REVIEWED PROVISIONAL CONDENSED CONSOLIDATED RESULTS

for the year ended 28 February 2017

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

VUNANI
LIMITED

Condensed consolidated statement of comprehensive income

for the year ended 28 February 2017

Figures in R'000	Note	12 months Reviewed 28 February 2017	14 months Audited 29 February 2016
Continuing operations			
Revenue	1	**188 613**	154 190
Other income		**4 717**	12 546
Investment revenue		**1 624**	8 263
Interest received from investments		**1 646**	2 047
Net profit on disposal of assets		**15 006**	–
Fair value adjustments and impairments	2	**9 247**	(18 934)
Equity-accounted earnings (net of income tax)		**23 305**	31 797
Operating expenses		**(194 400)**	(183 291)
Results from operating activities		**49 758**	6 618
Finance income		**2 784**	4 505
Finance costs		**(3 866)**	(2 697)
Net finance (costs)/income		**(1 082)**	1 808
Profit before income tax		**48 676**	8 426
Income tax expense		**(8 638)**	(116)
Profit from continuing operations		**40 038**	8 310
Discontinued operations			
Profit from discontinued operations (net of income tax)		**–**	(141)
Profit for the year		**40 038**	8 169
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Exchange differences on translating foreign operations		**(2 243)**	142
Total comprehensive income for the year		**37 795**	8 311
Profit from continuing operations attributable to:			
Equity holders of Vunani Limited		**38 081**	6 860
Non-controlling interest		**1 957**	1 450
		40 038	8 310
Profit for the year attributable to:			
Equity holders of Vunani Limited		**38 081**	6 750
Non-controlling interest		**1 957**	1 419
		40 038	8 169
Total comprehensive income for the period attributable to:			
Equity holders of Vunani Limited		**36 793**	6 417
Non-controlling interest		**1 002**	1 894
		37 795	8 311
Basic and diluted earnings per share (cents)		**30.1**	6.2
Basic and diluted earnings per share from continuing operations (cents)		**30.1**	6.3
Basic and diluted earnings per share from discontinued operations (cents)		–	(0.1)
Basic and diluted headline earnings per share (cents)	3	**19.2**	5.8
Basic and diluted headline earnings per share from continuing operations (cents)		**19.2**	5.9
Basic and diluted headline earnings per share from discontinued operations (cents)		–	(0.1)

SALIENT FEATURES

REVENUE OF
R188.6 million
compared to R154.2 million at 29 February 2016

PROFIT FOR THE YEAR OF
R40.0 million
compared to R8.2 million at 29 February 2016

BASIC EARNINGS PER SHARE
30.1c
compared to 6.2c at 29 February 2016

Condensed consolidated statement of financial position

at 28 February 2017

Figures in R'000	Note	12 months Reviewed 28 February 2017	14 months Audited 29 February 2016
Assets			
Property, plant and equipment		**10 535**	8 655
Goodwill		**139 766**	34 123
Intangible assets		**98 613**	184
Investments in and loans to associates		**84 242**	76 909
Other investments	4	**38 109**	34 318
Deferred tax asset		**47 280**	46 203
Other non-current assets		**29 802**	22 504
Total non-current assets		**448 347**	222 896
Other investments	4	**4 291**	3 769
Other current assets		**1 712**	1 598
Taxation prepaid		**1 343**	1 267
Non-current assets held for sale	5	**–**	42 504
Trade and other receivables		**52 702**	25 186
Accounts receivable from trading activities		**693 427**	648 817
Trading securities		**183**	131
Cash and cash equivalents		**82 284**	17 562
Total current assets		**835 942**	740 834
Total assets		**1 284 289**	963 730
Equity			
Stated capital	6	**700 022**	624 888
Treasury shares		**(15 915)**	(15 571)
Share-based payments reserve		**16 100**	12 871
Foreign currency translation reserve		**(2 521)**	(1 233)
Accumulated loss		**(340 886)**	(365 474)
Equity attributable to equity holders of Vunani Limited		**356 800**	255 481
Non-controlling interest		**(4 021)**	1 670
Total equity		**352 779**	257 151
Liabilities			
Other financial liabilities	4	**107 714**	10 150
Deferred tax liabilities		**31 311**	2 152
Total non-current liabilities		**139 025**	12 302
Other financial liabilities	4	**35 580**	10 982
Taxation payable		**8 327**	4 498
Trade and other payables		**57 615**	30 458
Accounts payable from trading activities		**688 819**	647 872
Trading securities		**1 934**	–
Bank overdraft		**210**	467
Current liabilities		**792 485**	694 277
Total liabilities		**931 510**	706 579
Total equity and liabilities		**1 284 289**	963 730
Shares in issue (000s)	6	**161 296**	114 665
Net asset value per share (cents)		**221.2**	222.8
Net tangible asset value per share (cents)		**73.4**	192.9

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

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

Condensed consolidated statement of changes in equity

for the year ended 28 February 2017

Figures in R'000	Stated capital	Treasury shares	Share-based payment reserve	Foreign currency translation reserve	Accumulated loss	Total attributable to equity holders	Non-controlling interest	Total equity
Balance as at 31 December 2014 – Audited	624 888	(15 571)	13 249	(900)	(364 004)	257 662	(2 818)	254 844
Total comprehensive income for the period								
Profit for the year	–	–	–	–	6 750	6 750	1 419	8 169
Other comprehensive income for the period	–	–	–	(333)	–	(333)	475	142
Total comprehensive income for the period	–	–	–	(333)	6 750	6 417	1 894	8 311
Share-based payments	–	–	1 628	–	–	1 628	–	1 628
Transfer between reserves	–	–	(2 006)	–	2 006	–	–	–
Dividends paid	–	–	–	–	(6 014)	(6 014)	(1 618)	(7 632)
Acquisition of non-controlling interests	–	–	–	–	(4 212)	(4 212)	4 212	–
Total transactions with owners, recorded directly in equity	–	–	(378)	–	(8 220)	(8 598)	2 594	(6 004)
Balance as at 29 February 2016 – Audited	**624 888**	**(15 571)**	**12 871**	**(1 233)**	**(365 474)**	**255 481**	**1 670**	**257 151**
Total comprehensive income for the year								
Profit for the year	**–**	**–**	**–**	**–**	**38 081**	**38 081**	**1 957**	**40 038**
Other comprehensive income for the year	**–**	**–**	**–**	**(1 288)**	**–**	**(1 288)**	**(955)**	**(2 243)**
Total comprehensive income for the period	**–**	**–**	**–**	**(1 288)**	**38 081**	**36 793**	**1 002**	**37 795**
Transactions with owners, recorded directly in equity								
Issue of shares	**68 332**	**–**	**–**	**–**	**–**	**68 332**	**–**	**68 332**
Share-based payments	**–**	**–**	**3 229**	**–**	**–**	**3 229**	**–**	**3 229**
Dividends paid	**–**	**–**	**–**	**–**	**(503)**	**(503)**	**–**	**(503)**
Capitalisation share issue award	**6 802**	**(344)**	**–**	**–**	**(6 458)**	**–**	**–**	**–**
Acquisition of non-controlling interests	**–**	**–**	**–**	**–**	**(6 532)**	**(6 532)**	**1 082**	**(5 450)**
Business combination	**–**	**–**	**–**	**–**	**–**	**–**	**(7 775)**	**(7 775)**
Total transactions with owners, recorded directly in equity	**75 134**	**(344)**	**3 229**	**–**	**(13 493)**	**64 526**	**(6 693)**	**57 833**
Balance as at 28 February 2017 – Reviewed	**700 022**	**(15 915)**	**16 100**	**(2 521)**	**(340 886)**	**356 800**	**(4 021)**	**352 779**

DIVIDENDS

Figures in R'000	Reviewed 28 February 2017	Audited 29 February 2016
Capitalisation share issue award (with cash alternative)		
A scrip dividend of 4 shares for every 100 shares held (4.3 million shares) was issued on 26 August 2016 (net of treasury shares)	**6 458**	–
As an alternative to the capitalisation share issue award, shareholders were able to elect to receive a gross dividend of 6c per share. For those shareholders electing to receive cash the dividend was paid to ordinary shareholders on 29 August 2016 (net of treasury shares held)	**503**	–
Ordinary dividend paid		
2017: Nil (2016: ordinary dividend number 2 of 5.5 cents per share (net of treasury shares held))	**–**	6 014
	6 961	6 014

Condensed consolidated statement of cash flows
for the year ended 28 February 2017

Figures in R'000	Note	12 months Reviewed 28 February 2017	14 months Audited 29 February 2016
Cash flows from operating activities			
Net cash utilised by operating activities	8	**(171)**	(28 523)
Investment revenue received		**1 624**	8 263
Finance income received		**2 784**	5 421
Finance costs paid		**(1 220)**	(1 965)
Dividends paid to shareholders		**(503)**	(6 014)
Dividends paid to non-controlling interest		**–**	(1 618)
Income tax paid		**(10 278)**	(5 472)
Net cash utilised by operating activities		**(7 764)**	(29 908)
Cash flows from investing activities			
Proceeds on disposal of business		**494**	15 000
Acquisition of property, plant and equipment		**(2 161)**	(1 575)
Proceeds on disposal of property, plant and equipment		**6**	–
Proceeds from repayment of loans to associates		**606**	–
Increase in investment and loans to associates		**(1 664)**	(50 949)
Increase in other non-current assets		**–**	(4 032)
Proceeds from repayment of other non-current assets		**8**	4 257
Acquisition of other investments		**(298)**	(1 010)
Proceeds on disposal of other investments		**6 990**	40 994
Net cash inflow from investing activities		**3 981**	2 685
Cash flows from financing activities			
Proceeds on issue of shares		**51 066**	–
Increase in other financial liabilities		**70**	–
Repayments of other financial liabilities		**(2 064)**	(22 338)
Net cash inflow/(outflow) from financing activities		**49 072**	(22 338)
Net increase/(decrease) in cash and cash equivalents		**45 289**	(49 561)
Cash acquired in business combination		**20 013**	–
Cash disposed of during the year		**(323)**	–
Cash and cash equivalents at the beginning of the year		**17 095**	66 656
Total cash and cash equivalents at end of the year		**82 074**	17 095

Segmental reporting
for the year ended 28 February 2017

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

Figures in R'000		12 months			
		Revenue Reviewed 28 February 2017	Reportable segment profit/(loss) after tax Reviewed 28 February 2017	Total assets Reviewed 28 February 2017	Total liabilities Reviewed 28 February 2017
Fund management		**64 452**	**6 049**	**60 735**	**(15 636)**
Asset administration		**22 909**	**16 595**	**245 887**	**(150 682)**
Investment banking	Advisory services	**5 236**	**(525)**	**2 239**	**(1 741)**
	Institutional securities broking	**67 955**	**2 585**	**721 258**	**(713 466)**
Private equity		**23 640**	**15 149**	**253 398**	**(49 156)**
Private wealth and investments*		**4 421**	**185**	**772**	**(829)**
Total		**188 613**	**40 038**	**1 284 289**	**(931 510)**

Figures in R'000		14 months			
		Revenue Audited 29 February 2016	Reportable segment profit/(loss) after tax Audited 29 February 2016	Total assets Audited 29 February 2016	Total liabilities Audited 29 February 2016
Continuing operations					
Fund management		60 468	519	51 594	(3 594)
Asset administration		–	7 407	52 487	(5 162)
Investment banking	Advisory services	1 007	(2 493)	1 035	(1 135)
	Institutional securities broking	69 780	5 108	659 507	(666 796)
Private equity		10 102	1 172	195 847	(25 846)
Private wealth and investments *		12 833	(3 403)	2 363	(2 441)
		154 190	8 310	962 833	(704 974)
Discontinued operations					
Property asset management		–	320	5	(4)
Property developments and investments		–	(461)	892	(1 601)
		–	(141)	897	(1 605)
Total		154 190	8 169	963 730	(706 579)

* The Private wealth and investments segment was previously named "Private clients". The segment name was amended in 2016.

Notes to the condensed consolidated financial statements

(all figures in R´000)

BASIS OF PREPARATION

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

The reviewed condensed consolidated provisional financial statements have been presented on the historical cost basis, except for other investments and certain other financial liabilities, which are fair valued. These condensed consolidated financial statements are presented in South African Rand, rounded to the nearest thousand, which is the group's functional and presentation currency.

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

CHANGE IN FINANCIAL REPORTING PERIOD

The reviewed condensed consolidated financial statements cover a 12-month period from 1 March 2016 to 28 February 2017. Comparative results cover a period of 14 months from 1 January 2015 to 29 February 2016, as a result of a decision taken during 2015 to change the financial year-end of Vunani Limited and its subsidiaries ("Vunani Group") from 31 December to the last day of February. The change was primarily motivated by Vunani's acquisition of a significant interest in Fairheads International Holdings Proprietary Limited ("Fairheads") in May 2015, which has a February year-end.

NOTES

1. Revenue

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

2. Fair value adjustments and impairments

Figures in R'000	Reviewed 28 February 2017	Audited 29 February 2016
Fair value adjustment on financial assets and liabilities designated at fair value through profit or loss	**8 639**	(11 233)
Impairment reversal/(loss) of loans in other non-current assets	**8**	(4 646)
Impairment reversal/(loss) on loans to associates	**600**	(3 055)
	9 247	(18 934)

3. Reconciliation of headline earnings for the year

Figures in R'000	12 months Reviewed 28 February 2017	14 months Audited 29 February 2016
Profit for the year attributable to equity holders of Vunani	**38 081**	6 750
Adjusted for:		
Associates		
Gross revaluation of investment property	**888**	(704)
Deferred taxation on revaluation	**(249)**	197
Non-controlling interest	**(141)**	112
Disposal of subsidiaries		
Profit on disposal	**(2 806)**	–
Taxation	**629**	–
Business combination		
Fair value adjustment on stepped up acquisition	**(12 153)**	–
Disposal of assets		
Profit on disposal	**(47)**	–
Taxation	**11**	–
	24 213	6 355
Headline earnings per share (cents)	**19.2**	5.8
Basic and diluted headline earnings per share from continuing operations	**19.2**	5.9
Basic and diluted headline earnings per share from discontinued operations	**–**	(0.1)

4. Other investments and other financial liabilities

Unlisted investments are fair valued annually by the directors. Listed investment prices are determined with reference to the share price at period-end.

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

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

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

5. Non-current assets held for sale

The investments in BSI Limited and Verbicept Proprietary Limited, have been reclassified as other investments and investment in associates respectively, as the sale of these assets was not concluded within a 12-month period.

	Reviewed 28 February 2017	Audited 29 February 2016
Assets classified as held for sale		
Other investments		
BSI Limited	–	7 260
Investment in associate		
Verbicept Proprietary Limited	–	35 244
	–	42 504

6. Authorised and issued stated capital

The authorised stated capital at 28 February 2017 was 200 million ordinary shares of no par value (2016: 200 million ordinary shares of no par value). 161 296 081 shares were in issue at 28 February 2017 (2016: 114 664 649). 4 251 396 shares were issued on 29 August in terms of capitalisation share issue award described in note 11.

Weighted average number of ordinary shares (000s)	Reviewed 28 February 2017	Audited 29 February 2016
Issued ordinary shares at the beginning of the year	**114 665**	114 665
Effect of share issue	**17 203**	–
Effect of own shares held	**(5 473)**	(5 364)
Weighted average number of shares in issue during the year	**126 395**	109 301
Number of shares in issue at the end of the year (000s)	**161 296**	114 665
Dilutive weighted average number of ordinary shares (000s)		
Issued ordinary shares at the beginning of the year	**114 665**	114 665
Effect of share issue	**17 203**	–
Effect of own shares held	**(5 473)**	(5 364)
Effect of dilutive shares	**669**	221
Diluted weighted average number of shares in issue during the year	**127 064**	109 522
Number of shares in issue at the end of the year (000s)	**161 296**	114 665

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

7. Business acquisition

Vunani increased its investment in Mandlalux Proprietary Limited ("Mandlalux") from 70% to 100% (effectively 62.5% to 92.5%) on 1 January 2017, resulting in the group obtaining control of Mandlalux. The acquisition is in line with the group's strategy to expand its footprint in the asset administration business, thereby diversifying the group's product offering. The consideration for the additional investment amounted to R18.3 million. The acquisition was funded partly by cash and the issue of shares in Vunani Limited. At the date of disposal, the investment in and loans to the associate was carried at R59.4 million. Prior to the stepped-up acquisition, the 70% investment was valued at R71.6 million, resulting in a positive fair value adjustment of R12.2 million in the current year which is presented within the net profit on disposal of assets in the statement of comprehensive income.

An after tax profit of R3.2 million has been included in Vunani's profit or loss for the year ended 28 February 2017. R0.2 million of this profit is attributable to non-controlling interests. R22.9 million has been included in Vunani's revenue since the acquisition of Mandlalux for the period 1 January 2017 to 28 February 2017.

The acquisition resulted in the recognition of goodwill of R105.6 million, intangible assets of R100.5 million and deferred tax on intangible assets of R28.1 million at acquisition date.

Trade receivables acquired are at fair value and are expected to be collected in their entirety. No contingent liabilities arose as a result of the business combination. The valuation of the non-controlling interest of 7.5% was based on the net asset value of Mandlalux at acquisition date and amounted to R7.8 million.

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

	Mandlalux
Net assets acquired	
Plant and equipment	**2 732**
Deferred tax	**3 550**
Cash	**1 611**
Investments	**18 402**
Trade receivables	**12 871**
Other financial liabilities	**(121 996)**
Loan from Mandlamart	**(7 083)**
Deferred tax liabilities	**(2 509)**
Trade payables	**(7 145)**
Tax payable	**(4 105)**
Non-controlling interest	**7 775**
Net asset value acquired	**(95 897)**
Purchase price	**82 094**
Goodwill and intangibles	**(177 991)**
The following intangible assets and the related deferred taxation were identified at acquisition date consisting of:	
Brand	**7 977**
Customer list	**57 674**
Software	**34 832**
Deferred taxation	**(28 135)**
	72 348
Goodwill	**105 643**
The intangibles will be amortised as follows :	
Brand	15 years
Customer list	8 years
Software	10 years

Notes to the condensed consolidated financial statements

(all figures in R´000) (continued)

8. Net cash utilised by operating activities

Figures in R'000	12 months Reviewed 28 February 2017	14 months Audited 29 February 2016
Profit before income tax expense from continuing operations	**48 676**	8 426
Loss before income tax expense from discontinued operations	**–**	(324)
Adjusted for:		
Depreciation of property, plant and equipment	**1 297**	1 743
Profit on disposal of subsidiaries	**(2 806)**	–
Profit on disposal of associates	**(12 153)**	–
Reversal of other financial liabilities	**–**	(1 483)
Equity-accounted earnings (net of income tax)	**(23 305)**	(31 797)
Profit on disposal of assets	**(47)**	–
Fair value adjustments and impairments	**(9 247)**	18 934
Realisation of deferred income	**–**	(3 574)
Derecognition of deferred payment	**(3 580)**	–
Movement in impairment allowance	**1 097**	1 083
Amortisation of intangible assets	**2 055**	858
Share-based payments expense	**3 229**	1 628
Foreign currency translation loss/(gain)	**541**	(3 460)
Lease straight-line adjustment	**(301)**	(394)
Interest received from investments and finance income	**(4 430)**	(6 718)
Investment revenue	**(1 624)**	(8 263)
Finance costs	**3 866**	2 697
Changes in working capital:		
Increase in trading securities	**1 882**	120
Increase in trade and other receivables	**(22 944)**	(6 747)
Increase/(decrease) in trade and other payables	**18 139**	(2 155)
(Decrease)/increase in accounts receivable and payable from trading activities	**(516)**	903
Cash utilised by operating activities	**(171)**	(28 523)

9. Financial instruments carried at fair value

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

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

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

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

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

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

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

9. Financial instruments carried at fair value (continued)

Fair values Figures in R'000	Reviewed 28 February 2017 Carrying amount	Fair value	Audited 29 February 2016 Carrying amount	Fair value
Financial assets measured at fair value				
Designated at fair value through profit or loss on initial recognition	**68 520**	**68 520**	57 160	57 160
Non-current assets held for sale	**–**	**–**	7 260	7 260
Trading securities	**183**	**183**	131	131
Financial assets not measured at fair value				
Loans to associates	**22 953**	**20 761**	27 298	25 150
Loans in other non-current assets	**5 394**	**5 168**	5 030	8 141
	97 050	**94 632**	96 879	97 842
Financial liabilities measured at fair value				
Designated at fair value through profit or loss on initial recognition	**(6 610)**	**(6 610)**	(4 290)	(4 290)
Trading securities	**(1 934)**	**(1 934)**	–	–
Financial liabilities not measured at fair value				
Other financial liabilities	**(136 684)**	**(139 172)**	(16 842)	(16 226)
	(145 228)	**(147 716)**	(21 132)	(20 516)
Total	**(48 178)**	**(53 084)**	75 747	77 326

The carrying amounts of cash and cash equivalents, accounts receivable from trading activities, trade and other receivables, bank overdraft, accounts payable from trading activities and trade and other payables reasonably approximate their fair values and are therefore not included in the table above.

Fair value hierarchy

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

The different levels are defined as follows:

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

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

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

Reviewed 28 February 2017

Figures in R'000	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	**33 910**	**–**	**34 610**	**68 520**
Financial assets measured at fair value	**183**	**–**	**–**	**183**
Financial assets at amortised cost	**–**	**–**	**25 929**	**25 929**
Financial liabilities designated at fair value through profit or loss	**(1 934)**	**–**	**(6 610)**	**(8 544)**
Financial liabilities at amortised cost	**–**	**–**	**(139 172)**	**(139 172)**
	32 159	**–**	**(85 243)**	**(53 084)**

Audited 29 February 2016	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	29 556	–	27 604	57 160
Financial assets measured at fair value	7 391	–	–	7 391
Financial assets at amortised cost	–	–	33 291	33 291
Financial liabilities designated at fair value through profit or loss	–	–	(4 290)	(4 290)
Financial liabilities at amortised cost	–	–	(16 226)	(16 226)
	36 947	–	40 379	77 326

Notes to the condensed consolidated financial statements

(all figures in R´000) (continued)

9. Financial instruments carried at fair value (continued)

Figures in R'000	Reviewed 28 February 2017	Audited 29 February 2016
Level 3 comprises:		
Balance at beginning of year	**23 314**	35 890
Total gains or losses in profit or loss	**4 686**	(14 971)
Purchases, transfers, sales, issues and settlements	**–**	2 395
Balance at end of the year	**28 000**	23 314

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

Effect on statement of comprehensive income (profit/(loss)) and equity before taxation	Reviewed 28 February 2017	Audited 29 February 2016
Net asset value		
10% increase	**666**	1 204
10% decrease	**(1 492)**	(1 113)
Free cash flow		
10% increase	**(6 477)**	2 844
10% decrease	**6 850**	(5 471)
Foreign exchange movement		
10% increase	**1 333**	799
10% decrease	**(190)**	(572)

10. Events after reporting date

During April 2017, Vunani entered into an agreement in which it acquired 15% of the ordinary share capital of PowerHouse Africa Holdings Proprietary Limited. The 15% investment was acquired for a consideration of R2.0 million.

11. Dividends

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

For the period ended 29 February 2016: Ordinary dividend
A gross ordinary dividend of 5.5 cents per share (net of treasury shares held) was declared out of income reserves on 30 March 2015 and paid to ordinary shareholders on 28 April 2015.

Dividend declared
Notice is hereby given that a gross ordinary dividend of 5.2 cents per share (2016: 5.5 cents per share) has been declared out of income reserves on 26 April 2017 and are payable to ordinary shareholders in accordance with the following timetable.

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

– The local Dividend Withholding Tax rate is 20%

– 161 296 081 shares are in issue

– The gross ordinary dividend is 5.20000 cents per share for shareholders exempt from paying Dividend Withholding Tax

– The net ordinary dividend is 4.16000 cents per share for ordinary shareholders who are not exempt from Dividend Withholding Tax

– Vunani Limited's tax reference number is 9841003032

11. Dividends (continued)

Dividend declared (continued)

Timetable	2017
Declaration announcement	Wednesday, 26 April
Finalisation announcement	Tuesday, 11 July
Last day to trade *cum* dividend	Tuesday, 25 July
Shares commence trading *ex*-dividend	Wednesday, 26 July
Record date	Friday, 28 July
Dividend payment date	Monday, 31 July

No dematerialisation or rematerialisation of shares will be allowed for the period from Wednesday, 26 July 2017 to Friday, 28 July 2017, both dates inclusive.

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

12. Going concern

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

REVIEW OPINION

The condensed consolidated provisional financial statements of Vunani Limited for the year ended 28 February 2017 have been reviewed by the company's auditor, KPMG Inc. In their review report dated 26 April 2017, which is available for inspection at the Company's Registered Office, KPMG Inc. state that their review was conducted in accordance with the International Standard on Review Engagements 2410, Review of Interim Information Performed by the Independent Auditor of the Entity, which applies to a review of condensed consolidated provisional financial statements and have expressed an unmodified conclusion on the condensed consolidated provisional financial statements.

Notes to the condensed consolidated financial statements

(all figures in R´000) (continued)

OVERVIEW AND PROSPECTS

The reporting period was dominated by heightened volatility in the Rand-exchange rate in the run-up to, and aftermath of the local authority elections, exacerbated by the increased threat of further sovereign rating downgrades - potentially to below investment grade. Domestic business conditions remained tight following a severe drought, culminating in a rising inflation and interest rate trajectory, which further dampened local demand. The demand for exports was equally uninspiring as international political developments (Brexit and the appointment of US president Trump) culminated in heightened policy uncertainty. Commodity prices remained depressed as world economic growth struggled to gain traction despite sustained stimulus efforts. Business conditions remained unfavourable as the resultant domestic real economic growth performance for 2016 disappointed at a mere 0.3%.

Vunani's performance for the 12 months to 28 February 2017, has shown improvement when compared to the 14 months to 29 February 2016.

Vunani generated total comprehensive income for the year of R37.8 million (2016: R8.3 million), while total comprehensive income attributable to equity holders of the company amounted to R36.8 million (2016: R6.4 million).

The group's reportable segments are as follows:

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

Fund management

The fund management segment includes the group's investments in Vunani Fund Managers Proprietary Limited ("VFM"), Purpose Vunani Asset Management (Private) Limited ("PVAM") and Alliance Capital Limited ("Alliance"). The segment reported revenue of R64.5 million for the year ended 28 February 2017 (2016: R60.5 million), which is an increase of 6.6%. The reportable segment profit amounted to R6.0 million for the year compared to R0.5 million at 29 February 2016.

VFM's performance and profitability improved during the year as its assets under management increased from R14.1 billion at 29 February 2016 to R15.9 billion at 28 February 2017. This increase is mainly attributable to new assets being won during the year.

PVAM's performance improved during the year despite the ongoing challenging economic conditions in Zimbabwe. PVAM's assets under management increased to $31.1 million at 28 February 2017 from $17.8 million at 29 February 2016. The increase in assets under management and diversification of product offering has contributed to the return to profitability of PVAM.

During the year, the group acquired a 45% interest in Alliance, a Malawian-based asset management company. The acquisition will allow the group to establish a foothold in the Malawian asset management industry.

Asset administration

The asset administration segment includes the group's investment in Fairheads Benefit Services Proprietary Limited ("Fairheads") which is held through Mandlalux Proprietary Limited ("Mandlalux"). During the year, the group increased its investment in Fairheads from 62.5% to 92.5%, which resulted in the group having control in Fairheads. The group recognised R12.2 million on the stepped-up acquisition in Fairheads. The group's consolidated results include Fairheads' results for the two months from January 2017 to February 2017. The results for the 10 months to December 2016 have been equity accounted, resulting in R5.7 million (2016: R9.7 million) in equity-accounted after tax earnings to the group. Fairheads' assets under administration amounted to R6.2 billion at 28 February 2017 (2016: R7.8 billion).

Advisory services

The segment has shown improved deal flow during the year which has resulted in an improvement in revenue generated, being R5.2 million compared to R1.0 million for the year ended 29 February 2016. The segment reported a marginal loss for the year of R0.5 million (2016: R2.5 million). The division is working on a good pipeline of transactions and is expected to return to profitability.

Institutional securities broking

This segment includes equity, derivative and capital market trading services to institutional clients. The segment reported revenue of R68 million to February 2017 compared to R70.0 million in 2016. The segment reported a decrease in profit for the year of R2.6 million (2016: R5.1 million) due to the decrease in revenue. The focus for the year was on revenue growth through the expansion of the client base and exploring diversified products, which is progressing well.

Private equity

The segment has refined its focus into three investment sub-categories, namely mining, property and African investments. The segment holds the remaining listed investments in its portfolio. It is the group's intention to dispose of the listed investment portfolio, except in cases where the holding of listed equities supports regulatory capital requirements. The return on the investments and optimal use of capital is monitored to ensure that an efficient structure is maintained. Mining investments are focused primarily on coal and are considered in partnership with well-capitalised and strategic associates. The focus in the current year was to generate revenue from the mining operations.

The group is progressing with its objective of creating a property portfolio. The strategy involves partnering with investors who have experience in the property sector and several opportunities are currently being explored. Furthermore, Vunani is continuing its investment strategy onto the African continent through relationships with large corporates. The segment reported a profit of R15.2 million for the year (2016: R1.2 million).

Private wealth and investments

During the year, the retail securities-broking part of this business segment was sold to management. Subsequently, the segment's main business activity is providing private wealth and investment products to high net worth retail clients. The segment reported a marginal profit of R0.2 million for the year ended 28 February 2017 (2016: loss of R3.4 million).

Financial performance

Revenue for the group increased by 22% to R188.6 million (2016: R154.2 million) for the year ended 28 February 2017.

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

Investment income is received in the form of dividends. Total investment income for the year amounted to R1.6 million as compared to R8.3 million for the year ended 29 February 2016. The decrease is as result of a lower dividend declaration from investee companies.

Positive **fair value adjustments and impairments** of R9.2 million (2016: negative fair value adjustments and impairments of R18.9 million) relate to a net increase in the value of the groups' listed and unlisted investment portfolio that has been designated at fair value through profit or loss.

Equity-accounted earnings for the year amounted to R23.3 million (2016: R31.8 million). The group's investment in Fairheads was classified as an associate until 31 December 2016 and as such, its earnings were equity accounted until that date. Furthermore, Vunani's investment in Workforce Holdings Limited ("Workforce") is structured such that Vunani's interest is a joint venture and accordingly, the fluctuations in the fair value of Workforce are accounted for as equity accounted earnings.

Operating expenses increased by 6% from R183.3 million to R194.4 million. The consolidation of Fairheads has resulted in an increase in operating expenses. The additional share based payment expenses as a result of the introduction of the new share scheme, have also contributed to the increase in expenses. The devaluation of the Rand resulted in increases in information and technology costs, which are typically dollar denominated. The group remains focused on cost containment and monitors spending on an ongoing basis.

Finance income decreased to R2.9 million for the year compared to R4.5 million for the 14-month period to 29 February 2016. **Finance costs** increased from R2.7 million for the year ended 29 February 2016 to R3.9 million for the current year, as result of the consolidation of Fairheads.

The increase in **other investments** was due to the transfer of the group's investment in BSi Steel Limited ("BSi") from held for sale to other investments during the year. The investments in Workforce and BSi were previously classified as non-current assets held for sale. In the current year, these investments have been reclassified to **investment in associates and other investments,** respectively, as the sale of these assets was not concluded within a 12-month period.

The capitalisation share issue award of R6.8 million and share issue of R68.3 million resulted in an increase in **stated capital** of R75.1 million. The cash alternative for the award resulted in a cash **dividend payment** to shareholders who elected to receive cash amounting to R0.5 million (2016: cash dividend declared of R6.0 million). The **share-based payments reserve** movement of R3.2 million is attributable to the current year IFRS 2 charge (2016: charge of R1.6 million). The group's consolidation of its investment in Fairheads, has resulted in the recognition of a **non-controlling interest** of 7.5%. The profit for the year attributed to non-controlling interest amounted to R2.0 million.

Prospects

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

FORWARD-LOOKING STATEMENTS AND DIRECTORS' RESPONSIBILITY

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

The directors take full responsibility for the preparation of the condensed consolidated provisional financial statements.

Signed on behalf of the board of directors by E Dube and T Mika
26 April 2017.

CORPORATE INFORMATION

Executive directors

E Dube (Chief Executive Officer)
A Judin (Chief Financial Officer) – resigned 9 December 2016
T Mika (Chief Financial Officer) – appointed 9 December 2016
BM Khoza
NM Anderson

Non-executive directors

LI Jacobs – independent chairman
XP Guma – independent
NS Mazwi – independent
G Nzalo – independent
JR Macey – independent
S Mthethwa
M Golding – appointed 5 October 2016

Company secretary

CIS Company Secretaries Proprietary Limited

Designated adviser

Grindrod Bank Limited

Financial communications adviser

Singular Systems Proprietary Limited

Transfer secretaries

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

RESULTS PRESENTATION

Vunani will be hosting the interim results presentation by CEO Ethan Dube and CFO Tafadzwa Mika, followed by a question and answer session, on Wednesday, 26 April 2017, at 11:00 via a web/audio cast. The web/audio cast link is as follows: http://www.corpcam.com/Vunani26042017.

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