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")

Provisional condensed consolidated results for the year ended 28 February 2019

The reviewed provisional condensed consolidated results have been prepared under the supervision of the Chief Financial Officer, Tafadzwa Mika CA(SA).

SALIENT FEATURES

REVENUE OF
R425.3 million
compared to R350.9 million at 28 February 2018

PROFIT FOR THE YEAR OF
R90.3 million
compared to R45.6 million at 28 February 2018

EARNINGS PER SHARE OF
54.7c
compared to 26.0c at 28 February 2018

NET ASSET VALUE PER SHARE OF
291.2c
compared to 242.5c at 28 February 2018

DIVIDENDS PAID OF
R9.7 million
compared to R8.2 million in February 2018

Condensed consolidated statement of comprehensive income for the year ended 28 February 2019

Figures in R'000	Note	Reviewed 28 February 2019	Re-presented Audited 28 February 2018
Continuing operations			
Revenue	1	425 329	350 889
Other income		2 258	2 518
Investment revenue		10 954	5 421
Interest received from investments		170	137
Fair value adjustments *	4	73 239	43 714
Impairments *	2	(11 973)	(2 841)
Equity-accounted earnings (net of income tax)		6 053	(10 823)
Commodities trading related costs *		(100 594)	(52 481)
Operating expenses *		(293 020)	(275 107)
Results from operating activities		112 416	61 427
Finance income		4 342	3 592
Finance costs		(8 801)	(11 055)
Net finance costs		(4 459)	(7 463)
Profit before income tax		107 957	53 964
Income tax expense		(17 705)	(7 139)
Profit from continuing operations		90 252	46 825
Discontinued operations			
Loss from discontinued operations (net of income tax)		-	(1 269)
Profit for the year		90 252	45 556
Other comprehensive income			
Items that are or may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		2 159	(1 192)
Total comprehensive income for the year		92 411	44 364

Profit for the year attributable to:		
Equity holders of Vunani Limited	88 553	41 061
Non-controlling interest	1 699	4 495
	90 252	45 556
Total comprehensive income for the period attributable to:		
Equity holders of Vunani Limited	89 916	40 477
Non-controlling interest	2 495	3 887
	92 411	44 364
Basic earnings per share (cents)	54.7	26.0
Basic earnings per share from continuing operations (cents)	54.7	26.8
Basic loss per share from discontinued operations (cents)	-	(0.8)
Diluted earnings per share (cents)	53.5	26.0
Diluted earnings per share from continuing operations (cents)	53.5	26.8
Diluted loss per share from discontinued operations (cents)	-	(0.8)

* The comparative figures have been re-presented in line with the new IFRS 9 Financial Instruments standard requirements. Commodities trading related costs have been re-presented out of operating expenses. No restatements or reclassifications have been made to these comparative figures.

Condensed consolidated statement of financial position
at 28 February 2019

Figures in R'000	Note	Reviewed 28 February 2019	Re-presented Audited 28 February 2018
Assets			
Property, plant and equipment		10 977	10 404
Goodwill		139 766	139 766
Intangible assets		76 164	87 388
Investments in associates *		53 390	48 108
Loans to associates *		10 118	27 387
Other investments	4	93 565	50 720
Deferred tax asset		42 826	47 010
Other non-current assets	4	74 564	54 127
Total non-current assets		501 370	464 910
Other investments	4	918	575
Inventory		29 255	-
Taxation prepaid		1 259	1 462
Trade and other receivables		121 063	73 680
Accounts receivable from trading activities		90 561	689 510
Trading securities		72	435
Cash and cash equivalents		54 446	51 584
Total current assets		297 574	817 246
Total assets		798 944	1 282 156
Equity			
Stated capital		696 497	706 572
Treasury shares		(56)	(14 842)
Share-based payments reserve		5 506	21 646
Foreign currency translation reserve		(1 742)	(3 105)
Accumulated loss		(230 936)	(310 368)
Equity attributable to equity holders of Vunani Limit		469 269	399 903
Non-controlling interest		8 380	(566)
Total equity		477 649	399 337
Liabilities			
Other financial liabilities	4	46 151	64 062
Deferred tax liabilities		22 251	25 955
Total non-current liabilities		68 402	90 017
Other financial liabilities	4	32 168	34 667
Taxation payable		5 177	8 006
Trade and other payables		114 700	60 022
Accounts payable from trading activities		90 840	687 659
Trading securities		22	86
Bank overdraft		9 986	2 362

Current liabilities		252 893	792 802
Total liabilities		321 295	882 819
Total equity and liabilities		798 944	1 282 156
Shares in issue (000s)	6	161 156	164 897
Net asset value per share (cents)		291.2	242.5
Net tangible asset value per share (cents)		157.3	104.8

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.

* The comparative figures have been re-presented in line with the new IFRS 9 Financial Instruments standard requirements. The investment in associates and the related loans have been presented separately.

Condensed consolidated statement of changes in equity for the year ended 28 February 2019

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 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 year	-	-	-	-	41 061	41 061	4 495	45 556
Other comprehensive income for the period	-	-	-	(584)	-	(584)	(608)	(1 192)
Total comprehensive income for the period	-	-	-	(584)	41 061	40 477	3 887	44 364
Issue of shares	7 188	-	-	-	-	7 188	-	7 188
Share-based payments	-	-	5 546	-	435	5 981	-	5 981
Dividends paid	-	-	-	-	(8 241)	(8 241)	(538)	(8 779)
Delisted shares	(638)	638	-	-	-	-	-	-
Transfer between reserves*	-	435	-	-	(435)	-	-	-
Acquisition of non-controlling interests	-	-	-	-	(2 302)	(2 302)	106	(2 196)
Total transactions with owners, recorded directly in equity	6 550	1 073	5 546	-	(10 543)	2 626	(432)	2 194
Balance as at 28 February 2018 - Audited	706 572	(14 842)	21 646	(3 105)	(310 368)	399 903	(566)	399 337
Adjustment on initial application of IFRS 9 (net of income tax)	-	-	-	-	(85)	(85)	-	(85)
Adjusted balance as at 1 March 2018	706 572	(14 842)	21 646	(3 105)	(310 453)	399 818	(566)	399 252
Total comprehensive income for the year								
Profit for the year	-	-	-	-	88 553	88 553	1 699	90 252
Other comprehensive income for the year	-	-	-	1 363	-	1 363	796	2 159
Total comprehensive income for the period	-	-	-	1 363	88 553	89 916	2 495	92 411
Transactions with owners, recorded directly in equity								
Acquisition of treasury shares	-	(1 268)	-	-	-	(1 268)	-	(1 268)
Share-based payments	-	-	7 844	-	-	7 844	-	7 844
Dividends paid	-	-	-	-	(9 677)	(9 677)	(838)	(10 515)
Delisted shares	(10 075)	-	-	-	-	(10 075)	-	(10 075)
Transfer between reserves*	-	16 054	(23 984)	-	7 930	-	-	-
Disposal to non-controlling interests	-	-	-	-	(7 289)	(7 289)	7 289	-
Total transactions with owners, recorded directly in equity	(10 075)	14 786	(16 140)	-	(9 036)	(20 465)	6 451	(14 014)
Balance as at 28 February 2019 - Reviewed	696 497	(56)	5 506	(1 742)	(230 936)	469 269	8 380	477 649

* Shares that were issued as part of the share-based payment scheme vested. The shares were transferred out of the share trust (held as treasury shares) to the qualifying employees. The cumulative share-based payment expense in the reserve has been transferred between the non-distributable reserve and retained income on vesting.

DIVIDENDS

Figures in R'000	Reviewed 28 February 2019	Audited 28 February 2018
Ordinary dividend		

Ordinary dividend number 4 of 6.2 cents (4.96 cents net of dividend withholding tax) per share was paid to ordinary shareholders on 30 July 2018 (net of treasury shares), (2018: Ordinary dividend number 3 of 5.2 cents (4.16 cents net of dividend withholding tax) per share was paid to ordinary shareholders on 27 July 2017).	9 677	8 241
	9 677	8 241

Condensed consolidated statement of cash flows
for the year ended 28 February 2019

Figures in R'000	Note	Reviewed 28 February 2019	Audited 28 February 2018
Cash flows from operating activities			
Net cash generated by operating activities	7	38 752	28 488
Investment revenue received		10 954	5 421
Finance income received		4 342	3 592
Finance costs paid		(7 537)	(9 627)
Dividends paid to shareholders		(9 677)	(8 241)
Dividends paid to non-controlling interest		(838)	(538)
Income tax paid		(15 394)	(12 214)
Net cash generated by operating activities		20 602	6 881
Cash flows from investing activities			
Proceeds on disposal of business		-	1 500
Acquisition of property, plant and equipment		(2 523)	(4 245)
Proceeds from repayment of loans to associates		3 000	1 186
Advances in investment and loans to associates		(3 958)	(7 592)
Dividends received from associates		785	741
Proceeds from repayment of other non-current assets		-	1 712
Acquisition of other investments		(234)	(2 590)
Proceeds on disposal of other investments		490	10 292
Net cash (outflow)/inflow from investing activities		(2 440)	1 004
Cash flows from financing activities			
Proceeds on issue of shares		-	2 772
Acquisition of treasury shares		(1 268)	-
Advances of other financial liabilities		-	30 305
Repayments of other financial liabilities		(22 175)	(73 814)
Net cash outflow from financing activities		(23 443)	(40 737)
Net decrease in cash and cash equivalents		(5 281)	(32 852)
Exchange rate on foreign balances		519	*
Cash and cash equivalents at the beginning of the year		49 222	82 074
Total cash and cash equivalents at end of the year		44 460	49 222

Segmental reporting
for the year ended 28 February 2019

The fund management and other investments segments are geographically located in South Africa and, on a smaller scale, in Zimbabwe and Malawi. The institutional securities broking, commodities trading, asset administration and advisory services segments are geographically located in South Africa.

Figures in R'000		Revenue Reviewed 28 February 2019	Reportable segment profit/(loss) after tax Reviewed 28 February 2019	Total assets Reviewed 28 February 2019	Total liabilities Reviewed 28 February 2019
Fund management		87 155	7 898	82 608	(19 912)
Asset administration		127 362	13 445	230 407	(86 967)
	Advisory services	18 021	4 705	15 193	(10 252)
Investment banking					
	Institutional securities broking	42 001	(7 211)	104 945	(99 540)
	Commodities trading	141 302	9 670	199 612	(65 971)
Private equity*					
	Other investments	9 488	61 745	166 179	(38 653)

Total		425 329	90 252	798 944	(321 295)

Figures in R'000		Revenue Audited 28 February 2018	Re-presented Reportable segment profit/(loss) after tax Audited 28 February 2018	Total assets Audited 28 February 2018	Total liabilities Audited 28 February 2018
Continuing operations					
Fund management		64 683	4 284	66 651	(15 635)
Asset administration		124 781	6 714	234 151	(106 632)
	Advisory services	4 895	(1 450)	3 321	(1 122)
Investment banking					
	Institutional securities broking	63 686	1 376	717 873	(706 319)
	Commodities trading	84 612	6 113	17 035	(22 453)
Private equity*					
	Other investments	8 232	29 788	242 985	(30 540)
		350 889	46 825	1 282 016	(882 701)
Discontinued operations					
Private wealth and investments**		344	(1 269)	140	(118)
Total		351 233	45 556	1 282 156	(882 819)

* In the current year, the Commodities trading (previously mining) and Other investments have been refined to enable the chief decision makers to adequately assess the performance of each segment based on the resources allocated to them. The change was also as a result of the increase in commodities trading activities during the year. Comparative figures have been re-presented to reflect the impact of the change.

** In the prior year, the Private wealth and investments segment was presented as a discontinued operation as a result of the disposal of the client book.

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, except for the adoption of new standards effective 1 January 2018. The group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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 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.

Comparatives on the statement of comprehensive income have been presented to show the effect of the discontinued operations.

NOTES

1. Revenue

Revenue includes trading revenue, fees earned from advisory services, brokerage, fund management fees, asset administration fees, management fees from other investments and commodities trading as disclosed in the segmental reporting.

2. Impairments

Figures in R'000	Reviewed 28 February 2019	Audited 28 February 2018
Impairment loss on trade and other receivables	(2 972)	(369)
Impairment loss on loans to associates	(9 001)	(2 472)
	(11 973)	(2 841)

3. Reconciliation of headline earnings for the year

Figures in R'000	Reviewed 28 February 2019	Audited 28 February 2018
Profit for the year attributable to equity holders of Vunani	88 553	41 061
Adjusted for:		
Associates		
Gross revaluation of investment property	-	(31)
Deferred taxation on revaluation	-	9
Non-controlling interest	-	5
Disposal of businesses		
Profit on disposal	-	(1 500)
Taxation	-	336
	88 553	39 880
Headline earnings per share (cents)	54.7	25.2
Basic headline earnings per share from continuing operations	54.7	26.7
Basic headline loss per share from discontinued operations	-	(1.5)
Diluted headline earnings per share (cents)	53.5	25.2
Diluted headline earnings per share from continuing operations	53.5	26.7
Diluted headline loss per share from discontinued operations	-	(1.5)

4. Other investments, other non-current assets 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 measured at fair value through profit or loss. Financial liabilities are either accounted for at amortised cost or classified at fair value through profit or loss. The group classifies other non-current assets at fair value through profit or loss.

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 IFRS 9 Financial Instruments.

The group previously had an investment that was held as an associate, however, during the year the group lost its significant influence over the investment which resulted in it being accounted for at fair value through profit or loss. The balance of the increase in fair value adjustments relates to the increase in value of other non-current assets and other investments.

For additional information on the fair values of other investments, other non-current assets and other financial liabilities, please refer to note 8 of these financial results.

5. Inventory

In the current year, the group commenced a new commodity trading operations. At year-end inventory of this commodity worth R29.2 million was on hand. The group carries its inventory at the lower of cost and net realisable value.

6. Authorised and issued stated capital

The authorised stated capital at 28 February 2019 was 500 million ordinary shares of no par value (2018: 500 million ordinary shares of no par value). 161 155 915 shares were in issue at 28 February 2019 (2018: 164 896 942).

	Reviewed 28 February 2019	Audited 28 February 2018
Weighted average number of ordinary shares (000s)		
Issued ordinary shares at the beginning of the year	164 897	161 296
Effect of share issue	-	1 899
Effect of delisting shares*	(2 737)	-
Effect of own shares held	(138)	(5 219)
Weighted average number of shares in issue during the year	162 022	157 976
Number of shares in issue at the end of the year	161 156	164 897
Dilutive weighted average number of ordinary shares (000s)		
Issued ordinary shares at the beginning of the year	164 897	161 296
Effect of share issue	-	1 899
Effect of delisting shares*	(2 737)	-
Effect of own shares held	(138)	(5 219)
Effect of dilutive shares**	3 372	2 061
Diluted weighted average number of shares in issue during the year	165 394	160 037
Number of shares in issue at the end of the year	161 156	164 897

* The shares were delisted as part of a share swop agreement between the company and BSI Steel Limited ("BSI"), in which the investment in BSI Steel Limited was disposed of for the value of the company shares held by BSI.

** 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 reflected in note 3 and the face of the statement of comprehensive income.

7. Net cash utilised by operating activities

Figures in R'000	Reviewed 28 February 2019	Re-presented Audited 28 February 2018
Profit before income tax expense from continuing operations	107 957	53 964
Loss before income tax expense from discontinued operations	-	(1 269)
Adjusted for:		
Depreciation of property, plant and equipment	3 067	3 722
Profit on disposal of discontinued operations	-	(1 500)
Equity-accounted (earnings)/loss (net of income tax)	(6 053)	10 823
Fair value adjustments	(73 239)	(43 714)
Impairment loss on loans to associates	9 001	2 472
Impairment loss on trade and other receivables	2 972	369
Amortisation of intangible assets	11 224	11 224
Share-based payments expense	7 844	5 981
Foreign currency translation loss	834	362
Lease straight-line adjustment	186	(432)
Interest received from investments and finance income	(4 512)	(3 729)
Investment revenue	(10 954)	(5 421)
Finance costs	8 801	11 055
Changes in working capital:		
Increase/(decrease) in trading securities	299	(2 100)
Increase in inventory	(29 255)	-
Increase in trade and other receivables	(41 221)	(22 080)
Increase in trade and other payables	53 637	5 523
(Increase)/decrease in accounts receivable and payable from trading activities	(1 836)	3 238
Cash generated by operating activities	38 752	28 488

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 used in valuation techniques for loans and advances, other investments, investments in associates and other financial liabilities, 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.

	Reviewed 28 February 2019		Audited 28 February 2018	
Fair values Figures in R'000	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at fair value				
Other investments	94 483	94 483	51 295	51 295
Other non-current assets	70 881	70 881	50 444	50 444
Trading securities	72	72	435	435
Financial assets not measured at fair value				
Loans to associates	10 118	8 464	27 387	21 949
Loans in other non-current assets	3 683	3 826	3 683	3 909
	179 237	177 726	133 244	128 032
Financial liabilities measured at fair value				
Other financial liabilities at fair value through profit or loss	(5 663)	(5 663)	(5 084)	(5 084)
Trading securities	(22)	(22)	(86)	(86)
Financial liabilities not measured at fair value				
Other financial liabilities at amortised cost	(72 656)	(61 927)	(93 645)	(94 016)
	(78 341)	(67 612)	(98 815)	(99 186)
Total	100 896	110 114	34 429	28 846

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 2019 Figures in R'000	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	16 261	-	149 103	165 364
Financial assets measured at fair value	72	-	-	72
Financial assets at amortised cost	-	-	12 290	12 290
Financial liabilities designated at fair value through profit or loss	(22)	-	(5 663)	(5 685)
Financial liabilities at amortised cost	-	-	(61 927)	(61 927)
	16 311	-	93 803	110 114

Audited 28 February 2018	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	19 951	-	81 788	101 739
Financial assets measured at fair value	435	-	-	435
Financial assets at amortised cost	-	-	25 858	25 858
Financial liabilities designated at fair value through profit or loss	(86)	-	(5 084)	(5 170)
Financial liabilities at amortised cost	-	-	(94 016)	(94 016)
	20 300	-	8 546	28 846

Figures in R'000	Reviewed 28 February 2019	Audited 28 February 2018
Level 3 comprises:		
Balance at beginning of year	76 704	28 000
Total gains or losses in profit or loss	76 580	40 536
Purchases, transfers, sales, issues and settlements	(9 844)	8 168
Balance at end of the year	143 440	76 704

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 2019	Audited 28 February 2018
Net asset value		
10% increase	3 227	1 399
10% decrease	(3 136)	(1 308)
Free cash flow		
10% increase	6 716	(2 182)
10% decrease	(7 849)	167
Foreign exchange movement		
10% increase	164	868
10% decrease	(164)	(868)

9. Adoption of new accounting standards

IFRS 9: Financial Instruments ("IFRS 9")

The group has adopted IFRS 9 with a date of application of 1 March 2018. IFRS 9 replaces IAS 39: Financial Instruments: Recognition and Measurement (IAS 39). It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" model for the impairment of financial assets. While there have been no changes to the classification and measurement of the financial instruments in the group with the application of IFRS 9, the naming conventions have changed.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses ("ECL") - the ECL model. This replaces IAS 39's incurred loss model. Instruments within the scope of the new requirements included loans and other debt type financial assets measured at amortised cost, and trade receivables measured under IFRS 15.

Recognition of credit losses is no longer dependent on the group first identifying a credit loss event. Instead, the group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Measurement of the ECL is determined by a probability weighted estimate of credit losses over the expected life of the financial instrument.

The adoption of the ECL requirements of IFRS 9 have not resulted in material impairment allowances of the group's financial assets.

Financial assets and liabilities

The group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime (ECLs). These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The group uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix.

The group assesses impairment of trade receivables on a portfolio basis grouping those that possess shared credit risk characteristics. These have then been grouped based on the days past due. The group has therefore concluded that the expected loss rates calculated on the trade receivables are a reasonable approximation of the loss rates.

The group makes use of the general approach in accounting for the ECL on advances. The group assesses the ECLs on the advances through the use of a three-stage approach. ECLs are determined for the next 12 months in stage 1, and over the lifetime of the advance in stages 2 and 3.

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the group's financial liabilities were not impacted by the adoption of IFRS 9 as these are accounted for at amortised cost (except for certain liabilities which are fair valued).

IFRS 15: Revenue from Contracts from Customers ("IFRS 15")

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18: Revenue. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time requires judgements. IFRS 15 introduced a five-step approach to revenue recognition.

The five-step model framework has been applied to the group's revenue streams which include trading revenue, fees earned from advisory services, brokerage, fund management fees, asset administration fees, management fees from other investments and commodities trading. Revenue is recognised when control is passed over time for all the revenue streams except for commodities trading revenue which is recognised at a point in time.

Based on the analysis and nature of the revenue generated by the group, the impact of applying IFRS 15 results in additional disclosures relating to the group's contracts with customers; the significant judgments, and changes in the judgments, made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

10. Events after reporting date

There have been no material events between the period end and the date of the signing of the results.

11. Dividends

A dividend of 6.2 cents (4.96 cents net of dividend withholding tax) per share was paid to ordinary shareholders on 30 July 2018, (2018: 5.2 cents (4.16 cents net of dividend withholding tax) per share was paid to ordinary shareholders on 27 July 2017). Total cash of R9.7 million (2018: R8.2 million) (net of treasury shares held) was paid to ordinary shareholders.

Dividend declared

Notice is hereby given that a gross ordinary dividend of 7.4 cents per share (2018: 6.2 cents per share) has been declared out of income reserves on 25 April 2019 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%

- 161 155 915 shares are in issue

- The gross ordinary dividend is 7.40000 cents per share for shareholders exempt from paying Dividend Withholding Tax

- The net ordinary dividend is 5.92000 cents per share for ordinary shareholders who are not exempt from Dividend Withholding Tax

- Vunani Limited's tax reference number is 9841003032

Timetable	2019
Declaration and finalisation date announcement	Thursday, 25 April
Last day to trade cum dividend	Tuesday, 23 July
Shares commence trading ex-dividend	Wednesday, 24 July
Record date	Friday, 26 July
Dividend payment date	Monday, 29 July

No dematerialisation or rematerialisation of shares will be allowed for the period from Wednesday, 24 July 2019 to Friday, 26 July 2019, 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 financial statements for the year ended 28 February 2019 have been reviewed by KPMG Inc., who expressed an unmodified review opinion. The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditors engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuers registered office.

Overview and prospects

Vunani entered the financial year on the back of the synchronised global economic growth cycle that prevailed since late 2016. Global growth momentum however, faded over the course of 2018 as policy tightening hit home. That culminated in a substantial increase in global financial volatility as some emerging markets suffered particularly adverse consequences. The Rand exchange rate absorbed much of the shock impact on South Africa by weakening over the course of the financial year by more than 19 percent against a resilient US Dollar and by 11 percent on a trade weighted basis, respectively. Nevertheless, the exchange rate-related windfall to exporters was eroded somewhat by declining global commodities prices over the second half of the financial year - including coal prices, which is of importance to Vunani. Domestic business confidence remained at low levels throughout the year amidst weak consumer confidence, policy uncertainty and structural constraints i.e. load shedding. That culminated in downward revisions of economic growth expectations as the year progressed as vindicated from an eventual even weaker calendar year growth outcome of mere 0.8% compared to 1.4% in 2017.

Vunani's performance for the 12 months to 28 February 2019, has shown improvement when compared to the prior period to 28 February 2018.

Vunani generated total comprehensive income for the year of R92.4 million (2018: R44.4 million), while total comprehensive income attributable to equity holders of the company amounted to R89.9 million (2018: R40.5 million).

The group's reportable segments are as follows:

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

Commodities trading

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 R87.2 million for the year ended 28 February 2019 (2018: R64.7 million), which is an increase from prior year. The reportable segment profit amounted to R7.9 million for the year compared to R4.3 million at 28 February 2018.

VFM's performance improved during the year as result of increase in assets under management and higher performance fees being earned. VFM's assets under management increased from R20.9 billion at 28 February 2018 to R27.6 billion at 28 February 2019. The increase in assets under management is key to improving the profitability of VFM.

PVAM's performance decreased in the current year when compared to prior year due to the tough economic and political environment in Zimbabwe. Despite this the company remained profitable whilst increasing its assets management. PVAM's assets under management increased to $28.2 million at 28 February 2019 from $24.2 million at 28 February 2018.

Alliance contributed R0.1 million in equity accounted earnings for the year compared to R1.4 million in the prior year.

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"). Fairheads contributed revenue of R127.4 million to February 2019, compared to R124.8 million to February 2018. The segment reported a profit of R13.4 million compared to R6.7 million in 2018. Fairheads' assets under administration amounted to R6.3 billion at 28 February 2019 (2018: R6.2 billion).

Advisory services

The segment generated revenue of R18.0 million compared to R4.9 million for the year ended 28 February 2018. The increase in performance is due to significant mandates being completed in the year. The segment reported a profit of R4.7 million (2018: loss of R1.5 million) during the year.

Institutional securities broking

This segment includes equity, derivative and capital market trading services to institutional clients. The segment generated revenue of R42.0 million to February 2019 compared to R63.7 million in 2018. The decrease in revenue is due to the tough economic environment which resulted in a decrease in trading volumes in the market. The segment reported a loss for the year of R7.2 million (2018: profit of R1.4 million) as result the challenging economic conditions. The segment was restructured during the year to take into account the operating environment it now operates in, so as to return it to profitability.

Private equity

The private equity segment has been refined into other investments segment and commodities trading segment. The other investments segment holds the group's listed and unlisted investments in the mining and property sectors and investments in Africa. The commodities trading segment is focused primarily on coal processing and commodities trading activities.

Other investments

The other investments segment generated revenue of R9.5 million (2018: R8.2 million) during the year. The segment reported a profit of R61.7 million for the year (2018: R29.8 million). The profit is attributable to positive fair value adjustments on the groups' unlisted investments.

Commodities trading

The commodities trading segment includes the group's investment in Vunani Resources Proprietary Limited ("VR") and certain equity accounted investments. The segment generated revenue of R141.3 million (2018: R84.6 million) and contributed R9.7 million (2018: R6.1 million) in profit to the group. The performance is attributable to increased coal processing activities within VR.

Financial performance

Revenue for the group increased by 21% to R425.3 million (2018: R350.9 million) for the year ended 28 February 2018. The increase is due to the increased revenue from the commodities trading and advisory services segments.

Other income comprised mainly once-off income that was realised during the year and would consequently not be expected to be repeated in subsequent financial periods. Other income for the current year has decreased by 10% from R2.5 million to R2.3 million in February 2019.

Investment income is received in the form of dividends. Total investment income for the year amounted to R11.0 million compared to R5.4 million for the year ended 28 February 2018. The improvement is as result of an increase in dividend declarations from investee companies.

Positive fair value adjustments and impairments of R61.3 million (2018: R40.9 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 R6.1 million (2018: loss R10.8 million). 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 equity accounted.

Operating expenses increased by 6.5% from R275.1 to R293.0 million. Costs related to commodities trading activities have been presented separately from operating expenses. The share-based payment expenses have increased as a result of the issue of additional shares to staff, which have contributed to the increase in expenses. The devaluation of the Rand during the year 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 increased to R4.3 million for the year compared to R3.6 million to 28 February 2018. Finance costs decreased from R11.1 million for the year ended 28 February 2018 to R8.8 million for the current year, as result of a reduction in the group's debt.

The increase in other investments and other non-current assets was mainly due to positive fair value adjustments on the listed and unlisted investments.

The delisting of shares resulted in a decrease in stated capital of R10.1 million. The share-based payments reserve decrease is due to certain shares vesting to staff during the year. An increase of R7.8 million (2018: R5.9 million) is attributable to the current year IFRS 2 charge. The profit for the year attributed to non-controlling interest amounted to R1.7 million.

Prospects

Vunani's executive believe that the group is positioned to take advantage of the continued recovery in business and consumer confidence to further grow the business and enhance shareholder value. For the group to grow significantly, it will target acquisitions that will complement the existing businesses. The group will continue its focus on improving the performance of its operating businesses as well as improving synergies amongst them as these will form a solid platform to ensure the long-term success of Vunani. Vunani is cautiously optimistic that the performance of the last year can be maintained and that it can fuel growth in the immediate and long-term 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 25 April 2019.

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
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 Thursday, 25 April 2019, at 11:00 via a web/audio cast. The web/audio cast link is as follows: http://www.corpcam.com/Vunani25042019.

These results are available on our website www.vunanilimited.co.za