

VUNANI LIMITED

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")

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

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

for the 6 month period ended 31 August 2017

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

SALIENT FEATURES

REVENUE FROM CONTINUING OPERATIONS OF

R160.1 million

compared to R72.7 million at 31 August 2016

PROFIT FOR THE PERIOD OF

R16.2 million

compared to R15.4 million at 31 August 2016

BASIC EARNINGS PER SHARE

8.5c

compared to 13.4c at 31 August 2016

Condensed consolidated statement of comprehensive income

for the 6 month period ended 31 August 2017

	Note	Unaudited 31 August 2017	Re-presented* Unaudited 31 August 2016
Figures in R'000			
Continuing operations			
Revenue	1	160 115	72 743
Other income		1 780	339
Investment revenue		811	1 603
Interest received from investments		38	873
Net profit on disposal of assets		-	-
Fair value adjustments and impairments	2	6 590	3 010
Equity-accounted earnings (net of income tax)		620	13 250
Operating expenses		(147 644)	(73 378)
Results from operating activities		22 310	18 440
Finance income		1 906	744
Finance costs		(5 940)	(893)
Net finance costs		(4 034)	(149)
Profit before income tax		18 276	18 291
Income tax expense		(2 611)	(3 951)
Profit from continuing operations		15 665	14 340
Discontinued operations			
Profit from discontinued operations (net of income tax)	3	516	1 052
Profit for the period		16 181	15 392
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Exchange differences on translating foreign operations		(339)	(674)
Total comprehensive income for the period		15 842	14 718
Profit from continuing operations attributable to:			
Equity holders of Vunani Limited		12 775	13 648
Non-controlling interest		2 890	692
		15 665	14 340
Profit for the period attributable to:			
Equity holders of Vunani Limited		13 291	14 700

Non-controlling interest		2 890	692
		16 181	15 392
Total comprehensive income for the period attributable to:			
Equity holders of Vunani Limited		13 084	14 361
Non-controlling interest		2 758	357
		15 842	14 718
Basic and diluted earnings per share (cents) **		8.5	13.4
Basic and diluted earnings per share from continuing operations (cents)		8.2	12.5
Basic and diluted earnings per share from discontinued operations (cents)		0.3	0.9
Basic and diluted headline earnings per share (cents) **	4	7.8	11.5
Basic and diluted headline earnings per share from continuing operations (cents)		8.2	12.5
Basic and diluted headline loss per share from discontinued operations (cents)		(0.4)	(1.0)

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

** The decrease in earnings per share is attributable to the increase in the weighted average number of shares in issue of 156.0 million (2016: 109.0 million).

Condensed consolidated statement of financial position
at 31 August 2017

Figures in R'000	Note	6 months Unaudited 31 August 2017	12 months Audited 28 February 2017
Assets			
Property, plant and equipment		9 836	10 535
Goodwill		139 766	139 766
Intangible assets		93 000	98 613
Investments in and loans to associates		84 140	84 242
Other investments	5	39 804	38 109
Deferred tax asset		45 629	47 280
Other non-current assets		29 802	29 802
Total non-current assets		441 977	448 347
Other investments	5	1 121	4 291
Other current assets		-	1 712
Taxation prepaid		1 317	1 343
Trade and other receivables		66 526	52 702
Accounts receivable from trading activities		283 420	693 427
Trading securities		356	183
Cash and cash equivalents		34 728	82 284
Total current assets		387 468	835 942
Total assets		829 445	1 284 289
Equity			
Stated capital	6	704 438	700 022
Treasury shares		(15 480)	(15 915)
Share-based payments reserve		18 134	16 100
Foreign currency translation reserve		(2 728)	(2 521)
Accumulated loss		(335 725)	(340 886)
Equity attributable to equity holders of Vunani Limited		368 639	356 800
Non-controlling interest		(1 681)	(4 021)
Total equity		366 958	352 779
Liabilities			
Other financial liabilities	5	73 870	107 714
Deferred tax liabilities		27 402	31 311
Total non-current liabilities		101 272	139 025
Other financial liabilities	5	37 794	35 580
Taxation payable		6 733	8 327
Trade and other payables		34 009	57 615
Accounts payable from trading activities		282 679	688 819
Trading securities		-	1 934
Bank overdraft		-	210
Current liabilities		361 215	792 485
Total liabilities		462 487	931 510
Total equity and liabilities		829 445	1 284 289

Shares in issue (000s)	6	164 056	161 296
Net asset value per share (cents)		224.7	221.2
Net tangible asset value per share (cents)		82.8	73.4

Net asset value per share (cents)

Equity attributable to equity holders of Vunani Limited, divided by the total shares in issue, including treasury shares.

Net tangible asset value per share (cents)

Equity attributable to equity holders of Vunani Limited, excluding goodwill and intangible assets divided by the total shares in issue, including treasury shares.

Condensed consolidated statement of changes in equity
for the 6 month period ended 31 August 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 29 February 2016 - Audited	624 888	(15 571)	12 871	(1 233)	(365 474)	255 481	1 670	257 151
Total comprehensive income for the period								
Profit for the period	-	-	-	-	14 700	14 700	692	15 392
Other comprehensive income for the period	-	-	-	(339)	-	(339)	(335)	(674)
Total comprehensive income for the period	-	-	-	(339)	14 700	14 361	357	14 718
Transactions with owners, recorded directly in equity								
Share-based payments	-	-	1 587	-	-	1 587	-	1 587
Dividends paid	-	-	-	-	(503)	(503)	-	(503)
Capitalisation share issue award	6 802	(344)	-	-	(6 458)	-	-	-
Acquisition of non-controlling interests	-	-	-	-	(6 455)	(6 455)	1 006	(5 449)
Total transactions with owners	6 802	(344)	1 587	-	(13 416)	(5 371)	1 006	(4 365)
Balance as at 31 August 2016 - Unaudited	631 690	(15 915)	14 458	(1 572)	(364 190)	264 471	3 033	267 504
Total comprehensive income for the period								
Profit for the period	-	-	-	-	23 381	23 381	1 265	24 646
Other comprehensive income for the period	-	-	-	(949)	-	(949)	(620)	(1 569)
Total comprehensive income for the period	-	-	-	(949)	23 381	22 432	645	23 077
Transactions with owners, recorded directly in equity								
Share-based payments	-	-	1 642	-	-	1 642	-	1 642
Issue of shares	68 332	-	-	-	-	68 332	-	68 332
Acquisition of non-controlling interests	-	-	-	-	(77)	(77)	77	-
Business combination	-	-	-	-	-	-	(7 775)	(7 775)
Total transactions with owners, recorded directly in equity	68 332	-	1 642	-	(77)	69 897	(7 698)	62 199
Balance as at 28 February 2017 - Audited	700 022	(15 915)	16 100	(2 521)	(340 886)	356 800	(4 021)	352 779
Total comprehensive income for the period								
Profit for the period	-	-	-	-	13 291	13 291	2 890	16 181
Other comprehensive income for the period	-	-	-	(207)	-	(207)	(132)	(339)
Total comprehensive income for the period	-	-	-	(207)	13 291	13 084	2 758	15 842
Transactions with owners, recorded directly in equity								
Share-based payments	-	-	2 469	-	-	2 469	-	2 469
Dividends paid	-	-	-	-	(8 241)	(8 241)	(524)	(8 765)
Transfer between reserves	-	435	(435)	-	435	435	-	435
Issue of shares	4 416	-	-	-	-	4 416	-	4 416
Transactions with equity holders	-	-	-	-	(218)	(218)	-	(218)
Acquisition of non-controlling interests	-	-	-	-	(106)	(106)	106	-
Total transactions with owners, recorded directly in equity	4 416	435	2 034	-	(8 130)	(1 245)	(418)	(1 663)
Balance as at 31 August 2017 - Unaudited	704 438	(15 480)	18 134	(2 728)	(335 725)	368 639	(1 681)	366 958

DIVIDENDS

Figures in R'000	Unaudited 31 August 2017	Audited 29 February 2017
Ordinary dividend paid		
Ordinary dividend number 3 of 5.2 cents per share (net of treasury shares held) paid to shareholders	8 241	-

on 28 July 2017 (2016: Nil)

Capitalisation share issue award (with cash alternative)

A scrip dividend of 4 shares for every 100 shares held (4.3 million shares) was issued on 26 August 2016 (net of treasury shares) - 6 458

As an alternative to the capitalisation share issue award, shareholders were able to elect to receive a gross dividend of 6c per share. For those shareholders electing to receive cash the dividend was paid to ordinary shareholders on 29 August 2016 (net of treasury shares held) - 503

8 241 6 961

Condensed consolidated statement of cash flows for the 6 month period ended 31 August 2017

	Note	6 months Unaudited 31 August 2017	12 months Audited 28 February 2017	6 months Unaudited 31 August 2016
Figures in R'000				
Cash flows from operating activities				
Net cash utilised by operating activities	7	(4 944)	(171)	(6 976)
Investment revenue received		811	1 624	1 603
Finance income received		1 906	2 784	768
Finance costs paid		(3 904)	(1 220)	(289)
Dividends paid to shareholders		(8 241)	(503)	(503)
Dividends paid to non-controlling interest		(524)	-	-
Income tax paid		(3 859)	(10 278)	(1 908)
Net cash utilised by operating activities		(18 755)	(7 764)	(7 305)
Cash flows from investing activities				
Proceeds on disposal of business		1 050	494	494
Acquisition of property, plant and equipment		(1 212)	(2 161)	(846)
Proceeds on disposal of property, plant and equipment		-	6	-
Proceeds from repayment of loans to associates		936	606	481
Increase in investment and loans to associates		(213)	(1 664)	(271)
Proceeds from repayment of loans in other non-current assets		1 712	8	8
Acquisition of other investments		(2 000)	(298)	(1 332)
Proceeds on disposal of other investments		8 510	6 990	6 724
Net cash inflow from investing activities		8 783	3 981	5 258
Cash flows from financing activities				
Proceeds on issues of shares		-	51 066	-
Increase in other financial liabilities		1 024	70	17
Repayments of other financial liabilities		(38 398)	(2 064)	-
Net cash (outflow)/inflow from financing activities		(37 374)	49 072	17
Net (decrease)/increase in cash and cash equivalents		(47 346)	45 289	(2 030)
Cash acquired in business combination		-	20 013	-
Cash disposed of during the year		-	(323)	-
Cash and cash equivalents at the beginning of the period		82 074	17 095	17 095
Total cash and cash equivalents at end of the period		34 728	82 074	15 065

Segmental reporting for the 6 month period ended 31 August 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 wealth and investments segments are geographically located in South Africa.

	Revenue Unaudited 31 August 2017	Reportable segment profit/(loss) after tax Unaudited 31 August 2017	Total assets Unaudited 31 August 2017	Total liabilities Unaudited 31 August 2017
Figures in R'000				
Continuing operations				
Fund management	31 964	1 469	64 012	(15 920)
Asset administration	60 892	4 651	234 713	(115 215)

Investment	- Advisory services	2 396	(141)	2 644	(794)
Private equity	- Institutional securities broking	26 263	(1 478)	300 416	(298 003)
		38 600	11 164	226 389	(31 453)
		160 115	15 665	828 174	(461 385)
Discontinued operations					
Private wealth and investments*		1 296	516	1 271	(1 102)
Total		161 411	16 181	829 445	(462 487)

		Reportable segment		Total assets Unaudited 31 August 2016	Total liabilities Unaudited 31 August 2016
		Revenue	profit/(loss)		
		Unaudited 31 August 2016	Unaudited 31 August 2016		
Figures in R'000					
Continui					
Fund management		33 042	5 007	27 232	(4 954)
Asset administration		-	2 148	56 744	(5 448)
Investment banking -	- Advisory services	2 973	(412)	3 352	(1 461)
Private equity	- Institutional securities broking	32 364	2 461	710 352	(716 952)
		4 364	5 136	234 937	(36 298)
		72 743	14 340	1 032 617	(765 113)
Discontinued operations					
Private wealth and investments*		2 262	1 052	-	-
Total		75 005	15 392	1 032 617	(765 113)

* During the period, management sold the private wealth and investments business. The segment has been classified as a discontinued operation.

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

BASIS OF PREPARATION

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

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

The unaudited condensed consolidated interim financial statements of the group at and for the period ended 31 August 2017 comprise the company and its subsidiaries (the 'group') and the group's interests in associates. Results of subsidiaries and associates are included from the effective date of acquisition up to the effective date of disposal. All significant transactions and balances between group enterprises are eliminated on consolidation.

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

NOTES

1. Revenue

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

Fair value adjustments and impairments

Unaudited Unaudited

	31 August 2017	31 August 2016
2. Figures in R'000		
Fair value adjustment on financial assets and liabilities designated at fair value through profit or loss	6 590	2 527
Impairment reversal of loans in other non-current assets	-	8
Impairment reversal on loans to associates	-	475
	6 590	3 010

3. Discontinued operations

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

The comparative information in the August 2016 consolidated statement of comprehensive income has been re-presented to disclose the discontinued operations separately from continuing operations.

	Unaudited 31 August 2017	Unaudited 31 August 2016
Revenue	1 296 2 262	
Profit on disposal of assets	1 500	2 806
Operating expenses	(2 280)	(4 016)
Profit before income tax	516	1 052
Income tax expense	-	-
Profit for the period	516	1 052
Profit for the period attributable to:		
Equity holders of Vunani Limited	516	1 052
Effect on basic and diluted earnings per share (cents)	0.3	0.9
Effect on basic and diluted headline loss per share (cents)	(0.4)	(1.0)
Cash flows from discontinued operations		
Net cash utilised by operating activities	(313)	-
Net cash inflow from investing activities	1 050	-
Net cash outflow from financing activities	(835)	-
Net cash outflow for the period	(98)	-

4. Reconciliation of headline earnings for the period

	Unaudited 31 August 2017	Unaudited 31 August 2016
Figures in R'000		
Profit for the period attributable to equity holders of Vunani	13 291	14 700
Adjusted for:		
Discontinued operations		
Profit on disposal of discontinued operations	(1 500)	(2 806)
Taxation	336	629
	12 127	12 523
Headline earnings per share (cents)	7.8	11.5
Basic and diluted headline earnings per share from continuing operations	8.2	12.5
Basic and diluted headline loss per share from discontinued operations	(0.4)	(1.0)

5. Other investments and other financial liabilities

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

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

Ring-fenced special purpose entities have historically been used to house the group's geared equity investments and any financial liabilities that relate to such investments. Financial assets and liabilities that arise in terms of these

ring-fenced structures are both fair valued through profit or loss in terms of IAS 39 Financial instruments: Recognition and measurement.

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. Authorised and issued stated capital

The authorised stated capital at 31 August 2017 was 500 million ordinary shares of no par value (2016: 200 million ordinary shares of no par value).164 055 728 shares were in issue at 31 August 2017 (2016: 161 296 081).

	Unaudited 31 August 2017	Audited 28 February 2017	Unaudited 31 August 2016
Weighted average number of ordinary shares (000s)			
Issued ordinary shares at the beginning of the period	161 296	114 665	114 665
Effect of share issue	318	17 203	35
Effect of own shares held	(5 567)	(5 473)	(5 366)
Weighted average number of shares in issue during the period	156 047	126 395	109 334
Number of shares in issue at the end of the period (000s)	164 056	161 296	118 916
Dilutive weighted average number of ordinary shares (000s)			
Issued ordinary shares at the beginning of the period	161 296	114 665	114 665
Effect of share issue	318	17 203	35
Effect of own shares held	(5 567)	(5 473)	(5 366)
Effect of dilutive shares	1 080	669	246
Diluted weighted average number of shares in issue during the period	157 127	127 064	109 580
Number of shares in issue at the end of the period (000s)	164 026	161 296	118 916

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

7. Net cash utilised by operating activities

	6 months Unaudited 31 August 2017	12 months Audited 28 February 2017	6 months Unaudited 31 August 2016
Figures in R'000			
Profit before income tax expense from continuing operations	18 276	48 676	18 291
Profit before income tax expense from discontinued operations	516	-	1 052
Adjusted for:			
Depreciation of property, plant and equipment	1 603	1 297	387
Profit on disposal of subsidiaries	(1 500)	(2 806)	(2 806)
Profit on disposal of associates	-	(12 153)	-
Equity-accounted earnings (net of income tax)	(620)	(23 305)	(13 250)
Profit on disposal of assets	-	(47)	-
Fair value adjustments and impairments	(6 590)	(9 247)	(3 010)
Derecognition of deferred payment	-	(3 580)	-
Movement in impairment allowance	-	1 097	-
Amortisation of intangible assets	5 612	2 055	-
Share-based payments expense	2 034	3 229	1 587
Foreign currency translation loss	30	541	316
Lease straight-line adjustment	(124)	(301)	(161)
Interest received from investments and finance income	(1 944)	(4 430)	(1 617)
Investment revenue	(811)	(1 624)	(1 603)
Finance costs	5 940	3 866	893
Changes in working capital:			
(Decrease)/increase in trading securities	(2 107)	1 882	(158)
Increase in trade and other receivables	(11 830)	(22 944)	(12 862)
(Decrease)/increase in trade and other payables	(18 878)	18 139	4 164
Decrease/(increase) in accounts receivable and payable from trading activities	5 449	(516)	1 801
Cash utilised by operating activities	(4 944)	(171)	(6 976)

8. Financial instruments carried at fair value

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

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

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

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

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

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

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

	Unaudited		Audited	
	31 August 2017		28 February 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Fair values				
Figures in R'000				
Financial assets measured at fair value				
Designated at fair value through profit or loss on initial recognition	67 045	67 045	68 520	68 520
Trading securities	356	356	183	183
Financial assets not measured at fair value				
Loans to associates	22 831	17 570	22 953	20 761
Loans in other non-current assets	3 682	3 993	5 394	5 168
	93 914	88 964	97 050	94 632
Financial liabilities measured at fair value				
Designated at fair value through profit or loss on initial recognition	(6 610)	(6 610)	(6 610)	(6 610)
Trading securities	-	-	(1 934)	(1 934)
Financial liabilities not measured at fair value				
Other financial liabilities	(105 054)	(102 457)	(136 684)	(139 172)
	(111 664)	(109 067)	(145 228)	(147 716)
Total	(17 750)	(20 103)	(48 178)	(53 084)

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

Fair value hierarchy

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

The different levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Unaudited 31 August 2017

Figures in R'000	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	23 105	-	43 940	67 045
Financial assets measured at fair value	356	-	-	356
Financial assets at amortised cost	-	-	21 563	21 563
Financial liabilities designated at fair value through profit or loss	-	-	(6 610)	(6 610)
Financial liabilities at amortised cost	-	-	(102 457)	(102 457)
	23 461	-	(43 564)	(20 103)

Audited 28 February 2017

	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	33 910	-	34 610	68 520
Financial assets 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)

Figures in R'000	Unaudited 31 August 2017	Audited 28 February 2017
Level 3 comprises:		
Balance at beginning of period	28 000	23 314
Total gains or losses in profit or loss (disclosed in fair value adjustments and impairments)	9 008	4 686
Purchases, transfers, sales, issues and settlements	322	-
Balance at end of the period	37 330	28 000

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

	Unaudited 31 August 2017	Audited 28 February 2017
Effect on statement of comprehensive income (profit/(loss)) and equity before taxation		
Net asset value		
10% increase	2 281	666
10% decrease	(2 191)	(1 492)
Free cash flow		
10% increase	(3 905)	(6 477)
10% decrease	4 274	6 850
Foreign exchange movement		
10% increase	799	1 333
10% decrease	(512)	(190)

9. Events after reporting date

On 7 September 2017, Vunani Limited approved the issue of 1.1 million Vunani ordinary shares for cash. The shares were issued at a price of 252 cents per share. The gross proceeds amounted to R2.7 million. The ordinary shares were issued and allotted on 12 September 2017.

10. Dividends

Ordinary dividend

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

11. Going concern

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

OVERVIEW AND PROSPECTS

The reporting period was dominated by the country going into a technical recession after two consecutive quarters of negative economic growth. The economy did recover slightly in the second quarter of the year as the gross domestic product grew a seasonally-adjusted 2.5% quarter-on-quarter. The recovery was due to increased economic activity in the agriculture, finance and mining sectors. The agricultural sector has seen bumper maize and wheat crops, which have resulted in lower prices during the period. As a result of the improved inflation outlook the Reserve Bank reduced interest rates by twenty-five basis points. The Rand however remains vulnerable to further ratings downgrades, global risks and political uncertainty.

Despite difficult market conditions, Vunani performed considerably well for the 6-month period to 31 August 2017.

Vunani generated total comprehensive income for the period of R15.8 million (2016: R14.7 million), while total comprehensive income attributable to equity holders of the company amounted to R13.1 million (2016: R14.4 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 R32.0 million for the period (2016: R33.0 million), which is a decrease of 3%. The reportable segment profit amounted to R1.5 million for the period compared to a profit of R5.0 million at 31 August 2016.

VFM's performance and profitability reduced during the period because of lower performance fees being earned. VFM's assets under management increased from R15.9 billion at 29 February 2017 to R18.3 billion at 31 August 2017. This 15% increase in assets under management is key to improving the profitability of VFM.

PVAM's performance improved during the period despite the ongoing challenging economic conditions in Zimbabwe. PVAM's assets under management increased to \$42.5 million at 31 August 2017 from \$31.1 million at 29 February 2017. The increase in assets under management and diversification of product offering has ensured that PVAM remains profitable.

Alliance, a 45% owned Malawian based asset management business continues to perform well. Alliance contributed R0.7 million equity accounted earnings to the group for the period. Alliance assets under management increased to MWK213.7 million at 31 August 2017 from MWK176.5 million at 28 February 2017.

Asset administration

The asset administration segment includes the group's investment in Fairheads Beneficiary Services Proprietary Limited ("Fairheads"). Fairheads is making good progress in increasing its assets under administration, which amounted to R6.2 billion at 31 August 2017 (28 February 2017: R6.2 billion). The segment contributed R4.7 million to the group's results for the period ended 31 August 2017 compared to R2.1 million in the prior period.

Advisory services

The segment has been affected by the tough economic environment, which has meant longer lead times to finalise mandates. This has resulted in a 23% decrease in revenue earned from R3.0 million in the prior period to R2.3 million to 31 August 2017. While the segment reported a marginal loss for the period of R0.1 million (2017: R0.4 million), the division is working on a good pipeline of transactions which is expected to improve profitability by year-end.

Institutional securities broking

This segment includes equity, derivative and capital market trading services to institutional clients. Revenue decreased by 19% compared to 31 August 2016. The decrease in revenue is due to the decrease in trading volumes in the market. The segment reported a loss for the period of R1.5 million (31 August 2016: profit of R2.5 million). The focus for the period was on revenue growth through the expansion of the client base and exploring diversified products, which is progressing well.

Private equity

The segment has refined its focus into three investment sub-categories, namely resources, property and African investments. We are also pursuing our strategy of taking up stakes in private equity management companies. The segment holds the remaining listed investments in its portfolio. It is the group's intention to dispose of the listed investment portfolio overtime. The return on the investments and optimal use of capital is monitored to ensure that an efficient structure is maintained. Resources is focused primarily on coal processing and we look for partnerships with well-capitalised and strategic associates. The coal processing related operations generated revenue of R35.1 million for the period to 31 August 2017 compared to R0.9 million in 2016.

The group is progressing with its effort to create a property portfolio, which has seen the group identify interesting opportunities. The strategy involves partnering with investors who have experience in the property sector and several opportunities are currently being explored. The segment reported a profit of R11.2 million for the period (31 August 2016: R5.1 million).

Discontinued operations - Private wealth and investments

During the period, the private wealth and investments business was disposed of to a third party. As a result, the segment is now accounted for as a discontinued operation. The segment reported a profit of R0.5 million for the period ended 31 August 2017 (2016: R1.0 million).

Financial performance

Revenue from continuing operations increased by 120% to R160.1 million (2016: R72.7 million) for the period ended 31 August 2017. The increase is attributable to the consolidation of Fairheads' into the group's results and increased revenue from the private equity segment.

Other income increased by 425% to R1.8 million (2016: R0.4 million) for the period ended 31 August 2017. The increase is due to once off non-operational revenue earned by the group.

Investment income is received in the form of dividends. Total investment income for the current period amounted to R0.8 million as compared to R1.6 million for the period ended 31 August 2016.

Positive fair value adjustments and impairments of R6.6 million (2016: R3.0 million) relate to a net increase in the value of the group's listed and unlisted investment portfolio that has been designated at fair value through profit or loss.

Equity-accounted earnings for the period amounted to R0.6 million (2016: R13.2 million). The group's investment in Fairheads was classified as an associate in the prior period and as such, its earnings were equity accounted. In the current period, the Fairheads results were fully consolidated by the group after increasing its stake in Fairheads. 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 101% from R73.4 million to R147.6 million. The increase is attributable to the consolidation of Fairheads' operating expense in the current period and the increase in costs from coal trading. Share based payment expense also increased in the period as a result of additional awards made to staff. The group remains focused on cost containment and monitors spending on an ongoing basis.

Finance income increased to R1.9 million for the period ending 31 August 2017 compared to R0.7 million for the period ended 31 August 2016. Finance costs increased from R0.9 million for the period ended 31 August 2016 to R5.9 million for the period ended 31 August 2017, as result of an increase in financial liabilities from the consolidation of Fairheads.

The decrease in other investments was due to the disposal of a small portion of the group's listed investment portfolio during the period as well positive fair value adjustments to the investments.

During the period, the group issued shares to finance the acquisition in Alliance which resulted in an increase in stated capital of R4.4 million. The group declared a cash dividend of R8.2 million in April 2017 which was then paid in July 2017. The share-based payments reserve movement of R2.0 million is attributable to the current period IFRS 2 charge (2016: charge of R1.6 million). Furthermore, during the period, the group acquired the entire non-controlling interest of 32.3% in VWI

and thus, VWI is now a 100% held subsidiary.

Prospects

Despite the tough economic environment, Vunani's executive believe that with the right amount of effort and due diligence the group can identify the right opportunities that will enable it to further grow the business and enhance shareholder value. The improved profitability 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. Vunani's staff are critical to the success of these business and it is therefore critical that these businesses are run by high-calibre staff who are strong leaders. Vunani is cautiously optimistic that it can build on the performance of the first six months of the year to ensure that it can finish the second half of the year on a high note.

External audit

Vunani Limited and its subsidiaries are audited by KPMG Inc. ("KPMG"). The Vunani Group Audit and Risk Committee ("ARC") met with KPMG CEO, Nhlamu Dlomu to better understand the issues, as well as measures that led to the departure of the former CEO and other key personnel as well as the implications of the public furor over its professional conduct. The results of these discussions were discussed at the group board meeting held on the 11th of October 2017 and the board resolved to maintain the existing audit engagement pending the outcome of the independent investigations initiated by KPMG. The board of Vunani Limited views the various allegations in a serious light. Should the outcome of the investigations not sufficiently allay these concerns the board reserves the right to review the audit engagement, which may entail a termination of the engagement should the result not be satisfactory.

FORWARD-LOOKING STATEMENTS AND DIRECTORS' RESPONSIBILITY

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

The directors take full responsibility for the preparation of the condensed consolidated interim results.

Signed on behalf of the board of directors by E Dube and T Mika on 12 October 2017.

CORPORATE INFORMATION

Executive directors

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

Non-executive directors

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

Company secretary

CIS Company Secretaries Proprietary Limited

Designated adviser

Grindrod Bank Limited

Financial communications adviser

Singular Systems Proprietary Limited

Transfer secretaries

Computershare Investor Services Proprietary Limited
70 Marshall Street

Johannesburg
2001

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 Thursday, 12 October 2017, at 11:00 via a web/audio cast. The web/audio cast link is as follows:
<http://www.corpcam.com/Vunani12102017>.