REVIEWED PROVISIONAL CONDENSED CONSOLIDATED RESULTS

FOR THE 14 MONTH PERIOD ENDED 29 FEBRUARY

2016

VUNANI

LIMITED

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

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

SALIENT FEATURES

REVENUE OF
R154.2 million
compared to R115.0 million at 31 December 2014

PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS OF
R8.3 million
compared to a loss of R25.3 million at 31 December 2014

BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS OF
6.3c
compared to a loss per share of 22.5c at 31 December 2014

ACQUIRED SIGNIFICANT STAKE IN
Fairheads International Holdings (SA)
in May 2015

Condensed consolidated statement of comprehensive income

for the 14 month period ended 29 February 2016

Figures in R'000	Note	14 months Reviewed 29 February 2016	12 months Audited 31 December 2014 Re-presented*
Continuing operations			
Revenue	1	**154 190**	115 016
Other income		**12 546**	5 475
Investment revenue		**8 263**	14 220
Interest received from investments		**2 047**	2 384
Fair value adjustments and impairments	2	**(18 934)**	(17 922)
Equity accounted earnings (net of income tax) *		**31 797**	(86)
Operating expenses		**(183 291)**	(146 040)
Results from operating activities		**6 618**	(26 953)
Finance income		**4 505**	6 060
Finance costs		**(2 697)**	(2 960)
Net finance income		**1 808**	3 100
Profit/(loss) before income tax		**8 426**	(23 853)
Income tax expense		**(116)**	(1 462)
Profit/(loss) from continuing operations		**8 310**	(25 315)
Discontinued operations			
(Loss)/profit from discontinued operations (net of income tax)	3	**(141)**	92 300
Profit for the period		**8 169**	66 985
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Exchange differences on translating foreign operations		**142**	243
Total comprehensive income for the period		**8 311**	67 228
Profit/(loss) from continuing operations attributable to:			
Equity holders of Vunani Limited		**6 860**	(23 069)
Non-controlling interest		**1 450**	(2 246)
		8 310	(25 315)
Profit for the period attributable to:			
Equity holders of Vunani Limited		**6 750**	56 039
Non-controlling interest		**1 419**	10 946
		8 169	66 985
Total comprehensive income for the period attributable to:			
Equity holders of Vunani Limited		**6 417**	56 036
Non-controlling interest		**1 894**	11 192
		8 311	67 228
Basic and diluted earnings per share (cents)		**6.2**	54.6
Basic and diluted earnings/(loss) per share from continuing operations (cents)		**6.3**	(22.5)
Basic and diluted (loss)/earnings per share from discontinued operations (cents)		**(0.1)**	77.1
Basic and diluted headline earnings/(loss) per share (cents)	4	**5.8**	(27.5)
Basic and diluted headline earnings/(loss) per share from continuing operations (cents)		**5.9**	(24.7)
Basic and diluted headline loss per share from discontinued operations (cents)		**(0.1)**	(2.8)

* In the current period, the equity accounted earnings (net of income tax) were presented as part of operating activities. The prior year comparatives have been re-presented to reflect this change in presentation.

Condensed consolidated statement of financial position

at 29 February 2016

Figures in R'000	Note	14 months Reviewed 29 February 2016	12 months Audited 31 December 2014
Assets			
Property, plant and equipment		**8 655**	6 787
Goodwill		**34 123**	34 123
Intangible assets		**184**	1 042
Investments in and loans to associates		**76 909**	17 686
Other investments	5	**34 318**	102 270
Deferred tax asset		**46 203**	44 890
Other non-current assets		**22 504**	22 005
Total non-current assets		**222 896**	228 803
Other investments	5	**3 769**	8 900
Other current assets		**1 598**	2 823
Taxation prepaid		**1 267**	886
Non-current assets held for sale	6	**42 504**	–
Trade and other receivables		**25 186**	39 085
Accounts receivable from trading activities		**648 817**	120 573
Trading securities		**131**	251
Cash and cash equivalents		**17 562**	67 773
Total current assets		**740 834**	240 291
Total assets		**963 730**	469 094
Equity			
Stated capital	7	**624 888**	624 888
Treasury shares		**(15 571)**	(15 571)
Share-based payments reserve		**12 871**	13 249
Foreign currency translation reserve		**(1 233)**	(900)
Accumulated loss		**(365 474)**	(364 004)
Equity attributable to equity holders of Vunani Limited		**255 481**	257 662
Non-controlling interest		**1 670**	(2 818)
Total equity		**257 151**	254 844
Liabilities			
Other financial liabilities	5	**10 150**	20 298
Deferred tax liabilities		**2 152**	7 825
Total non-current liabilities		**12 302**	28 123
Other financial liabilities	5	**10 982**	25 282
Taxation payable		**4 498**	9 648
Trade and other payables		**30 458**	29 555
Accounts payable from trading activities		**647 872**	120 525
Bank overdraft		**467**	1 117
Current liabilities		**694 277**	186 127
Total liabilities		**706 579**	214 250
Total equity and liabilities		**963 730**	469 094
Shares in issue (000s)	7	**114 665**	114 665
Net asset value per share (cents)		**222.8**	224.7
Net tangible asset value per share (cents)		**192.9**	194.0

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 14 month period ended 29 February 2016

Figures in Rand 000's	**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 at 31 December 2013 - Audited	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								
Shares issued	14 800	–	–	–	–	14 800	–	14 800
Share based payments	–		2 993	–	–	2 993	–	2 993
Treasury shares acquired	–	(306)	–	–	–	(306)	–	(306)
Dividends paid	–		–	–	(30 016)	(30 016)	(11 677)	(41 693)
Disposal to non-controlling interest	–	–	–	–	(318)	(318)	318	–
Acquisition of non-controlling interests	–	–	–	–	–	–	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 - 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 period	**–**	**–**	**–**	**–**	**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**
Transactions with owners, recorded directly in equity								
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 at 29 February 2016 - Reviewed	**624 888**	**(15 571)**	**12 871**	**(1 233)**	**(365 474)**	**255 481**	**1 670**	**257 151**

DIVIDENDS

Figures in R'000	**Reviewed 29 February 2016**	**Audited 31 December 2014**
Ordinary dividend paid		
Ordinary dividend number 2 of 5.5 cents per share (2014: ordinary dividend number 1 of 5.0 cents per share) declared on 30 March 2015 and paid to ordinary shareholders on 28 April 2015 (net of treasury shares held)	**6 014**	5 003
Special dividend paid		
Special dividend number 1 of 25.0 cents per share (net of treasury shares held)	**–**	25 013
	6 014	30 016

Condensed consolidated statement of cash flows

for the 14 month period ended 29 February 2016

Figures in R'000	Note	14 months Reviewed 29 February 2016	12 months Audited 31 December 2014
Cash flows from operating activities			
Net cash utilised by operating activities	8	**(28 523)**	(35 260)
Investment revenue received		**8 263**	12 787
Finance income received		**5 421**	7 473
Finance costs paid		**(1 965)**	(3 047)
Dividends paid to shareholders		**(6 014)**	(30 016)
Dividends paid to non-controlling interest		**(1 618)**	(11 677)
Income tax paid		**(5 472)**	(17 706)
Net cash utilised by operating activities		**(29 908)**	(77 446)
Cash flows from investing activities			
Proceeds on disposal of business		**15 000**	102 000
Acquisition of property, plant and equipment		**(1 575)**	(678)
Repayment of loans to associates		**–**	2 239
Increase in investment and loans to associates		**(50 949)**	(4 089)
Increase in loans to other non-current assets		**(4 032)**	(798)
Proceeds from repayment of other non-current assets		**4 257**	331
Acquisition of other investments		**(1 010)**	(2 833)
Proceeds on disposal of other investments		**40 994**	–
Net cash inflow from investing activities		**2 685**	96 172
Cash flows from financing activities			
Proceeds on issue of share capital		**–**	14 800
Repayments of other financial liabilities		**(22 338)**	(6 718)
Net cash (outflow)/inflow from financing activities		**(22 338)**	8 082
Net (decrease)/increase in cash and cash equivalents		**(49 561)**	26 808
Cash and cash equivalents at the beginning of the period		**66 656**	39 360
Net cash acquired in business acquisitions		**–**	488
Total cash and cash equivalents at end of the period		**17 095**	66 656

Segmental reporting
for the 14 month period ended 29 February 2016

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

		14 months			
Figures in R'000		**Revenue Reviewed 29 February 2016**	**Reportable segment profit/(loss) after tax Reviewed 29 February 2016**	**Total assets Reviewed 29 February 2016**	**Total liabilities Reviewed 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 clients*		**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)**

		12 months			
Figures in R'000		**Revenue Audited 31 December 2014**	**Reportable segment profit/(loss) after tax Audited 31 December 2014**	**Total assets Audited 31 December 2014**	**Total liabilities Audited 31 December 2014**
Continuing operations					
Fund management*		38 383	(5 287) #	47 283	(2 904)
Investment banking	Advisory services	3 138	(3 276) #	2 008	(573)
	Institutional securities broking	52 256	2 409 #	155 070	(141 507)
Private equity*		10 592 #	(14 444) #	246 094 #	(63 236) #
Private clients*		10 647	(4 717) #	2 275	(2 666)
		115 016	(25 315)	452 730	(210 886)
Discontinued operations					
Property asset management		1 571	94 093	14 990	(1 707)
Property developments and investments		–	(1 793)	1 374	(1 657)
		1 571	92 300	16 364	(3 364)
Total		116 587	66 985	469 094	(214 250)

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

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

** In the current period, the group introduced a new reporting segment "Asset administration" after the acquisition of Fairheads International Holdings Proprietary Limited ("Fairheads").

Notes to the condensed consolidated results

(all figures in R´000)

BASIS OF PREPARATION

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The Listing Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standard (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

A decision was taken during 2015 to change the financial year-end of Vunani Limited and its subsidiaries ("Vunani Group") from 31 December to the last day of February. The change was primarily motivated by Vunani's acquisition of a significant interest in Fairheads International Holdings Proprietary Limited ("Fairheads") in May 2015, which has a February year-end. Financial reporting standards require that all companies in the group have the same reporting period. The JSE Listings Requirements require that in the instance where the financial year-end of a company has been changed and this results in the financial period being longer than 12 months, reviewed interim reports are to be published and distributed in respect of the 12-month period commencing on the first day of such financial period. Accordingly, Vunani has prepared the interim report for the period 1 January 2015 to 31 December 2015. This report was published on 29 February 2016 and is available on Vunani website.

NOTES

1. Revenue

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

2. Fair value adjustments and impairments

Figures in R'000	14 months Reviewed 29 February 2016	12 months Audited 31 December 2014
Fair value adjustment on financial assets and liabilities designated at fair value through profit or loss	**(11 233)**	(18 866)
Fair value adjustment on re-measurement of stepped up acquisition of subsidiary	**–**	1 742
Impairment of loans in other non-current assets	**(4 646)**	(798)
Impairment of loans to associates	**(3 055)**	–
	(18 934)	(17 922)

3. Discontinued operations

A strategic decision was made in November 2013 to dispose of the group's property asset management business. This culminated in the group disposing of the property management contract that was held in Vunani Property Asset Management Proprietary Limited ("VPAM") in 2014. The sale of VPAM's business included the transfer of VPAM's executive management and staff employment contracts to the purchaser. As this disposal related to a major line of the group's business, the related activities have been presented as a discontinued operation. The non-controlling interest relating to the disposal of VPAM's business has been calculated in terms of an agreement between the shareholders of Vunani Properties Proprietary Limited, a 78% held subsidiary of Vunani Limited, that owns 100% of VPAM.

Notes to the Condensed Consolidated Results

(all figures in R'000) (continued)

3. Discontinued operations (continued)

The results of the discontinued operations are as follows:

Figures in R'000	14 months Reviewed 29 February 2016	12 months Audited 31 December 2014
Revenue	–	1 571
Other income	**113**	–
Profit on disposal of assets	–	116 318
Operating expenses	**(603)**	(10 782)
Results from operating activities	**(490)**	107 107
Finance income	**166**	747
Finance costs	–	(87)
Net finance income	**166**	660
Results from operating activities after net finance costs	**(324)**	107 767
Equity-accounted earnings (net of income tax)	–	(30)
(Loss)/profit before income tax	**(324)**	107 737
Income tax expense	**183**	(15 437)
(Loss)/profit for the period	**(141)**	92 300
Attributable to equity holders of Vunani	**(110)**	79 108
Attributable to non-controlling interest	**(31)**	13 192
	(141)	92 300
Effect on basic and diluted earnings per share (cents)	**(0.1)**	77.1
Effect on basic and diluted headline loss per share (cents)	**(0.1)**	(2.8)
Cash flows from discontinued operations		
Net cash generated/(utilised) by operating activities	**11 754**	(106 912)
Net cash inflow from investing activities	–	103 593
Net cash outflow from financing activities	**(11 753)**	(2 213)
Net cash flow for the period	**1**	(5 532)

4. Reconciliation of headline earnings for the period

Figures in R'000	14 months Reviewed 29 February 2016	12 months Audited 31 December 2014
Profit for the period attributable to equity holders of Vunani	**6 750**	56 039
Adjusted for:		
Asset disposal		
Profit on disposal of discontinued operations	–	(116 318)
Taxation	–	21 691
Non-controlling interest	–	12 617
Associates		
Gross revaluation of investment property	**(704)**	(467)
Deferred taxation on revaluation	**197**	131
Non-controlling interest	**112**	74
Business combinations		
Fair value adjustment on stepped up acquisition	–	(1 742)
Bargain purchase	–	(298)
	6 355	(28 273)
Headline earnings/(loss) per share (cents)	**5.8**	(27.5)
Basic and diluted headline earnings/(loss) per share from continuing operations	**5.9**	(24.7)
Basic and diluted headline loss per share from discontinued operations	**(0.1)**	(2.8)

5. Other investments and other financial liabilities

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

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

5. Other investments and other financial liabilities (continued)

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

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

6. Non-current assets held for sale

During the period, the group made a decision to dispose of its listed investments in BSI Limited and Workforce Holdings Limited, which fall under the private equity segment. The assets and liabilities relating to the sale of investments have been presented as non-current assets held for sale. It is expected that the sale of these assets will be concluded within the next 12-month period. At 29 February 2016, the non-current assets held for sale were stated at fair value and consisted of assets of R42.5 million.

As at 29 February 2016 the non-current assets held for sale were detailed as follows:

	Reviewed 29 February 2016	Audited 31 December 2014
Assets classified as held for sale		
Other investment		
BSI Limited	**7 260**	–
Investment in associate		
Verbicept Proprietary Limited	**35 244**	–
	42 504	–

7. Authorised and issued stated capital

The authorised stated capital at 29 February 2016 was 200 million ordinary shares of no par value (2014: 200 million ordinary shares of no par value). 114 664 649 shares were in issue at 29 February 2016 (2014: 114 664 649).

Weighted average number of ordinary shares (000s)	Reviewed 29 February 2016	Audited 31 December 2014
Issued ordinary shares at the beginning of the period	**114 665**	105 415
Effect of share issue	**–**	2 588
Effect of own shares held	**(5 364)**	(5 364)
Weighted average number of shares	**109 301**	102 639
Number of shares in issue at the end of the period (000s)	**114 665**	114 665
Dilutive weighted average number of ordinary shares (000s)		
Issued ordinary shares at the beginning of the period	**114 665**	105 415
Effect of share issue	**–**	2 588
Effect of own shares held	**(5 364)**	(5 364)
Effect of dilutive shares	**221**	–
Diluted weighted average number of shares	**109 522**	102 639
Number of shares in issue at the end of the period (000s)	**114 665**	114 665

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

8. Net cash utilised by operating activities

Figures in R'000	Reviewed 29 February 2016	Audited 31 December 2014
Loss before income tax expense from continuing operations	**8 426**	(23 853)
(Loss)/profit before income tax expense from discontinued operations	**(324)**	107 737
Adjusted for:		
Depreciation of property, plant and equipment	**1 743**	1 570
Profit on discontinued operations	**–**	(116 318)
Reversal of other financial liabilities	**(1 483)**	–
Equity-accounted earnings (net of income tax)	**(31 797)**	116

Notes to the Condensed Consolidated Results

(all figures in R'000) (continued)

8. Net cash utilised by operating activities (continued)

Figures in R'000	Reviewed 29 February 2016	Audited 31 December 2014
Gain on bargain purchase	**–**	(298)
Fair value adjustments and impairments	**18 934**	17 922
Realisation of deferred income	**(3 574)**	(3 573)
Movement in impairment allowance	**1 083**	(297)
Amortisation of intangible assets	**858**	1 165
Share-based payments expense	**1 628**	2 993
Foreign currency translation gain	**(3 460)**	(920)
Lease straight-line adjustment	**(394)**	(82)
Interest received from investments and finance income	**(6 718)**	(9 191)
Investment revenue	**(8 263)**	(14 220)
Finance costs	**2 697**	3 047
Changes in working capital:		
Decrease in trading securities	**120**	69
(Increase)/decrease in trade and other receivables	**(6 747)**	8 473
Decrease in trade and other payables	**(2 155)**	(9 688)
Increase in accounts receivable and payable from trading activities	**903**	88
Cash utilised by operating activities	**(28 523)**	(35 260)

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.

Fair values	Reviewed 29 February 2016		Audited 31 December 2014	
Figures in R'000	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at fair value				
Designated at fair value through profit or loss on initial recognition	**57 160**	**57 160**	134 874	134 874
Non-current assets held for sale	**7 260**	**7 260**	–	–
Trading securities	**131**	**131**	251	251
Financial assets not measured at fair value				
Loans to associates	**27 298**	**25 150**	14 325	11 537
Loans in other non-current assets	**5 030**	**8 141**	4 788	5 786
	96 879	**97 842**	154 238	152 448

9. Financial instruments carried at fair value (continued)

Fair values Figures in R'000	Reviewed 29 February 2016 Carrying amount	Reviewed 29 February 2016 Fair value	Audited 31 December 2014 Carrying amount	Audited 31 December 2014 Fair value
Financial liabilities measured at fair value				
Designated at fair value through profit or loss on initial recognition	**(4 290)**	**(4 290)**	(2 554)	(2 554)
Financial liabilities not measured at fair value				
Other financial liabilities	**(16 842)**	**(16 226)**	(43 026)	(42 760)
	(21 132)	**(20 516)**	(45 580)	(45 314)
Total	**75 747**	**77 326**	108 658	107 134

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

Fair value hierarchy

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

The different levels are defined as follows:

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

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

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

Reviewed 29 February 2016

Figures in R'000	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 measured at fair value	**–**	**–**	**(4 290)**	**(4 290)**
Financial liabilities at amortised cost	**–**	**–**	**(16 226)**	**(16 226)**
	36 947	**–**	**40 379**	**77 326**

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

Figures in R'000	Reviewed 29 February 2016	Audited 31 December 2014
Level 3 comprises:		
Balance at beginning of period	**35 890**	57 674
Total gains or losses in profit or loss	**(14 971)**	(24 927)
Purchases, transfers, sales, issues and settlements	**2 395**	3 143
Balance at end of the period	**23 314**	35 890

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

Effect on statement of comprehensive income (profit/(loss)) and equity before taxation	14 months Reviewed 29 February 2016	12 months Audited 31 December 2014
Net asset value		
10% increase	**1 204**	1 309
10% decrease	**(1 113)**	(1 192)
Free cash flow		
10% increase	**2 844**	777
10% decrease	**(5 471)**	821
Foreign exchange movement		
10% increase	**799**	–
10% decrease	**(572)**	–

Notes to the Condensed Consolidated Results

(all figures in R'000) (continued)

NOTES

10. Events after reporting date

During the period, the group acquired an additional 9.5% in Vunani Fund Managers Proprietary Limited. This resulted in the group increasing its shareholding from 90.5% to 100%.

11. Dividends

Paid

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

Proposed

It is proposed that a scrip capitalisation share distribution with a cash alternative be declared in the ratio of 4 shares for every 100 shares held, with the alternative being a 6c cash payment per share. This is subject to a circular being submitted to and approved by the JSE. A formal dividend declaration will be made once the requisite approvals have been obtained.

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.

13. Contingent liability

Dreamworks Investments 125 Proprietary Limited ("Dreamworks"), a subsidiary of Vunani Limited, developed a mixed-use property ("the development") in Long Street Cape Town during 2004. A local company purchased a section in the development. The purchaser ("plaintiff") alleged that the section was defective and that beneficial occupation had been delayed. The Plaintiff instituted a civil claim against Dreamworks as the first defendant, Vunani Limited as the second defendant and Herbert Penny Proprietary Limited as the third defendant (collectively "the defendants"). The Plaintiff has been dilatory in pursuing this matter; however during 2015 the plaintiff amended its particulars of claim, increasing the value of the alleged damages claim to R8.9 million, which had grown to an estimated R10.6 million by 29 February 2016.

The First Defendant and their legal advisors are of the opinion that the section was made available for beneficial occupation timeously and in the required state and therefore dispute the validity of the alleged claim. Notwithstanding the aforesaid, the Defendants have not pleaded to the Plaintiff's particulars of claim. Vunani Limited's board of directors have sought independent legal advice regarding the validity and enforceability of the alleged claim against it. The directors do not believe that there will be a negative outcome for Vunani Limited as a result the claim.

Notwithstanding the aforesaid, the Plaintiff's claim has not prescribed, been withdrawn or settled. Therefore a possibility exists that the Plaintiff will proceed with such claim and the possibility of a liability remains.

OVERVIEW AND PROSPECTS

Domestic growth prospects and business conditions deteriorated over the course of 2015 and into 2016. The period was characterised by growing uncertainty amidst weaker global demand for resources, rising interest rates and increased concerns regarding the prospects for domestic inflation. The heightened risk of ratings downgrades which contributed towards the deterioration of the Rand and higher import prices due to severe drought weakened economic growth prospects. These factors caused tougher business conditions compared to what was envisaged at the beginning of the 2015 year.

While economic conditions were challenging, the 2016 year saw exciting developments and accomplishments within the Vunani group.

The acquisition of Fairheads International Holdings SA Proprietary Limited ("Fairheads") was one of Vunani's major achievements of 2016. Fairheads' business is complementary to the group's existing financial services product offering in that it operates within the asset administration sphere. The acquisition has also resulted in Vunani aligning its year-end reporting period with that of Fairheads and Vunani has therefore changed its year-end from December to February.

Another development is that the group has, where possible, systematically reduced its exposure to other listed investments and the proceeds have been utilised within the operating businesses.

One of the group's most important assets is its employees and the approval and implementation of a new share incentive scheme has been an important step in retaining key management and staff. The scheme aligns the individuals' objectives and performance to the creation of shareholder value.

Vunani generated total comprehensive income for the period of R8.3 million (2014: R67.2 million). The 2014 results include a profit of R116.3 million made from discontinued operations, which did not reoccur in the current period. Total comprehensive income attributable to equity holders of the company amounts to R6.4 million (2014: R56.0 million). In line with the presentation at 31 December 2014, the results for the 14 month period ended 29 February 2016 have been presented such that the disposal of the property asset management business in Vunani Property Asset Management Proprietary Limited ("VPAM") and the winding down of the property investment and development segment are reflected as discontinued operations (refer to note 3).

The group's reportable segment structure was refined further based on the key sectors that the group operates in.

The reportable segments are as follows:

- Fund management
- Asset administration
- Investment banking
  - Advisory services
  - Institutional securities broking
- Private equity
- Private clients

Fund management

The fund management segment includes the group's investments in Vunani Fund Managers Proprietary Limited ("VFM") and Purpose Vunani Asset Management (Private) Limited ("PVAM"). The segment reported a 58% increase in revenue and a profit of R0.5 million for the period ended 29 February 2016 (2014: loss of R5.3 million).

VFM's performance and profitability improved during the period and its assets under management increased from R12.4 billion at December 2014 to R14.1 billion at February 2016. This increase in assets under management is mainly attributable to good performance in all the funds across the business.

PVAM continued to face challenging economic conditions in Zimbabwe, but despite this, PVAM's assets under management increased to $17.8 million at February 2016 from $16.2 million at December 2014. Operating margins in this business remain tight and costs are monitored closely.

Asset administration

In May 2015, the group concluded the acquisition of a significant interest in Fairheads. Subsequently, Vunani disposed of a 30% interest to Fairheads' key management and an effective 7.5% to a non-controlling interest. International Financial Reporting Standards ("IFRS") require that the investment in Fairheads is equity-accounted because of specific provisions pertaining to control that were contained in the structuring of the acquisition. Fairheads' performance has been pleasing and the investment has contributed R9.7 million in equity-accounted after tax earnings to the group for the period.

Advisory services

The arduous market conditions have impacted this segment and have contributed to greater lead times in finalisation of transactions. The corporate finance team was integrally involved in the structuring and ultimate conclusion of the Fairheads acquisition. The segment reported a loss for the period of R2.5 million (2014: R3.3 million).

Institutional securities broking

This segment includes equity, derivative and capital market trading services to institutional clients. Revenue increased by 34% compared to 2014, while costs were closely managed. The segment reported a profit for the period of R5.1 million (2014: R2.4 million). The focus for the period was on revenue growth through the expansion of the client base and exploring diversified products, which is progressing positively.

Private equity

The segment has refined its focus into three investment sub-categories, namely mining, property and African investments. While a portion of the listed investment portfolio has been disposed of, the remaining investments still held at 29 February 2016 have been included in this segment. The intention is 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 next phase of the group's involvement in the property sector is being explored. Furthermore, Vunani is continuing its investment strategy onto the African continent through its existing relationships. The segment reported a profit of R1.2 million for the period (2014: loss of R14.4 million).

Private clients

The segment's main business activities are providing retail securities broking, private wealth and investment products to retail clients. The segment reported a loss of R3.4 million for the period ended 29 February 2016 (2014: R4.7 million), despite a 21% increase in revenue. The established platform in place provides a foundation for growth and executive management's focus will be dedicated to ensuring that the number of actively trading clients improves.

Discontinued operations

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

Financial performance

Revenue from continuing operations increased by 34% to R154.2 million (2014: R115.0 million) for the period ended 29 February 2016.

Other income comprises the amortisation of deferred revenue that arose on the historic acquisition of Black Wattle Colliery Proprietary Limited and the effect of the write back of certain financial liabilities that have prescribed.

Investment income (in the form of dividends) amounting to R8.3 million (2014: R14.2 million) was received during the period. This decrease was a result of lower dividend declarations by investee companies.

Negative **fair value adjustments and impairments** of R18.9 million (2014: fair value adjustments and impairments of R17.9 million) relate to the valuation of the groups' investment portfolio that has been designated at fair value through profit or loss.

Operating expenses have increased by 26% from R146.0 million to R183.3 million. The increase is because of a 14 month period. Furthermore, the devaluation of the Rand has 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 has decreased to R4.5 million in 2016 compared to R6.0 million in 2014, while **finance costs** have also decreased from R3.0 million for the year ended December 2014 to R2.7 million for the period ended February 2016.

Discontinued operations generated a loss of R0.1 million (2014: profit of R92.3 million). The deferred payment on the disposal of the business in 2014 amounting to R15 million was received on 28 February 2015 in accordance with the agreement.

Investments in and loans to associates have increased primarily as a result of the acquisition of Fairheads and additional investments made into mining related private equity activities.

The overall decrease in **other investments** has resulted from the decision to systematically dispose of a portion of the group's listed investment portfolio. The proceeds from the disposal of other investments were used to repay **other financial liabilities**. Investments in listed assets that do not provide a capital adequacy underpin have been presented as **non-current assets held for sale**. It is expected that the sale of these assets will be concluded within the next 12 month period. The non-current assets held for sale are stated at fair value.

Cash and cash equivalents decreased by R49.6 million since December 2014 (2014: increase of R26.8 million) primarily as a result of the acquisition of Fairheads and the payment of dividends.

The **share-based payments reserve** movement of R1.6 million is attributable to the current period IFRS 2 charge (2014: charge of R3.0 million). **Dividends paid** to Vunani's shareholders during the period amounted to R6.0 million (2014: R30.0 million).

Prospects

Vunani has been fortunate in that it has seen steady deal-flow and promising opportunities despite subdued market conditions. We expect domestic securities markets to look through the expected 2016 slump in the economy and focus beyond the inflation peak to be reached by late this year. The prospect of improved business conditions into 2017 should also bring the concomitant opportunity for organic growth to the respective Vunani businesses, as the envisaged economic recovery gains traction. Organic growth and effective management of margins remains central to our plans, yet we remain vigilant and open to all opportunities on a case-by-case basis to evaluate if they are value enhancing for shareholders. The group's emphasis remains on the development and growth of the operating businesses through strong leadership and a first-rate product offering. The strategic partnerships and alliances that have been formed, both locally and on the African continent, are expected to make a meaningful contribution to the group and its ability to produce sustainable earnings.

REVIEW OPINION

The provisional condensed consolidated results of Vunani Limited for the period ended 29 February 2016 have been reviewed by the company's auditor, KPMG Inc. In their review report dated 24 May 2016, 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 financial information, and have expressed an unmodified conclusion on the condensed consolidated results.

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 results.

Signed on behalf of the board of directors by EG Dube and A Judin on 24 May 2016.

CORPORATE INFORMATION

Executive directors

EG Dube (Chief Executive Officer)

A Judin (Chief Financial Officer)

BM Khoza

NM Anderson

Non-executive directors

LI Jacobs – independent chairman

XP Guma – independent

NS Mazwi – independent

G Nzalo – independent

JR Macey – independent

S Mthethwa

Company secretary

CIS Company Secretaries Proprietary Limited

Designated adviser

Grindrod Bank Limited

Financial communications adviser

Singular Systems Proprietary Limited (appointed 1 November 2015)

Transfer secretaries

Computershare Investor Services Proprietary Limited

70 Marshall Street

Johannesburg

2001

Notes

www.vunanilimited.co.za