the following industry associations or organisations:

- Vunani Securities and Vunani Capital Markets are members of the JSE (www.jse.co.za).

Certain Vunani employees are members of the following professional associations:

- The South African Institute of Chartered Accountants (www.saica.co.za);
- The South African Institute of Stockbrokers (www.sais.co.za);
- Chartered Financial Analyst charter holders (www.cfasa.ac.za);
- The Investment Analysts Society of Southern Africa (www.iassa.co.za);
- Registered with the JSE as Approved Executives;
- Institute of Directors Southern Africa (www.iodsa.co.za); and
- Association of Black Securities and Investment Professionals (www.absip.co.za).

Certain Vunani group companies are:

- Licensed as financial service providers by the Financial Services Board (www.fsb.co.za);
- Registered with the JSE as a sponsor in terms of the JSE Listings Requirements; and
- Members of the Association for Savings and Investment South Africa (www.asisa.co.za).

CORPORATE GOVERNANCE REPORT CONTINUED

Meeting attendance

Board meeting attendance

Directors	19 Mar 2014	21 May 2014	20 Aug 2014	26 Nov 2014
Executive				
EG Dube	X	✓	✓	✓
BM Khoza	✓	✓	✓	✓
NM Anderson	✓	✓	✓	✓
A Judin	✓	✓	✓	✓
Independent non-executive				
WC Ross (Ex-Chairman resigned 21 May 2014)	✓	✓	✓	✓
LI Jacobs (Chairman-appointed 21 May 2014)	✠	✓	✓	✓
XP Guma	✓	✓	✓	✓
NS Mazwi	✓	✓	✓	X
G Nzalo	✓	✓	✓	✓
JR Macey	✓	✓	✓	✓
S Mthethwa	☛	☛	☛	✓

✠ *LI Jacobs was appointed as a director on 14 April 2014.*

☛ *S Mthethwa was appointed as a director on 19 November 2014.*

Audit and risk committee meeting attendance

Directors	12 Mar 2014	13 May 2014	14 Aug 2014	19 Nov 2014
G Nzalo (non-executive chairman)	✓	✓	✓	✓
JR Macey	✓	✓	✓	✓
NS Mazwi	✓	✓	✓	✓

Investment committee meeting attendance

	27 Feb 2014	19 Mar 2014	24 June 2014	12 Nov 2014
JR Macey (non-executive chairman)	✓	✓	✓	✓
WC Ross	✓	✓	✓	✓
EG Dube	✓	X	X	✓
NM Anderson	✓	✓	✓	✓
LI Jacobs	✠	✠	✓	✓
N Riley	✓	✓	✄	✄
D Tew	✄	✄	✓	✓

✠ *LI Jacobs was appointed on 21 May 2014*

✄ *D Tew appointed on 24 June 2014 to replace N Riley*

Social and ethics committee meeting attendance

Directors	8 May 2014	13 Aug 2014	18 Nov 2014
NS Mazwi (non-executive chairman)	✓	✓	✓
A Judin	✓	✓	✓
A Zuma	✓	✓	✓
I Ross	✓	X	✓

REMUNERATION REPORT

Remuneration is one of the essential tools utilised to incentivise and retain our employees. The group's success is largely attributable to and reliant on its key personnel and staff. Vunani's remuneration policy defines the group's strategy in attracting and retaining critical talent and motivating employees to perform in the best interests of the company and its stakeholders.

The remuneration and nomination committee assists the board in ensuring that group remuneration and recruitment is aligned with overall business strategy.

Committee governance

The remuneration component of the remuneration and nomination committee is chaired by JR Macey and the other member of the committee was LI Jacobs. The committee meets at least annually or more frequently if required. The committee's responsibilities include:

- Determining and agreeing the framework for remuneration of the group's executive management;
- Determining targets for any performance based executive incentive scheme;
- Assessing total remuneration for executive directors including, basic salary, bonuses, incentive payments and share options;
- Assessing remuneration of non-executive directors and make recommendations to the board on the fees of the chairman and the non-executive directors, for subsequent approval by the company's shareholders in a general meeting;
- Review appropriate market information regarding remuneration related matters; and
- Be aware of and oversee any major changes in employee benefit structures throughout the group.

The nomination committee was chaired by WC Ross, until his resignation on 21 May 2014 and the other member is JR Macey. LI Jacobs was appointed as chairman of the nomination committee from 21 May 2014. The nominations committee's responsibilities include:

- Identifying, evaluating, recommending and approving appointees to the board and board committees;
- Conducting annual evaluations of the effectiveness and performance of the board as a whole and consider the contribution of each non-executive director;
- Reviewing the board's training, development and orientation needs;
- Reviewing the performance of the CEO and executive directors; and
- Planning regarding succession in respect of the CEO and executive directors.

Remuneration philosophy and policy

The group recognises that it operates in a competitive environment and that one of the drivers of its performance is its people. The group wishes to provide a level of remuneration that attracts, retains and motivates employees of the highest calibre, while rewarding them for performance.

The group defines total remuneration as a combination of all types of rewards, including financial and non-financial, direct and indirect. The group's position is to reward performance, while ensuring that there is a distribution of remuneration around the market median.

The key remuneration philosophies adopted by the group are summarised as follows:

- Performance conditions have been determined to motivate individuals in terms of the overall business strategy and to ultimately maximise shareholder value;
- Remuneration levels are fair, reasonable and are set at levels that are relevant and competitive within the market;
- Application of philosophy and policies consistently across the group; and
- Encourage a focus on long-term sustained performance and growth within the group.

Components of total remuneration

Basic remuneration

The levels of basic remuneration are reviewed and revised annually. The criteria that have been adopted for determining remuneration increases are as follows:

- CPI (Inflation);
- Market comparisons;
- Individual performance;
- Affordability based on group budgets; and
- Group performance.

Remuneration consists of the following guaranteed components and is applicable to all employees:

- Basic salary;
- Group life assurance;
- Medical aid; and
- Provident fund.

Annual salary increases are approved by the remuneration committee. Provident fund contributions are based on a scale between 10% – 20% of the annual total remuneration package, as elected by the individual employees. These contributions ensure monetary security and dignity to employees and their beneficiaries (on retirement, death or disability).

Short-term incentives
Annual incentive bonuses are paid if key performance targets including but not limited to, financial targets are met.

All employees are eligible to participate in the group's incentive bonus scheme, which is well established within each of the operating subsidiaries. The bonus is conditional on company and individual performance and is paid annually subject to the achievement of performance targets combined with key performance indicators agreed to by the chief executive and the remuneration committee.

The key drivers of the executive short term incentive plan are summarised as follows:

- As the group's executive directors provide leadership, support and guidance to all operating subsidiaries, the incentive is dependent on the overall group performance;
- The incentive is biased towards realisations and therefore all non-cash items and minority interests are eliminated in arriving at the adjusted profit pool;
- The profit pool is split between investment activities and non-investment activities and these two pools are treated differently;
- The incentive on the investment pool is based on a carried interest model where the reward is calculated as a percentage of the realised capital growth after a notional cost of capital charge is applied; and
- The incentive on the non-investment pool is calculated as a percentage of the adjusted profit pool on a sliding scale.

Long-term incentive plan
Share option scheme
The group has a share scheme in place, which was introduced in June 2011, whereby employees were entitled to acquire shares in the company. A second issue was made to employees in December 2012. At 31 December 2014, 70% of the shares issued in June 2011 and 45% of the shares issued in December 2012 had vested.

The purchase price was funded by the VSIST and in turn the employees became indebted to the VSIST for the value of the shares offered. The shares are pledged as security to the VSIST until the employee has settled the debt. The employee's debt shall include interest charged thereon, which interest will be charged and rolled up with the outstanding debt at the official rate as published by the South African Revenue Service from time to time.

Employees shall be entitled to settle the outstanding debt though the sale of the shares once they have vested on the dates set out below.

Vesting of shares
The Shares shall vest in tranches as follows:

- 20% of the shares after the 1st anniversary of the acceptance date;
- 25% of the shares after the 2nd anniversary of the acceptance date;
- 25% of the shares after the 3rd anniversary of the acceptance date; and
- 30% of the shares after the 4th anniversary of the acceptance date.

Employees may instruct the trustees to sell the shares once they have vested. The proceeds shall firstly be used to settle debt.

The group is currently in the process of creating a new share scheme for employees, which will be finalised during 2015. A summary of the key features are below:

- The shares to be issued will vest over a three year period. Additional performance conditions may be considered and could include financial and non-financial measures;
- The initial allocation will be made to qualifying staff and will include a "catch-up" element.
- Allocations to be made annually thereafter.

Executive directors' remuneration

The group aims to adhere to the broad guidelines of executive remuneration set out in King III. The overall principles applied consist of the following:

- Establish appropriate and competitive balance between fixed and variable remuneration structure to achieve performance excellence;
- Establish a performance oriented culture with a pay-for-performance approach that aligns with sustainable shareholder value;
- Appropriately leverage market and industry benchmarks to ensure competitive remuneration aligned to market median; and
- Drive sustainable business results through short-term and long-term performance driven incentives.

For details of the executive directors' remuneration refer to note 42 of the annual financial statements.

Non-executive directors' remuneration

Non-executive directors receive fixed fees for their services as directors of the board and as members of board committees. The remuneration committee proposes fees for non-executive directors, which are agreed by the board and approved by shareholders.

Non-executive directors do not participate in the group's incentive bonus plan or share option scheme. There were no direct or indirect beneficial holdings in the current or prior year.

The level of fees paid to non-executive directors is reviewed by the remuneration committee on an annual basis. For details regarding fees paid during the current and prior year, refer to note 42 of the annual financial statements.

Non-executive remuneration for the 2014 financial year and the proposed remuneration for the 2015 financial year (which is subject to approval by shareholders at the annual general meeting) are set out in the table below.

NON-EXECUTIVE DIRECTOR ROLE

REMUNERATION FOR THE 2014 FINANCIAL YEAR

BOARD	AUDIT AND RISK COMMITTEE	INVESTMENT COMMITTEE	REMUNERATION AND NOMINATION COMMITTEE	SOCIAL AND ETHICS COMMITTEE
Chairman*	Chairman*	Chairman*	Chairman* and member	Chairman*
250 000	20 000	20 000	10 000	10 000
Member	Member	Member		Member
115 000	10 000	10 000		–

PROPOSED REMUNERATION FOR THE 2015 FINANCIAL YEAR

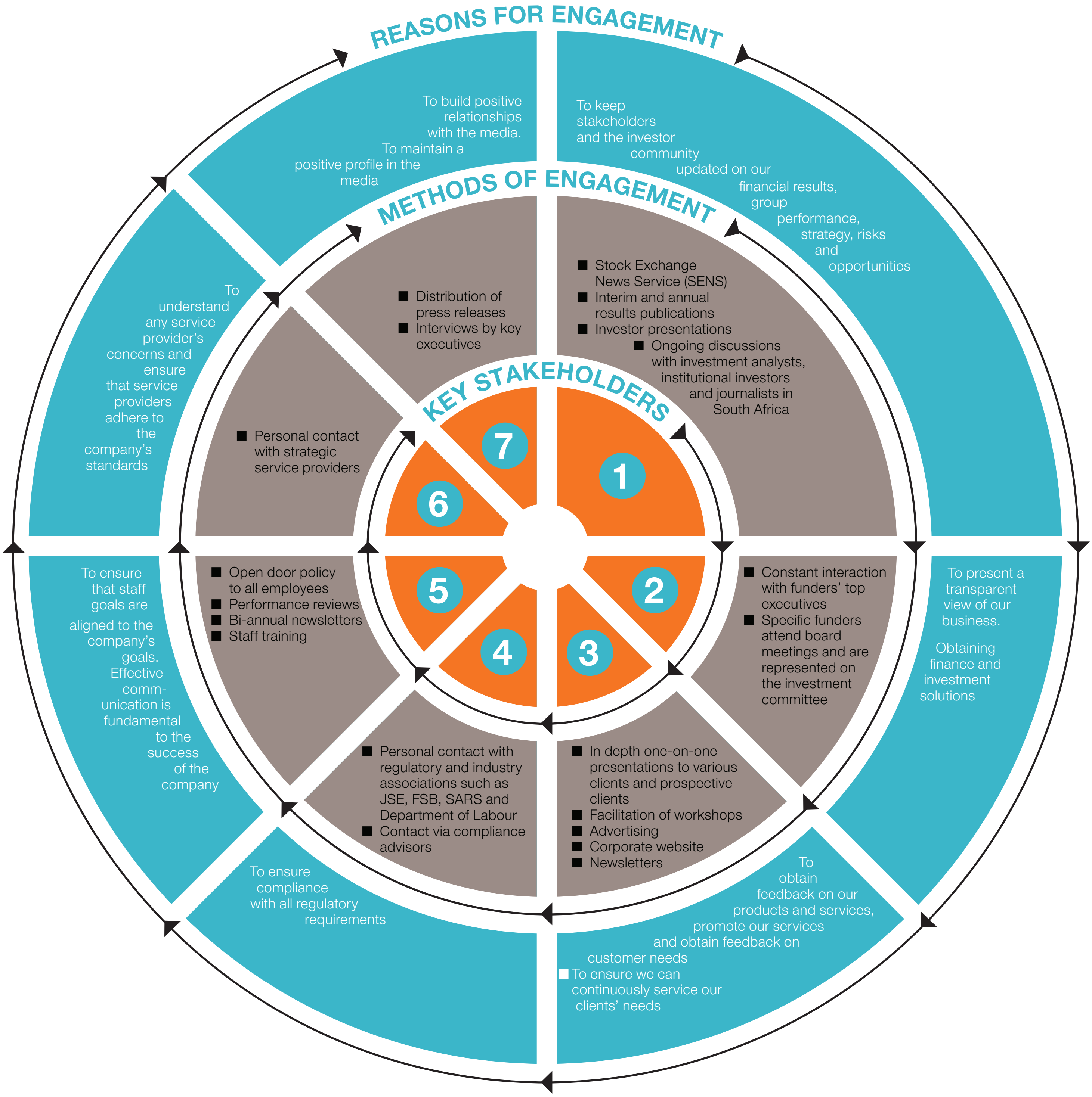
BOARD	AUDIT AND RISK COMMITTEE	INVESTMENT COMMITTEE	REMUNERATION AND NOMINATION COMMITTEE	SOCIAL AND ETHICS COMMITTEE
Chairman*	Chairman*	Chairman*	Chairman* and member	Chairman*
267 500	21 400	21 400	10 700	10 700
Member	Member	Member		Member
123 050	10 700	–		–

** The chairman of the board is also the chairman of the nomination committee and a member of the investment committee and remuneration committee. This fee is remuneration for all services rendered by the chairman of the board to the group.*

Prescribed officers

Details of prescribed officers and key management personnel are disclosed in note 62 (Vunani Limited company annual financial statements).

STAKEHOLDER ENGAGEMENT



KEY STAKEHOLDERS

1 SHAREHOLDER AND INVESTOR COMMUNITY
2 FUNDERS
3 CLIENTS
4 REGULATORY AUTHORITIES
5 EMPLOYEES
6 SUPPLIERS AND SERVICE PROVIDERS
7 MEDIA

KING III

King III

The IoDSA is the convener of the King Committee and the custodian of the King Reports. It is one of the main objectives of the IoDSA to promote corporate governance, and one of the best ways to do this is to enable application of King III.

The King committee on Corporate Governance has commissioned a task team to update King III to King IV, to enhance accessibility and implementation particularly for smaller entities and non-profit companies. Changes in the local and international environment and regulation, emerging systemic risks, shareholder activism and changes in reporting standards for integrated reporting are some of the reasons for the update to King IV.

Remuneration and integrated reporting are some of the key issues that will be prevalent in King IV as well as assisting users to better align the principles in King III on responsible investing and compliance with Code for Responsible Investing in South Africa ("CRISA").

The first revision of King IV is expected to be completed in early 2016.

The IoDSA aspires towards an economy that is founded on good governance principles, namely: strong ethics, beneficial relationships, greater training and competence, greater transparency and accountability and an aspiration for credibility and trust. This will provide the platform for sustained growth in businesses.

Challenges with King III

There are two primary challenges for organisations when attempting to implement King III:

1. King III has to be interpreted and understood within the nature, size and complexity of an organisation; and
2. There has been no credible and generally accepted national benchmark to measure and compare application of King III.

Challenges averted

To assist with the above challenges, we utilise the Governance Assessment Instrument ("GAI") provided by The Global Platform for Intellectual Property Proprietary Limited. GAI is an online tool and a product whereby the content and scoring system is licensed from the IoDSA and will assist in the following ways:

1. Evaluating implementation of governance structures and processes as recommended in King III;
2. Enabling ongoing tracking of progress on implementation of King III, understanding that it is a process;
3. Providing a simplified framework to the board for a risk-based review of the application of King III, without voluminous reading;
4. Facilitating a meaningful scoring mechanism reflective of an organisation's adoption of King III;
5. Providing a framework by which governance can be assured by independent service providers;
6. Giving holding companies a concise view of their subsidiaries' governance status;
7. Providing an audit programme for internal and external service providers; and
8. Offering a reporting benchmark to stakeholders, that is fit for peer-to-peer comparison of organisations, enhancing confidence in governance reporting.

The GAI calculates an overall score indicating the status of application of King III as follows:

Ratings key

AAA	Highest application
AA	High application
BB	Notable application
B	Moderate application
C	Application to be improved
L	Low application

Since 2012, Vunani has used the GAI for the purposes of assessing the level of application of King III, which results in the scores per category as detailed below. Details of the full checklist have been included on our website www.vunanilimited.co.za. Vunani's overall rating in terms of the GAI is **AA**. Vunani strives to improve its compliance with King III and additional information is provided in areas that need improvement.

Category				Category score
1.	Board composition			AAA
2.	Remuneration			AAA
3.	Governance office bearers			AA
	3.1	Chairman	AAA	
	3.2	CEO	AA	
	3.3	Company secretary	AA	
4.	Board roles and duties			AA
	4.1	Focal point of corporate governance	AAA	
		4.1.1 Fiduciary duties	AAA	
		4.1.2 Strategy	AAA	
		4.1.3 Ethical leadership	BB	
	4.2	Corporate citizenship and leadership	AAA	
		4.2.1 Risk	AA	
		4.2.2 IT governance	AAA	
		4.2.3 Compliance	AA	
		4.2.4 Internal audit	AAA	
		4.2.5 Business rescue	AAA	
5.	Accountability			AAA
	5.1	Stakeholder relations	AAA	
	5.2	Integrated reporting and disclosure	AAA	
6.	Performance assessment			C
7.	Board committees			AAA
	7.1	Audit committee	AAA	
	7.2	Risk committee	AAA	
	7.3	Remuneration committee	AA	
	7.4	Nomination committee	AA	
	7.5	Social and ethics committee	AAA	
8.	Group boards			C

Company secretary

King III and JSE Listings Requirements require that the company secretary is an individual who is not an executive director. Currently the role is filled by the chief financial officer, Aphrodite Judin. The board is in the process of reviewing the role of the company secretary, and has taken active steps to appoint a new company secretary in 2015.

Ethical leadership

The board is responsible for ensuring that management endorses a culture of ethical conduct and sets the values to which the company should adhere. These values are to be incorporated in a code of conduct. The group is currently reviewing the code of conduct that exists to ensure that it adequately encapsulates the ethical conduct and culture which the board strives to achieve. It is anticipated that this process will be completed in the 2015 year.

Risk

Detailed risk assessments are in the process of being performed and refined for the key operating subsidiaries within the group. While the boards of those subsidiaries have been involved in compiling the risk registers and monitoring the risks, the board is required to have oversight of the key risks within the group. While this has been performed at a strategic level, the board, through the audit and risk committee will be performing a detailed review of the operational risk registers during the 2015 financial year. The review will include the identification and description of the risk, potential impact, identified compensating controls, residual risk and corrective action required. Through this process, the board will set the levels of risk tolerance, which will be reviewed annually.

IT governance

The reliance on IT within the group varies from subsidiary to subsidiary based on the nature of their operations. Certain subsidiaries are much more dependent on IT while others are not so reliant. The board assumes responsibility for the group's IT governance and a high level risk assessment relating to IT governance has been performed. IT governance is also a standing item on the audit and risk committee agenda. This area is undergoing improvement in order to comply with the requirement of King III from a group perspective. Vunani's head of Group IT is responsible for the implementation of the IT governance framework. This framework will ensure that IT investments and expenditure are managed effectively and are aligned with business objectives.

King III recognises that IT has become an integral part of doing business today, as it is fundamental to the support, sustainability and growth of organisations. IT cuts across all aspects, components and processes in business and is therefore not only an operational enabler for a company, but an important strategic asset which can be leveraged to create opportunities and to gain competitive advantage. As part of its risk mitigation plan, Vunani will implement the COBIT5 IT governance framework. The head of IT has regular interaction with senior executives in the group. In 2015, the following were put in place:

- An IT governance framework that supports the effective and efficient management of IT resources within the group;
- An IT charter was established and implemented; and
- An updated IT risk register.

An IT steering committee was be established to assist in defining and supporting the group IT strategy. The IT steering committee is made up of the heads of the different business units. An additional deliverable for the steering committee is to approve and prioritise IT projects based on the group's business strategy.

The IT long-term goal is to move the Vunani IT department from the role of a cost center to that of a business enabler, utilising technology and innovation to deliver greater value to the business. This will be accomplished through the implementation of IT governance and related frameworks.

Performance assessment

The board recognises the importance of conducting evaluations of its performance, constitution, leadership and supporting structures. We commenced the process at the end of 2013 and the results to be collated and sent to the nominations committee for assessment and then presented to the board. The audit and risk committee performed its self-assessment in 2015, the results of which did not raise any areas of concern.

Evaluation of the investment committee and social and ethics committee is planned to take place in the 2015 financial year.

Group boards

King III requires that a documented governance framework is in place between the group and its subsidiaries. A formal governance framework between Vunani and its subsidiaries is not currently in place; however, the boards of all subsidiaries in the group include at least one Vunani executive director. The group's interests in the subsidiary companies are represented through these appointments. Vunani directors are provided with feedback at all board meetings regarding developments and the performance of subsidiary companies.

ANNUAL FINANCIAL STATEMENTS

"CREATING WEALTH AND SUSTAINABLE GROWTH"

SECTION 3 CONTENTS

The financial statements have been audited in terms of Section 30 of the Companies Act of South Africa, 2008.

The annual financial statements were published on 22 June 2015.

The annual financial statements have been prepared under the supervision of the group chief financial officer, Aphrodite Judin CA (SA).

REPORT OF THE AUDIT AND RISK COMMITTEE

The audit and risk committee ("the committee") reports that it has considered the matters set out in section 94(7)(f) of the Companies Act and is satisfied with the independence and objectivity of the external auditor, KPMG Inc.

The committee has considered and approved the fees payable to the external auditor and is satisfied with the extent of non-audit-related services performed.

The committee consists of three members, each of whom are independent non-executive directors and who have the requisite financial skills and experience to contribute to the committee's deliberations. The committee met four times during the year with the managing director, chief financial officer, group financial manager and representatives from external and internal audit attending each meeting by invitation.

The committee has satisfied itself that the finance function, including the chief financial officer, has the appropriate expertise, experience and resources, and is satisfied that the internal financial controls of the company and group are working effectively.

A board-approved audit and risk committee charter stipulating, inter alia, the committee's composition, duties and responsibilities, has been adopted. The committee is satisfied that it complied with the responsibilities as set out in the audit and risk committee charter as well as relevant legal and regulatory responsibilities.

Based on the information and explanations given by management and discussions with the internal auditor and the independent external auditor regarding the results of their audits, the committee is satisfied that there was no material breakdown in the internal financial controls during the financial year under review. The committee has evaluated the financial statements of Vunani Limited and the group for the year ended 31 December 2014 and, based on the information provided to the committee, considers that the group complies, in all material respects, with the requirements of the Companies Act of South Africa, 2008, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

GS Nzalo
Chairman of the audit and risk committee

12 June 2015
Sandton

DIRECTORS' RESPONSIBILITY STATEMENT

and approval of the annual financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of Vunani Limited, comprising the statements of financial position at 31 December 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the accounting policies and the notes to the financial statements, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

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 that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of consolidated and separate annual financial statements

The consolidated and separate annual financial statements of Vunani Limited, as identified in the first paragraph, were approved by the board of directors on 12 June 2015 and are signed by:

EG Dube
Chief Executive Officer
Authorised director

A Judin
Chief Financial Officer
Authorised director

12 June 2015
Sandton

CERTIFICATION BY THE COMPANY SECRETARY

In my capacity as company secretary, I hereby certify, that for the financial year ended 31 December 2014, Vunani Limited has filed with the Companies and Intellectual Properties Commission, all such returns and notices as are required in terms of the Companies Act of South Africa, and that all such returns appear to be true, correct and up to date.

A Judin
Company Secretary

12 June 2015
Sandton

DIRECTORS' REPORT
for the year ended 31 December 2014

Review of activities

Main business and operations

The company was incorporated on 1 December 1997 and carries on the business of a financial services company with certain strategic investments. It has operations in asset management, securities broking (institutional and private wealth), corporate advisory services and investment holdings.

The operating results and state of affairs of the group and company are fully set out in the attached financial statements and do not in our opinion require any further comment.

Special resolutions

The following special resolutions were passed by Vunani Limited and its major subsidiaries:

Vunani Limited

1. On 18 July 2014, remuneration payable to the non-executive directors was approved by a special resolution at the company's annual general meeting.
2. On 18 July 2014, the authority of directors to repurchase the company's shares was approved by special resolution at the company's annual general meeting.
3. On 18 July 2014, the provision of financial assistance (direct or indirect) by way of a loan, guarantee or otherwise to the company's future or present subsidiaries, and/or directors was approved by special resolution at the company's annual general meeting.
4. On 22 April 2015 the approval that the company, provides approval in terms of sections 44 and 45 of the Companies Act 71 of 2008, to Vunani Capital Proprietary Limited, providing financial assistance in the form of an equity cure undertaking in favour of Nedbank Limited for the obligations of Mandlalux Proprietary Limited, a subsidiary of Vunani Limited.

Major subsidiaries

1. On the 22 April 2015, for the purposes of sections 44, 45 and 46 of the Companies Act of 2008, it was resolved that:

   Vunani Capital Proprietary Limited provides security in the form of an equity cure undertaking in favour of Nedbank Limited for the obligations of Mandlalux Proprietary Limited.
2. On 22 April 2015, Vunani Securities Proprietary Limited was authorised by its directors and acting in terms of Article 95 of the memorandum and articles of association, forfeited in favour of the company clients' dividends which have remained unclaimed for a period of three years or longer by special resolution.

Directors

Executive directors	Independent non-executive directors
EG Dube (chief executive officer)	LI Jacobs (Chairman) (appointed as a non-executive director on 14 April 2014 and chairman on 21 May 2014)
BM Khoza	GS Nzalo
A Judin (chief financial officer)	JR Macey
NM Anderson	NS Mazwi
CE Chimombe-Munyoro (resigned 1 March 2014)	XP Guma
	S Mthethwa (appointed 19 November 2014)
	WC Ross (chairman) (resigned 19 May 2014)

Secretary

A Judin

There have been no changes to the company secretary, as well as her roles and responsibilities during the year.

The board is taking active steps to appoint a new company secretary during 2015 in order to comply with JSE Listings Requirements and the requirements of King III Report. It is anticipated that a new company secretary, who is not an executive director, will be appointed.

Shareholding of directors

The shareholding of directors in the issued share capital of the company as at 31 December 2014 was as follows:

Shareholding per director	Number of shares held Beneficially direct (000s)	Beneficially indirect (000s)	Total number of shares (000s)
EG Dube	–	23 838	23 838
BM Khoza	–	14 868	14 868
NM Anderson	15	14 868	14 883
A Judin	86	–	86
	101	**53 574**	**53 675**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Vunani Limited

We have audited the consolidated and separate financial statements of Vunani Limited, which comprise the statements of financial position at 31 December 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the accounting policies and the notes to the financial statements as set out on pages 38 to 116.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Vunani Limited at 31 December 2014, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other Reports Required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 2014 we have read the Directors' Report, the Report of the Audit and Risk Committee and Certification by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

KPMG Inc.
Registered Auditor

Per G Parker
Chartered Accountant (SA)
Registered Auditor
Director
12 June 2015
KPMG Crescent
85 Empire Road
Parktown
Johannesburg

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2014

Figures in R'000	Notes	2014	Re-presented 2013
Continuing operations			
Revenue from trading services	5	**115 016**	108 005
Other income	6	**5 475**	6 254
Investment revenue	7	**14 220**	10 469
Interest received from investments	8	**2 384**	2 575
Net profit on disposal of assets	9	**–**	1 304
Fair value adjustments and impairments	10	**(17 922)**	19 904
Operating expenses	11	**(146 040)**	(141 584)
Results from operating activities		**(26 867)**	6 927
Finance income	12	**6 060**	2 357
Finance costs	12	**(2 960)**	(5 004)
Net finance income/(costs)		**3 100**	(2 647)
Results from operating activities after net finance costs		**(23 767)**	4 280
Equity accounted earnings (net of income tax)	17	**(86)**	442
(Loss)/profit before income tax		**(23 853)**	4 722
Income tax	13	**(1 462)**	1 475
(Loss)/profit from continuing operations		**(25 315)**	6 197
Discontinued operations			
Profit from discontinued operations (net of taxation)	14	**92 300**	2 109
Profit for the year		**66 985**	8 306
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Exchange differences on translating foreign operations		**243**	(897)
Total comprehensive income for the year		**67 228**	7 409
Profit/(loss) from continuing operations for the year attributable to:			
Owners of the company		**(23 069)**	8 224
Non-controlling interest		**(2 246)**	(2 027)
		(25 315)	6 197
Profit/(loss) for the year attributable to:			
Owners of the company		**56 039**	9 869
Non-controlling interest		**10 946**	(1 563)
		66 985	8 306
Total comprehensive income for the year attributable to:			
Owners of the company		**56 036**	9 205
Non-controlling interest		**11 192**	(1 796)
		67 228	7 409
Basic and diluted earnings per share		**54.6**	9.9
Basic and diluted (loss)/earnings per share from continuing operations (cents)	37	**(22.5)**	8.3
Basic and diluted earnings per share from discontinued operations (cents)	37	**77.1**	1.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2014

Figures in R'000	Notes	VUNANI LIMITED – Group 2014	2013
Assets			
Property, plant and equipment	15	**6 787**	1 934
Goodwill	16	**34 123**	34 123
Intangible assets	16	**1 042**	2 207
Investments in and loans to associates	17	**17 686**	22 425
Other investments	18	**102 270**	115 317
Deferred tax assets	19	**44 890**	40 397
Other non-current assets	20	**22 005**	25 358
Total non-current assets		**228 803**	241 761
Other investments	18	**8 900**	–
Other current assets	20	**2 823**	1 451
Taxation prepaid	29	**886**	1 041
Non-current assets held for sale	21	**–**	2 634
Trade and other receivables	22	**39 085**	30 729
Accounts receivable from trading activities	23	**120 573**	113 077
Trading securities	24	**251**	320
Cash and cash equivalents	25	**67 773**	42 271
Total current assets		**240 291**	191 523
Total assets		**469 094**	433 284
Equity			
Stated capital	26	**624 888**	610 088
Treasury shares	26	**(15 571)**	(15 265)
Share based payment reserve	27	**13 249**	10 256
Foreign currency translation reserve		**(900)**	(897)
Accumulated loss		**(364 004)**	(389 709)
Equity attributable to equity holders of Vunani Limited		**257 662**	214 473
Non-controlling interest	39	**(2 818)**	(6 226)
Total equity		**254 844**	208 247
Liabilities			
Other financial liabilities	28	**20 298**	45 605
Deferred tax liabilities	19	**7 825**	4 061
Total non-current liabilities		**28 123**	49 666
Other financial liabilities	28	**25 282**	7 870
Non-current liabilities held for sale	21	**–**	2 479
Taxation payable	29	**9 648**	9 896
Trade and other payables	30	**29 555**	39 274
Accounts payable from trading activities	23	**120 525**	112 941
Bank overdraft	25	**1 117**	2 911
Current liabilities		**186 127**	175 371
Total liabilities		**214 250**	225 037
Total equity and liabilities		**469 094**	433 284
Shares in issue (000s)	26 & 37	**114 665**	105 415
Net asset value per share (cents)	37	**224.7**	203.5
Net tangible asset value per share (cents)	37	**194.0**	169.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

VUNANI LIMITED – Group

Figures in R'000	Notes	Stated capital	Treasury shares	Share-based payment reserve*	Foreign currency translation reserve	Accu-mulated loss	Total attribu-table to equity holders	Non-controlling interest	Total equity
Balance at 31 December 2012		610 088	(14 899)	5 906	–	(399 578)	201 517	12 794	214 311
Total comprehensive income for the year									
Profit/(loss) for the year		–	–	–	–	9 869	9 869	(1 563)	8 306
Other comprehensive income for the year		–	–	–	(664)	–	(664)	(233)	(897)
Total comprehensive income for the year		–	–	–	(664)	9 869	9 205	(1 796)	7 409
Transactions with owners, recorded directly in equity									
Transfers between reserves		–	–	–	(233)	233	–	–	–
Share based payments	27	–	–	4 350	–	–	4 350	–	4 350
Treasury shares acquired	26	–	(366)	–	–	–	(366)	–	(366)
Dividends paid		–	–	–	–	–	–	(15 345)	(15 345)
Disposal of non-controlling interest	35	–	–	–	–	884	884	(884)	–
Acquisition of non-controlling interest	36	–	–	–	–	(1 117)	(1 117)	1 117	–
Business combinations		–	–	–	–	–	–	(2 112)	(2 112)
Total transactions with owners		–	(366)	4 350	(233)	–	3 751	(17 224)	(13 473)
Balance at 31 December 2013		610 088	(15 265)	10 256	(897)	(389 709)	214 473	(6 226)	208 247
Total comprehensive income for the year									
Profit for the year		**–**	**–**	**–**	**–**	**56 039**	**56 039**	**10 946**	**66 985**
Other comprehensive income for the year		**–**	**–**	**–**	**(3)**	**–**	**(3)**	**246**	**243**
Total comprehensive income for the year		**–**	**–**	**–**	**(3)**	**56 039**	**56 036**	**11 192**	**67 228**
Transactions with owners, recorded directly in equity									
Issue of shares	26	**14 800**	**–**	**–**	**–**	**–**	**14 800**	**–**	**14 800**
Share based payments	27	**–**	**–**	**2 993**	**–**	**–**	**2 993**	**–**	**2 993**
Treasury shares acquired	26	**–**	**(306)**	**–**	**–**	**–**	**(306)**	**–**	**(306)**
Dividends paid	45	**–**	**–**	**–**	**–**	**(30 016)**	**(30 016)**	**(11 677)**	**(41 693)**
Disposal to non-controlling interest	35	**–**	**–**	**–**	**–**	**(318)**	**(318)**	**318**	**–**
Business combinations	34	**–**	**–**	**–**	**–**	**–**	**–**	**3 575**	**3 575**
Total transactions with owners		**14 800**	**(306)**	**2 993**	**–**	**(30 334)**	**(12 847)**	**(7 784)**	**(20 631)**
Balance at 31 December 2014		**624 888**	**(15 571)**	**13 249**	**(900)**	**(364 004)**	**257 662**	**(2 818)**	**254 844**

** The share based payment reserve is as a result of employees being given the right to acquire shares of the company for services rendered. Refer to note 27 for additional information.*

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2014

		VUNANI LIMITED – Group	
Figures in R'000	Notes	2014	2013
Cash flows from operating activities			
Net cash utilised by operating activities	32	**(35 260)**	(13 525)
Investment revenue received		**12 787**	10 469
Finance income received		**7 473**	4 809
Finance costs paid		**(3 047)**	(10 594)
Dividends paid to shareholders		**(30 016)**	–
Dividends paid to non-controlling interest		**(11 677)**	(15 345)
Income tax paid	33	**(17 706)**	(10 630)
Net cash utilised by operating activities		**(77 446)**	(34 816)
Cash flows from investing activities			
Proceeds on disposal of businesses (refer to note 21)		**102 000**	–
Acquisition of property, plant and equipment (refer to note 15)		**(678)**	(894)
Proceeds on disposal of associates		**–**	26 119
Increase in investments in associates (refer to note 17)		**(4 089)**	(1 835)
Proceeds from loans to associates repaid (refer to note 17)		**2 239**	35 186
Dividends received from associates		**–**	2 725
Acquisition of other investments (refer to note 18)		**(2 833)**	(9 252)
Proceeds on disposal of other investments (refer to note 18)		**–**	65 423
Increase in other non-current assets (refer to note 20)		**(798)**	(2 220)
Proceeds from repayments of other non-current assets (refer to note 20)		**331**	186
Cash acquired in business combinations (refer to note 34)		**488**	–
Net cash inflow from investing activities		**96 660**	115 438
Cash flows from financing activities			
Proceeds on issue of stated capital (refer to note 26)		**14 800**	–
Increase in other financial liabilities		**–**	107
Repayments of other financial liabilities		**(6 718)**	(68 036)
Net cash inflow/(outflow) from financing activities		**8 082**	(67 929)
Net increase in cash and cash equivalents		**27 296**	12 693
Transfer to non-current assets held for sale	21	**–**	(1)
Cash acquired in business acquisitions		**–**	124
Cash and cash equivalents at the beginning of the year		**39 360**	26 544
Total cash and cash equivalents at the end of the year	25	**66 656**	39 360

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014

Reporting activities

Vunani Limited ("the company") is a company domiciled in South Africa at Vunani House, Vunani Office Park, 151 Katherine Street in Sandton. The consolidated and separate financial statements of the company at and for the year ended 31 December 2014 comprise the company and its subsidiaries (together referred to as the "group") and the group's interest in structured entities and associated entities. The group operates in the financial services industry.

1. BASIS OF PREPARATION

1.1 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the requirements of the Companies Act of South Africa, 2008, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

1.2 Basis of measurement

The financial statements are prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value and disposal groups held for sale, which are disclosed at the lower of the carrying amount and fair value less costs of disposal.

1.3 Functional and presentation currency

The financial statements are presented in South African Rand, which is the company's functional currency.

All financial information presented in South African Rand have been rounded to the nearest thousand unless indicated otherwise.

1.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised, if revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Notes 18, 28 and 43 – fair value of financial instruments
- Note 16 – impairments of goodwill and intangible assets
- Notes 17 and 43 – impairment losses on loans and advances to associates
- Note 19 – utilisation of tax losses

1.5 Changes in accounting policies

The group has adopted all standards and interpretations which become effective during the current year. The group has adopted the following new standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2014.

- Disclosures of recoverable amount for non-financial assets (Amendments to IAS 36)

The nature and effects of the changes are explained below:

- Disclosures of recoverable amount disclosures for non-financial assets
- The group has adopted the amendments to IAS 36. As a result, the group has expanded its disclosures of recoverable amounts when they are based on fair value less costs of disposal and recognised an impairment.

2. ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated and separate financial statements, and have been applied consistently by group entities.

2.1 Basis of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of the holding company, its subsidiaries and investments in associates.

2.1.1 Subsidiaries

Subsidiaries are entities controlled by the group. The group controls the entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group.

The company accounts for subsidiaries at cost less accumulated impairment losses in the separate financial statements.

2.1.2 Investments in associates

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method ("equity-accounted investees") and are recognised initially at cost. The group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the group's share of the profit and equity movements of equity-accounted investees, after adjustments to align the accounting policies with those of the group from the date that significant influence commences until the date that significant influence ceases.

When the group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments for which settlement is neither planned nor likely to occur in the foreseeable future, is reduced to nil, and the recognition of further losses is discontinued, except to the extent that the group has an obligation or has made payments on behalf of the investee.

When the group loses control of a subsidiary and as a result of that the remaining interest is accounted for as an associate, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee.

The company accounts for associates at cost less accumulated impairment losses in the separate financial statements.

2.1.3 Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at acquisition date.

Changes in the group's interest in a subsidiary that do not result in loss of control are accounted for as equity transactions.

2.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.2 Financial instruments

2.2.1 Non-derivative financial assets

The group and company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the group and company becomes a party to the contractual provisions of the instrument.

The group and company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group and company is recognised as a separate asset or liability.

2.2 Financial instruments (continued)

2.2.1 Non-derivative financial assets (continued)

Financial assets or liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group and company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The group has the following non-derivative financial assets: financial assets at fair value through profit or loss and loans and receivables.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the group's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are initially measured at fair value and changes therein are recognised in profit or loss through fair value adjustments and impairments.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and other receivables comprise trade and other receivables, loans to associates, accounts receivable from trading activities and cash and cash equivalents.

Loans to group companies are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances used by the group in the management of short term commitments. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management system are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

2.2.2 Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the group becomes a party to the contractual provisions of the instrument.

The group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The group has the following non-derivative financial liabilities: financial liabilities at fair value through profit or loss, other financial liabilities, trade and other payables and accounts payable from trading activities.

Financial liabilities at fair value through profit or loss

The group designates certain financial liabilities at fair value through profit or loss on initial recognition. Ring-fenced structured 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.

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 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 amortised cost

Other financial liabilities, accounts payable from trading activities, and trade and other payables are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

2.2.3 Derivative financial assets

Derivatives are recognised initially at fair value. Any directly attributable costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognised in profit or loss.

2.2.4 Stated capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the company's shareholders.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

Treasury shares

Where share capital is repurchased and held by a subsidiary or structured entity, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity.

2.3 Dividend policy

The dividend policy of Vunani Limited is to distribute to its shareholders all funds surplus to the operating needs as determined by the board of directors of Vunani Limited subject always to:

- the liquidity and solvency requirements of the Companies Act of South Africa;
- any banking or other funding covenants by which Vunani Limited is bound from time to time; and
- the operating requirements referred to in this policy.

2.4 Property, plant and equipment

2.4.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on the disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within net profit or loss on disposal of assets.

2.4.2 Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

2.4.3 Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the group will obtain ownership by the end of the lease term.

2.4 Property, plant and equipment (continued)

2.4.3 Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

Leasehold improvements	Remaining lease period
Motor vehicles	4 years
Furniture and fittings	6 years
Office equipment	3 – 5 years
Computer equipment	3 years
Buildings	40 years

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

2.5 Business combinations

The acquisition method is used when a business is acquired. A business may comprise an entity, group of entities or an unincorporated operation including its operating assets and associated liabilities. On acquisition date, fair values are attributed to the identifiable assets, liabilities and contingent liabilities. A non-controlling interest at acquisition date is determined as the non-controlling shareholder's proportionate share of the fair value of the net identifiable assets of the entity acquired.

Fair values of all identifiable assets or liabilities included in the business combination are determined by reference to market values of those or similar items, where available, or by discounting expected future cash flows using the discount rate to present values. When an acquisition is achieved in stages (step acquisition), the identifiable assets and liabilities are recognised at their full fair value when control is obtained, and any adjustment to fair values related to these assets and liabilities previously held as an equity interest is recognised in profit or loss.

When there is a change in the interest in a subsidiary after control is obtained, that does not result in a loss in control, the difference between the fair value of the consideration transferred and the amount by which the non-controlling interest is adjusted is recognised directly in the statement of changes in equity.

The consideration transferred is the fair value of the group's contribution to the business combination in the form of assets transferred, shares issued, liabilities assumed or contingent consideration at the acquisition date. Transaction costs directly attributable to the acquisition are charged to profit or loss. On acquisition date, goodwill is recognised when the sum of the consideration transferred, the fair value of the previously held equity interest and the recognised amount of non-controlling interests exceeds the fair value of the net identifiable assets of the entity acquired. Goodwill is tested at each reporting date for impairment.

To the extent that the fair value of the net identifiable assets of the entity acquired exceeds the consideration transferred and the recognised amount of non-controlling interests, the excess is recognised in profit or loss on acquisition date as a gain on bargain purchase. The profit or loss realised on disposal or termination of an entity is calculated after taking into account the carrying amount of any related goodwill.

2.6 Goodwill

Goodwill arises on the acquisition of business combinations.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

2.7 Intangible assets

2.7.1 Recognition and measurement

Intangible assets that are acquired by the group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

2.7.2 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally-generated goodwill and brands, is recognised in profit or loss as incurred.

2.7.3 Amortisation

Amortisation is calculated on the cost of the asset, or other amount substituted for cost.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for the current and comparative periods is as follows:

Customer lists	*3 years*

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

2.8 Leased assets

Leases in terms of which the group does not assume substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

2.9 Impairment

2.9.1 Financial assets (including receivables)

A financial asset, not carried at fair value through profit or loss, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the group on terms that the group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security.

The group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are assessed for impairment collectively. Collective impairment is carried out by grouping together assets with similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2.9.2 Non-financial assets

The carrying amounts of the group's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. For goodwill, the recoverable amount is estimated bi-annually.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its fair value less cost to sell and its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

2.10 Employee benefits

2.10.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Pre-paid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2.10.2 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.11 Share-based payment transactions

Share-based arrangements in which the group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the group.

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense with a corresponding increase in the share-based payment reserve in equity over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

2.12 Revenue

2.12.1 Services rendered

Revenue from services rendered including property management and development fees, management fees, client services and advisory services, is recognised in profit or loss in proportion to the stage of completion (based on services performed as a percentage of total services to be performed) of the transaction at the reporting date.

2.12.2 Commissions

Commissions comprise brokerage fees and asset management fees arise when the group acts in the capacity of an agent rather than as the principal in a transaction. The revenue recognised is the net amount of commission earned by the group. This is recognised when the transaction giving rise to the commission is concluded.

2.12.3 Trading revenue

Trading revenue consists of trading income earned from bond and money market trading activities. Trading income is recognised upon the successful conclusion of trades.

2.12.4 Dividends

Dividend income is recognised in profit or loss on the date that the group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

2.13 Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and dividends on preference shares classified as liabilities. Borrowing costs are recognised in profit or loss using the effective interest method.

2.14 Discontinued operations

Classification as a discontinued operation occurs when a component of an entity is disposed or when the operation meets the criteria to be classified as held for sale, and when the component:

- represents a separate major line of business or geographical area of operations; or
- is part of a co-ordinated single plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

2.15 Non-current assets or disposal group held for sale

A non-current asset or disposal group (a business grouping of assets and their related liabilities) is designated as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The classification as held for sale of a non-current asset or disposal group occurs when it is available for immediate sale in its present condition and the sale is highly probable. A sale is considered highly probable if management is committed to a plan to sell the non-current asset or disposal group, an active divestiture programme has been initiated, the non-current asset or disposal group is marketed at a price reasonable to its fair value and the disposal is expected to be completed within one year from classification.

Where a disposal group held for sale will result in the loss of control or loss of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether a non-controlling interest in the former subsidiary is to be retained after the sale.

Upon classification of a non-current asset or disposal group as held for sale it is reviewed for impairment. The impairment loss charged to profit or loss is the excess of the carrying amount of the non-current asset or disposal group over its expected fair value less costs of disposal.

No depreciation or amortisation is provided on non-current assets from the date they are classified as held for sale. If a non-current asset or disposal group is classified as held for sale, but the criteria for classification as held for sale are no longer met, the disclosure of such non-current asset or disposal group as held for sale is ceased.

On ceasing such classification, the non-current assets are reflected at the lower of:

- the carrying amount before classification as held for sale adjusted for any depreciation or amortisation that would have been recognised had the assets not been classified as held for sale; or
- the recoverable amount at the date the classification as held for sale ceases. The recoverable amount is the amount at which the asset would have been recognised after the allocation of any impairment loss arising on the cash generating unit as determined in accordance with the group's policy on impairment of non-financial assets.

Any adjustments required to be made on reclassification are recognised in profit or loss on reclassification and are included in profit or loss from continuing operations. Where the disposal group was also classified as a discontinued operation, the subsequent classification as held for use also requires that the discontinued operation be included in continuing operations.

Comparative information relating to the classification as a discontinued operation is represented accordingly.

2.16 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current taxation comprises taxation payable calculated on the basis of the expected taxable income for the year, using the taxation rates enacted or substantively enacted at the reporting date, and any adjustment of taxation payable for previous years.

Deferred taxation is provided based on temporary differences. Temporary differences are differences between the carrying amounts of assets or liabilities for financial reporting purposes and their tax bases.

The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets or liabilities using the taxation rate enacted or substantively enacted at the reporting date.

Deferred taxation is charged to profit or loss, except to the extent that it relates to a transaction that is recognised directly in equity or other comprehensive income, or a business combination that is an acquisition. The effect on deferred taxation of any changes in taxation rates is recognised in the profit or loss, except to the extent that it relates to items previously charged or credited directly to equity or other comprehensive income.

Deferred taxation is not recognised for the following temporary differences:

The initial recognition of goodwill, initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associates to the extent that the parent is able to control the timing of the reversal of the temporary differences and they will not reverse in the foreseeable future.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused taxation losses and deductible temporary differences can be utilised. Deferred taxation assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related taxation benefit will be realised. Deferred tax assets or liabilities are offset if there is a legally enforceable right to offset current tax liabilities or assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, and they intend to settle current tax liabilities or assets on a net basis or their tax assets or liabilities will be realised simultaneously.

Dividends withholding tax

Dividends withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012.

The company withholds dividend tax on behalf of its shareholders at a rate of 15% on dividends declared. Amounts withheld are not recognised as part of a company's tax charge, but rather as part of the dividend paid recognised directly in equity.

Where withholding tax is withheld on dividends received, the dividend is recognised at the gross amount with the related withholdings tax recognised as part of tax expense unless it is otherwise reimbursable in which case it is recognised as an asset.

2.17 Earnings per share

The group presents basic and diluted earnings per share ("EPS"), and headline and diluted headline earnings per share data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding, adjusted for own shares held and for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

Headline earnings per share is determined in terms of SAICA Circular 2/2013 by dividing headline earnings attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period adjusted for own shares held. Diluted headline earnings per share is calculated by dividing the headline earnings attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding for the period after an adjustment for the effects of all dilutive potential ordinary shares.

2.18 Related party transactions

Related party transactions are transactions which result in a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Related parties refer to entities which the group, directly or indirectly, through one or more intermediaries controls or is controlled by it, which is in common control or has significant influence over. These include the holding group, subsidiaries, fellow subsidiaries, associates and key management.

2.19 Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenue and incur expenses, including revenue or expenses that relate to transactions with any of the group's other components. All operating segments' operating results are reviewed regularly by the group's chief executive officer who is defined by the group as the group's chief operating decision makers, to make decisions about resources to be allocated to each segment and assess its performance, and for which discrete financial information is available.

The group has the following operating segments:

- Asset management – operations comprise institutional and retail product offerings, which include equities, bonds, inflation-linked bonds and property, as well as absolute return funds and smart beta funds.
- Advisory services – whose function is to provide corporate advisory and investment services.
- Investments holdings – whose mandate is to acquire equity stakes in both listed and unlisted companies.
- Institutional securities broking – provides securities broking services to institutional clients. Products traded include equity trading, index futures, single stock futures, yield-X (currency and interest rate futures), equity options, over the counter options, money market and derivatives trading.
- Private wealth and investments – provides a trading platform to retail clients wanting to trade their own portfolios. Products on offer include, equities, geared derivatives (like contracts for difference and single stock futures) and money market as well as a range of absolute, balanced and directional funds for discretionary mandates.
- Property – asset management – provides property asset management services. This segment has been presented as a discontinued operation.
- Property – investments and developments – include greenfield property developments and the refurbishment of existing buildings. The developments include the commercial, industrial, retail and residential sectors of the market. This segment has been presented as a discontinued operation.
- Group – the segment comprises the revenues and expenses related to managing the corporate affairs of the group. Revenues are generated from services provided by directors, which may involve arbitrage opportunities.

2.20 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets or liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets or liabilities, measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the foreign exchange rates at the dates the fair value were determined.

Foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the group's presentation currency are translated into Rand, as follows:

- assets and liabilities are translated at the foreign exchange rate ruling at the reporting date; and
- income and expenses are translated at average exchange rates for the year, to the extent that such average rates approximate rates ruling at the dates of the transactions.

Exchange differences arising on translation are recognised directly in other comprehensive income and presented in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to profit or loss as part of the gain or loss on sale.

2.21 New standards and interpretations not yet adopted

In terms of IFRS, the group and company are required to include in their financial statements disclosure about the future impact of standards and interpretations issued but not yet effective at the issue date.

All standards and interpretations will be adopted at their effective dates (except for the effect of those standards and interpretations that are not applicable to the entity).

The directors are of the opinion that the impact of the application of the remaining standards and interpretations will be as follows:

IFRS 9 *(Financial Instruments)*

The IASB issued the final IFRS 9 *Financial Instruments Standard*, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments*: Recognition and Measurement.

The group has not yet assessed the impact on the financial statements. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the group.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

Amendments to IAS 16 and IAS 38 *(Clarification of acceptable methods of depreciation and amortisation)*

The amendments to IAS 16 *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38 *Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

Amendments to IAS 27 *(Equity method in separate financial statements)*

The amendments allow an entity to apply the equity method in its separate financial statements to account for its investments in subsidiaries, associates and joint ventures.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

The group does not believe that the adoption of this standard will have a significant impact on the financial statements.

Amendments to IFRS 10 and IAS 28 *(Sale or contribution of assets between an investor and its associate or joint venture)*

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 *Business Combinations*. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

The group does not believe that the adoption of this standard will have a significant impact on the financial statements.

2.21 New standards and interpretations not yet adopted (continued)

Amendments to IAS 1 *(Disclosure initiative)*

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

The group does not believe that the adoption of this standard will have a significant impact on the financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 *(Investment entities: Applying the consolidation exception)*

The amendment to IFRS 10 *Consolidated Financial Statements* clarifies which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit or loss. The amendment also modifies the condition in the general consolidation exemption that requires an entity's parent or ultimate parent to prepare consolidated financial statements. The amendment clarifies that this condition is also met where the ultimate parent or any intermediary parent of a parent entity measures subsidiaries at fair value through profit or loss in accordance with IFRS 10 and not only where the ultimate parent or intermediate parent consolidates its subsidiaries.

The amendment to IFRS 12 *Disclosure of Interests in Other Entities* requires an entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss in accordance with IFRS 10 to make disclosures required by IFRS 12 relating to investment entities.

The amendment to IAS 28 *Investments in Associates* and Joint Ventures modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended IFRS 10 conditions for not presenting consolidated financial statements. The amendments introduce relief when applying the equity method which permits a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016, with early application permitted.

The group does not believe that the adoption of this standard will have a significant impact on the financial statements.

IFRS 15 *(Revenue from contracts with customers)*

This standard replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, and IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 *Transfer of Assets from Customers and SIC-31 Revenue* – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The group is currently in the process of performing a more detailed assessment of the impact of this standard on the group and will provide more information in the year ending 31 December 2015 financial statements.

The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under IFRS.

3. DETERMINATION OF FAIR VALUES

A number of the group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

3.1 Investments in listed equity and debt securities

The fair value of listed financial assets at fair value through profit or loss is determined by reference to their quoted closing bid price at the reporting date.

3.2 Unlisted investments

Unlisted investments are fair valued annually by the directors using generally accepted valuation techniques. As with any valuation, a degree of subjective judgement is involved. 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. Operating businesses are valued using a combination of all of the following: discounted cash flow analysis, application of earnings multiples on sustainable after tax earnings, current and projected net asset values to determine overall reasonability. The cash flows are based on expected future dividends that will be paid by the businesses.

3.3 Derivative financial assets

The derivative is measured initially at fair value and subsequently at fair value with changes in fair value recognised in profit or loss.

IAS 39 does not permit a day 1 gain to be recognised in profit or loss if the fair value of the asset is not based on a valuation technique that uses data from only observable inputs. The valuation technique used is the Monte-Carlo Simulation technique, which includes unobservable inputs.

3.4 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

3.5 Financial liabilities at fair value through profit or loss

The group's financial liabilities held at fair value through profit or loss are all linked to listed equity investments held by the group and are accounted for in structured entities. The fair value adjustments that relate to financial liabilities are not a result of the group's inability to discharge its obligation, but rather in terms of the agreements with its lenders. The terms of the financial liability are such that, in the event that asset fair value falls below the face value of the liability, the group is not obligated to pay the full face of the debt, but rather a value that is directly linked to the value of the related asset. The full fair value adjustment is considered to be as a result of a change in market conditions.

4. FINANCIAL RISK MANAGEMENT

The group and company has exposure to the following risks from its use of financial instruments:

- Liquidity risk.
- Credit risk.
- Market risk.

This note presents information about the group's exposure to the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board is responsible for developing and monitoring the group's risk management policies.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The group audit and risk committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

4.1 Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

4.2 Credit risk

Credit risk is the risk of financial loss to the group and company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The group and company manages this risk by transacting with customers that have good credit records and good standing in the markets.

Financial assets, which potentially subject the group to concentrations of credit risk, consist principally of trade and other receivables and cash and cash equivalents.

Loans are granted to group companies. The company reviews all loan balances for recoverability annually and loans are impaired, if necessary.

The trade and other receivables relate to trade receivables. The group's exposure to credit risk is influenced mainly by the individual characteristics of each client. However, management also considers the factors that may influence the credit risk of its client base, including the default risk of the industry. Each client is analysed individually for creditworthiness. The group reviews accounts receivable monthly. Unless customers have good payment records, an impairment allowance is created for any accounts greater than 60 days. Other impairment indicators considered include bankruptcy and the insolvency of clients.

4. FINANCIAL RISK MANAGEMENT

4.2 Credit risk (continued)

The group deposits cash surpluses with major banks of good credit standing to address the related credit risk. The cash and cash equivalents are held with banks, which are rated A1+ based on rating agency Moodys' ratings.

4.3 Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The group is exposed to cash flow interest rate risk as it borrows funds at variable interest rates. The group generally adopts a policy of ensuring that its exposure to changes in interest rates is limited by either fixing the rate or by linking the rate to the prime rate over the period of the respective loan. The group is not exposed to significant currency risk.

The group is exposed to equity price risk on its listed investments that are not ring-fenced through underlying funding arrangements. The investments are not hedged and the pricing is reviewed on a daily basis. This risk is managed by linking the debt to the value of the underlying assets. This will ensure that the group will limit the amount payable on the underlying debt by limiting it to the value of the asset.

4.4 Currency risk

The group is exposed to currency risk on its investments in foreign operations, where fluctuations in exchange rates against the rand could impact the financial results. Exchange differences arising on translation are recognised directly in other comprehensive income. The group's investments in foreign operations are not hedged. Exchange differences on loans with foreign entities are recognised directly in profit or loss.

4.5 Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidences and to sustain future development of the business. The board of directors monitors the return on capital, which the group defines as: result from operating activities divided by total shareholders' equity and non-controlling interests. The board of directors also monitors the level of dividends to ordinary shareholders.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The capital structure of the group consists of debt, which includes other liabilities and trade and other payables disclosed in notes 28 and 30 and equity as disclosed in the statement of financial position. The group monitors capital on the basis of the gearing ratio.

In all externally-regulated entities, there are capital adequacy requirements for the day-to-day operations. Each entity has a compliance officer who is responsible for monitoring these requirements. The compliance officers report to the board of directors of each entity to ensure the requirements are met. There have been no instances of non-compliance reported to the board of directors throughout the reporting period.

Figures in R'000	2014 R	2013 R
Gearing ratio		
Total debt	**214 250**	225 037
Less: Cash and cash equivalents	**(67 773)**	(42 271)
Net debt	**146 477**	182 766
Equity	**257 662**	214 473
Total capital managed	**404 139**	397 239
Debt equity ratio	**56.85%**	85.21%

Figures in R'000	2014	Re-presented 2013
5. REVENUE FROM TRADING SERVICES		
Trading revenue		
Bond trading	**6 496**	7 466
Money market	**3 013**	708
Fees		
Advisory	**3 138**	6 481
Brokerage	**52 647**	45 378
Asset management	**38 383**	36 822
Client service fees	**747**	535
Management fees	**10 592**	10 615
	115 016	108 005
6. OTHER INCOME		
Foreign exchange gain	**920**	813
Directors' fees for services rendered on external boards	**684**	1 866
Recognition of amortisation of day one gain (refer to note 20)	**3 573**	3 575
Gain on bargain purchase (refer to note 34)	**298**	–
	5 475	6 254
7. INVESTMENT REVENUE		
Dividend income		
Dividend income from listed investments	**2 231**	3 351
Dividend income from unlisted investments	**11 989**	7 118
	14 220	10 469
8. INTEREST RECEIVED FROM INVESTMENTS		
Recognised in profit or loss		
Interest received – investments	**1 058**	1 492
Interest received – other non-current assets (refer to note 20)	**718**	582
Interest received – loans and receivables	**608**	501
	2 384	2 575
9. NET PROFIT ON DISPOSAL OF ASSETS		
Profit on disposal of associates	**–**	1 304

Figures in R'000	2014	Re-presented 2013
10. FAIR VALUE ADJUSTMENTS AND IMPAIRMENTS		
Fair value adjustment on financial assets and liabilities		
– Held at fair value through profit or loss (refer below)	**(18 866)**	22 709
Impairment of loans to associates (refer to note 17)	**–**	(530)
Impairment of other non-current assets (refer to note 20)	**(798)**	(3 576)
Reversal of impairment of loans to associates (refer to note 17)	**–**	60
Reversal of impairment of loans to associates due to IFRS 10 (refer to note 17)	**–**	1 241
Fair value adjustment on remeasurement of stepped up acquisition of subsidiary (refer to note 17 and 34)	**1 742**	–
	(17 922)	19 904
Adjustments on financial assets and liabilities at fair value through profit or loss comprise the following:		
Other financial liabilities (refer to note 28)	**1 177**	(625)
Other investments (refer to note 18)	**(14 089)**	19 247
Other investments – listed investments	**5 274**	3 136
Other investments – unlisted investments	**(19 363)**	16 111
Other non-current assets – options (refer to note 20)	**(5 954)**	4 087
	(18 866)	22 709

Refer to note 43.4 for details of assumptions used in determining the fair values of other investments and certain financial liabilities respectively.

Figures in R'000	2014	Re-presented 2013
11. OPERATING EXPENSES		
Operating expenses are arrived at after taking the following into account:		
Amortisation of intangible assets	**1 165**	489
Depreciation	**1 570**	1 962
External auditors' remuneration	**2 493**	2 936
Current year	**2 436**	2 536
Prior year	**57**	300
Other services	**–**	100
Internal auditors' remuneration		
Current year	**394**	322
Operating lease expense for office rentals	**4 978**	4 043
Directors (refer to note 42)	**19 414**	19 465
Non-executive directors' fees	**802**	660
Salaries	**9 353**	9 490
Bonuses paid	**–**	2 000
Bonuses accrued	**7 507**	4 833
Provident fund and medical aid contributions	**1 138**	1 246
Equity-settled share-based payment charge	**614**	1 236
Prescribed officers' remunerations (refer to note 62)	**10 282**	8 847
Staff costs (excluding directors' and prescribed officers' emoluments)	**53 957**	59 726
Staff provident fund and medical aid contributions (excluding directors)	**5 082**	3 127
Bad debt reversal	**(297)**	(934)
Equity-settled share-based payment charge (excluding directors)	**2 379**	3 114

Figures in Rand 000's	2014	Re-presented 2013

12. FINANCE INCOME AND FINANCE COSTS

	2014	Re-presented 2013
Interest received – cash and cash equivalents	**6 060**	2 357
Finance income	**6 060**	2 357
Interest charge – bank overdraft	**(55)**	(147)
Interest charge – long-term borrowings	**–**	(1 944)
Interest charge – debentures (refer to note 28.1)	**(2 509)**	(2 776)
Interest charge – trade and other payables	**(396)**	(137)
Finance costs	**(2 960)**	(5 004)
Net finance income/(costs)	**3 100**	(2 647)
Interest expense on financial liabilities measured at amortised cost	**(2 960)**	(3 060)
Interest expense on financial liabilities measured at fair value through profit or loss	**–**	(1 944)
Finance costs	**(2 960)**	(5 004)

Figures in R'000	2014	Re-presented 2013

13. INCOME TAX

	2014	Re-presented 2013
Current tax expense		
Current year	**(2 115)**	(2 485)
Deferred tax expense		
Current year	**653**	3 960
– Origination and reversal of temporary differences	**653**	3 532
– Previously unrecognised deferred tax assets	**–**	428
Total income tax recognised in profit or loss	**(1 462)**	1 475
Reconciliation of effective tax rate	**%**	%
Company tax rate	**28.0**	28.0
Disallowed expenditure	**0.1**	62.7
Capital loss on sale of shares	**–**	(13.7)
Equity-accounted earnings	**(0.1)**	(2.6)
Tax exempt income	**(16.7)**	(62.1)
Fair value gains or losses at Capital Gains Tax rate	**(2.7)**	(0.9)
Tax rate differences *	**(0.2)**	–
Unrecognised deferred tax assets	**28.4**	160.5
Fair value adjustments not taxed (asset recovered through dividends received)	**(30.5)**	(146.5)
Assessed loss utilised	**(0.2)**	(56.6)
	6.1	(31.2)

Basis of calculation

The above is a numerical reconciliation between the average effective tax rate and the applicable tax rate. The applicable tax rate is the national income tax rate of 28.0%. The effective Capital Gains Tax rate is 18.6%.

**The Zimbabwean tax rate is at 25.75%.*

14. 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"). This segment is classified as a discontinued operation. The sale of the VPAM 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 the VPAM business has been calculated in terms of an agreement between the shareholders of Vunani Properties Proprietary Limited, which owns 100% of VPAM.

The property investment and development segment saw a period of significant realisation during 2012 and 2013 and the managing director of this business resigned early in 2014. One remaining investment in a completed development (held in Orion Properties 14 Proprietary Limited) has been classified into the investment holdings segment in the current year and, the balance of the property investment and development segment has been classified as a discontinued operation.

The comparative information for December 2013 consolidated statement of comprehensive income and related notes have been re-presented to disclose the discontinued operations separately from continuing operations.

Figures in R'000	2014	Re-presented 2013
Revenue	**1 571**	10 811
Other income	**–**	11
Interest from investments	**–**	158
Profit on disposal of assets	**116 318**	9 865
Fair value adjustments and impairments	**–**	(1 434)
Operating expenses	**(10 782)**	(9 214)
Results from operating activities	**107 107**	10 197
Finance income	**747**	47
Finance costs	**(87)**	(349)
Net finance income/(costs)	**660**	(302)
Results from operating activities after net finance costs	**107 767**	9 895
Equity-accounted earnings (net of income tax)	**(30)**	(3 880)
Profit before income tax	**107 737**	6 015
Income tax expense	**(15 437)**	(3 906)
Profit for the year	**92 300**	2 109
Attributable to equity holders of Vunani	**79 108**	1 645
Attributable to non-controlling interest	**13 192**	464
	92 300	2 109
Effect on basic and diluted earnings per share (cents)	**77.1**	1.6
Effect on basic and diluted headline loss per share (cents)	**(2.8)**	(3.7)
Cash flows from discontinued operations		
Net cash utilised by operating activities	**(106 912)**	(55 326)
Net cash inflow from investing activities	**103 593**	45 672
Net cash (outflow)/ inflow from financing activities	**(2 213)**	87
Net cash outflow for the year	**(5 532)**	(9 567)

Figures in R'000	Land	Buildings	Leasehold improvements	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Total
15. PROPERTY, PLANT AND EQUIPMENT								
Cost								
Balance at 31 December 2012	–	–	3 753	75	1 703	1 169	7 278	13 978
Acquisition through business combinations	–	–	18	–	119	146	117	400
Additions	–	–	133	–	83	39	639	894
Disposals	–	–	–	–	–	–	(297)	(297)
Balance at 31 December 2013	–	–	3 904	75	1 905	1 354	7 737	14 975
Acquisition through business combinations	**944**	**3 776**	**–**	**187**	**82**	**160**	**44**	**5 193**
Additions	**–**	**–**	**35**	**–**	**–**	**41**	**602**	**678**
Disposals	**–**	**–**	**–**	**–**	**–**	**–**	**(258)**	**(258)**
Effects of movement in exchange rates	**100**	**401**	**–**	**20**	**9**	**17**	**5**	**552**
Balance at 31 December 2014	**1 044**	**4 177**	**3 939**	**282**	**1 996**	**1 572**	**8 130**	**21 140**
Accumulated depreciation and impairment losses								
Balance at 31 December 2012	–	–	(3 567)	(75)	(1 276)	(1 132)	(5 317)	(11 367)
Depreciation	–	–	(131)	–	(136)	(82)	(1 613)	(1 962)
Disposals	–	–	–	–	–	–	288	288
Balance at 31 December 2013	–	–	(3 698)	(75)	(1 412)	(1 214)	(6 642)	(13 041)
Depreciation	**–**	**–**	**(105)**	**–**	**(114)**	**(46)**	**(1 305)**	**(1 570)**
Disposals	**–**	**–**	**–**	**–**	**–**	**–**	**258**	**258**
Balance at 31 December 2014	**–**	**–**	**(3 803)**	**(75)**	**(1 526)**	**(1 260)**	**(7 689)**	**(14 353)**
Carrying amounts								
At 31 December 2012	–	–	186	–	427	37	1 961	2 611
At 31 December 2013	–	–	206	–	493	140	1 095	1 934
At 31 December 2014	**1 044**	**4 177**	**136**	**207**	**470**	**312**	**441**	**6 787**

The building is located on Stand 1642 Kumalo Township of Bulawayo Township Lands, 5 Chancellor Avenue, Kumalo, Bulawayo, Zimbabwe.

The property has been pledged to the Reserve Bank of Zimbabwe for the capital adequacy requirements of Purpose Vunani Asset Management (Private) Limited.

16. GOODWILL AND INTANGIBLE ASSETS

Figures in R'000	Goodwill	Customer lists	Total
Cost			
Balance at 31 December 2012	87 054	28 001	115 055
Acquisition through business combination	–	2 207	2 207
Balance at 31 December 2013 and 2014	**87 054**	**30 208**	**117 262**
Accumulated amortisation and impairment			
Balance at 31 December 2012	(52 931)	(27 512)	(80 443)
Amortisation	–	(489)	(489)
Balance at 31 December 2013	(52 931)	(28 001)	(80 932)
Amortisation	**–**	**(1 165)**	**(1 165)**
Balance at 31 December 2014	**(52 931)**	**(29 166)**	**(82 097)**
Carrying amounts			
At 31 December 2012	34 123	489	34 612
At 31 December 2013	34 123	2 207	36 330
At 31 December 2014	**34 123**	**1 042**	**35 165**

The remaining goodwill and intangibles in the group arose from the business combinations of Vunani Securities Proprietary Limited, Vunani Fund Managers Proprietary Limited and Vunani Private Clients Proprietary Limited.

It is the group's policy to test the impairment of goodwill and intangibles on an annual basis even if there are no indicators of impairment. For the purposes of impairment testing, goodwill has been allocated to the following cash-generating units (operating companies) as follows:

Figures in R'000	2014	2013
Vunani Fund Managers Proprietary Limited	**27 703**	27 703
Vunani Securities Proprietary Limited	**6 420**	6 420
	34 123	34 123

Assumptions applied in testing for the impairment of goodwill

Vunani Fund Managers Proprietary Limited

The carrying amount of goodwill that arose through the business combination is R27.7 million.

The recoverable amount was determined as the fair value less costs of disposal of the company.

The fair value less costs of disposal is determined using the funds under management at the date of disposal. The fair value measurement was categorised as a level 3 fair value based on the valuation technique used.

An established industry benchmark for valuing fund management companies is to apply a percentage to the funds under management. The percentage can vary based on a combination of factors, inter alia, quantum of funds under management; profitability; average term of mandates; average management fees charged and growth prospects. As any or all these factors improve, the higher the percentage applied. In applying the impairment test to goodwill held in respect of the investment in Vunani Fund Managers, fair value has been determined on the basis of a percentage of the funds under management. This percentage has been set at 1% and applied to R12.3 billion funds under management at 31 December 2014 to arrive at a fair value of R123 million. The value has been determined solely for the purpose of the impairment test.

As a result of the above, the group does not believe that the goodwill is impaired.

16. GOODWILL AND INTANGIBLE ASSETS (continued)

Vunani Securities Proprietary Limited

The carrying amount of goodwill that arose through the business combination is R6.4 million.

The recoverable amount was determined as the value in use of the company. The key assumptions used in the calculation of the recoverable amount are discount rates and EBITDA growth rate. The values assigned to the key assumption represented management's assessments for future trends in the securities broking industries and were based on internal sources and historical data.

An after tax discount rate of 9% was used in the valuation, estimated based on past experience, which is consistent with previous periods.

Four years' cash flows were included in the discounted cash flow model. The cash flows were adjusted to take into account the expected growth rate of the EBITDA. An EBITDA rate of 12% was used.

The significant driver of the expected growth in EBITDA is due to increased research offering and stock, bonds and money market dealing capability. Assumptions are supported by past experience.

As a result of the above the group does not believe that the goodwill needs to be impaired.

Management has identified one key assumption for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The amount by which this one assumption would need to change individually in order for the estimated recoverable amount to equal the carrying amount of the cash generating unit is shown below:

EBITDA growth rate – (12%)

The recoverable amount of the cash generating unit exceeds the carrying amount of the cash generating by R62.5 million.

Figures in R'000	Investment in associate	Loans to associates	Total
17. INVESTMENTS IN AND LOANS TO ASSOCIATES			
Balance at 31 December 2012	42 075	37 998	80 073
Increase in investments in associates	1 835	–	1 835
Disposal of associates	(14 969)	–	(14 969)
Loans advanced	–	16 668	16 668
Loans repaid	–	(35 186)	(35 186)
Transfer to subsidiary	(8)	(3 894)	(3 902)
Impairments - continuing operations	–	(530)	(530)
Impairment - discontinued operations	–	(34)	(34)
Reversal of impairment of loans to associates	–	60	60
Impairments reversed	–	1 241	1 241
Equity-accounted earnings - continuing operations	442	–	442
Equity-accounted earnings - discontinued operations	(3 880)	–	(3 880)
Dividends received	(19 393)	–	(19 393)
Balance at 31 December 2013	6 102	16 323	22 425
Increase in investments in associates	**5**	**–**	**5**
Disposal of associates	*****	**–**	*****
Loans advanced	**–**	**4 084**	**4 084**
Loans repaid	**–**	**(2 239)**	**(2 239)**
Loans repaid through in specie distribution	**–**	**(3 637)**	**(3 637)**
Transfer to subsidiary	**(3 692)**	**(126)**	**(3 818)**
Fair value adjustment on remeasurement of stepped up acquisition of subsidiary	**1 742**	**–**	**1 742**
Transfer to other investments	**(680)**	**(80)**	**(760)**
Equity-accounted earnings - continuing operations	**(86)**	**–**	**(86)**
Equity-accounted earnings - discontinued operations	**(30)**	**–**	**(30)**
Balance at 31 December 2014	**3 361**	**14 325**	**17 686**

** Amount less than R1 000.*

Impairments

The group reviews the recoverability of investments in associates and loans to associates annually. Investments in associates and loans to associates are impaired if the investee is making losses and the cumulative losses are in excess of the carrying amount of the investment.

The loans to associates are impaired on the basis that the associates are making losses and the group believes it will not be able to recover the loans in the future.

Disposals

The following investments in associates were disposed of in 2014:

- Royal Albatross Proprietary Limited

Figures in R'000	Royal Albatross Proprietary Limited	Total
Carrying amount of investment in associate	**45**	**45**
Equity accounted earnings	**(30)**	**(30)**
Loans to associates repaid	**(15)**	**(15)**
Proceeds	**–**	**–**
Profit on disposal of associates	**–**	**–**

17. INVESTMENTS IN AND LOANS TO ASSOCIATES (continued)

Figures in R'000	2014	2013
Credit quality		
An analysis of the credit quality of loans to associates not impaired is as follows.		
Internal credit ratings		
Four or more years trading history with the group	**5 435**	10 877
Less than four years trading history with the group	**8 890**	5 446
	14 325	16 323

Figures in R'000	Effective ownership	Current assets (including cash and cash equivalents)	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net Assets
at 31 December 2014								
Avram International LLC (dormant)	**26.0%**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Before Sunset Properties 37 Proprietary Limited	**25.3%**	**–**	*****	**–**	**(11)**	**(57)**	**(68)**	**(68)**
Black Wattle Colliery Proprietary Limited (refer note 20)	**37.5%**	**145 035**	**108 568**	**253 603**	**(181 071)**	**(23 945)**	**(205 016)**	**48 587**
Butsanani Energy Investment Holdings Proprietary Limited	**33.3%**	**5 625**	**11**	**5 636**	**(2 017)**	**(19 203)**	**(21 220)**	**(15 584)**
English Breeze Investments (Private) Limited***	**50.0%**	**–**	**888**	**888**	**–**	**(906)**	**(906)**	**(18)**
Future Horizon Technologies Proprietary Limited	**33.3%**	**–**	**–**	**–**	**–**	**(162)**	**(162)**	**(162)**
Micawber 534 Proprietary Limited **	**47.6%**	**3**	**–**	**3**	**(7)**	**(10 673)**	**(10 680)**	**(10 677)**
Orion Properties 14 Proprietary Limited	**39.0%**	**1 463**	**20 114**	**21 577**	**(300)**	**(20 832)**	**(21 132)**	**445**
Papillon in Flight Proprietary Limited	**26.0%**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Phakamani Impact Capital Proprietary Limited	**50.0%**	**1 385**	**–**	**1 385**	**(1 136)**	**(1 641)**	**(2 777)**	**(1 392)**
Space Launch Investments (Private) Limited***	**50.0%**	**–**	**2 209**	**2 209**	**–**	**(2 209)**	**(2 209)**	**–**
Vunani Solar Power Proprietary Limited (dormant)	**26.0%**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Wisdom of Africa Proprietary Limited (dormant)	**35.0%**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
		153 511	**131 790**	**285 301**	**(184 542)**	**(79 628)**	**(264 170)**	**21 131**

** less than R 1000.*

*** The company is in the process of being deregistered.*

**** The company is incorporated in Zimbabwe.*

No impairment has been raised on the loan with Butsanani Energy Investment Holdings Proprietary Limited, as Butsanani is a start up mining company which is only expected to generate revenues and profits in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2014

Figures in R'000	Effective ownership	Current assets (including cash and cash equivalents)	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets
17. INVESTMENTS IN AND LOANS TO ASSOCIATES (continued)								
At 31 December 2013								
Avram International LLC (dormant)	26.0%	–	–	–	–	–	–	–
Before Sunset Properties 37 Proprietary Limited	25.3%	*	–	–	(4)	(57)	(61)	(61)
Black Wattle Colliery Proprietary Limited	37.5%	115 703	118 317	234 020	(146 166)	(46 463)	(192 629)	41 391
Butsanani Energy Investment Holdings Proprietary Limited	33.3%	7 496	–	7 496	(465)	(10 060)	(10 525)	(3 029)
English Breeze Investments (Private) Limited**	50.0%	–	802	802	–	(819)	(819)	(17)
Glenhove Fund Managers Proprietary Limited	29.6%	1 498	5 850	7 348	(71)	(3 086)	(3 157)	4 191
Loato Properties Proprietary Limited	31.6%	330	7 031	7 361	(1 864)	(7 859)	(9 723)	(2 362)
Micawber 534 Proprietary Limited *	47.6%	3	–	3	(7)	(10 673)	(10 680)	(10 677)
Orion Properties 14 Proprietary Limited	39.0%	7 914	18 715	26 629	(2 214)	(24 204)	(26 418)	211
Papillon in Flight Proprietary Limited	26.0%	–	–	–	–	–	–	–
Purpose Vunani Asset Management (Private) Limited**	45.0%	2 125	5 820	7 945	–	–	–	7 945
Royal Albatross Properties 379 Proprietary Limited	39.0%	527	–	527	(450)	(15)	(465)	62
Space Launch Investments (Private) Limited**	50.0%	–	1 997	1 997	–	(1 997)	(1 997)	–
Vunani Solar Power Proprietary Limited (dormant)	26.0%	–	–	–	–	–	–	–
Wisdom of Africa Proprietary Limited (dormant)	35.0%	–	–	–	–	–	–	–
		135 596	158 532	294 128	(151 241)	(105 233)	(256 474)	37 654

** The company is in the process of being deregistered.*

*** The company is incorporated in Zimbabwe.*

No impairment has been raised on the loan with Butsanani Energy Investment Holdings Proprietary Limited, as Butsanani is a start up mining company which is only expected to generate revenues and profits in the future.

17. INVESTMENTS IN AND LOANS TO ASSOCIATES (continued)

Figures in R'000	Revenue	Profit/(loss) and total comprehensive income	Cost of investment	Loans to associates	Impairments	Cumulative equity earnings net of dividends	Net carrying amount
For the year ended 31 December 2014							
Avram International LLC (note 1)	–	–	1 833	–	–	–	1 833
Before Sunset Properties 37 Proprietary Limited	–	(7)	*	–	–	–	*
Black Wattle Colliery Proprietary Limited (refer to note 20)	451 957	11 861	*	–	–	–	*
Butsanani Energy Investment Holdings Proprietary Limited	–	(12 555)	*	6 494	–	–	6 494
English Breeze Investments (Private) Limited***	–	–	1	–	–	–	1
Future Horizon Technologies Proprietary Limited	–	(162)	*	162	–	–	162
Micawber 534 Proprietary Limited **	–	–	*	5 160	(5 160)	–	*
Orion Properties 14 Proprietary Limited	2 305	233	*	5 356	–	221	5 577
Papillon in Flight Proprietary Limited	–	–	3 191	–	(3 191)	–	–
Phakamani Impact Capital Proprietary Limited	375	(1 402)	5	750	–	–	755
Space Launch Investments (Private) Limited***	–	–	1	1 563	–	–	1 564
Vunani Solar Power Proprietary Limited (note 1)	–	–	1 300	–	–	–	1 300
Wisdom of Africa Proprietary Limited (dormant)	–	–	*	–	–	–	*
	454 637	(2 032)	6 331	19 485	(8 351)	221	17 686

* *Less than R1 000.*
** *The company is in the process of being deregistered.*
*** *The company is incorporated in Zimbabwe.*
Note 1 – acquired in terms of vendor financed transaction (refer to note 28 for corresponding liability).

A reconciliation of the movements in associates is shown below:

Figures in R'000	Investment at cost	Loans to associates	Total
Investment at cost and loans to associates	6 331	19 485	25 816
Cumulative impairments	(3 191)	(5 160)	(8 351)
Cumulative equity earnings net of dividends	221	–	221
	3 361	14 325	17 686

17. INVESTMENTS IN AND LOANS TO ASSOCIATES (continued)

Figures in R'000	Revenue	Profit/ (loss) and total comprehensive income	Cost of investment	Loans to associates	Impairments	Cumulative equity earnings net of dividends	Net carrying amount
For the year ended 31 December 2013							
Avram International LLC (note 1)	–	–	1 833	–	–	–	1 833
Before Sunset Properties 37 Proprietary Limited	–	1	*	–	–	–	*
Black Wattle Colliery Proprietary Limited (refer to note 20)	38 474	(1 737)	*	–	–	–	*
Butsanani Energy Investment Holdings Proprietary Limited	–	(3 030)	*	3 323	–	–	3 323
English Breeze Investments (Private) Limited***	–	(18)	1	–	–	–	1
Glenhove Fund Managers Proprietary Limited	1 144	(134)	1 150	499	(772)	(117)	760
Loato Properties Proprietary Limited	–	(1 094)	*	3 848	–	247	4 095
Micawber 534 Proprietary Limited **	–	–	*	5 160	(5 160)	71	71
Orion Properties 14 Proprietary Limited	–	–	*	6 934	–	106	7 040
Papillon in Flight Proprietary Limited	–	–	3 191	–	(3 191)	–	–
Purpose Vunani Asset Management (Private) Limited***	6 553	11	1 833	126	–	–	1 959
Royal Albatross Properties 379 Proprietary Limited	8 480	(26)	711	15	(711)	30	45
Space Launch Investments (Private) Limited***	–	*	1	1 997	–	–	1 998
Vunani Solar Power Proprietary Limited (note 1)	–	–	1 300	–	–	–	1 300
Wisdom of Africa Proprietary Limited (dormant)	–	–	*	–	–	–	*
	54 651	(6 027)	10 020	21 902	(9 834)	337	22 425

* *Less than R1 000.*
** *The company is in the process of being deregistered.*
*** *The company is incorporated in Zimbabwe.*
Note 1 – acquired in terms of vendor financed transaction (refer to note 28 for corresponding liability).

A reconciliation of the movements in associates is shown below:

Figures in R'000	Investment at cost	Loans to associates	Total
Investment at cost and loans to associates	10 020	21 902	31 922
Cumulative impairments	(4 255)	(5 579)	(9 834)
Cumulative equity earnings net of dividends	337	–	337
	6 102	16 323	22 425

17. INVESTMENTS IN AND LOANS TO ASSOCIATES (continued)

A reconciliation of the investments in and loans to associates

Figures in R'000	Effective ownership	Net asset value	Share of net assets	Loans to associates	Goodwill/ (bargain purchase)	Losses not accounted for	Impair-ments	Black Wattle option	Net carrying amount
At 31 December 2014									
Avram International LLC (dormant)	26.0%	–	–	–	1 833	–	–	–	1 833
Before Sunset Properties 37 Proprietary Limited	25.3%	(68)	(17)	–	–	17	–	–	–
Black Wattle Colliery Proprietary Limited (refer note 20)	37.5%	48 587	18 220	–	–	–	–	(18 220)	–
Butsanani Energy Investment Holdings Proprietary Limited	33.3%	(15 584)	(5 190)	6 494	–	5 190	–	–	6 494
English Breeze Investments (Private) Limited***	50.0%	(18)	(9)	–	1	9	–	–	1
Future Horizon Technologies Proprietary Limited	33.3%	(162)	(54)	162	–	54	–	–	162
Micawber 534 Proprietary Limited **	47.6%	(10 677)	(5 082)	5 160	–	5 082	(5 160)	–	–
Orion Properties 14 Proprietary Limited	39.0%	445	221	5 356	–	–	–	–	5 577
Papillon in Flight Proprietary Limited	28.0%	–	–	–	3 191	–	(3 191)	–	–
Phakamani Impact Capital Proprietary Limited	50.0%	(1 392)	(696)	750	5	696	–	–	755
Space Launch Investments (Private) Limited***	50.0%	–	–	1 563	1	–	–	–	1 564
Vunani Solar Power Proprietary Limited (dormant)	26.0%	–	–	–	1 300	–	–	–	1 300
Wisdom of Africa Proprietary Limited (dormant)	35.0%	–	–	–	–	–	–	–	–
		21 131	7 393	19 485	6 331	11 048	(8 351)	(18 220)	17 686

Less than R1 000.
** *The company is in the process of being deregistered.*
*** *The company is incorporated in Zimbabwe.*

17. INVESTMENTS IN AND LOANS TO ASSOCIATES (continued)

A reconciliation of the investments in and loans to associates

Figures in R'000	Effective ownership	Net asset value	Share of net assets	Loans to associates	Goodwill/ (bargain purchase)	Losses not accounted for	Impair-ments	Black Wattle option	Net carrying amount
At 31 December 2013									
Avram International LLC (dormant)	26.0%	–	–	–	1 833	–	–	–	1 833
Before Sunset Properties 37 Proprietary Limited	25.3%	(61)	(15)	–	–	15	–	–	–
Black Wattle Colliery Proprietary Limited (refer note 20)	37.5%	41 391	15 522	–	–	–	–	(15 522)	–
Butsanani Energy Investment Holdings Proprietary Limited	33.3%	(3 029)	(1 009)	3 323	–	1 009	–	–	3 323
English Breeze Investments (Private) Limited***	50.0%	(17)	(9)	–	1	9	–	–	1
Glenhove Fund Managers Proprietary Limited	29.6%	4 191	1 241	499	(208)	–	(772)	–	760
Loato Properties Proprietary Limited	31.6%	(2 362)	(746)	3 848	993	–	–	–	4 095
Micawber 534 Proprietary Limited **	47.6%	(10 677)	(5 082)	5 160	71	5 082	(5 160)	–	71
Orion Properties 14 Proprietary Limited	39.0%	211	106	6 934	–	–		–	7 040
Papillon in Flight Proprietary Limited	26.0%	–	–	–	3 191	–	(3 191)	–	–
Purpose Vunani (Private) Limited	45.0%	7 945	3 575	126	(2 438)	696	–	–	1 959
Royal Albatross Proprietary Limited	39.0%	62	24	21	711	–	(711)	–	45
Space Launch Investments (Private) Limited***	50.0%	–	–	1 997	1	–	–	–	1 998
Vunani Solar Power Proprietary Limited (dormant)	26.0%	–	–	–	1 300	–	–	–	1 300
Wisdom of Africa Proprietary Limited (dormant)	35.0%	–	–	–		–	–	–	–
		37 654	13 607	21 908	5 455	6 811	(9 834)	(15 522)	22 425

* *Less than R1 000.*
** *The company is in the process of being deregistered.*
*** *The company is incorporated in Zimbabwe.*

17. INVESTMENTS IN AND LOANS TO ASSOCIATES (continued)

All associates are incorporated in the Republic of South Africa, with the exception of English Breeze Investments (Private) Limited and Space Launch Investments (Private) Limited, which operate in Zimbabwe. The carrying amounts of associates are shown net of impairment losses. The group cannot withdraw cash from the associates until such time as the funding provided to the associates has been repaid by the associate. The following associates have different year-ends to the group, and are equity-accounted on the basis of the associates' December 2014 unaudited financial information:

– English Breeze Investments (Private) Limited
– Space Launch Investments (Private) Limited

The group has accounted for losses incurred by associates to the extent of investments made. The group has not recognised losses relating to the following associates in 2014, since the group has no obligation in respect of these losses:
The group's share of associates' losses in excess of the carrying value of the investment:

	Current year losses		Cumulative losses	
Figures in R'000	2014	2013	2014	2013
Before Sunset Properties 37 Proprietary Limited	**2**	–	**2**	–
Butsanani Energy Investment Holdings Proprietary Limited	**4 182**	1 009	**5 190**	1 009
English Breeze Investments (Private) Limited*	**–**	9	**9**	9
Future Horizon Technologies Proprietary Limited	**54**	–	**54**	–
Phakamani Impact Capital Proprietary Limited	**701**	–	**701**	–
	4 939	1 018	**5 956**	1 018

Below is a description of the nature of the operations and activities of associates:

Associate	Nature of operations and activities
Avram International LLC (dormant)	Dormant entity
Before Sunset Properties 37 Proprietary Limited	Dormant entity
Black Wattle Colliery Proprietary Limited	Mining operations
Butsanani Energy Investment Holdings Proprietary Limited	Mining operations
English Breeze Investments (Private) Limited*	Investment holding company
Future Horizon Technologies Proprietary Limited	Information and communications projects
Micawber 534 Proprietary Limited	Dormant entity
Orion Properties 14 Proprietary Limited	Property development projects
Papillon in Flight Proprietary Limited	Dormant entity
Phakamani Impact Capital Proprietary Limited	Management services
Space Launch Investments (Private) Limited*	Investment holding company
Vunani Solar Power Proprietary Limited (dormant)	Dormant entity
Wisdom of Africa Proprietary Limited	Dormant entity

** The company is incorporated in Zimbabwe.*

Figures in R'000	2014	2013
18. OTHER INVESTMENTS		
Balance at beginning of year	**115 317**	152 241
Fair value adjustments	**(14 089)**	19 247
Additions	**2 833**	9 252
Foreign exchange gain	**52**	–
Additions in lieu of loan repayments	**4 454**	–
Additions through business combinations	**556**	–
Additions in lieu of revenue	**1 287**	–
Disposals	**–**	(65 423)
Transfer from associates	**760**	–
Balance at end of year	**111 170**	115 317
Non-current	**102 270**	115 317
Current	**8 900**	–
	111 170	115 317

Figures in R'000	Number of shares held (000s)	Percentage holding	INVESTMENTS Listed	Unlisted	Fair value
At 31 December 2014					
Non-current					
African Legends Limited	2 248	2.4%	–	*	*
Arrowhead Limited	214	0.03%	2 010	–	2 010
BSI Limited	20 150	2.80%	11 485	–	11 485
Esor Limited	7 305	1.85%	1 680	–	1 680
Ferrox Proprietary Limited	4 800	1.28%	–	516	516
Gidani Proprietary Limited **	*	10.80%	–	2 554	2 554
Johannesburg Stock Exchange Limited	228	2.67%	27 586	–	27 586
Prospect Resources Limited	620	0.09%	90	–	90
Redefine Properties Limited	1 970	0.05%	21 084	–	21 084
Solethu Investments Proprietary Limited	23 881	15.00%	–	11 500	11 500
Virimai Investments (Private) Limited	*	15.00%	–	170	170
Workforce Holdings Limited	42 900	17.90%	23 595	–	23 595
Other investments - non-current			87 530	14 740	102 270
Current					
Afrimat Limited	5	*	83	–	83
Atlatsa Resources Corporation Limited	40	0.01%	92	–	92
Grindrod Limited	10	*	224	–	224
Invicta Holding Limited	3	*	246	–	246
Johannesburg Stock Exchange Limited	20	0.23%	2 413	–	2 413
Listed portfolios managed by Vunani Private Clients Proprietary Limited ***	*	*	5 117	–	5 117
Purpose Vunani Asset Management (Private) Limited listed investments	*	*	592	–	592
Torre Industries Limited	33	0.01%	133	–	133
Other investments - current			8 900	–	8 900
Total other investments			96 430	14 740	111 170

The investment in Glenhove Fund Managers Proprietary Limited was transferred from associate to other investments and subsequently disposed of.

18. OTHER INVESTMENTS (continued)

Figures in R'000	Number of shares held (000s)	Percentage holding	INVESTMENTS Listed	Unlisted	Fair value
At 31 December 2013					
Non-current					
African Legends Limited	2 248	2.40%	–	*	*
Arrowhead Limited	214	0.10%	1 474	–	1 474
BSI Limited	20 150	2.80%	14 914	–	14 914
Esor Limited	7 305	1.80%	5 552	–	5 552
Gidani Proprietary Limited **	*	10.80%	–	6 971	6 971
Johannesburg Stock Exchange Limited	228	0.30%	20 501	–	20 501
Listed portfolios managed by Vunani Private Clients Proprietary Limited ***	*	*	3 118	–	3 118
Portfolios managed by Vunani Hedge Funds Proprietary Limited	*	*	–	1 534	1 534
Redefine Properties Limited	1 358	0.05%	13 231	–	13 231
Solethu Investments Proprietary Limited	23 881	15.00%	–	26 418	26 418
Virimai Investments (Private) Limited	*	15.00%	–	154	154
Workforce Holdings Limited	42 900	17.90%	21 450	–	21 450
			80 240	35 077	115 317

** Less than 1 000 shares or R1 000 or 0.1%.*

*** Any investment revenue received until 31 May 2015 from the investment has been pledged to Investec Bank Limited (refer to note 28.7).*

**** The portfolio comprised listed investments held in the following products: Vunani Accelerated Growth Fund, Vunani Emerging Fund, Vunani Income Growth Fund, Vunani Shariah Fund, Follow Me trading portfolio and GFD Long/Short portfolio, CFD investments and CFD long/short.*

The fair value of unlisted investments is determined using appropriate valuation techniques that may include, but are not limited to, discounted cash flow analysis, current and projected net asset value calculations, earnings multiples and directors' valuations. The fair value of Gidani Proprietary Limited is determined using cash flows based on future dividends that will be paid using an after tax discount rate. Solethu Investments Proprietary Limited valuation was determined using earnings multiples on sustainable after tax earnings. As with any valuation a degree of subjective judgement is involved.

The fair values of listed investments is determined with reference to quoted bid prices at the close of business on the relevant securities exchange. Both the listed and unlisted investments are designated at fair value through profit or loss.

Figures in R'000	VUNANI LIMITED – Group 2014	2013
19. DEFERRED TAX		
Deferred tax comprises		
Deferred tax assets	**44 890**	40 397
Deferred tax liabilities	**(7 825)**	(4 061)
	37 065	36 336
Recognised deferred tax assets and liabilities comprise		
Fair value adjustments		
– Other investments	**1 503**	7 983
Intangible assets	**(1 466)**	(1 466)
Trade and other receivables	**(1 678)**	50
Accruals	**12 112**	3 110
Tax losses carried forward	**26 812**	26 719
Prepayments	**(218)**	(60)
	37 065	36 336
Reconciliation of movement in deferred tax		
Balance at the beginning of the year	**36 336**	32 307
Recognised in profit or loss	**653**	3 960
Acquired through business combination (refer to note 34)	**76**	69
Balance at the end of the year	**37 065**	36 336
Deferred tax assets acquired through business combination relate to tax losses carried forward.		
Unrecognised deferred tax assets		
Estimated tax losses available for utilisation against future taxable income	**177 474**	152 909
Recognised as deferred tax assets	**(95 781)**	(95 425)
Unrecognised estimated tax losses carried forward not accounted for in deferred tax	**81 693**	57 484
Estimated capital tax losses available for utilisation against future taxable income	**323 269**	323 269
Recognised as deferred tax assets	**–**	–
Unrecognised estimated capital tax losses carried forward not accounted for in deferred tax	**323 269**	323 269

The group has recognised certain deferred tax assets as they are expected to be utilised against future taxable profits. The basis of future taxable profits has been established through a detailed budgeting process performed by the group. The group's budgeting process is based on a bottom up approach. Each operating entity in the group has its own detailed monthly budget for the next year. The budgets also include forecasts for the next three years, which are adjusted for expected changes in revenues for the forecasted years. These are then incorporated to create a group budget.

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have in instances not been recognised in respect of estimated tax losses carried forward because it is not probable that future taxable profit will be available against which the group can utilise the benefits therefrom.

20. OTHER NON-CURRENT ASSETS

Figures in R'000	Other loans	Black Wattle Option	Total
2014			
Balance at the beginning of the year	**4 388**	**22 421**	**26 809**
Additions	**798**	**–**	**798**
Foreign exchange gain	**13**	**–**	**13**
Interest	**718**	**–**	**718**
Repayments	**(331)**	**–**	**(331)**
Impairment (refer to note 10)	**(798)**	**–**	**(798)**
Fair value adjustment (refer to note 10)	**–**	**(5 954)**	**(5 954)**
Movement between fair value of option and unrecognised fair value gain on day one	**–**	**3 573**	**3 573**
Balance at the end of the year	**4 788**	**20 040**	**24 828**
2013			
Balance at the beginning of the year	5 219	14 759	19 978
Additions	2 220	–	2 220
Acquired through business combination	129	–	129
Interest	582	–	582
Repayments	(186)	–	(186)
Impairment (refer to note 10)	(3 576)	–	(3 576)
Fair value adjustment (refer to note 10)	–	4 087	4 087
Movement between fair value of option and unrecognised fair value gain on day one	–	3 575	3 575
Balance at the end of the year	4 388	22 421	26 809

Figures in R'000	2014	2013
Non-current		
Black Wattle Option	**20 040**	22 421
Other loans	**1 965**	2 937
	22 005	25 358
Current		
Other loans	**2 823**	1 451
Total	**24 828**	26 809
Other loans		
C4Life Proprietary Limited	**3 426**	3 128
Non-current	**5 399**	6 384
Current	**1 603**	320
Impairment	**(3 576)**	(3 576)
The loan bears interest at the prime rate, is secured by a cession of book debts in the company and is repayable in tranches up to 1 January 2017.		
RRL Holdings Proprietary Limited	**1 220**	1 131
The loan bears interest at the prime rate, is unsecured and is repayable on demand.		
Kirloska Investments (Private) Limited	**142**	129
The loan is unsecured and bears no interest.		
Zibuyile Healthcare Proprietary Limited	**–**	–
The loan is unsecured, bears no interest and has been fully impaired.		
Current	**798**	–
Impairment	**(798)**	–
	4 788	4 388

20. OTHER NON-CURRENT ASSETS (continued)

Black Wattle Option

During the 2010 financial year, Vunani Mining Proprietary Limited (“Vunani Mining”), a subsidiary of Vunani Limited, obtained a 37.5% interest in Black Wattle through a vendor financed transaction. The 37.5% shareholding consists of 22.5% A ordinary shares and 15% ordinary shares. Vunani Mining has classified this investment as an associate as it has the ability to exercise significant influence in the company.

Vunani Mining is not entitled to share in the economic benefits of ownership until such time as the debt associated with the acquisition is settled. The debt would be redeemed through dividends received by Vunani Mining on the A ordinary shares. Cash flows relating to the 15% ordinary shares will be paid to Vunani Mining. The risks and rewards of ownership have not passed to Vunani Mining and accordingly Vunani Limited equity accounts 0% of Black Wattle in profit or loss. (refer to note 17)

Vunani Mining benefits from the upside of the investment being dividends and the capital growth; however, it does not bear the downside of the risk. The substance of the transaction is a call option with dividend rights. Vunani Mining has therefore recognised an in-substance call option.

The option is a derivative financial instrument as defined by IFRS classified at fair value through profit or loss. The derivative is measured initially at fair value and subsequently at fair value with changes in fair value recognised in profit or loss.

On day one in 2010, the fair value of the in-substance call option was significantly greater than the R375 that was paid. The fair value amounted to R17.9 million. Since only R375 was paid, this would result in a day one gain of R17.9 million.

IAS 39 does not permit a day one gain to be recognised in profit or loss if the fair value of the asset is not based on a valuation technique that uses data from only observable inputs. The valuation technique used was the Monte-Carlo Simulation technique, which includes unobservable inputs. Accordingly, the day one profit of R17.9 million could not be recognised immediately in profit or loss. This resulted in an unrecognised day one gain of R17.9 million which is recognised in profit or loss over a five-year period.

Figures in R'000	2014	2013
Fair value of option to acquire investment in Black Wattle Colliery Proprietary Limited	**23 614**	29 568
Unrecognised fair value gain	**(3 574)**	(7 147)
Carrying value at year-end	**20 040**	22 421
Unrecognised fair value gain reconciliation		
Unrecognised fair value gain on day one	**17 864**	17 864
Fair value gain recognised – prior years	**(10 717)**	(7 142)
Fair value gain recognised – current year	**(3 573)**	(3 575)
Unrecognised fair value gain at year-end	**3 574**	7 147

The option is revalued six monthly, with any movements in the value of the option after acquisition being taken to profit or loss for the period.

Level 3 fair value hierarchy

The fair value measurement for the derivative financial instrument has been classified as a level 3 fair value based on the inputs of the valuation technique used (refer to note 43.5).

21. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

During the 2013 financial year the group made a decision to dispose of its investment in its subsidiaries, Selectria Investments 49 Proprietary Limited ("Selectria") and the property asset management business in Vunani Property Asset Management Proprietary Limited ("VPAM"), which fall under the Properties Development and Investments segment and the Properties Asset Management segment respectively. The investment in Selectria and the assets and liabilities related to the sale of VPAM's business have been presented as a disposal group held for sale. The disposal of Selectria was concluded during the 2014 financial year, while the sale of VPAM's business was concluded on 28 February 2014. At 31 December 2014 the disposal group had a fair value less cost to sell of nil (2013: R 0.155 million).

Figures in R'000	2014	2013
As at 31 December 2014 the assets and liabilities held for sale were detailed as follows:		
Assets classified as held for sale		
Investment property	–	2 600
Trade and other receivables	–	33
Cash and cash equivalents	–	1
	–	2 634
Liabilities classified as held for sale		
Other financial liabilities	–	2 450
Trade and other payables	–	29
	–	2 479

Fair value hierarchy

The non-recurring fair value measurement for the disposal group of R 0.155 million has been categorised as a level 3 fair value based on the inputs to the valuation technique used.

Disposal group in the 2014 year

Figures in R'000	Vunani Property Asset Management Proprietary Limited	Selectria Investments 49 Proprietary Limited	Total
Proceeds on sale	116 128	–	116 128
Consideration received, settled in cash	102 000	–	102 000
Amount to be received	14 128	–	14 128
Net (asset) and liabilities disposed of	(12)	202	190
Profit on sale	116 116	202	116 318

Figures in R'000	2014	2013
22. TRADE AND OTHER RECEIVABLES		
Trade debtors	**28 370**	16 484
Sundry accounts receivable	**11 104**	14 897
Loan receivable from holding company	**319**	353
Allowance for impairment	**(708)**	(1 005)
	39 085	30 729
Reconciliation of movement in allowance for impairment		
Balance at the beginning of the year	**(1 005)**	(1 939)
Decrease in impairment allowance	**297**	934
Balance at the end of the year	**(708)**	(1 005)
Factors considered in impairment		
The group reviews accounts receivables monthly. Unless customers have good payment records, an impairment allowance is created at 50% of accounts older than 60 days and 100% of accounts older than 90 days.		
Ageing of trade and other receivables:		
Not past due	**16 408**	25 034
Past due 1 – 30 days	**6 906**	5 549
Past due 31 – 60 days	**15 762**	93
Past due 61 – 90 days	**18**	105
Past due 91 days and greater	**699**	953
	39 793	31 734
Impairment allowance		
Past due 61 – 90 days	**(9)**	(52)
Past due 91 days and greater	**(699)**	(953)
	(708)	(1 005)
An analysis of the credit quality of trade and other receivables not impaired is as follows:		
Internal credit ratings		
Four or more years trading history with the group	**12 578**	7 948
Less than four years trading history with the group	**26 507**	22 781
	39 085	30 729
23. ACCOUNTS RECEIVABLE AND PAYABLE FROM TRADING ACTIVITIES		
Figures in R'000		
Accounts receivable from trading activities		
Accounts receivable	**120 573**	113 077
Accounts payable from trading activities		
Accounts payable	**120 525**	112 941

These amounts arise primarily from securities trading activities that the group, through its subsidiary Vunani Securities Proprietary Limited ("Vunani Securities"), carries out on behalf of its clients.

The accounts receivable from stockbroking activities represents amounts due from clients for the purchases of equities and the accounts payable from stockbroking activities represents amounts due to clients for sales of equities. No set off of receivables and payables is permitted as Vunani Securities has no legal right to do so as the transactions are with different counterparties with differing settlement dates.

Vunani Securities must ensure the settlement of all transactions executed by them on behalf of clients. The Settlement Authority (which is a separate entity established in terms of the JSE Rules and Directives) is responsible for the management of the settlement of these transactions and the management of the risks associated with such settlement.

23. ACCOUNTS RECEIVABLE AND PAYABLE FROM TRADING ACTIVITIES (continued)

Both Vunani Securities and the Settlement Authority monitor settlements and ensure that the obligation of members and their clients are met on settlement date. The Settlement Authority monitors uncommitted settlements (i.e. trades where there is either insufficient cash or dematerialised scrip to facilitate settlement) and has the authority to take all necessary action when the settlement of a transaction in equity securities is unlikely to take place on settlement date. The Settlement Authority has the ability to buy and sell equity securities as well as borrow cash as agent on behalf of a member to ensure settlement.

Vunani Securities is protected by a clause in its controlled account mandate which states that where the controlled client fails to put the member in a position before the required time to settle the transaction on settlement day, the controlled client will forfeit any rights the client may have had in respect of the said transaction. The clause also states that the client shall remain liable for any losses, costs and charges incurred or charges imposed by the member which affect the said transaction. This is covered in the material obligations section of the controlled account mandate signed by the client.

In addition, Vunani Securities ensures that no purchase transaction takes place unless the controlled client has sufficient funds in their account, which are held at JSE Trustees, and on the sell side, that the client has sufficient equity securities in dematerialised form before a sale is executed.

Figures in R'000	2014	2013
24. TRADING SECURITIES		
Trading securities receivable (held for trading)	**251**	320
25. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	**67 773**	42 271
Bank overdraft	**(1 117)**	(2 911)
Cash and cash equivalents in the statement of cash flows	**66 656**	39 360
26. STATED CAPITAL		
Authorised		
200 000 000 ordinary shares of no par value	**–**	–
99 000 redeemable preference shares of R0.01 each	**1**	1
	1	1
Issued		
114 664 649 (2013: 105 414 649) ordinary shares of no par value	**624 888**	610 088
Treasury shares (number of shares held at year end 5 364 413 (2013: 5 211 165))	**(15 571)**	(15 265)
	609 317	594 823
The company reacquired 153 248 (2013: 248 832) for R0.31 million (2013: R0.37 million) shares that were issued in 2011 for the acquisition of an associate. The group disposed of its investment in that associate during the 2013 year.		
Reconciliation of movement in number of shares issued ('000):		
Reported at the beginning of the year	**105 415**	105 415
Issued during the year*	**9 250**	–
Balance at end of year	**114 665**	105 415
Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		
*During the year the company issued 9 250 shares at an issue price of R1.60 to public shareholders.		
Reconciliation of movement in stated capital (R'000):		
Reported at the beginning of the year	**610 088**	610 088
Issued during the year	**14 800**	–
Balance at end of year	**624 888**	610 088

Figures in R'000	2014	2013
27. SHARE-BASED PAYMENTS		
A group share scheme was introduced in June 2011, whereby employees were entitled to receive shares in the company upon vesting (which takes place over a four year service period). At 31 December 2014, 70% of the shares issued in Grant 1 had vested and 45% of the shares issued in Grant 2 had vested.		
Share-based payment reserve	**13 249**	10 256
Share option programme (equity-settled)		

Grant 1

At 29 June 2011 the company implemented the following share-based payment arrangements:

Grant date	Vesting dates			
29 June 2011	1st tranche 29 June 2012 (20% vesting)	2nd tranche 29 June 2013 (25% vesting)	3rd tranche 29 June 2014 (25% vesting)	4th tranche 29 June 2015 (30% vesting)

The options outstanding under Grant 1 at 31 December have a weighted average exercise price of R3.00 and a weighted average contractual life of 4 years.

Figures in R'000	2014 Number of options	2013 Number of options
Balance at beginning of year	**3 292**	3 861
Granted during the year	**–**	–
Forfeited during the year	**(257)**	(569)
Balance at end of year	**3 035**	3 292
Exercisable at 31 December 2014	**964**	1 634

27. SHARE BASED PAYMENTS (continued)

Grant 2

At 28 December 2012 the company implemented the following share-based payment arrangements:

Grant date	Vesting dates			
28 December 2012	1st tranche 28 December 2013 (20% vesting)	2nd tranche 28 December 2014 (25% vesting)	3rd tranche 28 December 2015 (25% vesting)	4th tranche 28 December 2016 (30% vesting)

The number and weighted average exercise price of the share options is as follows:

Figures in R'000	2014 Number of options	2013 Number of options
Balance at beginning of year	**3 309**	3 359
Granted during the year	**–**	–
Forfeited during the year	**(493)**	(50)
Balance at end of year	**2 816**	3 309
Exercisable at 31 December 2014	**1 267**	662

The options outstanding at 31 December have an exercise price of R1.48 and a weighted average contractual life of four years.

Figures in R'000 Employee expenses	2014	2013
Share options expensed in 2011	**2 524**	2 524
Share options expensed in 2012	**3 382**	3 382
Share options expensed in 2013	**3 630**	4 350
Share options expensed in 2013 – subsidiary company	**720**	–
Share options expensed in 2014	**1 707**	–
Share options expensed in 2014 – subsidiary company	**1 286**	–
Total expense recognised as employee costs	**13 249**	10 256

Volatility is determined based on the daily returns of the company's share price under the assumption that the share price returns are log-normally distributed.

The equally weighted volatility as at 29 June 2011 was calculated as 152.23%. The amount of history preceding 29 June 2011 that was used to calculate the volatility equals the term of the option.

The equally weighted volatility as at 28 December 2012 was calculated as 119.34%. The amount of history preceding 28 December 2012 that was used to calculate the volatility equals the term of the option.

Share based payment option in a subsidiary company

During the year, shares were granted to to a director of Vunani Fund Managers Proprietary Limited and the related expense is as follows:

Figures in R'000 Employee expenses	2014	2013
Share options granted in 2013	**720**	720
Share options granted in 2014	**1 286**	–
	2 006	720

Figures in R'000	2014	2013
28. OTHER FINANCIAL LIABILITIES		
Other financial liabilities comprise:		
Carried at amortised cost	**43 026**	46 504
Capital	**42 430**	45 836
Accrued interest	**596**	668
Carried at fair value through profit or loss		
Fair value adjustments	**2 554**	6 971
	45 580	53 475
Reconciliation of movement of other financial liabilities		
Balance at the beginning of the year	**53 475**	128 726
Accrued interest - debentures	**2 509**	2 776
Accrued interest - long term borrowings - continuing operations	**–**	1 944
Accrued interest - long term borrowings - discontinued operations	**–**	170
Advances	**–**	107
Transfers to trade and other payables	**–**	(1 349)
Transfers to non-current assets held for sale	**–**	(2 450)
Acquired through business combination	**–**	1 340
Repayments	**(9 227)**	(78 414)
Fair value adjustments through profit or loss	**(1 177)**	625
Balance at end of year	**45 580**	53 475
Reconciliation of cumulative fair value adjustments		
Balance at beginning of year	**6 971**	19 526
Fair value adjustments through profit or loss	**(1 177)**	625
Settled	**(3 240)**	(13 180)
Balance at end of year	**2 554**	6 971
Carried at amortised cost		
28.1 Development Bank of Southern Africa		
Redeemable, cumulative debentures in Vunani Capital Proprietary Limited, with fixed interest at 9.09%, secured by the investment in Proprietary Limited and the investment in Redefine Properties Limited and Arrowhead Limited. The debentures are redeemable on 30 September 2020.	**26 616**	29 829
Capital	**26 020**	29 161
Accrued interest	**596**	668
28.2 Force Holdings Limited		
Cumulative redeemable participating preference shares in Verbicept Proprietary Limited ("Verbicept"). The preference shareholders are entitled to receive 50% of all dividends or other distributions (including capital) received by Verbicept by virtue of its holding of Workforce Holdings Limited shares. The preference shares are redeemable at the sole discretion of the preference shareholder or on the occurence of a trigger event. A trigger event includes, but is not limited to, the sale of the Workforce Holdings Limited shares, failure to declare and pay the preference dividend in terms of the agreement, insolvency and cessation of business. The preference shares are convertible to ordinary shares, such that after the conversion, they would amount to 50% of the ordinary shares in issue in Verbicept (refer to note 18).		
Capital	**9 000**	9 000

Figures in R'000	2014	2013
28. OTHER FINANCIAL LIABILITIES (continued)		
28.3 Vendor financed loan– Avram International LLC	**1 833**	1 833
This loan relates to acquisition cost of the investment in Avram International LLC. This liability is secured, interest-free and will be repaid using the dividends from Avram International LLC. No dividends are expected from Avram International LLC in 2015 (refer to note 17).		
28.4 Vendor financed loan – Vunani Solar Power Proprietary Limited	**1 300**	1 300
This loan relates to the acquisition cost of the investment in Vunani Solar Power Proprietary Limited. This liability is unsecured, interest-free and will be repaid using the dividends from Vunani Solar Power Proprietary Limited. No dividends are expected from Vunani Solar Power Proprietary Limited in 2015 (refer to note 17).		
28.5 Peligro Trust	**1 159**	1 340
This loan arose as a result of business combination when the group increased its stake in Vunani Private Clients Proprietary Limited from 40% to 51%. The loan is unsecured and bears no interest.		
28.6 Other financial liabilities	**3 118**	3 202
Loans are unsecured, interest-free and have no fixed term of repayment. The amount consists of a number of small individual liabilities.		
Total carried at amortised cost	**43 026**	46 504
Carried at fair value through profit or loss on initial recognition		
28.7 Investec Bank Limited		
This represents the value of the liability payable to Investec in respect of the expected investment income received from Gidani Proprietary Limited until 31 May 2015. This liability is repayable on 31 May 2015.	**2 554**	6 971
Fair value adjustment (refer to note 18)	**2 554**	6 971
Total carried at fair value through profit or loss		
Total financial liabilities	**45 580**	53 475
Less: Current financial liabilities	**(25 282)**	(7 870)
Non-current financial liabilities	**20 298**	45 605

Ring-fenced structured entities have historically been used to house the groups' 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.

The fair value adjustments that relate specifically to financial liabilities are not as a result of the group's inability to discharge its obligation, but rather in terms of the agreements with its lenders. The terms of the financial liabilities are such that in the event that the fair value of the asset falls below the face value of the liability, the group is not obligated to pay the full face value of the debt, but rather a value that is directly linked to the value of the related asset. The full fair value adjustment is considered to be as a result of a change in market conditions and no portion relates to changes in the group's own credit risk.

Figures in R'000	2014	2013
29. TAXATION PAYABLE		
Corporate tax (receivable)/payable	**(1 006)**	(852)
Dividends withholding tax (payable as a result of securities broking activities)	**7 632**	7 712
Securities transfer tax (payable as a result of securities broking activities)	**2 136**	1 995
	8 762	8 855
30. TRADE AND OTHER PAYABLES		
Trade creditors	**5 480**	3 388
Other payables	**16 126**	13 869
Accrued expenses	**5 200**	15 947
Value added tax	**419**	3 743
Accrued leave pay	**2 330**	2 327
	29 555	39 274

31. RETIREMENT BENEFITS

Defined contribution plan

It is the policy of the group to provide retirement benefits to all its employees through a defined contribution provident fund, which is subject to the Pension Funds Act of 1956. The group is under no obligation to cover any unfunded benefits.

Employees make an election to join the provident fund and their contributions to the fund are included with staff costs as detailed in note 11.

Figures in R'000	2014	2013
32. CASH UTILISED BY OPERATIONS		
(Loss)/profit before income tax expense from continuing operations	**(23 853)**	4 722
Profit before income tax expense from discontinued operations	**107 737**	6 015
Adjusted for:		
Depreciation of plant and equipment	**1 570**	1 962
Profit on disposal of assets by discontinued operations	**(116 318)**	(19)
Profit on disposal of associates	**–**	(11 150)
Equity accounted earnings (net of income tax)	**116**	3 438
Gain on bargain purchase (refer to note 34)	**(298)**	–
Fair value adjustments and impairments (refer to note 10)	**17 922**	(18 470)
Rental guarantee reversal	**–**	(9)
Realisation of unrecognised fair value gain on day one (refer to note 20)	**(3 573)**	(3 575)
Movement in impairment allowance	**(297)**	(934)
Amortisation of intangible assets	**1 165**	489
Share-based payments expenses (refer to note 27)	**2 993**	4 350
Foreign currency translation	**(920)**	(813)
Operating lease accrual	**(82)**	–
Interest received from investments and finance income	**(9 191)**	(5 137)
Investment revenue	**(14 220)**	(10 469)
Finance costs	**3 047**	5 353
Prior period effect of consolidating Vunani Capital Zimbabwe (Private) Limited in terms of IFRS 10	**–**	2 223
Changes in working capital:		
Decrease in trading securities	**69**	1 244
Decrease/(increase) in trade and other receivables	**8 473**	(692)
(Decrease)/increase in trade and other payables	**(9 688)**	5 789
Decrease in accounts receivable and payable from trading activities	**88**	2 158
Net cash utilised by operating activities	**(35 260)**	(13 525)

Figures in R'000	2014	Re-presented 2013

33. INCOME TAX RECEIVED/(PAID)

(Receivable)/payable at beginning of the year	**852**	(3 387)
Current year tax charge – continuing operations	**(2 115)**	(2 485)
Current year tax charge – discontinued operations	**(15 437)**	(3 906)
(Receivable)/payable at end of the year (refer to note 29)	**(1 006)**	(852)
	(17 706)	(10 630)

34. BUSINESS COMBINATIONS

Purpose Vunani Asset Management (Private) Limited

Vunani increased its investment in Purpose Vunani Asset Management (Private) Limited ("PVAM"), a Zimbabwean asset management business, from 45% to 55% on 27 January 2014, in line with the group's strategy to expand its footprint into the African continent. Part of Vunani's strategy is to replicate the South African operating model on the African continent, and acquiring a controlling stake in an asset management business in Zimbabwe was in line with this strategy. The 45% investment was acquired for R1.833 million in 2013. Prior to the stepped-up acquisition, the 45% investment was fair valued at R3.575 million, resulting in a positive fair value adjustment of R1.742 million in the current period. The consideration for the additional 10% acquired during the year amounted to R0.718 million. Since the acquisition occurred at the beginning of the year, there are no material differences between the year's earnings and those consolidated since acquisition.

Since acquisition, an after tax loss of R2.5 million has been included in Vunani's profit or loss for the year ended 31 December 2014. R1.1 million of this loss is attributable to non-controlling interest. R5.1 million has been included in Vunani's revenue for the year ended 31 December 2014 since the acquisition of PVAM.

The acquisition resulted in the recognition of a gain on bargain purchase of R0.077 million at acquisition date. The additional 10% was acquired in terms of an option to take up an additional stake at predetermined price, which resulted in the bargain purchase. The purchase price for the additional 10% stake was based on a value outlined in the agreement for the original acquisition of the initial 45% investment in PVAM.

Trade receivables acquired are at fair value and are expected to be collected in their entirety. No intangible assets or contingent liabilities arose as a result of the business combination. The measurement of the non-controlling interest was based on their proportionate share of the unrecognised amounts of PVAM's identifiable net assets at acquisition date.

A purchase price allocation in terms of IFRS 3 is presented below:

Figures in R'000	2014
Net assets acquired	
Property, plant and equipment	**5 193**
Financial assets designated at fair value	**556**
Deferred tax asset	**70**
Trade and other receivables	**1 568**
Cash and cash equivalents	**175**
Investments (current)	**383**
Non-controlling interest	**(3 575)**
Net assets acquired	**4 370**
Cost of investment (fair value of associate prior to stepped-up acquisition plus cash)	**4 293**
Gain on bargain purchase	**77**

34. BUSINESS COMBINATIONS (continued)

Loato Properties Proprietary Limited

Vunani increased its investment in Loato Properties Proprietary Limited ("Loato"), an investment holding company, from 31.6% to 100% on 1 July 2014, when an arbitrage opportunity arose to acquire an additional 68.4% for consideration less than fair value resulting in a bargain purchase. The 31.6% investment was acquired for a nominal amount in 2006. Prior to the stepped-up acquisition, the 31.6% investment was equity accounted for and valued at R0.116 million. The consideration for the additional shareholding acquired during the year amounted to R0.03 million.

Since acquisition an after tax loss of R0.07 million has been included in Vunani's profit or loss for the year ended 31 December 2014. Had the acquisition occurred at the beginning of the year, an after tax loss of R0.13 million would have been included in Vunani's profit or loss for the year ended 31 December 2014. No revenue was generated by the company for the year. The acquisition resulted in the recognition of a gain on bargain purchase of R0.2 million at acquisition date.

Trade receivables acquired are at fair value and are expected to be collected in their entirety. No intangible assets or contingent liabilities arose as a result of the business combination.

A provisional purchase price allocation in terms of IFRS 3 is presented below:

Figures in R'000	2014
Net assets acquired	
Deferred tax asset	**6**
Trade and other receivables	**99**
Cash and cash equivalents	**313**
Other liabilities	**(51)**
Net assets acquired	**367**
Cost of investment (fair value of associate prior to stepped-up acquisition plus cash)	**146**
Gain on bargain purchase	**221**

Figures in R'000	2014	2013
35. DECREASE IN INVESTMENT IN SUBSIDIARIES		
Vunani Fund Managers Proprietary Limited		
During the year, the group disposed of 5% (2013: 2%) of its investment in Vunani Fund Managers Proprietary Limited ("VFM") for a consideration of R nil (2013: R0.132 million) to non-controlling interest. This resulted in the group decreasing its shareholding in VFM from 95.5% to 90.5%.		
Net assets disposed of	**318**	12
Purchase price	**–**	(132)
Transaction between shareholders recognised directly in equity	**318**	(120)
Vunani Hedge Funds Proprietary Limited		
In 2013, the group disposed of 49% of its investment in Vunani Hedge Funds Proprietary Limited ("VHF") for a nominal consideration. This resulted in the group decreasing it's shareholding in VHF from 100% to 51%.		
Net assets disposed of	**–**	897
Purchase price	**–**	*
Transaction between shareholders recognised directly in equity	**–**	897
Vunani Resources Proprietary Limited		
In 2013, the group disposed of 49% of its investment in Vunani Resources Proprietary Limited ("VR") for a nominal consideration. This resulted in the group decreasing it's shareholding in VR from 100% to 51%.		
Net assets disposed of	**–**	107
Purchase price	**–**	*
Transaction between shareholders recognised directly in equity	**–**	107

** Less than R1 000*

Figures in R'000	2014	2013

36. INCREASE IN INVESTMENT IN SUBSIDIARIES

Vunani Technology Ventures Proprietary Limited

In 2013, the group acquired an additional 25% in Jala Group Proprietary Limited (trading as Vunani Technology Ventures Proprietary Limited) for a nominal consideration. This resulted in the group increasing it's shareholding from 75% to 100%. The non-controlling's share of net assets at the date of acquisition was R 0.134 million.

	2014	2013
Net assets acquired	–	134
Purchase price	–	*
Transaction between shareholders recognised directly in equity	–	134

There have been no changes in groups ownership of subsidiaries that resulted in a loss of control of subsidiaries.

** Less than R 1 000*

Vunani Capital Zimbabwe (Private) Limited

In 2013, the group acquired an additional 25.5% in Vunani Capital Zimbabwe (Private) Limited for a nominal consideration. This resulted in the group increasing it's shareholding from 49% to 74.5%. The non-controlling interest's share of net assets at the date of acquisition was (R1.251) million.

	2014	2013
Net assets acquired		(1 251)
Purchase price		*
Transaction between shareholders recognised directly in equity		(1 251)

** Less than R 1 000*

Figures in R'000	2014	Re-presented 2013
37. BASIC AND HEADLINE EARNINGS/(LOSS) PER SHARE		
Basic and diluted earnings/(loss) per share (cents)	**54.6**	9.9
Continuing operations	**(22.5)**	8.3
Discontinued operations	**77.1**	1.6
Headline and diluted headline (loss)/profit per share (cents)	**(27.5)**	2.5
Continuing operations	**(24.7)**	6.2
Discontinued operations	**(2.8)**	(3.7)

Basic and diluted earnings/(loss) per share

The calculation of basic and diluted earnings per share at 31 December 2014 was based on the profit attributable to ordinary shareholders of R56.039 million (2013: R9.869 million), and a weighted average number of ordinary shares outstanding of 102.639 million (2013: 100.204 million), calculated below:

Headline and diluted headline (loss)/profit per share

The calculation of headline and diluted headline (loss)/profit per share at 31 December 2014 was based on the adjusted loss attributable to ordinary shareholders of R28.273 million (2013: profit of R2.545 million), and a weighted average number of ordinary shares outstanding of 102.639 million (2013: 100.204 million), calculated as below:

Figures in R'000	2014	Re-presented 2013
The calculation is determined using the following amounts:		
Continuing operations – Basic and diluted (loss)/earnings	**(23 094)**	8 317
Discontinued operations – Basic and diluted earnings	**79 108**	1 645
Continuing operations – Headline and diluted headline (loss)/profit	**(25 352)**	6 213
Discontinued operations – Headline and diluted headline loss	**(2 902)**	(3 730)
Weighted average number of ordinary shares (000's)		
Issued ordinary shares at the beginning of the year	**105 415**	105 415
Effect of share issue	**2 588**	–
Effect of own shares held	**(5 364)**	(5 211)
	102 639	100 204

Potential dilutive shares

The grant 1 and grant 2 shares issued as part of the employee share incentive scheme could potentially dilute basic earnings in the future. In the current year the shares have an anti-dilutive effect due to not being in the money.

Figures in R'000	2014	Re-presented 2013
Shares issued as part of the share incentive scheme (000's)	**4 759**	4 759
Net asset value per share (cents)		
Net asset value per share is the equity attributable to equity holders per share in issue including treasury shares.	**224.7**	203.5
Net tangible asset value per share (cents)		
Net tangible asset value per share is the equity attributable to equity holders (excluding goodwill and intangible assets) per share in issue including treasury shares.	**194.0**	169.0

Figures in R'000	2014	Re-presented 2013

37. BASIC AND HEADLINE EARNINGS/(LOSS) PER SHARE (continued)

Headline earnings/ (loss)

	2014	Re-presented 2013
Profit for the year attributable to equity holders of Vunani	**56 039**	9 869
Adjusted for:		
Discontinued operations		
Profit on disposal of discontinued operations	**(116 318)**	–
Taxation	**21 691**	–
Non-controlling interest	**12 617**	–
Subsidiaries		
Fair value adjustment on investment property	**–**	1 400
Deferred taxation on fair value adjustment	**–**	(261)
Non-controlling interest on fair value adjustment	**–**	(251)
Disposal of associates		
Profit on disposal	**–**	(11 150)
Taxation	**–**	2 079
Non-controlling interest	**–**	1 762
Disposal of subsidiaries		
Profit on disposal	**–**	(19)
Taxation	**–**	4
Associates		
Gross fair value adjustment of investment property held by associate	**(467)**	(1 400)
Deferred taxation on fair value adjustment of investment property held by associate	**131**	261
Non-controlling interest	**74**	251
Business combinations		
Fair value adjustment on stepped up acquisition	**(1 742)**	–
Bargain purchase combinations	**(298)**	–
	(28 273)	2 545
Number of shares in issues	**114 665**	105 415
Weighted average number of shares	**102 639**	100 204

Figures in R'000	2014	2013

38. COMMITMENTS

Guarantees and sureties provided

The group has provided guarantees and sureties to third parties as at 31 December 2014 (including investments in associates) in the amount of R43.8 million (2013: R41.6 million). The probability of the liability materialising in terms of these guarantees and sureties is dependent on the value of the underlying equities that secure the debt. The increase in the guarantees and sureties is due to the group providing guarantees on trading facilities.

Operating leases – as lessee (expense)

	2014	2013
Minimum lease payments due		
– within one year	**5 322**	5 888
– in second to fifth year inclusive	**555**	5 634
	5 877	11 522

Operating lease payments represent rentals payable by the group for certain of its office premises and office equipment. Leases are negotiated for an average term of four years. Rentals on the office and office equipment escalate at an average rate of 8.36% (2013: 8.36%) per annum.

39. NON-CONTROLLING INTERESTS

The following table summarises the information relating to each of the group's subsidiaries' material non-controlling interest ("NCI") before intra-group eliminations. Intra-group transactions and balances that eliminate on consolidation are reflected separately.

For the year ended 31 December 2014

Figures in R'000	Vunani Properties Proprietary Limited***	Vunani Fund Managers Proprietary Limited*	Vunani Private Clients Proprietary Limited	Vunani Capital Zimbabwe (Private) Limited	Purpose Vunani Asset Management (Private) Limited**	Vunani Resources Proprietary Limited****	Other individually immaterial non-controlling interests	Intra-group elimi-nations	Total
NCI percentage	22%	9.5%	49%	25.5%	45%	49%			
Non-current assets	5 973	1 420	252	221	5 823	–	–		
Current assets	41 968	11 234	2 024	308	1 018	1 118	22		
Non-current liabilities	(1 678)	–	(1 159)	–	(549)	–	–		
Current liabilities	(39 256)	(7 998)	(8 209)	(6 694)	–	(4 053)	(2 434)		
Net assets	7 007	4 656	(7 092)	(6 165)	6 292	(2 935)	(2 412)		
Carrying amount of NCI	1 542	442	(3 475)	(1 572)	2 831	(1 438)	(1 148)	–	(2 818)
Revenue	1 571	36 822	10 647	99	5 147	–	–		
Profit/(loss)	98 723	(1 903)	(2 322)	(40)	(2 534)	(1 235)	(240)		
OCI	–	–	–	(588)	880	–	–		
Total comprehensive income	98 723	(1 903)	(2 322)	(40)	(2 534)	(1 235)	(240)		
Profit allocated to NCI	14 129	(181)	(1 138)	(10)	(1 140)	(605)	(115)	6	10 946
OCI allocated to NCI	–	–	–	(150)	396	–	–		246
Net increase/(decrease) in cash and cash equivalents	(1 217)	36	282	25	(86)	210	(4)		
Dividends paid to non-controlling interest	11 677	–	–	–	–	–	–		

** During the year the group disposed 5% of its investment in Vunani Fund Managers Proprietary Limited to non-controlling interest.*

*** During the year the group increased its investment in Purpose Vunani Asset Management (Private) Limited from 45% to 55%.*

****The non-controlling interest profit allocation relating to the disposal of the VPAM business has been calculated in terms of an agreement between the shareholders of Vunani Properties Proprietary Limited, which owns 100% of VPAM.*

***** In the current year, Vunani Resources Proprietary Limited has been disclosed separately as a material non-controlling interest.*

39. NON-CONTROLLING INTERESTS (continued)

For the year ended 31 December 2013

Figures in R'000	Vunani Properties Proprietary Limited	Vunani Fund Managers Proprietary Limited*	Vunani Private Clients Proprietary Limited**	Vunani Capital Zimbabwe (Private) Limited***	Other individually immaterial non-controlling interests	Intra-group elimi-nations	Total
NCI percentage	22%	4.5%	49%	25.5%			
Non-current assets	7 535	1 247	324	256	–		
Current assets	40 799	13 056	2 332	190	31		
Non-current liabilities	*	–	(1 340)	–	–		
Current liabilities	(52 477)	(8 263)	(6 085)	(5 983)	(2 149)		
Net assets	(4 143)	6 040	(4 769)	(5 537)	(2 118)		
Carrying amount of NCI	(911)	272	(2 337)	(1 412)	(1 006)	(832)	(6 226)
Revenue	10 811	36 822	7 582	622	43		
Profit/(loss)	3 353	33	(459)	(4 655)	(1 226)		
OCI	–	–	–	(898)	–		
Total comprehensive income	3 353	33	(459)	(5 553)	(1 226)		
Profit allocated to NCI	738	1	(225)	(1 416)	(592)	(69)	(1 563)
OCI allocated to NCI	–	–	–	(233)	–		(233)
Net increase/(decrease) in cash and cash equivalents	1 800	(76)	79	(23)	(20)		
Dividends paid to non-controlling interest	15 345	–	–	–	–		

** During the year the group disposed 2% of its investment in Vunani Fund Managers Proprietary Limited to non-controlling interest.*

*** During the year the group increased its investment in Vunani Private Clients Proprietary Limited from 40% to 51%.*

**** During the year the group increased its investment in Vunani Capital Zimbabwe (Private) Limited from 49% to 74.5%.*

Note: All subsidiaries with material non-controlling interests are incorporated in the Republic of South Africa with the exception of Vunani Capital Zimbabwe and Purpose Vunani Asset Management which are incorporated in Zimbabwe.

40. OPERATING SEGMENTS

The group has six reportable segments being asset management, advisory services, investment holdings, institutional securities broking, private wealth and investments and group. The group's strategic business segments, offering different products and services, are managed separately, requiring different skill, technology and marketing strategies. For each of the strategic business segments, the group's chief executive officer reviews internal management reports on at least a monthly basis. The group's chief executive officer is the chief operating decision maker.

All segments are located in South Africa with the exception of Vunani Capital Zimbabwe and Purpose Vunani Asset Management which are located and conduct business in Zimbabwe. The costs associated with geographical reporting and information concerning products and services would be excessive and the necessary information is not accessible.

There are no single major customers.

The following summary describes the operations in each of the group's reportable segments:

Basis of measurement

The groups uses the following principles to determine segment profit or loss, segment assets and segment liabilities:

– Any transactions between segments are eliminated.
– All segment profits or losses and the group's profits or losses are measured in the same manner, using the accounting policies described in notes 1 to 4.
– All segment assets and liabilities and the group's assets and liabilities are measured in the same manner, using the accounting policies described in notes 1 to 4.
– There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

For the year ended 31 December 2014

Continuing operations

Figures in R'000	Asset manage-ment	Advisory services*	Investment holdings**	Institutional Securities broking	Private wealth and invest-ments	Group**	Total
Revenue	38 383	3 138	959	52 256	10 647	9 633	115 016
Finance income and interest received from investments	209	16	1 776	1 631	1 824	2 988	8 444
Finance costs	–	–	(2 769)	(23)	(146)	(22)	(2 960)
Depreciation	(238)	(20)	–	(62)	(121)	(1 128)	(1 569)
Amortisation of intangible assets	–	–	–	–	(1 165)	–	(1 165)
Impairment on assets	–	–	(798)	–	–	–	(798)
Equity accounted earnings	–	–	(86)	–	–	–	(86)
Income tax income/(expense)	286	(137)	1 366	(1 589)	(137)	(1 251)	(1 462)
Reportable segment profit/(loss) after tax**	(2 643)	(632)	(11 800)	5 053	(2 073)	(13 220)	(25 315)
Reportable segment assets	47 283	2 008	207 422	155 070	2 275	38 672	452 730
Investment in associates	–	–	17 686	–	–	–	17 686
Capital expenditure	124	–	–	213	–	341	678
Reportable segment liabilities	(2 904)	(573)	(47 685)	(141 507)	(2 666)	(15 551)	(210 886)

* *In 2013, the Advisory Services segment was split into two segments, namely Advisory Services – South Africa and Advisory Services – Zimbabwe, however in 2014 the two segments have been consolidated into one segment due to the Zimbabwean advisory operations being downscaled. Comparatives have been restated.*

** *The allocation of executive staff and overhead costs has been refined in order to reflect these costs in the segments that enjoy the benefit of the time and effort spent by the executives. Accordingly, the comparative segmental information has been represented to take into account this amendment in order to afford a meaningful comparison.*

40. OPERATING SEGMENTS (continued)

For the year ended 31 December 2014

Discontinued operations

Figures in R'000	Property asset manage-ment	Property invest-ments and develop-ments	Total
Revenue	**1 571**	**–**	**1 571**
Finance income and interest received from investments	**734**	**13**	**747**
Finance costs	**–**	**(87)**	**(87)**
Depreciation	**(1)**	**–**	**(1)**
Equity accounted earnings	**–**	**(30)**	**(30)**
Income tax expense	**(15 383)**	**(54)**	**(15 437)**
Reportable segment profit/(loss) after tax	**94 093**	**(1 793)**	**92 300**
Reportable segment assets	**14 990**	**1 374**	**16 364**
Reportable segment liabilities	**(1 707)**	**(1 657)**	**(3 364)**

For the year ended 31 December 2013 – Re-presented

Continuing operations

Figures in R'000	Asset manage-ment	Advisory services*	Investment holdings**	Institutional securities broking	Private wealth and invest-ments	Group**	Total
Revenue	36 822	6 481	–	46 463	7 624	10 615	108 005
Finance income and interest received from investments	252	642	1 719	896	925	498	4 932
Finance costs	–	–	(4 789)	(77)	(68)	(70)	(5 004)
Depreciation	(255)	(130)	–	(136)	(166)	(1 275)	(1 962)
Amortisation of intangible assets	(489)	–	–	–	–	–	(489)
Impairment on assets	–	1 241	(4 046)	–	–	–	(2 805)
Equity accounted earnings	239	–	203	–	–	–	442
Income tax income/(expense)	(119)	362	174	1 058	–	–	1 475
Reportable segment profit/(loss) after tax	992	(4 101)	18 629	7 945	(601)	(16 667)	6 197
Reportable segment assets	42 030	11 148	195 830	140 140	2 470	19 332	410 950
Investment in associates	–	–	22 379	–	–	–	22 379
Capital expenditure	360	–	–	28	172	334	894
Reportable segment liabilities	(5 999)	(1 293)	(51 821)	(134 850)	(3 445)	(13 269)	(210 677)

* *In 2013, the Advisory Services segment was split into two segments, namely Advisory Services – South Africa and Advisory Services – Zimbabwe, however in 2014 the two segments have been consolidated into one segment due to the Zimbabwean advisory operations being downscaled. Comparatives have been restated.*

** *The allocation of executive staff and overhead costs has been refined in order to reflect these costs in the segments that enjoy the benefit of the time and effort spent by the executives. Accordingly, the comparative segmental information has been represented to take into account this amendment in order to afford a meaningful comparison.*

40. OPERATING SEGMENTS (continued)

For the year ended 31 December 2013 – Re-presented

Discontinued operations

Figures in R'000	Property invest-ments and develop-ments	Property asset manage-ment	Total
Revenue	1 953	8 858	10 811
Finance income and interest received from investments	205	–	205
Finance costs	(170)	(179)	(349)
Fair value adjustment of investment property	(1 400)	–	(1 400)
Impairment on assets	(34)	–	(34)
Equity accounted earnings	(3 880)	–	(3 880)
Income tax expense	(3 028)	(878)	(3 906)
Reportable segment profit after tax	498	1 611	2 109
Reportable segment assets	19 205	3 129	22 334
Investment in associates	46	–	46
Reportable segment liabilities	(11 218)	(3 142)	(14 360)

41. RELATED PARTIES

Relationships

Ultimate holding company/parent	Vunani Group Proprietary Limited
Associates	Refer to note 17
Directors	Refer to note 42

Direct and indirect subsidiaries	Effective equity holding 2014	2013
Vunani Capital Proprietary Limited	**100%**	100%
Anchor Park Investments 42 Proprietary Limited	**100%**	100%
Anchor Park Investments 81 Proprietary Limited	**100%**	100%
Aquarella Investments 507 Proprietary Limited	**100%**	100%
Camden Bay Investments 2 Proprietary Limited		
Imvuno Fund Managers Proprietary Limited	**55%**	55%
Jala Group Proprietary Limited*	**100%**	100%
Lexshell 630 Investments Proprietary Limited	**100%**	100%
Loato Properties Proprietary Limited	**100%**	0%
Onaghan Investments 20 Proprietary Limited*	**100%**	100%
Pacific Heights Investments 118 Proprietary Limited	**100%**	100%
Purpose Vunani Asset Management (Private) Limited**	**55%**	0%
Quintofor Investments Proprietary Limited	**100%**	100%
Spaciros Proprietary Limited	**51%**	51%
Vunani Capital Zimbabwe (Private) Limited**	**74.5%**	74.5%
Vunani Corporate Finance Proprietary Limited	**100%**	100%
Vunani Passenger Logistics (previously Vunani Energy Proprietary Limited)	**100%**	100%
Vunani Fund Managers Proprietary Limited	**90.5%**	95.5%
Vunani Metal and Minerals Proprietary Limited	**100%**	100%
Vunani Mining Proprietary Limited	**100%**	100%
Vunani Private Clients Stockbroking Proprietary Limited	**100%**	100%
Vunani Private Clients Proprietary Limited	**51%**	51%
Vunani Hedge Funds Proprietary Limited*	**51%**	51%
Vunani Mining and Resources Proprietary Limited	**75%**	75%
Verbicept Proprietary Limited	**100%**	100%
Vunani Sponsors Proprietary Limited	**100%**	100%
Vunani Resources Proprietary Limited	**100%**	100%
Ginolor Proprietary Limited	**51%**	0%
Vunani Ssafen Proprietary Limited	**51%**	0%
Vunani Ssafen Karoo Proprietary Limited	**51%**	0%
Vunani Ssafen Amerfoot Proprietary Limited	**51%**	0%
Wonderwall Investments Proprietary Limited	**100%**	100%
Vunani Securities Proprietary Limited	**100%**	100%
Vunani Nominee Proprietary Limited	**100%**	100%
Vunani Capital Investments Proprietary Limited (previously Vector Equities Proprietary Limited)	**100%**	100%
Vector Nominees Proprietary Limited	**100%**	100%
Vunani Capital Markets Proprietary Limited	**100%**	100%
Vunani Properties Proprietary Limited	**78%**	78%
Dreamworks Investments 125 Proprietary Limited	**66%**	66%
Selectria Investments 49 Proprietary Limited	**0%**	78%
Vunani Property Asset Management Proprietary Limited	**78%**	78%
Wolfsberg Arch Investments Proprietary Limited	**40%**	40%
Vunani Share Incentive Scheme Trust	**100%**	100%

** The company is in the process of being deregistered.*

*** The company is incorporated and conducts its business in Zimbabwe.*

41. RELATED PARTIES (continued)

Other related parties

- Akkersbloom Enterprises (Private) Limited (incorporated and conducts business in Zimbabwe)
- Tutuni Investments Proprietary Limited

Vunani has entered into a legal agreement with the shareholders and the companies which entitles Vunani, inter alia, to the economic benefits accruing from the activities of the companies. The directors of these companies are executive directors of Vunani. These directors are responsible for the strategic and operational activities of these companies and therefore on this basis, 100% of the company's results have been consolidated in the group's results.

Related party balances and transactions

All related party balances and transactions were eliminated on consolidation except for those balances and transactions with associates (refer to note 17) and directors (refer to note 42) and disclosed below:

Loan with ultimate holding company

Vunani Capital Proprietary Limited has an operating loan with the ultimate holding company, Vunani Group Proprietary Limited of R319 000 (refer to note 22).

Disposal of a subsidiary to a director

The disposal of Selectria Investments 49 Proprietary Limited was concluded during the 2014 financial year.

Figures in R'000	2014
Net liabilities disposed of	**202**
Proceeds on disposal	**–**
Profit on disposal	**202**

The profit on disposal has been included in discontinued operation (refer to note 21).

42. DIRECTORS REMUNERATION AND BENEFITS

No loans were made to directors during the year (2013: R nil). There were no material transactions with directors, other than the following:

Figures in R'000	Non-executive directors' fees	Salaries	Bonuses	Provident fund and medical aid contributions	Current year share based payment expense	Total
for the year ended 31 December 2014						
EG Dube	**–**	**3 222**	**2 719**	**397**	**221**	**6 559**
NM Anderson	**–**	**2 086**	**1 832**	**223**	**141**	**4 282**
CE Chimombe Munyoro (resigned 1 March 2014)	**–**	**618**	**–**	**11**	**–**	**629**
BM Khoza	**–**	**2 145**	**1 832**	**293**	**149**	**4 419**
A Judin	**–**	**1 282**	**1 124**	**214**	**103**	**2 723**
WC Ross (Chairman) (resigned 21 May 2014)	**97**	**–**	**–**	**–**	**–**	**97**
LI Jacobs (Chairman) (appointed 21 May 2014)	**153**	**–**	**–**	**–**	**–**	**153**
G Nzalo	**135**	**–**	**–**	**–**	**–**	**135**
JR Macey	**155**	**–**	**–**	**–**	**–**	**155**
N Mazwi	**135**	**–**	**–**	**–**	**–**	**135**
XP Guma	**115**	**–**	**–**	**–**	**–**	**115**
S Mthethwa (appointed 19 November 2014)	**12**	**–**	**–**	**–**	**–**	**12**
Total	**802**	**9 353**	**7 507**	**1 138**	**614**	**19 414**
for the year ended 31 December 2013						
EG Dube	–	3 085	2 517	296	381	6 279
NM Anderson	–	1 950	1 607	208	243	4 008
CE Chimombe Munyoro	–	1 251	–	270	177	1 698
BM Khoza	–	2 005	1 696	273	256	4 230
A Judin	–	1 199	1 013	199	179	2 590
WC Ross (Chairman)	250	–	–	–	–	250
G Nzalo	130	–	–	–	–	130
JR Macey	130	–	–	–	–	130
N Mazwi	100	–	–	–	–	100
XP Guma	50	–	–	–	–	50
Total (note 1)	660	9 490	6 833	1 246	1 236	19 465

Short term benefits to key management personnel amounted to R17 662 (2013:R16 983)

Note 1 – R2 million of the bonuses were paid in 2013 and the balance in 2014.

42. DIRECTORS REMUNERATION AND BENEFITS (continued)

Aggregate remuneration and benefits paid to directors amounts to:

Figures in R'000	2014	2013
For services as directors of the company		
Total remuneration and benefits received from company	**802**	660
Total remuneration and benefits received from company's subsidiaries and fellow subsidiaries	**18 612**	18 805
	19 414	19 465

There are no service contracts for non-executive directors. The executive directors have service contracts with the group terminable upon one month's written notice. No executive director has a fixed term contract.

PRESCRIBED OFFICERS

Details of prescribed officers and key management personnel are disclosed in note 62 (Vunani Limited company annual financial statements).

Shareholdings per director of the company and major operating subsidiaries

at 31 December 2014	Number of shares held Beneficially direct (000s)	Beneficially indirect (000s)	Total number of shares held (000s)
EG Dube	**–**	**23 838**	**23 838**
NM Anderson	**15**	**14 868**	**14 883**
BM Khoza	**–**	**14 868**	**14 868**
JJ Rossouw	**–**	**398**	**398**
A Judin	**86**	**–**	**86**
A Zuma	**65**	**–**	**65**
	166	**53 972**	**54 138**

There has been no change in shareholdings of the directors of the listed company between 31 December 2014 and the approval of the annual report.

at 31 December 2013	Number of shares held Beneficially direct (000s)	Beneficially indirect (000s)	Total number of shares held (000s)
EG Dube	–	23 436	23 436
NM Anderson	–	14 868	14 883
BM Khoza	–	14 625	14 625
JJ Rossouw	–	398	398
A Judin	86	–	86
MJ Moller	86	–	86
RB Makhubela	67	–	67
A Zuma	65	–	65
	304	53 972	53 388

Figures in R'000	Carrying amount	Undiscounted contractual cash flows	Less than 1 year	1 – 5 years	Greater than 5 years
43. FINANCIAL INSTRUMENTS					
43.1 Liquidity risk					
31 December 2014					
Non-derivative financial liabilities	**(194 028)**	**(202 605)**	**(173 996)**	**(28 609)**	**–**
Non-interest bearing	**(166 295)**	**(166 295)**	**(166 295)**	**–**	**–**
Fixed interest rate instruments	**(26 616)**	**(35 193)**	**(6 584)**	**(28 609)**	**–**
Variable interest rate instruments	**(1 117)**	**(1 117)**	**(1 117)**	**–**	**–**
31 December 2013					
Non-derivative financial liabilities	(204 981)	(215 364)	(172 849)	(26 971)	(15 544)
Non-interest bearing	(169 791)	(169 791)	(162 820)	(6 971)	–
Fixed interest rate instruments	(29 829)	(40 212)	(4 668)	(20 000)	(15 544)
Variable interest rate instruments	(5 361)	(5 361)	(5 361)	–	–

Management of liquidity risk

The group's approach to managing liquidity is by managing its working capital, capital expenditure and other financial obligations, and to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. Ultimate responsibility for liquidity risk management rests with the board of directors. Typically the group ensures that it has sufficient cash on hand to meet operational expenses, including the servicing of financial obligations. The group also has access to R5.0 million undrawn overdraft facilities, which may be used to manage its financial obligations if necessary.

Figures in R'000	2014	2013
43.2 Market risk		
Interest rate risk		
The company's interest rate exposure is as follows:		
Fixed rate instruments		
Financial liabilities	**(26 616)**	(29 829)
Variable rate instruments		
Financial assets	**72 419**	46 530
Financial liabilities	**(1 117)**	(5 361)
	44 686	11 340

Cash flow sensitivity analysis for fixed rate instruments

A sensitivity analysis has not been included for fixed rate instruments as they are not sensitive to interest rate risk.

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in the interest rates at the reporting date would have increased/(decreased) profit or loss and equity 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	2014	2013
50 bps increase	**357**	206
50 bps decrease	**(357)**	(206)

43. FINANCIAL INSTRUMENTS (continued)

43.2 Market risk (continued)

Figures in R'000	2014	2013
Management of interest rate risk		
The group generally adopts a policy of ensuring that its exposure to changes in interest rates is limited by either fixing the rate or by linking the rate to the prime rate over the period of the respective loan.		
Equity price risk		
The company's equity price risk is as follows:		
Unlisted financial assets at fair value through profit or loss	**38 444**	64 645
Listed financial assets at fair value through profit or loss	**96 430**	80 240
Trading securities	**251**	320
	135 125	145 205
The company's listed equity investments are listed on the JSE Limited with the exception of Prospect Resources Limited which is listed in Australia and are classified at fair value through profit or loss.		
A change of 10% in the fair value of investment 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		
10% increase	**13 513**	14 521
10% decrease	**(13 513)**	(14 521)

43.3 Credit risk

	2014	2013
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure of credit risk was:		
Loans to associates	**14 325**	16 323
Other loans	**4 788**	4 388
Accounts receivable from trading activities	**120 573**	113 077
Trade and other receivables	**39 085**	30 729
Cash and cash equivalents	**67 773**	42 271
	246 544	206 788

Impairment losses

The ageing of financial assets at the reporting date was:

Figures in R'000	Total	Loans to associates	Trading and other receivables	Other loans	Accounts receivable from trading activities
2014					
Not past due	**156 094**	**14 325**	**16 408**	**4 788**	**120 573**
Past due 1 – 30 days	**6 906**	**–**	**6 906**	**–**	**–**
Past due 31 – 60 days	**15 762**	**–**	**15 762**	**–**	**–**
Past due 61 – 90 days	**18**	**–**	**18**	**–**	**–**
Past due 91 days and greater	**699**	**–**	**699**	**–**	**–**
	179 479	**14 325**	**39 793**	**4 788**	**120 573**

43. FINANCIAL INSTRUMENTS (continued)

43.3 Credit risk (continued)

Figures in R'000	Total	Loans to associates	Trading and other receivables	Other loans	Accounts receivable from trading activities
2013					
Not past due	158 822	16 323	25 034	4 388	113 077
Past due 1 – 30 days	5 549	–	5 549	–	–
Past due 31 – 60 days	93	–	93	–	–
Past due 61 – 90 days	105	–	105	–	–
Past due 91 days and greater	953	–	953	–	–
	165 522	16 323	31 734	4 388	113 077

Reconciliation of movement in allowance for impairment:

Figures in R'000	2014	2013
Balance at the beginning of the year	**(1 005)**	(1 939)
Utilised	**–**	–
Decrease in allowance for impairment	**297**	934
Balance at the end of the year	**(708)**	(1 005)

Factors considered in impairment

The group reviews accounts receivable monthly. Unless customers have good payment records an impairment allowance is created at 50% of accounts older than 60 days and 100% of accounts older than 90 days.

The group believes that the unimpaired amounts that are past due by more than 30 days are still collectable, based on historic payment behaviour and analysis of customer credit risk.

Concentration of credit risk

The majority of the group's trade and other receivables are located domestically except for the small amount of debtors located in Zimbabwe. The group does not have a wide variety of counterparties.

43.4 Fair values

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 and or current and projected net asset values to determine overall reasonability. The valuation technique applied to specific financial instruments depend on the nature of the financial instrument and the most appropriate valuation technique is determined on that basis.

43. FINANCIAL INSTRUMENTS (continued)

43.4 Fair values (continued)

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 year.

Figures in R'000	2014 Carrying amount	2014 Fair value	2013 Carrying amount	2013 Fair value
Financial assets measured at fair value				
Designated as fair value through profit or loss on initial recognition	**134 874**	**134 874**	144 885	144 885
Trading securities	**251**	**251**	320	320
Financial assets not measured at fair value				
Loans to associates	**14 325**	**11 537**	16 323	13 674
Loans in other non-current assets	**4 788**	**5 786**	4 388	5 489
Non-current assets held for sale	**–**	**–**	34	34
	154 238	**152 448**	165 950	164 402
Financial liabilities measured at fair value				
Designated as fair value through profit or loss on initial recognition	**(2 554)**	**(2 554)**	(6 971)	(6 971)
Financial liabilities not measured at fair value				
Other financial liabilities	**(45 580)**	**(42 760)**	(46 504)	(40 152)
Non-current assets held for sale	**–**	**–**	(2 479)	(2 479)
	(48 134)	**(45 314)**	(55 954)	(49 602)

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, non-current assets and liabilities held for sale and other payables reasonably approximate their fair values.

43.5 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 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).

Figures in R'000 **31 December 2014**	Level 1	Level 2	Level 3
Financial assets designated at fair value through profit or loss	**96 430**	**–**	**38 444**
Financial assets measured at fair value	**251**	**–**	**–**
Financial assets at amortised cost	**–**	**–**	**17 323**
Financial liabilities designated at fair value through profit or loss	**–**	**–**	**(2 554)**
Financial liabilities at amortised cost	**–**	**–**	**(42 760)**
	96 681	**–**	**10 453**
31 December 2013			
Financial assets designated at fair value through profit or loss	80 240	–	64 645
Financial assets measured at fair value	320	–	–
Financial assets measured at amortised cost	–	–	19 163
Financial liabilities designated at fair value through profit or loss	–	–	(6 971)
Financial liabilities measured at amortised cost	–	–	(40 152)
	80 560	–	36 685

43. FINANCIAL INSTRUMENTS (continued)

43.5 Fair value hierarchy (continued)

Figures in R'000	2014	2013
Level 3 comprises:		
Balance at beginning of year	**57 674**	(38 635)
Total gains or losses in profit or loss	**(24 927)**	19 573
Proceeds from loan, interest, repayment	**–**	70 697
Purchases, sales, issues and settlements	**3 143**	6 039
Balance at end of year	**35 890**	57 674
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		
Net asset value		
10% increase	**1 309**	5 767
10% decrease	**(1 192)**	(5 767)
Free cash flow		
10% increase	**777**	9 762
10% decrease	**821**	(4 806)

44. GOING CONCERN

The going concern principle requires that the group's and company's annual financial statements be prepared on the basis that Vunani Limited will remain in business for the foreseeable future.

Prior to the approval of the annual financial statements the board undertook processes to ensure that the going concern principle applies.

These processes included assessing:

– the group's financial budgets and 18-month rolling cash flow forecast;

– the performance of underlying business operations and their ability to make a positive contribution to the group's objectives;

– the capital structure, liabilities and quality of the assets underpinning the statement of financial position; and

– the banking facilities and the group's assets to ensure that these are sufficient to fund imminent liabilities and meet the group's working capital requirements.

The board is of the view that, based on its knowledge of the group, assumptions regarding the outcome of the key processes underway and specific enquiries it has made, the group has adequate resources at its disposal to settle obligations as they fall due and the group will continue as a going concern for the foreseeable future.

45. DIVIDENDS

A gross ordinary dividend number 2 of 5.5 cents per share in respect of the year ended 31 December 2015 totalling R6.3 million (2013: 5 cents and a gross special dividend of 25 cents per share) was declared out of income reserves on 30 March 2015 and was paid to ordinary shareholders on 28 April 2015. These year end consolidated results do not reflect this dividend payable.

Figures in R'000	2014	2013
Ordinary dividend declared		
Ordinary dividend number 1 of 5.0 cents per share (2013: nil) declared on 24 March 2014 and paid on 19 April 2014 (net of treasury shares held)	**5 003**	–
Special dividend declared		
Special dividend number 1 of 25.0 cents per share (2013: nil) declared on 24 March 2014 and paid on 19 April 2014 (net of treasury shares held)	**25 013**	–
	30 016	–

46. EVENTS AFTER REPORTING DATE

Subsequent to year end the following events took place:

A sale of shares agreement, dated 10 March 2015, was entered into by Mandlalux Proprietary Limited ("Mandlalux), a subsidiary of Vunani, to acquire 100% of the shares of Fairheads International Holdings (SA) Proprietary Limited ("Fairheads") for a total purchase consideration of R210 million. Fairheads' key management will receive 30% of Mandlalux as part of the purchase consideration. The agreement contains legal warranties and indemnities which are considered normal in respect of a transaction of this nature.

Fairheads is a provider of administration services to beneficiary funds and umbrella trusts for retirement funds and a registered pension funds administrator in terms of section 13B of the Pension Funds Act, No 24 of 1956.

The acquisition of Fairheads represents an opportunity for Vunani to enter a new market and allows Vunani to grow and diversify its existing service offering within the financial services sector. Although Fairheads operates in an industry where Vunani currently has no exposure, Vunani will be able to add value and assist in the growth of Fairheads via Vunani's current relationships, empowerment status and client base all of which are anticipated to strengthen Fairheads' position in the market and allow it to penetrate into new funds. This acquisition became effective on 4 May 2015.

In terms of the shareholders agreement, shareholders need 75% of the voting rights in order to make strategic changes/decisions in the company. Vunani holds 70% of the voting rights and therefore does not have power to make significant strategic decisions in Fairheads. As a result, Vunani will not consolidate Fairheads.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2014

		VUNANI LIMITED – Company	
Figures in R'000	Notes	2014	2013
Management fees	47	**771**	696
Investment revenue	48	**75 896**	54 899
Fair value adjustments and impairments	49	**(1 042)**	(1 914)
Operating expenses	50	**(3 048)**	(2 837)
Results from operating activities		**72 577**	50 844
Finance income	51	**1 045**	941
Profit before income tax		**73 622**	51 785
Income tax	52	**(279)**	428
Profit for the year		**73 343**	52 213
Total comprehensive income for the year		**73 343**	52 213

STATEMENT OF FINANCIAL POSITION

at 31 December 2014

Figures in R'000	Notes	VUNANI LIMITED – Company 2014	2013
Assets			
Investments in subsidiaries	53	**24 540**	22 833
Other investments	54	**–**	–
Loan to subsidiary company	55	**367 284**	309 187
Loan to share trust	56	**13 064**	14 278
Deferred tax assets	57	**149**	428
Total non-current assets		**405 037**	346 726
Cash and cash equivalents		**3**	*
Total current assets		**3**	*
Total assets		**405 040**	346 726
Equity			
Stated capital	58	**624 888**	610 088
Share based payment reserve	27	**11 243**	9 536
Accumulated loss		**(231 947)**	(273 665)
Equity attributable to equity holders		**404 184**	345 959
Liabilities			
Trade and other payables	59	**856**	767
Current liabilities		**856**	767
Total equity and liabilities		**405 040**	346 726

** Less than R1 000*

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

VUNANI LIMITED – Company

Figures in R'000	Stated capital	Share-based payment reserve	Accumu-lated loss	Total equity
Balance at 31 December 2012	**610 088**	**5 906**	**(325 878)**	**290 116**
Total comprehensive income for the year				
Profit for the year	–	–	52 213	52 213
Transactions with owners, recorded directly in equity				
Share based payments	–	3 630	–	3 630
Balance at 31 December 2013	610 088	9 536	(273 665)	345 959
Total comprehensive income for the year				
Profit for the year	–	–	73 343	73 343
Transactions with owners, recorded directly in equity				
Dividends paid	–	–	(31 625)	(31 625)
Share based payments	–	1 707	–	1 707
Issue of shares	14 800	–	–	14 800
Total transactions with owners	**14 800**	**1 707**	**(31 625)**	**(15 118)**
Balance at 31 December 2014	**624 888**	**11 243**	**(231 947)**	**404 184**

STATEMENT OF CASH FLOWS

for the year ended 31 December 2014

Figures in R'000	Note	VUNANI LIMITED – Company 2014	2013
Cash flows from operating activities			
Cash utilised by operations	60	**(2 188)**	(2 300)
Investment revenue received		**75 896**	54 899
Interest received from banks		**3**	–
Dividends paid		**(31 625)**	–
Cash generated by operating activities		**42 086**	52 599
Cash flows from investing activities			
Loans advanced to subsidiary company		**(58 097)**	(52 599)
Loans repaid by share trust		**1 214**	–
Cash outflow from investing activities		**(56 883)**	(52 599)
Cash flows from financing activities			
Issue of stated capital		**14 800**	–
Cash inflows from financing activities		**14 800**	–
Net increase in cash and cash equivalents		**3**	–
Cash and cash equivalents at the beginning of the year		*	*
Total cash and cash equivalents at end of year		**3**	*

** Less than R1 000.*

Figures in R'000	2014	2013
47. MANAGEMENT FEES		
Management fees	**771**	696
48. INVESTMENT REVENUE		
Dividend received from subsidiary company	**75 896**	54 393
Dividend received from other investments	**–**	506
	75 896	54 899
49. FAIR VALUE ADJUSTMENTS AND IMPAIRMENTS		
Impairment of loan to share trust	**(1 042)**	(1 914)
50. OPERATING EXPENSES		
Operating expenses include:		
Auditors remuneration – current year	**938**	670
Directors emoluments paid by company (refer note 42)	**802**	660
51. FINANCE INCOME		
Recognised in profit or loss		
Interest income on loan to share incentive scheme trust	**1 042**	941
Interest income - cash and cash equivalents	**3**	–
	1 045	941
52. INCOME TAX		
Deferred tax		
Current year	**(279)**	428

No taxation is payable in the current year as the company has an estimated tax loss brought forward of R533 191 (2013: R1 527 249) available for set off against future taxable income.

Reconciliation of effective tax rate	%	%
Income tax rate	**28.0**	28.0
Tax exempt income	**(28.9)**	(29.7)
Disallowable expenditure	**1.3**	2.2
Tax losses utilised	**–**	(0.5)
Recognition of previously unrecognised tax losses	**–**	(0.8)
	0.4	(0.8)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2014

Figures in R'000	% Holding 2014	% Holding 2013	Cost of investment 2014	Cost of investment 2013
53. INVESTMENTS IN SUBSIDIARIES				
Investment in subsidiaries held at cost				
Vunani Capital Proprietary Limited	**100**	100	**5 327**	4 374
Vunani Securities Proprietary Limited	**100**	100	**13 529**	12 775
Vunani Capital Markets Proprietary Limited	**100**	100	**195**	195
Vunani Capital Investments Proprietary Limited	**100**	100	**4 655**	4 655
Vunani Properties Proprietary Limited	**78**	78	**834**	834
			24 540	22 833

A reconciliation of the movement in investment in subsidiaries is as follows:

Figures in R'000	Vunani Capital Proprietary Limited	Vunani Securities Proprietary Limited	Total
Opening balance	4 374	12 775	**17 149**
Equity settled share based payment	953	754	**1 707**
Closing balance	**5 327**	**13 529**	**18 856**

Figures in R'000	Number of shares	Unlisted	Fair value
54. OTHER INVESTMENTS			
at 31 December 2014			
African Legends Limited	**2 248**	**1 870**	**1 870**
Fair value adjustment		**(1 870)**	**(1 870)**
		–	**–**
at 31 December 2013			
African Legends Limited	2 248	1 870	1 870
Fair value adjustment		(1 870)	(1 870)
		–	–

Figures in R'000	2014	2013
Analysis of impairment		
Balance at the beginning of the year	**(1 870)**	(1 870)
Balance at the end of the year	**(1 870)**	(1 870)
55. LOAN TO SUBSIDIARY COMPANY		
Vunani Capital Proprietary Limited	**680 884**	622 787
Cumulative impairment	**(313 600)**	(313 600)
	367 284	309 187

The loan to the subsidiary company is unsecured and is interest free.

The loan has been subordinated in favour of Vunani Capital Proprietary Limited's creditors, to the extent that the liabilities exceed assets, fairly valued, in Vunani Capital Proprietary Limited.

Figures in R'000	2014	2013
56. LOAN TO SHARE TRUST		
Vunani Share Incentive Scheme Trust	**16 020**	16 192
Cumulative impairment	**(2 956)**	(1 914)
	13 064	14 278

The loan to the share trust is unsecured and bears interest at the official SARS interest rate.
A reconciliation of the loan to share trust is shown below:

Figures in R'000	2014	2013
Loan to the share trust	**16 192**	15 251
Interest received	**1 042**	941
Loan repaid	**(1 214)**	–
	16 020	16 192

Figures in R'000	2014	2013
57. DEFERRED TAX		
Deferred tax assets		
Recognised deferred tax assets arise on:		
Tax losses carry-forward	**149**	428
	149	428
Reconciliation of movement in deferred tax		
Balance at the beginning of the year	**428**	–
Recognised against profit or loss	**(279)**	428
Balance at end of the year	**149**	428
58. STATED CAPITAL AND SHARE CAPITAL		
Authorised		
200 000 000 ordinary shares of no par value	**–**	–
99 000 Redeemable preference shares of R0.01 each	**1**	1
	1	1
Issued		
114 664 649 (2013: 105 414 649) ordinary shares of no par value	**624 888**	610 088
	624 888	610 088
Reconciliation of movement in number of shares issued (000s):		
Balance at the beginning of the year	**105 415**	105 415
Shares issued*	**9 250**	–
Balance at the end of the year	**114 665**	105 415

Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

* During the year the company issued 9 250 shares at an issue price of R1.60 to public shareholders.

Reconciliation of movement in stated capital (R 000s):	2014	2013
Reported at the beginning of the year	**610 088**	610 088
Shares issued	**14 800**	–
Balance at end of year	**624 888**	610 088

Figures in R'000	2014	2013
59. TRADE AND OTHER PAYABLES		
Sundry payables	**856**	767
60. CASH UTILISED BY OPERATIONS		
Profit before income tax	**73 622**	51 785
Adjusted for:		
Investment revenue	**(75 896)**	(54 899)
Finance income	**(1 045)**	(941)
Fair value adjustments and impairments	**1 042**	1 914
	(2 277)	(2 141)
Changes in working capital:		
Increase/(decrease) in trade and other payables	**89**	(159)
Cash utilised by operations	**(2 188)**	(2 300)

61. RELATED PARTIES

Relationships

Ultimate holding company/parent	Vunani Group Proprietary Limited*
Subsidiaries	Refer to note 41
Directors	Refer to note 42

** The parent does not produce financial statements for public use.*

Figures in R'000	Note	2014	2013
Related party balances			
Investments in subsidiaries	53	**24 540**	22 833
Loan to subsidiary company	55	**367 284**	309 187
Loan to share trust	56	**13 064**	14 278
		404 888	346 298
Related party transactions			
Revenue – management fees (from Vunani Capital Proprietary Limited)	47	**771**	696
Finance income – share trust	51	**1 042**	941
		1 813	1 637

Directors' remuneration and benefits (refer to note 42)

62. PRESCRIBED OFFICERS AND KEY MANAGEMENT PERSONNEL REMUNERATION AND BENEFITS

for the year ended 31 December 2014

Figures in R'000	Basic Salary	Bonuses	Provident fund & Medical Aid	Severance pay	Share-based payments	Total
Prescribed Officer A	**850**	**859**	**272**	**–**	**95**	**2 076**
Prescribed Officer B	**1 100**	**–**	**191**	**–**	**–**	**1 291**
Prescribed Officer C	**1 102**	**156**	**–**	**1 030**	**945**	**3 233**
Prescribed Officer D	**1 374**	**300**	**–**	**–**	**–**	**1 694**
Prescribed Officer E	**1 368**	**–**	**–**	**–**	**–**	**1 368**
Prescribed Officer F	**523**	**75**	**42**	**–**	**–**	**640**
Total	**6 317**	**1 390**	**505**	**1 030**	**1 040**	**10 282**
for the year ended 31 December 2013						
Prescribed Officer A	855	672	231	–	165	1 923
Prescribed Officer B	1 017	–	182	–	–	1 199
Prescribed Officer C	1 854	259	–	–	1 060	3 173
Prescribed Officer D	1 141	231	–	–	130	1 502
Prescribed Officer E	1 050	–	–	–	–	1 050
Total	5 917	1 162	413	–	1 355	8 847

Figures in R'000	Carrying amount	Un-discounted contractual cash flows	Less than 1 year	1 – 5 years	Greater than 5 years
63. FINANCIAL INSTRUMENTS					
63.1 Liquidity risk					
31 December 2014					
Non-derivative financial liabilities					
Non-interest bearing	**(853)**	**(853)**	**(853)**	**–**	**–**
31 December 2013					
Non-derivative financial liabilities					
Non-interest bearing	(767)	(767)	(767)	–	–

Management of liquidity risk

The company's approach to managing liquidity by managing its working capital, capital expenditure and cash flows, is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Ultimate responsibility for liquidity risk management rests with the board of directors. Typically the company ensures that it has sufficient cash on hand to meet operational expenses, including the servicing of financial obligations. Vunani Limited has access to group undrawn overdraft facilities amounting to R5.0 million, which may be used to meet its financial obligations if necessary.

Figures in R'000	2014	2013
63.2 Market risk		
Interest rate risk		
The company's interest rate exposure is as follows:		
Variable rate instruments		
Financial assets	**13 064**	14 278
	13 064	14 278
Cash flow sensitivity analysis for variable rate instruments		
A change of 50 basis points in the interest rates at the reporting date would have increased/(decreased) profit or loss and equity 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		
50 bps increase	**65**	71
50 bps decrease	**(65)**	(71)
Management of interest rate risk		
The company generally adopts a policy of ensuring that its exposure to changes in interest rates is limited by either fixing the rate or by linking the rate to the prime rate over the period of the respective loan.		
63.3 Credit Risk		
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure of credit risk was:		
Loans to subsidiary company	**367 284**	309 187
Loan to share trust	**13 064**	14 278
Cash and cash equivalents	**3**	*
	380 351	323 465

63. FINANCIAL INSTRUMENTS (continued)

63.3 Credit Risk (continued)

Impairment losses

The ageing of financial assets at the reporting date was:

Figures in R'000	Total	Loan to subsidiary company	Loan to share trust
2014			
Not past due	**380 348**	**367 284**	**13 064**
2013			
Not past due	323 465	309 187	14 278

Factors considered in impairment

The company reviews the recoverability of loans to the subsidiary on an annual basis. The company reviews the budgets of the subsidiary, which include projected revenue, profits and cash flows forecasts. The valuations of underlying assets of the subsidiary are also reviewed. Loans are impaired if the company believes it will not be able to recover loans in the future.

Figures in R'000	2014	2013
Accumulated impairment		
Loan to subsidiary company	**(313 600)**	(313 600)

	2014		2013	
Figures in R'000	Carrying amount	Fair value	Carrying amount	Fair value
63.4 Fair values				
Financial assets not measured at fair value				
Loan to subsidiary company	**367 284**	**210 156**	309 187	210 156
Loan to share trust	**13 064**	**10 935**	14 278	11 436
	380 348	**221 091**	323 465	221 592

The carrying amounts of cash and cash equivalents and trade and other payables reasonably approximate their fair values.

63.5 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 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).

Figures in R'000 **31 December 2014**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at amortised cost	**–**	**–**	**221 091**
	–	**–**	**221 091**
31 December 2013			
Financial assets measured at amortised cost	–	–	221 592
	–	–	221 592

Figures in R'000	**2014**	**2013**
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		
Free cash flow		
10% increase	**22 109**	(98 878)
10% decrease	**120 966**	(137 116)

ANALYSIS OF SHAREHOLDERS

at 31 December 2014

	Number of shareholders	Percentage of total shareholders	Number of shares held (000s)	Percentage of shares held
Analysis of shareholding				
Individuals and corporates	249	82.7%	101 189	88.3%
Investment and insurance companies	28	9.3%	3 707	3.2%
Nominees and trusts	22	7.3%	4 996	4.4%
Share schemes	1	0.3%	4 759	4.2%
Pension and provident funds	1	0.3%	13	0.0%
Shareholding per share register	301	100%	114 665	100%
Range of shareholding				
1 to 1 000	153	50.8%	48	0.0%
1 001 to 10 000	88	29.2%	328	0.3%
10 001 to 100 000	37	12.3%	1 306	1.1%
100 001 to 1 000 000	13	4.3%	5 015	4.4%
More than 1 000 000	10	3.3%	107 968	94.2%
	301	100%	114 665	100%
Type of shareholder				
Non-public	18	6.0%	87 903	77.5%
Directors and associates (direct holding)	7	2.3%	392	0.4%
Directors and associates (indirect holding)	9	3.0%	59 331	50.4%
Share schemes	1	0.3%	4 759	4.5%
Vunani Group Proprietary Limited (holding >10% excluding directors)	1	0.3%	23 421	22.2%
Public	283	94.0%	26 761	22.5%
	301	100.0%	114 665	100.0%
Shareholdings greater than 5%				
Vunani Group Proprietary Limited			76 308	66.6%
Baleine Capital Proprietary Ltd			9 000	7.9%
Mion Holding Pty Ltd			6 250	5.5%
			91 558	79.85%

Shareholder spread analysis

To the best knowledge of the directors and after reasonable enquiry, as at 31 December 2014, the spread of shareholders, as defined in the Listings Requirements of the JSE Limited, was as follows:

Shareholdings per director of the company and major operating subsidiaries

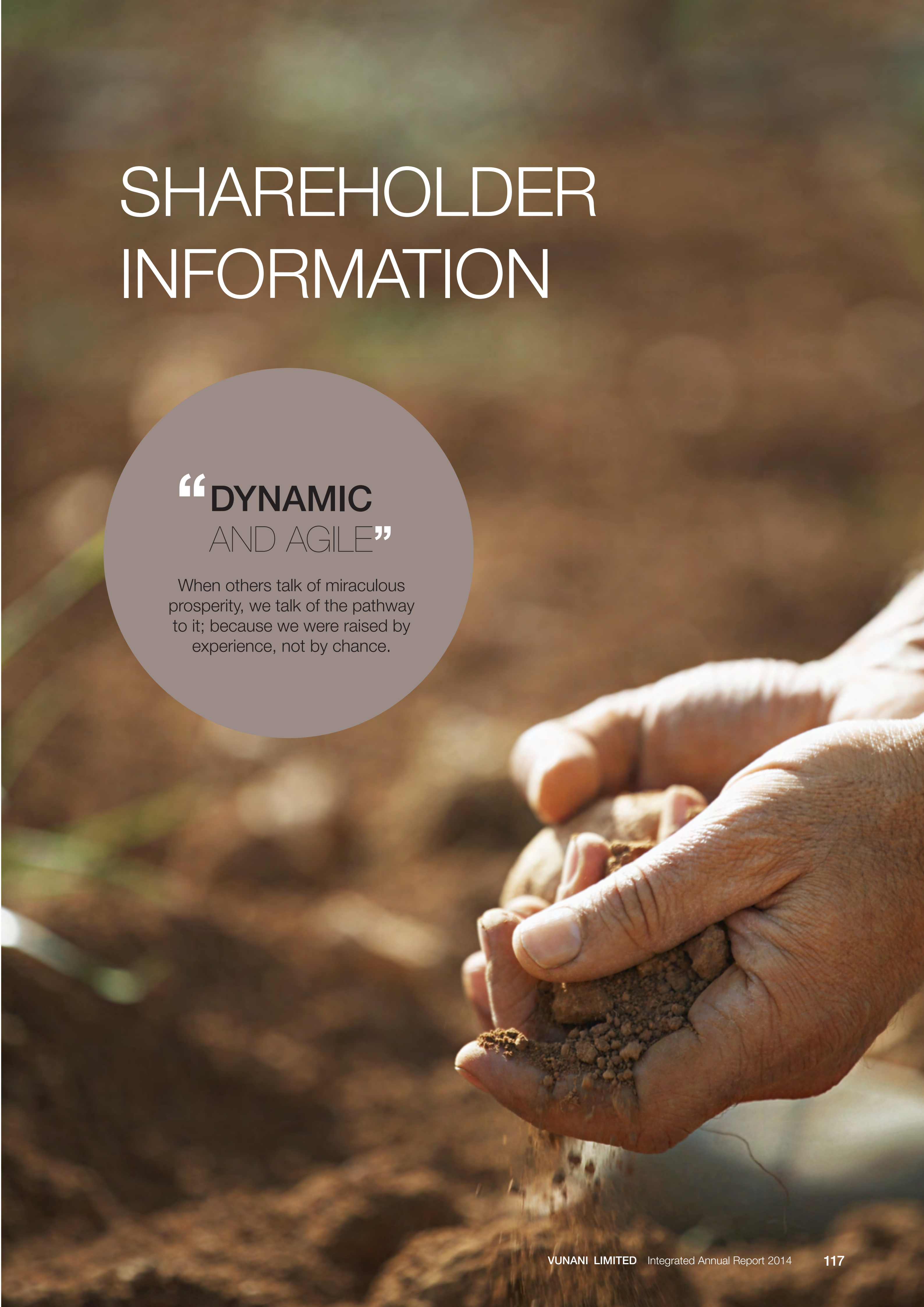
At 31 December 2014	**Number of shares held Beneficially direct (000s)**	**Beneficially indirect (000s)**	**Total number of shares held (000s)**
EG Dube	**–**	**23 838**	**23 838**
NM Anderson	**15**	**14 868**	**14 883**
BM Khoza	**–**	**14 868**	**14 868**
JJ Rossouw	**–**	**398**	**398**
A Judin	**86**	**–**	**86**
A Zuma	**65**	**–**	**65**
	166	**53 972**	**54 138**

There has been no change in shareholdings of the directors of the listed company between 31 December 2014 and the approval of the annual report.

Shareholdings per director of the company and major operating subsidiaries

At 31 December 2013	Number of shares held Beneficially direct (000s)	Beneficially indirect (000s)	Total number of shares held (000s)
EG Dube	–	23 436	23 436
NM Anderson	–	14 625	14 625
BM Khoza	–	14 625	14 625
JJ Rossouw	–	398	398
A Judin	86	–	86
MJ Moller	86	–	86
RB Makhubela	67	–	67
A Zuma	65	–	65
	304	53 084	53 388

SHAREHOLDER INFORMATION



“DYNAMIC AND AGILE”

When others talk of miraculous prosperity, we talk of the pathway to it; because we were raised by experience, not by chance.

SHAREHOLDERS' DIARY

for the year ended 31 December 2014

Financial year-end	31 December 2014
Announcement of results	30 March 2015
Annual report posted	22 June 2015
Annual general meeting	21 July 2015
Interim results release	August 2015

NOTICE OF ANNUAL GENERAL MEETING

for the year ended 31 December 2014

VUNANI
LIMITED

Vunani Limited – Company
(Incorporated in the Republic of South Africa)
(Registration number: 1997/020641/06)
JSE code: VUN
ISIN: ZAE000163382
(the "company")

This document is important and requires your immediate attention.
If you are in any doubt about what action you should take, consult your broker, Central Securities Depository Participant ("CSDP"), legal advisor, banker, financial advisor, accountant or other professional advisor immediately.

If you have disposed of all your shares in the company, please forward this document, together with the attached form of proxy, to the purchaser of such shares or the broker, CSDP, banker or other agent through whom you disposed of such shares.

NOTICE IS HEREBY GIVEN to shareholders at 12 June 2015, being the record date to receive notice of the Annual General Meeting ("AGM") for the year ended 31 December 2014 in terms of section 59(1)(a) of the Companies Act, 71 of 2008, as amended (the "Companies Act"), that the AGM of shareholders of the company will be held in the boardroom, Vunani Limited, Vunani House, 151 Katherine Street, Sandton at 10:00am on Tuesday, 21 July 2015 to: (i) deal with such other business as may lawfully be dealt with at the AGM and (ii) consider and, if deemed fit to pass, with or without modification, the following ordinary and special resolutions, in the manner required by the Companies Act, as read with the JSE Limited Listings Requirements (the "JSE Listings Requirements"), which meeting is to be participated in and voted by shareholders in terms of section 62(3)(a), read with section 59, of the Companies Act.

Salient dates applicable to the AGM	
Last day to trade to be eligible to vote at the AGM	3 July 2015
Record date for determining those shareholders entitled to vote at the AGM	10 July 2015
Record date to be eligible to receive the notice of the AGM	12 June 2015

Section 63(1) of the Companies Act – Identification of Meeting Participants

Meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in shareholders' meetings. Forms of identification include valid identity documents, drivers' licences and passports.

When reading the ordinary and special resolutions below, please refer to the explanatory notes for AGM resolutions on pages 120 to 124.

1. Presentation of annual financial statements

The consolidated audited financial statements of the company and its subsidiaries (as approved by the board of directors of the company), including the directors' report, the audit and risk committee report and the external auditor's report for the year ended 31 December 2014 have been distributed as required and will be presented to shareholders. The complete annual financial statements are set out on pages 38 to 113 of the integrated annual report.

2. Ordinary resolution number 1

Re-election of XP Guma as a non-executive director

"It is hereby resolved that the re-election of XP Guma, who retires as a non- executive director of the company by rotation in accordance with the company's Memorandum of Incorporation, and being eligible, offers herself for re-appointment in this capacity, be approved."

Please refer to page 7 of the integrated annual report for a brief biography.

3. Ordinary resolution number 2

Re-election of BM Khoza as an executive director

"It is hereby resolved that the re-election of BM Khoza, who retires as executive director of the company by rotation in accordance with the company's Memorandum of Incorporation, and being eligible, offers himself for re-appointment in this capacity, be approved."

Please refer to page 6 of the integrated annual report for a brief biography.

4. Ordinary resolution number 3

Re-election of GS Nzalo as a member and chairman of the audit and risk committee: Section 94(2) of the Companies Act

"It is hereby resolved that GS Nzalo be re-elected as a member and chairman of the audit and risk committee, with immediate effect, in terms of section 94(2) of the Companies Act."

5. **Ordinary resolution number 4**

Re-election of JR Macey as a member of the audit and risk committee: Section 94(2) of the Companies Act

"It is hereby resolved that JR Macey be re-elected as a member of the audit and risk committee, with immediate effect, in terms of section 94(2) of the Companies Act."

6. **Ordinary resolution number 5**

Re-lection of NS Mazwi as a member of the audit and risk committee: Section 94(2) of the Companies Act

"It is hereby resolved that NS Mazwi be re-elected as a member of the audit and risk committee, with immediate effect, in terms of section 94(2) of the Companies Act."

7. **Ordinary resolution number 6**

Re-appointment of KPMG Inc. as auditor in terms of section 61(8)(c) of the Companies Act

"It is hereby resolved that, on the recommendation of the audit and risk committee, KPMG Inc. be and is hereby re-appointed as the independent auditor of the company (for its financial year ending 31 December 2014) and that their appointment be of full force and effect until the conclusion of the company's next annual general meeting, and noted that the designated auditor, G Parker, meets the requirements of section 90(2) of the Companies Act."

8. **Ordinary resolution number 7**

General authority to directors to allot and issue authorised but unissued ordinary shares

"It is hereby resolved that the directors be and are hereby authorised to allot and issue, at their discretion, the unissued share capital of the company and/or grant options to subscribe for unissued shares, for such purposes and on such terms and conditions as they may determine, provided that such transaction(s) has/have been approved by the JSE Limited as and when required, and are subject to the JSE Listings Requirements and the Companies Act and shareholders hereby waive any pre-emptive rights thereto."

9. **Ordinary resolution number 8**

General authority to directors to allot and issue ordinary shares for cash

"It is hereby resolved that, in terms of the JSE Listings Requirement, the mandate given to the directors of the company in terms of a general authority to issue securities for cash, as and when suitable opportunities arise, be renewed subject to the following conditions:

- any such issue of shares shall be to public shareholders as defined by the JSE Listings Requirements and not to related parties;
- any such issue of equity securities be of a class already in issue, or where this is not the case, must be limited to such securities or rights as are convertible into an existing class of equity securities;
- the authority shall only be valid until the next AGM of the company, provided it shall not extend beyond 15 months from the date of this AGM;
- an announcement giving details including impact on net asset value and earnings per share, will be published at the time of any such allotment and issue of shares representing, on a cumulative basis within one financial year, 5% or more of the number of shares of that class in issue prior to any such issues;
- that issues of shares (excluding issues of shares exercised in terms of any company/group share scheme) in any one financial year shall not, in aggregate, exceed 50% of the number of shares of any class of the company's issued share capital; and
- that, in determining the price at which an allotment and issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of the class of shares to be issued over the 30 business days prior to the date that the price of issue is determined or agreed between the company and the party/parties subscribing for the securities."

Voting

In terms of the JSE Listings Requirements, the approval of 75% majority of votes cast in favour of ordinary resolution number 8 by shareholders present or represented by proxy at this AGM, excluding the Designated Advisor and the controlling shareholders together with their associates, will be required for this authority to become effective.

10. Ordinary resolution number 9

Approval of remuneration policy (non-binding advisory note)

"It is hereby resolved that, through a non-binding advisory vote, the company's remuneration policy (excluding the remuneration of non-executive directors and the members of board committees for their services as directors and members of committees) which is not to remunerate its executive directors for attendance at meetings, but rather to remunerate them in terms of an employment contract, be approved and endorsed."

11. Special resolution number 1

Approval of remuneration payable to non-executive directors

"It is hereby resolved as a special resolution in terms of section 66(9) of the Companies Act, as read with section 65(11)(h), and subject to the provisions of the company's Memorandum of Incorporation that the company be and it is hereby authorised to pay remuneration to its non-executive directors for their service as directors as follows:

Chairman of the board	R267 500 per annum, includes remuneration for services provided to the group, including chairman of the nomination committee and member of the investment committee and remuneration committee.
Base fee for other non-executive directors	R123 050 per annum
Chairman of the investment committee	R21 400 per annum In addition to the base fee
Chairman of audit and risk committee	R21 400 per annum, in addition to the base fee
Member of the audit and risk committee	R10 700 per annum, in addition to the base fee
Chairman of the remuneration committee	R5 350 per annum in addition to the base fee
Chairman of the nomination committee	R5 350 per annum in addition to the base fee
Chairman of the social and ethics committee	R10 700 in addition to the base fee

Special resolution number 1 is proposed in order to comply with the requirements of the Companies Act. The aforementioned rates have been recommended in order to ensure that the remuneration of non-executive directors remains competitive in order to enable the company to attract persons of the calibre, capability, skill and experience required in order to make a meaningful contribution to the company. The remuneration proposed is considered to be fair and reasonable and in the best interests of the company.

12. Special resolution number 2

Repurchase of company shares

"It is hereby resolved as a special resolution that, subject to the company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements in force from time to time, the company and/or a subsidiary of the company be and it is hereby authorised to repurchase or purchase, as the case may be, shares issued by the company from any person, upon such terms and conditions and in such manner as the directors of the company or the subsidiary may from time to time determine, including that such securities be repurchased or purchased from share premium or capital redemption reserve fund, subject to the following:

- that the repurchase of securities be effected through the order book operated by the JSE trading system and be done without any prior understanding or arrangement between the company and the counterparty;
- that this general authority be valid only until the next annual general meeting or the variation or revocation of such general authority by special resolution at any subsequent general meeting of the company, provided that it shall not extend beyond 15 months from the date of this resolution;
- that an announcement be made giving such details as may be required in terms of the JSE Listings Requirements when the company has cumulatively repurchased 3% of the initial number (the number of that class of security in issue at the time that the general authority is granted) of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter;
- at any point in time the company may only appoint one agent to effect any repurchase on the company's behalf;
- repurchases may not be made by the company and/or its subsidiaries during a prohibited period as defined in the JSE Listings Requirements unless a repurchase programme is in place where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
- the repurchase of shares shall not, in the aggregate, in any one financial year, exceed 20% of the company's issued capital and a maximum of 10% in aggregate of the company's issued capital may be repurchased in terms of the Companies Act, by the subsidiaries of the company, at the time this authority is given;

- the repurchase of securities may not be made at a price greater than 10% above the weighted average of the market value of the securities as determined over the five business days immediately preceding the date on which the transaction is effected;
- the board of directors passing a resolution that they authorised the repurchase and that the company passed the solvency and liquidity test as set out in section 4 of the Companies Act and that, since the test was done, there have been no material changes to the financial position of the group."

The directors of the company or its subsidiaries will only utilise the general authority set out in special resolution number 2 above to the extent that they, after considering the effect of the maximum repurchase permitted, and for a period of 12 months after the date of the notice of this AGM, are of the opinion that:

- the company and the group will be able, in the ordinary course of business, to pay their debts;
- the assets of the company and the group will be in excess of the liabilities of the company and the group, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest annual financial statements;
- the ordinary share capital and reserves of the company and the group are adequate for ordinary business purposes;
- the working capital of the company and the group will be adequate for ordinary business purposes;
- the directors have passed a resolution authorising the repurchase, resolving that the company has satisfied the solvency and liquidity tests as defined in the Companies Act and resolving that since the solvency and liquidity test had been applied, there have been no material changes to the financial position of the group.

For the purpose of considering special resolution number 2 and in compliance with the JSE Listing Requirements, the information listed below has been included in the company's integrated annual report, of which this notice of AGM forms part, at the places indicated below:

- directors and management – refer to pages 8 and 9 of this integrated annual report;
- major shareholders – refer to page 114 of this integrated annual report;
- directors' interests and securities – refer to pages 36 and 115 of this integrated annual report; and
- share capital of the company – refer to pages 74 and 75 of this integrated annual report.

Directors' responsibility

The directors, whose names are set out on pages 8 and 9 of this integrated annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to special resolution number 2 and certify that, to the best of their knowledge and belief, there are no other facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries have been made and that the aforementioned special resolution contains all the information required by the JSE.

13. Special resolution number 3

Financial assistance

"It is hereby resolved as a special resolution that, subject to the company's Memorandum of Incorporation and subject to the requirements of the Companies Act, that the board of directors of the company may authorise the company to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise to:

- any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the company for any purpose or in connection with any matter, including but not limited to, the subscription of any option, or any securities issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company; and
- any of its present or future directors or prescribed officers (or any person related to any of them or to any company or corporation related or inter-related to any of them) or to any other person who is a participant in any of the company's share or other employee incentive schemes, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company, where such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of the Companies Act, such authority to endure until the next annual general meeting of the company."

14. Ordinary resolution number 10

Directors' authority to sign documentation

"It is resolved as an ordinary resolution that any director of the company be and hereby is authorised to sign any documents and to take any steps as may be necessary or expedient to give effect to all ordinary and special resolutions passed at this meeting,

Voting procedures and electronic participation

On a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote, irrespective of the number of shares such shareholder holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote shall be entitled to one vote for every share held or represented by that shareholder. On a poll taken at any such meeting the shareholder entitled to more than one vote need not, if he votes, use all of his votes, or cast all the votes he uses in the same way:

- to furnish the company with his voting instructions; or
- in the event that he wishes to attend the AGM, to obtain the necessary letter of representation to do so.

The directors have not made any provision for electronic participation at the AGM.

Litigation

The directors are not aware of any legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the company is aware) which may have or have had, in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

Material change

Other than the facts and developments reported on in this integrated annual report, there have been no material changes in the financial or trading position of the group since the company's financial year-end and the signature date of this integrated annual report.

Threshold for resolution approval

For ordinary resolutions, with the exception of ordinary resolution number 9 as detailed above, to be approved by shareholders, each resolution must be supported by more than 50% of the voting rights exercised on the resolution concerned.

For special resolutions and ordinary resolution number 9 to be approved by shareholders, each resolution must be supported at least 75% of the voting rights exercised on the resolution concerned.

Proxies

A shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend, participate in and vote at the AGM in the place of the shareholder. A proxy need not also be a shareholder of the company.

Shareholders on the company share register who have dematerialised their ordinary shares through Strate, other than those whose shareholding is recorded in their "own name" in the sub-register maintained by their CSDP, and who wish to attend the AGM in person, will need to request their CSDP or broker to provide them with the necessary authority to do so in terms of the custody agreement entered into between the dematerialised shareholders and their CSDP or broker.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration, and who are entitled to attend and vote at the AGM, are entitled to appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a shareholder and shall be entitled to vote on a show of hands or poll. It is requested that forms of proxy be forwarded so as to reach the transfer secretaries at least 48 hours prior to the AGM. If shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration and who are entitled to attend and vote at the AGM do not deliver forms of proxy to the transfer secretaries timeously, such shareholders will nevertheless at any time prior to the commencement of the voting on the ordinary and special resolutions at the AGM be entitled to lodge forms of proxy in respect of the AGM, in accordance with the instructions therein with the chairman of the AGM.

By order of the board

EG Dube
Chief Executive Officer

12 June 2015

DEFINITIONS

AUM/FUM	Assets/Funds under management
BBBEE or BEE	Broad-based black economic empowerment
CFA	Chartered Financial Analyst
Companies Act	Companies Act 71 of 2008
FSB	The Financial Services Board
IFRS	International Financial Reporting Standards
IoDSA	Institute of Directors of South Africa
JSE	JSE code: VUN ISIN: ZAE000163382
King III	King III Report on Corporate Governance in South Africa
MOI	Memorandum of Incorporation
Purpose Vunani Asset Management or **Purpose Vunani**	Purpose Vunani Asset Management (Private) Limited
SARS	South African Revenue Services
SENS	Stock Exchange News Service
The Board	The board of directors of Vunani Limited
The Company	Vunani Limited
The Group	Vunani Limited and its subsidiaries
Vunani Capital	Vunani Capital Proprietary Limited
Vunani Capital Markets	Vunani Capital Markets Proprietary Limited
Vunani Fund Managers	Vunani Fund Managers Proprietary Limited
Vunani Limited or Vunani	Vunani Limited (registration number: 1997/020641/06) JSE code: VUN ISIN: ZAE000163382 Listed on Alt-X on the JSE Limited
Vunani Private Clients	Vunani Private Clients Proprietary Limited
Vunani Properties	Vunani Properties Proprietary Limited
Vunani Property Asset Management or **VPAM**	Vunani Property Asset Management Proprietary Limited
Vunani Resources	Vunani Resources Proprietary Limited
Vunani Securities	Vunani Securities Proprietary Limited
VSIST	Vunani Share Incentive Scheme Trust

FORM OF PROXY

(Incorporated in the Republic of South Africa)
(Registration number: 1997/020641/06)
JSE code: VUN
ISIN: ZAE000163382
("the company")

VUNANI
LIMITED

To be completed by registered certificated shareholders and dematerialised shareholders with own name registration only.

For use in respect of the annual general meeting to be held at the company's offices, Vunani House, Vunani Office Park, 151 Katherine Street, Sandown, Sandton on Tuesday, 21 July 2015 at 10:00am.

Ordinary shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the annual general meeting or the ordinary shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

I/We (full names in block letters)

of (address)

Telephone (work) Telephone (home)

being the holder(s) of ordinary shares in the company, appoint (see note 1):

or failing him/her,

or failing him/her,

the chairman of the annual general meeting,

as my/our proxy to act on my/our behalf at the annual general meeting which is to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof and to vote for or against such resolutions or to abstain from voting in respect of such resolutions, in accordance with the following instructions (see note 2):

	Number of votes (one vote per ordinary share)		
	For	Against	Abstain
Ordinary resolution number 1			
Re-election of XP Guma as a non-executive director			
Ordinary resolution number 2			
Re-election of B Khoza as an executive director			
Ordinary resolution number 3			
Re-election of GS Nzalo as a member and chairman of the audit and risk committee			
Ordinary resolution number 4			
Re-election of JR Macey as a member of the audit and risk committee			
Ordinary resolution number 5			
Re-election of NS Mazwi as a member of the audit and risk committee			
Ordinary resolution number 6			
Re-appointment of KPMG Inc. as the auditor of the company			
Ordinary resolution number 7			
General authority to directors to allot and issue authorised but unissued ordinary shares			
Ordinary resolution number 8			
General authority to directors to allot and issue ordinary shares for cash			
Ordinary resolution number 9			
Approval of remuneration policy (non-binding advisory vote)			
Special resolution number 1			
Approval of remuneration payable to non-executive directors			
Special resolution number 2			
Repurchase of company shares			
Special resolution number 3			
Financial assistance			
Ordinary resolution number 10			
Directors' authority to sign documentation			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.)
Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak, and on a poll, vote in place of that shareholder at the annual general meeting.

Signed at on 2015

Signature(s)

Capacity

Please read the notes and summary on the reverse side hereof.

NOTES TO THE FORM OF PROXY

Notes

1. A member may insert the name of a proxy or the names of two alternate proxies of the member's choice in the space(s) provided, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member should insert an "X" in the relevant space according to how he wishes his votes to be cast. However, if a member wishes to cast a vote in respect of a lesser number of ordinary shares than he owns in the company, he should insert the number of ordinary shares held in respect of which he wishes to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he deems fit in respect of all the member's votes exercisable at the annual general meeting. A member is not obliged to exercise all of his votes, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the member.
3. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such member wish to so do.
4. The chairman of the annual general meeting may reject or accept any form of proxy, which is completed and/or received, other than in compliance with these notes.
5. Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the annual general meeting or the ordinary shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholders and the CSDP or broker concerned.
6. Any alteration to this form of proxy, other than the deletion of alternatives, must be signed, not initialled, by the signatory/ies.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. on behalf of a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the company or waived by the chairman of the annual general meeting.
8. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her capacity are produced or have been recorded by the company.
9. Where there are joint holders of shares:
   - any one holder may sign this form of proxy; and
   - the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the company's register of members, will be accepted.
10. To be valid, the completed forms of proxy must either: (a) be lodged so as to reach the transfer secretaries by no later than the relevant time or (b) be lodged with the chairman of the annual general meeting prior to the annual general meeting so as to reach the chairman by no later than immediately prior to the commencement of voting on the ordinary and special resolutions to be tabled at the annual general meeting.
11. The proxy appointment is revocable by the shareholders giving written notice of the cancellation to the company prior to the annual general meeting or any adjournment thereof. The revocation of the proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholders as of the later of: (i) the date stated in the written notice, if any or (ii) the date on which the written notice was delivered as aforesaid.
12. If the instrument appointing a proxy or proxies has been delivered to the company, any notice that is required by the Companies Act or the articles to be delivered by the company to shareholders must (as long as the proxy appointment remains in effect) be delivered by the company to: (i) the shareholder or (ii) the proxy or proxies of the shareholder has directed the company to do so, in writing and pay it any reasonable fee charged by the company for doing so.

Summary of the rights

Established in terms of section 58 of the Companies Act

For purposes of this summary, "shareholder" shall have the meaning ascribed thereto in the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder, or give or withhold written consent on behalf of such shareholder in relation to an decision contemplated in section 60 of the Companies Act.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Companies Act or expires earlier as contemplated in section 58(8)(d) of the Companies Act.
3. Except to the extent that the memorandum of incorporation of a company provides otherwise:
   (a) a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
   (b) a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
   (c) a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.
4. Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
5. Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company.
6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
7. If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the company for doing so.
8. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation, or the instrument appointing the proxy provides otherwise.
9. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supply a form of instrument for appointing a proxy:
   (a) such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
   (b) the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Companies Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
   (c) the company must not require that the proxy appointment be made irrevocable; and
   (d) the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

GENERAL INFORMATION

Country of incorporation and country of domicile	Republic of South Africa
Headquarters	Sandton, South Africa
Registration number	1997/020641/06
JSE code	VUN
ISIN	ZAE000163382
Primary listing	AltX on the JSE
Listing date	27 November 2007
Shares in issue at 31 December 2014	114 664 648
Business address and registered office	Vunani House Vunani Office Park 151 Katherine Street Sandton
Postal address	PO Box 652419 Benmore 2010
Transfer secretaries	Computershare Investor Services Proprietary Limited 70 Marshall Street Johannesburg 2001
Designated Advisor	Grindrod Bank Limited
Website	www.vunanilimited.co.za
Telephone	+27 11 263 9500
Fax	+27 11 784 2550

NOTES


www.vunanilimited.co.za