INTEGRATED REPORT

FOR THE PERIOD ENDED 29 FEBRUARY 2016

VUNANI

LIMITED

CONTENTS

ABOUT THIS REPORT

Vunani's integrated reporting aims to:

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

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

Vunani is incorporated in South Africa and is listed on the JSE. The integrated report has therefore been prepared with reference to the following standards, legislation and guidelines:

- The International Financial Reporting Standards.
- The JSE Listings Requirements.
- The Companies Act No 71 of 2008, as amended.
- King III. To the extent that these principles have not been applied, explanations have been provided in the King III Compliance Report on page 55 to 62.
- Recommendations released by the International Integrated Reporting Council in the <IR> Framework.

The recommendations within the <IR> Framework have been considered and implemented into the integrated report as far as practicable with a plan to make enhancements over time. Vunani strives to provide a more holistic view of the group in one document and regards this process as a valuable opportunity to engage with its stakeholder groups.

Scope and boundary

The integrated report covers the financial period from 1 January 2015 to 29 February 2016. During 2015, Vunani changed its financial reporting period from 31 December to the last day of February. The change was primarily motivated by Vunani's acquisition of a 70% interest in 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.

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

Responsibility for the integrated report

This report was prepared under the supervision of Aphrodite Judin (CA)SA.

The board of directors is ultimately responsible for ensuring the integrity of the integrated report, assisted by the audit and risk committee and further supported by management, which convened and contracted the relevant skills and experience to undertake the reporting process. The board, after applying its collective mind to the preparation and presentation of the report, concluded that it was presented in accordance with the relevant standards, legislation and guidelines described in the "About this report" section and approved it for publication on 1 August 2016. We are committed to improving our reporting further and would appreciate your constructive feedback. Any comments or feedback can be emailed to integratedreport2016@vunanigroup.co.za.

Establishing materiality

Vunani considers a matter to be material when it has the ability to influence the group's strategy, financial performance, reputation or ability to operate. The processes adopted in identifying issues that are material to the group's business and its stakeholders are aligned with the organisational structure, decision-making processes and strategies.

Assurance

Vunani contracts a number of independent service providers to assess and to provide assurance at various levels of the group's business operations.

External audit

The consolidated and separate financial statements for the group for the period ended 29 February 2016 were approved by the board of directors on 1 August 2016. KPMG Inc., the independent auditors, have audited the financial statements and their unmodified audit report is presented on page 68 of this integrated report.

BBBEE audits

In line with the requirements of the Department of Trade and Industry's Codes of Good Practice, the individual operating business' BBBEE scorecards and ratings have been independently verified by Empowerlogic Proprietary Limited, a SANAS accredited rating agency. Please refer to page 54 for the BEE ratings of the operating businesses.

Sustainability information

The information relating to sustainability has not been assured for the current reporting period. An overview on the group's strategy and sustainability is presented on pages 8 and 9 of this integrated report.

Forward-looking statements

This integrated report contains forward-looking statements that, unless otherwise indicated, reflect the company's expectations as at 29 February 2016. Actual results may differ materially from the company's expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate.

The company cannot guarantee that any forward-looking statement will materialise and accordingly, readers are cautioned not to place undue reliance on any forward-looking statements. The company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason, other than as required by the JSE Listings Requirements.

VUNANI
AT A GLANCE

2016 HIGHLIGHTS

Financial

REVENUE FROM CONTINUING OPERATIONS 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

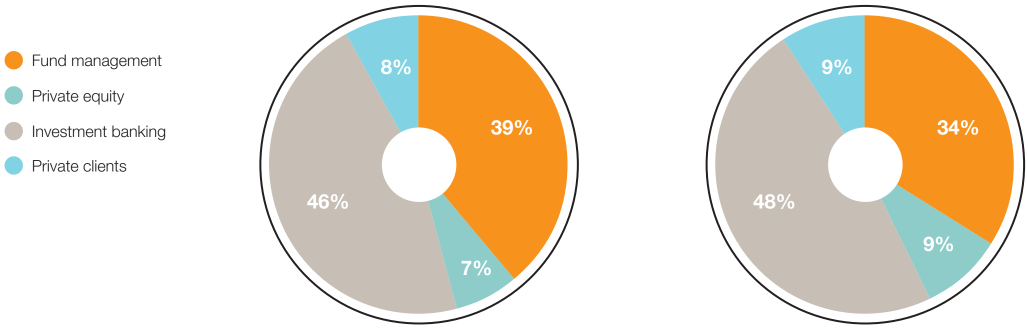
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS OF
6.3c
compared to a loss of 22.5c at 31 December 2014

BASIC HEADLINE EARNINGS PER SHARE FROM CONTINUING OPERATIONS OF
5.9c
compared to a loss of 24.7c for the year ended 31 December 2014

ACQUIRED A SIGNIFICANT INTEREST IN
Fairheads
during the period

TOTAL DIVIDEND OF
R6.0 million
paid (2014: R30.0 million) during the period

Revenue



29 February 2016 | 31 December 2014

Awards won

ASSET ADMINISTRATION

Fairheads won the **Imbasa Yegolide Award** for the Trust and Beneficiary Fund Administrator of the 2016 year

INVESTMENT BANKING

Financial Mail's "Ranking the Analysts: Leader of the pack" 2016:

Anthony Clark – Number 1 financial and industrial, small and medium market cap companies sector

Irnest Kaplan – Number 4 in the computing and electronics sector

Hurbey Geldenhuys – Joint number 6 in the platinum and precious metals sector

Bond dealing team – Number 9 in dealing fixed-interest securities

JSE Spire Awards

Bond dealing team – Number 5 for Best Agency Broker Bonds

PRIVATE CLIENTS

Intellidex SA's Top Stockbroker – People's Choice Awards:

- Won first place in the Top CFD awards
- Won second place in the Top Telephone Brokers awards

ABOUT VUNANI

Vunani is an independent black-owned and managed diversified financial services group that is unique within the South African operating context. The owner-managed culture is complemented with an entrepreneurial passion. Vunani has successfully built a strong financial services platform with a diverse financial-service product offering.

Mission

To be South Africa's foremost boutique financial services group.

Vision

Vunani aims to differentiate itself through a strong focus on its operating businesses. Recruiting high-calibre management and staff, coupled with the prudent and successful management of these businesses remains at the core of our strategy and the way we do business.

Business segments

The group's business activities encompass

- Fund management;
- Asset administration;
- Investment banking (institutional securities broking and advisory services);
- Private clients; and
- Private equity.

Please refer to pages 28 to 41 for a detailed overview of each of these business activities.

Management continuously evaluates its operating businesses' activities and the markets they operate in and in doing so, opportunities for both organic and acquisitive growth are identified and explored.

Locations

The group operates out of offices in Sandton and Cape Town in South Africa and Harare in Zimbabwe.

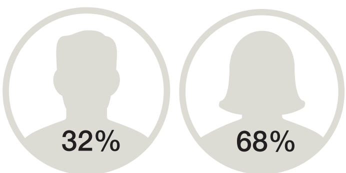
Staff

At 29 February 2016, the group employed 353 people across companies where it holds more than a 50% equity interest. Each individual employed in the Vunani group makes an important contribution towards the overall success of the group. Vunani is committed to the application of employment equity in the workplace and is committed to the transformation principles embodied within the broad based economic empowerment (BBBEE) codes of good practice.

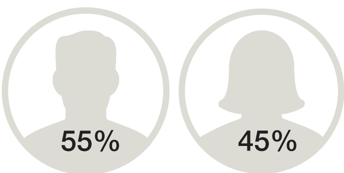
Salient features

The percentages reflect the split between male and female staff across all companies in the group where Vunani's equity ownership is over 50%.

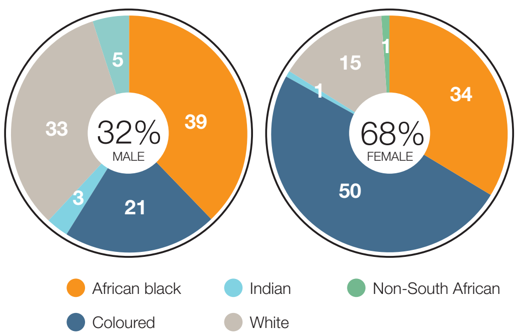
29 February
2016



31 December
2014

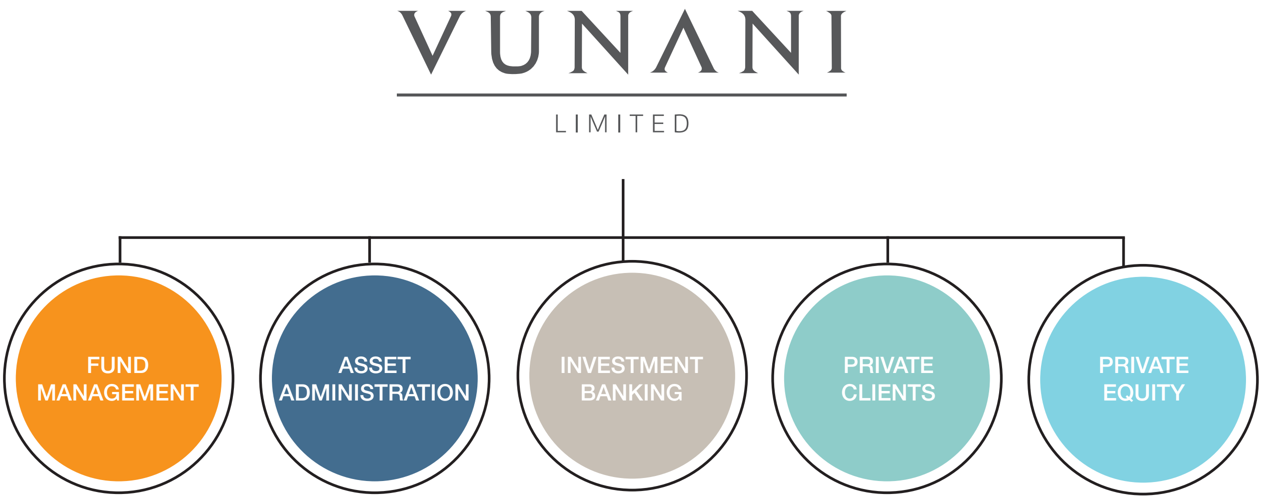


Employee split for the period ended February 2016 (% Work force).



Vunani employees hold more than 50% of the equity interest in the company

GROUP STRUCTURE



Listing Information

Listed on the JSE in **November 2007**

Market capitalisation at 29 February 2016 – **R183.5 million**

Number of shares in issue – **114 664 649**

Lowest share price during period – **115c**

Highest share price during period – **185c**

BUSINESS MODEL AND ANALYSIS OF THE SIX CAPITALS

OUR CAPITAL INPUTS PROVIDE THE RESOURCES WE NEED TO CARRY OUT OUR OPERATIONS AND ACTIVITIES IN EACH OF OUR FIVE BUSINESS SEGMENTS

CAPITALS	INPUTS
Financial Capital The pool of funds that is provided to support the group's operating activities and enables the businesses to implement and execute their strategy. Financial capital includes share capital, retained income generated by the businesses and funds provided by lenders.	• Share capital • Retained income • Other financial liabilities
Human Capital The individuals that are employed within the group. This includes people's skills, capabilities, knowledge and experience, and how this is applied to develop and improve the products and services offered by the group to its clients.	• Board of directors • 353 employees
Social and Relationship Capital The supportive relationships that have been developed and are maintained with clients, shareholders, regulators, lenders, other stakeholders and other networks.	• Shareholders • Outsourced service providers • Associates and strategic business partnerships • Membership of and affiliation to professional bodies and industry associations • The communities in which we operate
Intellectual Capital The knowledge of our people, our intellectual property, institutional memory, brand and reputation. This is closely linked to human and manufactured capital.	• Client relationships • Brand • Reputation and integrity • Regulatory approvals and licensing
Manufactured Capital Tangible and intangible infrastructure (including information technology assets) that has been developed and is available for use within our operating businesses.	• Internally developed information technology platforms and systems
Natural Capital The renewable and non-renewable natural resources that are utilised to provide services that support the value creation and returns for stakeholders. As a financial services group we must deploy our financial capital in such a way that promotes the preservation of natural capital.	• Water, electricity, paper and other consumables utilised in providing services. • Within the private equity segment, mining assets are also considered to fall within this category.

Our business model is designed to create stakeholder value by bringing together diversified financial service platforms and product offerings that are unique to the markets we operate in.

WE AIM TO OPERATE OUR BUSINESSES TO BOTH CREATE AND SUSTAIN VALUE FOR THE LONG TERM. AS A RESULT WE ACHIEVE THE FOLLOWING OUTCOMES

VUNANI LIMITED

FUND MANAGEMENT

Our primary operation is the provision of fund management services to institutional, corporate and retail clients. Products include equity, bond and money market products, which are structured through single asset and multi-asset class funds.

ASSET ADMINISTRATION

Our primary operation is the administration of death benefits on behalf of minor dependents of deceased retirement fund members.

INVESTMENT BANKING

Our primary operations include both corporate finance services and institutional securities broking services.

PRIVATE CLIENTS

Our primary operations are to offer wealth management, asset management and private client securities broking services to high net worth individuals.

PRIVATE EQUITY

Our primary operations entail investing as principals into opportunities specifically focused on mining, property and opportunities to become business partners with established South African corporates as they seek to expand their operations into the African continent.

For more information on our products and services, please refer to pages 28 – 41

OUR CAPITAL OUTCOMES FOR THE PERIOD UNDER REVIEW

- Market capitalisation of R183.5 million.
- Return on equity of 2.51%.
- Debt to equity ratio of 269.69%.
- Sufficient capital, as required by the regulators, held by each of the regulated entities in the group at 29 February 2016.

- 353 staff members
- R108.1 million invested in salaries during the period.
- R1.3 million invested in training and development.
- Staff wellness and team building initiatives held.

- Member of multiple industry associations.
- Ongoing relationships with shareholders and lenders.
- In good standing with regulators.
- Various CSI initiatives undertaken during the period.

- Maintenance of JSE and FSB licensing, including capital adequacy requirements.

- Existing IT infrastructure evaluated and maintained so as to maximise the assets' useful lives.

- Staff encouraged to use paper, electricity and water wisely.
- Promotion of paper recycling through the provision of recycling bins.

STRATEGY AND MATERIAL ISSUES

Vunani's strategy is to create value for its stakeholders, which is implemented by focusing around building successful and sustainable operating businesses. The emphasis remains within the financial services industry, as reflected by the segments we operate in. The group's strategy is determined by the group's executive committee, through consultation with the heads of the underlying businesses, and is approved by the board.

In formulating the group's strategy, we consider the full range of issues that affect the group, such as business objectives, stakeholder expectations, matters that influence the sustainability of our business and the environments in which we operate. These factors have a direct impact on our future viability.

An issue is considered to be material if it could substantively affect our ability to create value in the short, medium or long term. In particular, material issues are those that have a strong bearing on our stakeholders' assessments and decisions about the group's long-term sustainability. We also take into consideration those factors that affect the financial stability and growth of our business.

Material issues and potential risks are identified alongside with the strategy. These issues are then ranked in terms of importance by determining their effect on the group and their likelihood of occurrence. Those matters considered most material are prioritised in terms of management and reporting.

Effectively managing our material issues is critical to achieving our strategic objectives.

Capitals	Strategic objectives	Material issues
Financial capital	• Achieving a positive and consistent return for shareholders. • Sustaining a healthy capital structure and utilising capital to maximise stakeholder value.	• Profitability • Cash generation • Allocation of capital • Source of capital • Debt management
Human Capital	• Investing in talented individuals to ensure that each segment is driven by experienced leaders and staffed by skilled people who share in the group's vision.	• Transformation • Staff recruitment and retention • Core skills and talent management • Employee performance
Social and relationship capital	• Build and maintain strategic alliances and key partnerships. • Leverage off BEE status.	• Relationships vest with individuals and not the organisation
Intellectual capital	• Ensuring that group's established platforms are competitive and meet client requirements and expectations. • Delivering creative solutions and innovative products to clients.	• Competitive product and service offering • Maintaining client service standards • Compliance with all required laws and regulations
Manufactured capital	• Maintain a robust and steady infrastructure that supports and facilitates opportunities in each segment. • Innovate through the use of technology.	• Hardware and software availability and operation
Natural capital	• Minimise the environmental footprint of the organisation and promote the preservation of natural capital.	• Sensitivity to possible impact on environmental footprint

Strategic response	Stakeholders
• Focus efforts on organic growth within the existing operating businesses. • Emphasise revenue growth while containing costs. • Restructure or sell underperforming businesses. • Closely monitor capitalisation of each business and redeploy capital appropriately.	• Shareholders • Investor community • Lenders • Government • Regulatory bodies and authorities
• Employ qualified individuals with the requisite skill set. • Develop our people through formal and informal training programmes based on their individual career progression objectives. • Appropriately reward staff for performance through short-term and long-term incentives, which are uncomplicated and transparent.	• Employees • Clients
• Use established business relationships and market intelligence to identify potential investments and/or opportunities. • Understand relevant legislation and actively manage each component of the operating business' scorecards striving to improve from year to year.	• Shareholders
• Facilitate greater cooperation and coordination between the group's operating businesses. • Increase interaction with clients and service providers to understand changing needs, business requirements and available solutions. • Strengthen existing business relationships through exceptional service and a competitive product offering. • Enhance existing products and services offered to a diverse client base to better suit their requirements.	• Clients • Shareholders
• Invest in the right level of infrastructure that has got sufficient capacity, backup and redundancy to support the operational requirements of the group.	• Employees • Clients
• Increased use of technology to reduce environmental impact. • Staff awareness initiatives undertaken.	• Employees • Government

KEY RISKS AND AREAS OF FOCUS

Vunani operates in a regulated environment and the board acknowledges that, with assistance from the audit and risk committee, it is accountable for the risk management processes as well as the systems of internal control.

Risk management is a central part of the group's strategic management. It is a structured process whereby risks associated with the group's activities are identified and plans are put in place to manage and mitigate those risks.

Objectives and approach

The group's risk management objectives ensure that strategic and operational risks are identified, documented and managed appropriately. Risk management forms an integral part of normal business practice and promotes a culture of risk awareness throughout the group. Key to this is working together with key management personnel to identify the significant risks that the group faces and involving them in developing mitigation plans. This includes implementing appropriate internal controls and identifying risk owners to take responsibility for individual risks and the management of those risks.

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

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

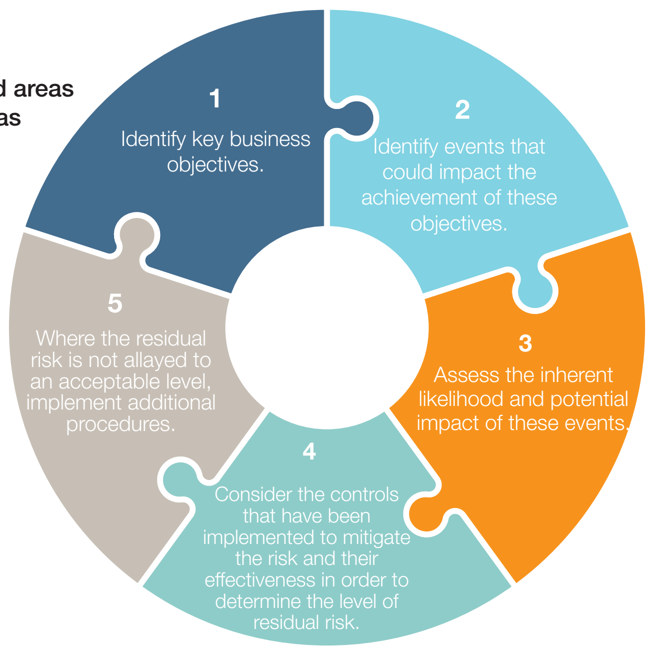
Internal audit provides a written assessment of the system of internal controls, including financial controls and risk management processes, and conducts annual reviews to assess the adequacy of the risk management process. To meet its obligations, internal audit has to work with underlying businesses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

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

The process described above is undertaken both at group level and at an operating entity level.

The key risks faced by the operating businesses are described in the business segment overview section of this report (refer to pages 28 to 41).

The process followed to identify the key risks and areas of focus is summarised as follows:



The group has identified the following key risks and areas of focus in terms of the capital bases employed within the group:

■ High ■ Medium ■ Low

Capital	Key risks identified	Probability assuming no mitigating controls	Impact	Mitigating controls
Financial capital	The group's ability to meet its financial obligations and the maintenance of working capital.	■ Medium	■ Medium	• Group management operates through an executive committee that manages a dashboard of metrics, designed to ensure that the group has a good sense of how individual businesses are performing. This allows group management to respond to adverse developments and to support underlying businesses in achieving their performance objectives. • Daily cash management is undertaken by the heads of the operating businesses and responsibility for the overall group cash management is undertaken by the CFO and ultimately the CEO of Vunani. • Monthly management meetings are held with each operating business to track their financial performance, cash generation and changes to the business environment. • Executive management supports non-performing business areas and assists them to return to profitability. • The financial management process includes the preparation of forecasts (profit and cash flow) that take into account changes in the business environment. • The group's performance and its ability to meet its obligations on both a short and long-term basis is further analysed by the board and discussed with stakeholders.
	Unnecessarily expending resources on activities that will not yield the desired objectives.	■ Medium	■ Medium	• Strategy review is embedded into the regular interaction between group management and executives in the subsidiaries. • The group's strategy is formulated by the group executives and heads of business based on the group's objectives. This is documented and the implementation is monitored to ensure that progress is being made so that ultimately the desired objectives are achieved.

KEY RISKS AND AREAS OF FOCUS (continued)

Capital	Key risks identified	Probability assuming no mitigating controls	Impact	Mitigating controls
Human capital	The inability to attract and recruit competent, skilled, experienced and talented individuals.	Medium	Medium	• Recruitment and assessment procedures go beyond the conventional and decisions around key skills are discussed at different levels of the organisation. • Reward and incentive mechanisms are very important and have been implemented at both the operating entity level and at a group level. These include a combination of market-related salaries, short and long-term incentives.
Social and relationship capital	The evolution of BEE and transformation legislation and its increasing imperative means that the current level of compliance may not be sufficient to secure business.	High	Medium	• BEE has become an integral way of doing business and transformation-centric processes are embedded into each business. • Each business strives to improve their BEE rating and holds periodic interactive workshops to formulate a strategy to improve their BEE rating.
Intellectual capital	Group subsidiaries operate in a highly competitive market, where the products are relatively commoditised. Price and service factors are an important consideration, which could have a significant impact on the performance.	High	Medium	• Operational management is responsible for keeping abreast with environmental developments and factors that have a significant bearing on products and services remaining relevant and in demand. • Monitoring and tracking of progress on product and business development activities. • Client relationship management and retention are an integral part of management's functions.
	Insufficient and/or inappropriate risk management and mitigation processes at a group and operational level.	Medium	High	• The group assesses risk using a top-down approach based on the potential risks in achieving its strategic objectives, while operating businesses consider risks that are particular to their businesses. • Risks are documented in risk registers and are categorised in terms of priority. Risk registers are presented to the group audit and risk committee periodically.
	Non-compliance in terms of the regulations that govern the various business activities within the group, some of which are onerous.	High	High	• Dedicated personnel are appointed at operational level to monitor compliance and interact with regulators as required.
	The approach to making, managing and realising investments is undertaken in a manner that is not structured and/or disciplined.	High	High	• The group's investment committee ensures that all existing and prospective investments are subjected to scrutiny to justify their inclusion on the group's portfolio and the allocation of capital. The investment committee meets regularly to evaluate progress and to ensure that there is accountability for the investments the group makes.

High Medium Low

Capital	Key risks identified	Probability assuming no mitigating controls	Impact	Mitigating controls
Manufactured capital	Significant reliance on information technology and communication systems. This is a pervasive risk that affects the group as a whole.	High	High	• The group maintains an in-house group IT division that manages relationships with internal stakeholders and all external service providers to ensure that a high service level is maintained. • The IT division is managed by an IT Manager who ensures that the group's IT strategy is appropriately formulated and implemented in the most cost-beneficial manner. • A separate IT risk register is maintained and processes are put in place to ensure that the key IT-related risks are mitigated to an acceptable level.
Natural capital	Vunani's private equity focus includes mining related initiatives. As our interest in these types of businesses grow, the risk exists that Vunani does not extract optimal value from the natural resources on a sustainable basis.	Medium	Low	• Investments of this nature are always made in partnership with well-established companies that are experienced within the industry. • Vunani is a financial services business and its strategy is to responsibly extract value from its investments. Industry-specific knowledge and expertise is critical to achieve this and appropriate skills to address and manage this are added where necessary.

High Medium Low

SUSTAINABILITY

Sustainability reporting is the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organisational performance towards the goal of sustainable development. The information in this report relates to Vunani's sustainable business practices for the fourteen-month period to February 2016 and has not been assured.

Sustainability focus area	Response to sustainability focus areas
Financial capital	
• Group and segment profitability	• Ongoing monitoring of financial performance of the group, with bi-annual reporting to shareholders.
• Cash generation	• Regular interaction with various levels of stakeholders.
• Sufficient capital and efficient deployment thereof	• Projection of capital utilisation monitored by business segments.
• Share price and market capitalisation	• Use of forecasts, budgets and cash projections to monitor and manage liquidity.
Human capital	
• Training and development	• Opportunities are provided to staff to further their education through financial assistance and provision of paid study leave.
	• Employees are supported through learnership programmes such as CFA and MBA.
• Safety, health and environment	• In-house training facilitated by senior employees to transfer knowledge to junior employees.
	• Vunani Securities training academy is aimed at young black graduates, provides training by rated equity analysts.
• Employee incentives	• Vunani Fund Managers graduate recruitment program is aimed at young black graduates and provides structured, on-the-job training and mentorship for junior analysts.
	• A health and safety committee is responsible for ensuring a safe, healthy working environment. The committee reports to the social and ethics committee.
	• Annual wellness days are held to encourage employee health awareness.
	• Short-term incentives are in place at each operating business and staff within these businesses are eligible to participate.
	• Long-term incentives are in place through a share incentive scheme that will allow management and key employees to acquire a meaningful stake in the group and/or underlying businesses.

Sustainability focus area	Response to sustainability focus areas
Social and relationship capital	
• Stakeholder relations	• Presentations are made to all stakeholders on a regular basis to provide objective, balanced, relevant and understandable updates on developments within the group. • Promoting broad-based black economic empowerment within the group.
• Delivering social value	• Promoting economic growth through enterprise and supplier development.
Intellectual capital	
• Protection of intellectual capital and institutional memory	• Safeguard the group's intellectual property through the implementation of appropriate controls.
• Brand and reputation management	• Align employee and company interests. • Appointment of a public relations and investor relations manager. • Group branding alignment and refresh project.
Manufactured capital	
• Maintenance of the information technology infrastructure, which includes physical hardware, off site services, internally developed and purchased systems	• Formulate appropriate processes that ensure ongoing availability of all information technology platforms.
Natural capital	
• Use of natural resources in a conservative manner and utilisation of technology, where possible, as an alternative	• Staff are encouraged to be aware of consumption of water, electricity and paper. • Recycling facilities are made available, including e-waste management. • Building facilities include the use of water tanks filled by rain water, where possible.

STAKEHOLDER RELATIONSHIPS

The relationship with our key stakeholders is a critical element that contributes to the achievement of our strategic objectives and creating sustainable long-term value for the group and stakeholders alike. These relationships contribute directly and indirectly to the way we do business and our reputation as a financial services group.

Engagement with key stakeholders is facilitated through various levels of interaction that are aimed at providing insight into our strategy, significant business developments, material issues operating business performance and prospects.

The ways in which we engage with our stakeholders, and the frequency with which we do so, varies according to each identified stakeholder group. The groups' executive and operational management bodies identify stakeholder groups, issues and areas of concern that may impact stakeholders. The most appropriate level of management then assumes responsibility for engagement, identification of further stakeholder concerns and determining the most appropriate action to be followed to address these concerns.

The group chief executive officer oversees all stakeholder engagement and plays a key role in analysing relevant issues and concerns and providing guidance on appropriate responses.

Stakeholder group	Nature of engagement	Key issues raised	Response to key issues
Shareholders and investor community	• Presentations with strategic shareholders following the publication of interim and year-end results. • Annual general meeting. • Regular interactions with institutional asset managers and potential shareholders. • Print, radio and television media programme followed.	• Growth of the group. • Sustainability of business segments. • Operational performance and profitability. • Shareholder return.	• Focus is on organic growth of each operating business. • Acquisitive growth opportunities sought out where appropriate and where they are earnings accretive. • Unprofitable businesses will be given the necessary support required to return to profitability. Should improvement not be made, these businesses will be restructured. • Maintain a dividend-paying culture.
Lenders	• Strategic objective to reduce third party debt. • Regular discussions with funders' senior management. • Specific funders attend board meetings and are represented on the investment committee.	• Liquidity and ability to service loans.	• Repayment of loans in terms of agreed timelines. • Renegotiation of facilities where possible. • Regular interaction and updates on financial position.
Clients	• Developing good relationships with clients through regular interaction. • One-on-one presentations to clients and prospective clients. • Facilitation of workshops and training. • Corporate website.	• Providing high quality, competitively priced products and services.	• Senior executives are involved at transaction level and engage with clients regularly. • Feedback from clients critical to enhancing our products and services.

Stakeholder group	Nature of engagement	Key issues raised	Response to key issues
Employees	• Regular staff engagement and communication, both at group and segmental levels. • Identification of leadership potential and formulation of succession planning. • Training facilitated based on individual goals and company-specific requirements. • Ethical climate and employee wellness surveys conducted annually. • A staff wellness day is held annually to encourage health awareness and work-life balance.	• Career growth and opportunities. • Learning and development. • Diversity and empowerment. • Recognition of performance. • Work-life balance.	• Vacancies are sought to be filled internally prior to the commencement of external recruitment processes. • Succession planning is developed to ensure there is sufficient depth and experience in the event of staff turnover. • Personal development plans are considered in conjunction with individuals. • Short and long term incentive schemes in place to align individual and company objectives. • Monitoring of staff demographics and responding to gaps where opportunities present themselves. • Foster an output-focused working environment.
Suppliers and service providers	• Periodic contact with strategic service providers. • Agreed terms of service.	• Continued support from Vunani. • Prompt payment.	• Maintain close relationships with suppliers and service providers. • Implementation and monitoring of service level agreements.
Government, regulatory bodies, authorities and industry associates	• Personal contact with relationship managers at regulatory and industry associations. • Contact via compliance advisors.	• Compliance with all required laws and regulations. • Maintenance of sufficient qualifying capital.	• Continuous education and training with regards to changing and new legislation. • Reporting on level and quality of new legislation. • Interaction with regulatory authorities to discuss concerns.

DIRECTORATE

Ethan Dube
(56)
Chief executive officer
MSc (Statistics), Executive MBA (Sweden)
Ethan has extensive corporate finance and asset management experience gained at Standard Chartered Merchant Bank, Southern Asset Managers and Infinity Asset Management. Ethan was a founder and has been chief executive officer of Vunani Limited since its inception in the late 1990s.

Aphrodite Judin
(39)
Chief financial officer
BCom, BAcc, CA(SA)
Aphrodite joined Vunani in 2005 after having served as an audit manager in the Financial Institutions Services Team at Deloitte post her articles. She initially focused on the institutional securities broking operations of the group and in early 2010 she was appointed company secretary for the group. In August 2010 she was appointed as the chief financial officer of the group and has since served the group in that capacity.

Butana Khoza
(49)
Managing director
BCom, PG Dip (Accounting), CA(SA)
Butana established African Harvest Capital with Ethan Dube and has served in a number of senior executive roles within the group. Prior to Vunani, Butana worked at Southern Asset Management and Futuregrowth. Butana relinquished his group managing director role to take on a position as CEO of VFM in June 2014.

Mark Anderson
(56)
Executive director
BCom (Hons), CTA, CA(SA)
Having initiated a number of early BEE deals, Mark formed a corporate finance boutique and then advised on the formation of African Harvest Limited in 1997. Mark is responsible for Vunani Capital Proprietary Limited's private equity segment.

Lionel Jacobs
(72)
Independent non-executive chairman (Appointed 21 May 2014)
BCom, MBA
Lionel served as an Executive Director of Bidvest Group Limited from October 2003 to November 2012, where he was the Commercial Director of Bidserv, the services division. He remains a non-executive director of Bidvest South Africa and many of its subsidiaries. Lionel is an entrepreneur with extensive negotiating and investment skills. He is currently fully engaged in furthering the prospects of his company, Bassap Investments Proprietary Limited and its subsidiaries, where he is executive director.

Dr Xolile Guma

(59)

Independent non-executive director (appointed 1 July 2013)

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

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

Nambita Mazwi

(42)

Independent non-executive director

BProc LLB, Dip Company Law, Programme in Business Leadership

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

Sithembiso N Mthethwa

(46)

Non-executive director

BCom (Maritime Economics)

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

Gordon Nzalo

(50)

Independent non-executive director

BCom, BAcc, CA(SA)

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

John Macey

(54)

Independent non-executive director

B Bus Sci (Hons), BCom (Hons) CA(SA)

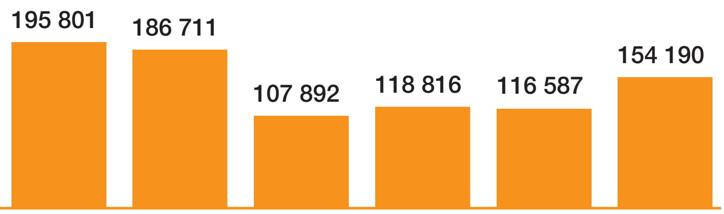
John is a Chartered Accountant (SA) and Registered Auditor with over 25 years' financial experience. He has held positions as an academic lecturer in financial accounting at UCT, as financial director of manufacturing companies, and is currently practising as an auditor in public practice. John serves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

OUR PERFORMANCE AND **FUTURE OUTLOOK**

FIVE-YEAR FINANCIAL REVIEW

STATEMENT OF COMPREHENSIVE INCOME

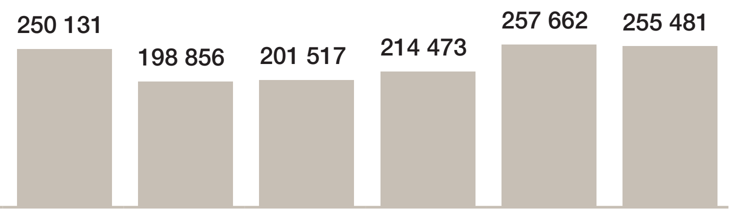
Total revenue (R'000)



	Dec 2010	Dec 2011 (note 1)	Dec 2012	Dec 2013 (note 1)	Dec 2014 (note 1)	Feb 2016 (note 1)
Results from operating activities (profit/(loss)) (R'000)	61 115	53 669	61 935	17 124	80 420	6 128
Profit/(loss) for the period (R'000)	(44 702)	(58 835)	11 755	8 306	66 985	8 169
Headline earnings/ (loss) (R'000)	(125 577)	(27 378)	(11 245)	2 545	(28 273)	6 355
Headline earnings/ (loss) per share (cents) (note 2)	(2.9)	(20.0)	(11.0)	2.5	(27.5)	5.8

STATEMENT OF FINANCIAL POSITION

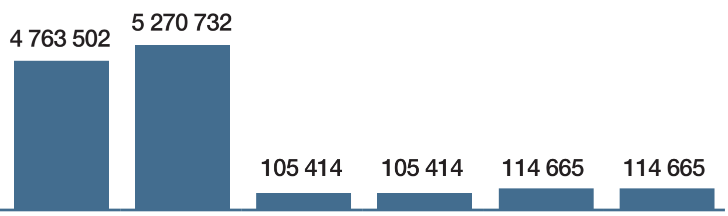
Equity attributable to equity holders (R'000)



	Dec 2010	Dec 2011 (note 1)	Dec 2012	Dec 2013 (note 1)	Dec 2014 (note 1)	Feb 2016 (note 1)
Total assets (R'000)	2 035 425	798 703	591 025	433 284	469 094	963 730
Total liabilities (R'000)	1 611 206	586 005	376 714	225 037	214 250	706 579
Net tangible asset value per share (cents) (note 2)	4.0	155.0	158.0	169.0	194.0	192.9

SHARE PRICE STATISTICS

Number of shares in issue at end of reporting period ('000)



	Dec 2010	Dec 2011 (note 1)	Dec 2012	Dec 2013 (note 1)	Dec 2014 (note 1)	Feb 2016 (note 1)
Closing price at end of reporting period (cents)	8	7	225	190	170	160
Closing high for the period (cents)	12	8	399	225	220	185
Closing low for the period (cents)	4	4	4	119	106	115
Volume traded during the period ('000)	77 593	68 920	12 875	4 198	14 635	2 880
Ratio of volume traded to shares in issue (at period end) (%)	1.63	1.31	12.21	4.00	12.76	2.51

Note 1 – For continuing and discontinued operations.

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

LEADERSHIP STATEMENT

> "Organic growth and effective management of margins remains central to our plans."

Introduction

We are pleased to reaffirm Vunani's status as an independent black-owned and managed diversified financial services group, uniquely positioned as one of South Africa's foremost boutique financial services groups. We have diligently built a robust organisational platform, based on solid and experienced management, to unlock shareholder value over time and to deliver sustainable growth. The organisation is competitively positioned and empowered to service the South African and African markets in which it operates with diverse and quality financial-services and product offerings.

Vunani acquired a significant stake in Fairheads (South Africa's largest beneficiary fund administrator) in May 2015, which has a February year-end. Reporting standards require that all companies in the group have the same financial reporting period and therefore our leadership statement reflects on the extended period from 1 January 2015 to 29 February 2016 following Vunani changing its financial reporting period from December to February.

The framework

Vunani is a diversified financial services group that was formed in the late 1990s and listed on the JSE's AltX in November 2007. The organisation has set out to gain a competitive advantage through its BEE and management credentials in the domestic financial services landscape. Since then, the organisation has established a footprint in Africa and achieved competitive differentiators not only on its BEE and management credentials, but also through its owner-managed culture which cultivates entrepreneurialism and sharp focus on all of its operating businesses. Additionally, the strength and depth of the leadership and platform structure, has enabled steady expansion into our chosen African markets. The prudent and successful management of all of these businesses remains at the core of our strategy.

The environment

Deteriorating domestic economic conditions over the past financial year culminated in the equity market selling off on the back of growing uncertainty amidst rising interest rates and sub-optimal political decision making.

Despite the heightened risk of ratings downgrades, which contributed towards the deterioration of the Rand, recent renewed foreign appetite for domestic assets contributed towards a slight improvement of the exchange rate, suggesting the sell-off may have been overdone and not totally justified by the domestic fundamentals. We expect domestic securities markets to soon start looking 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.

Sustainability

Our model is to build a sustainable business that will make a valuable contribution to society over a long period of time. One of the two principal pillars of the group is attracting and developing a strong, diverse and capable workforce. The other, is to preserve and grow clients' and stakeholders' wealth, based on relationships and trust.

Performance

The results for the 14 month period to 29 February 2016 marked a noticeable return to profitability for continuing operations. Performance highlights included the following; Revenue of R154.2 million up from R115.0 million at December 2014; Profit from continuing operations R8.3 million compared with a R25.3 million loss at December 2014; Basic/diluted EPS from continuing operations 6.3 cents per share compared with 22.5 cents per share compared loss at December 2014; Basic/diluted HEPS from continuing operations 5.9 cents per share compared to 24.7 cents per share loss as at December 2014. The results also included a pleasing performance and contribution from Fairheads (acquired in May 2015), which provides a robust platform for asset administration capabilities and also the reason for the necessary change in our reporting period.

Looking ahead

The group's businesses, which encompasses fund management, asset administration, investment banking, private clients and private equity, provides a platform for delivering stakeholder value and growth by synthesising diversified financial service platforms and product offerings unique to the markets we operate in. We will continue to strive for further improvement and management of our margins and to leverage the organisational structure for sustainable growth, both locally and on the continent. Additionally, we will engage with local African partners to meet local client needs and to strategically integrate operational units. We believe we have all the right ingredients and we are confident that with our foundations firmly laid, together with the right management teams we will achieve the desired growth plans for the group.

Vunani's Board and People

The Board composition and appointments remained unchanged during the period. On the governance side, CIS Company Secretaries Proprietary Limited (an independent and experienced company secretarial practice) was appointed as the group's new company secretary in June 2015. The board and management remain vigilant to growth opportunities and are guided by the frameworks of good governance and best practice.

More than 50% of the equity interest in the company is held by Vunani's employees. The group employs 353 people. This can be split up into 114 male employees (of which 62% are black) and 239 female employees (of which 85% are black), which is advantageous to the organisation. Vunani's market capitalisation as at 29 February 2016 was R183.5 million with 114 664 649 shares in issue.

Dividend

Ordinary dividend number 2 of 5.5 cents per share was declared on 30 March 2015 and paid to shareholders on 28 April 2015.

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

Appreciation

We express our deep appreciation firstly to our clients, who are the lifeblood of our businesses, for their continued support and interest. Secondly, to all Vunani's people across the organisation, we are grateful for your dedication, passion and hard work which has made our success to date possible. We are well positioned to achieve our targets and goals in the near future. To our fellow board members, thank you for your contributions to all board matters, for your guidance and positive encouragement to lead this professional organisation towards realising its objectives.

Ethan Dube
Chief executive officer

Lionel Jacobs
Chairman

CHIEF FINANCIAL OFFICER'S REPORT

for the period ended 29 February 2016

"Vunani has worked consistently on its vision to build up its operating businesses, establish a reputation for excellence and provide creative solutions."

Introduction

The group was pleased to report total comprehensive income for the 14 month period of R8.3 million compared to a profit of R67.2 million for the year ended 31 December 2014. In comparing the two periods, it should be noted that the results to 31 December 2014 include a profit of R116.3 million from the disposal of Vunani's property asset management business, which is a non-recurring item. The sale of the property asset management business, together with the property investment and development segment, were classified as discontinued operations in both the current and the previous reporting period.

Vunani reports its results based on the segments outlined on page 28 of this report. A new segment (asset administration) was created following the acquisition of Fairheads in May 2015. The acquisition was structured such that Fairheads' key management would retain a 30% interest in Fairheads. A control assessment was performed at the time of the acquisition in line with the requirements of IFRS. Although Vunani acquired a 70% shareholding, Vunani does not have the ability to exercise unilateral decision making over that business and as such, Vunani accounts for its investment in Fairheads as an associate. Additional information is provided in note 16 of the financial statements.

Statement of comprehensive income

Revenue from continuing operations increased by 34% to R154.2 million (2014: R115.0 million) for the period ended 29 February 2016. On a segmental basis, notable increases were recorded in the fund management and investment banking segments. Investment banking contributes the highest percentage of the group's revenues currently, however, it is expected that the revenue contribution of the fund management segment will rival this going forward.

Other income includes the amortisation of the day 1 gain that arose on the historic acquisition of Black Wattle Colliery Proprietary Limited. This line item also reflects the benefit to Vunani from the write back of certain legacy financial liabilities that have legally prescribed and foreign exchange gains on dollar denominated loans.

The group's private equity investments are the primary contributor to the investment income, interest income and fair value adjustment line items. Investment income, in the form of dividends from listed and unlisted investments, amounted to R8.3 million (2014: R14.2 million), while interest received from investments reduced slightly from R2.4 million in 2014 to R2.0 million in 2016. Adverse fair value adjustments and impairments of R18.9 million (2014: R17.9 million) resulted from the fair valuing the group's investments, which have been designated at fair value through profit or loss.

Equity accounted earnings are attributable primarily to the group's investment in Fairheads. Vunani's investment is held through Mandlamart, a special purpose vehicle. Equity accounted earnings are reflected at 70% of Mandlamart's net profit for the period, which is arrived after taking into account the interest charged by the funders of the transaction.

Operating expenses increased by 26% from R146.0 million to R183.3 million. As a financial services group, our investment in human capital is the largest cost item. During the 14 month period, total expenditure on staff (including all costs relating to remuneration and charges for short-term and long-term incentives) amounted to R109.3 million (12 months ended 31 December 2014: R85.6 million). This equates to 60% of total expenditure (2014: 59%). The business is also dependent on information and technology, the cost of which is dollar denominated in many instances. The devaluation of the Rand has resulted in these costs increasing during the period. The group remains very sensitive to costs and minimising the expenditure that is required to operate is a top priority.

Finance income decreased to R4.5 million for the period compared to R6.1 million in 2014. A portion of Fairheads acquisition was funded by excess cash reserves which

REVENUE FROM CONTINUING OPERATIONS OF

R154.2 million

(31 December 2014: R115.0 million)

PROFIT FROM CONTINUING OPERATIONS ATTRIBUTABLE TO VUNANI SHAREHOLDERS OF

R6.9 million

(31 December 2014: loss of R23.1 million)

HEADLINE EARNINGS OF

R6.4 million

(31 December 2014: loss of R28.3 million)

TOTAL DIVIDEND OF

R6.0 million

(2014: R30.0 million)

CHIEF FINANCIAL OFFICER'S REPORT
(continued)

resulted in lower cash holdings during the period. 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.

Statement of financial position

Investments in and loans to associates have increased by R59.2 million. The increase resulted from 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 disposals were applied to repay other financial liabilities. Financial liabilities reduced by R24.4 million as a result of this. Furthermore, any investments in listed assets that do not provide a capital adequacy underpin for operating businesses have been presented as non-current assets held for sale and stated at fair value. It is expected that the sale of these assets will be concluded within the next 12 month period.

The group's remaining investments are carried at fair value. The valuation of these investments is performed in consultation with the investment and corporate finance professionals within Vunani. It is Vunani's policy to obtain a third party valuation every three years or where in-house skills to value these investments are lacking. The valuations are then submitted to the investment committee for scrutiny and approval prior to their submission for audit. Valuations are subjective by nature and an in-depth understanding of the investment is critical in determining the correct inputs and what considerations need to be taken into account in arriving at a value. Please refer to the group's accounting policy in note 3 on fair valuing investments and note 41 which provides additional detail regarding the current period considerations.

Accounts receivable and payable from trading activities relate to outstanding settlements in the securities trading business. Trades settled on a T+5 basis at 29 February 2016, so the receivables and payables reflected on the statement of financial position would have been settled within 5 business days after the end of the period. Please refer to note 22 in the financial statements for additional information.

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). A new share scheme was implemented during the period that better aligns employee and shareholders' interests. The old scheme will run until it has matured and any new share awards will be made in terms of the new scheme.

Dividends

Dividends paid to Vunani's shareholders during the period amounted to R6.0 million. The dividends paid in 2014 amount to R30.0 million and comprised an ordinary dividends of R5.0 million and a special dividend of R25.0 million following the disposal of the property asset management business.

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 6 cents 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.

Cash flow

Cash and cash equivalents decreased by R49.6 million since December 2014 (2014: increase of R26.8 million). Cash reserves at 1 January 2015 amounted to R66.7 million. Net cash utilised in operating activities amount to R30.0 million (2014: R77.4 million). Net cash inflows from investing activities amounted to R2.7 million (2014: R96.2 million) and net cash outflows from financing activities were R22.3 million (2014: inflow of R8.1 million). The group considers its investing activities as part of its operations and therefore when analysing cash flows, the two categories should be looked at together. 2014 saw the realisation of value from the sale of the property asset management business and excess cash reserves were held over the year-end. During the current period, a portion of those reserves was paid out as an additional dividend and a portion was used to acquire Fairheads.

Conclusion

Vunani has worked consistently on its vision to build up its operating businesses, establish a reputation for excellence and provide creative solutions. The period ended 29 February 2016 was a turning point for Vunani and we are positive that the 2017 year will follow a similar trend.

Aphrodite Judin
Chief financial officer

1 August 2016

BUSINESS SEGMENT **REVIEWS**

CONTENTS

BUSINESS SEGMENT REVIEW

FUND MANAGEMENT
Vunani Fund Managers

Butana Khoza
CEO – Vunani Fund Managers

Vunani Fund Managers experienced a very good 14 months, which saw it return to profitability. This was achieved through an increase in funds under management, as well as improved fee margins.

- Assets under management increased by 12% to R14.1 billion from R12.6 billion.
- Revenue increased by 27% to R51.3 million from R33.2 million.
- Improved contribution from performance fees.
- Increasing acknowledgement by investment intermediaries.
- Very high client retention.
- Attraction of investment and administration talent to augment the platform.

Strategic objectives	KPIs/Targets	Performance achieved 2016
• Generate a good annual return on equity. • Engage and retain talented investment professionals. • Increase our market share. • Provide relevant and cost-effective investment products.	• Minimum of 25% ROE per annum. • Retention of key investment professionals. • Obtain five to 10% of the market share. • Fund performance at high levels. • New fund inflows.	• ROE of 43%. • 1 key executive recruited. • 100% key executives retained. • Amongst the top 10 black asset managers (2015 BEE.conomics survey). • Top quartile ranking for most products. • 12% increase in AUM.

Key inputs	Key outcomes
• Financial capital to ensure regulatory and operating requirements are met. • Strong investment and operational team. • Sound relationship with client base. • Robust and well defined investment process.	• ROE of 43%. • Sufficient capital to meet regulatory requirements. • Staff complement of 24, with R29.6 million invested in salaries. • 0.5% of salaries invested in training and development. • Increase in AUM by R1.5 billion. • Product reputation based on good performance record. • Performance fees earned on certain mandates.

Key risks

- Loss of mandates resulting in lower AUM.
- Loss of key management and staff.
- Underperforming products.
- Non-compliance with regulatory requirements.
- Ability to win new mandates to increase AUM.

Primary operations and key business activities

Vunani Fund Managers is a fund management business that has been in operating since 1999. It offers a range of investment products to both institutional and retail clients. These products have both domestic and global capability offered through single-asset and multi-asset funds. Our objective is to achieve investment returns that exceed our clients' expectations.

Core offering, areas of strength and differentiation

Vunani Fund Managers has a team of highly experienced investment professionals whose investment ideas, portfolio construction and risk management enable Vunani Fund Managers to offer world class investment products to clients. Institutional clients comprise 78% of assets under management, with the balance being retail funds clients.

Vunani Fund Managers operates in a highly competitive fund management industry and in constantly changing global macro-economic and technological environment. Accordingly, the sustainability of the business enterprise requires product differentiation and investment processes that involve first-order thinking. Investment professionals in the business prefer to engage in second-order thinking that using inference as opposed to forecasts, relational debate as opposed to linear extrapolation and deduction as opposed to opinions. In general, this approach has served Vunani Fund Managers and its clients well in identifying investment outperformance opportunities and in focussing attention on how to better manage risks.

Vunani Fund Managers' investment product range has delivered a solid track record over the past 8 years, with the absolute return suite delivering top quartile returns over the past 15 years. It's a track record to be proud of given the number of severe equity market corrections that the market has experienced during this period. The "regime based" asset allocation approach developed at Vunani Fund Managers provides clients with a high level of drawdown risk management during periods of extreme market volatility. Furthermore, new higher margin products already have a credible performance record and are ranked in the top quartile against their peers.

Our products include:

- Single-asset funds
    - Active equity
    - Active bonds
    - Active inflation linked bonds
    - Active property
- Multi-asset funds
    - Balanced
    - Absolute return (inflation plus funds)

Business performance for the period

Revenue in the financial period under review was up 27% to R51.3 million compared to R33.2 million in 2014. The key driver of this was the increase in AUM during the period, as well as having top performing investment products, which enabled Vunani Fund Managers to earn performance fees. As a result, Vunani Fund Managers made a profit of R3.5 million compared to a loss of R1.9 million in 2014.

Future outlook

Vunani Fund Managers will continue to strive to become a top-quartile performing fund management business. The key to achieving this is to continue to provide our clients with investment product offerings that are sufficiently differentiated and reflect excellent investment performance.

BUSINESS SEGMENT REVIEW (continued)

FUND MANAGEMENT

Purpose Vunani

Kathy Gilbert
CEO – Purpose Vunani

Purpose Vunani has overcome a very tough period by going from making a loss-making position to essentially a break-even position. This was achieved through an increase in funds under management as well as significant reduction in operating costs.

- Assets under management increased by 10% to US $17.8 million from $16.2 million.
- Revenue increase by 78% to R9.2 million from R5.1 million.
- Significant reduction in operating costs through a targeted cost-containment exercise.

Strategic objectives	KPIs/Targets	Performance achieved 2016
• Generate a good annual return on equity. • Engage and retain talented investment professionals. • Increase in market share.	• Minimum of 25% ROE per annum. • Increase fees to R12.6 million for the period. • Cost containment initiatives. • Retention of key investment professionals. • Increase AUM to $25 million.	• Negative ROE due to losses. • Fees earned amounted to R9.2 million. • Costs cut by 20% on operating and salaries related costs. • 3 key executives retained. • AUM US$17.8 million managed.

Key inputs	Key outcomes
• Financial capital to ensure regulatory and operating requirements are met. • Strong investment and operational team. • Sound relationship with client base. • Robust and well-defined investment process.	• Negative ROE due to difficult market conditions. • Sufficient capital to meet regulatory requirements. • Staff complement of 10, with R6.5 million invested in salaries during the period. • Increase in AUM by US$1.6 million. • Product reputation based on good performance record.

Key risks

- Adverse change in the macro-environment in Zimbabwe.
- Loss of mandates resulting in lower AUM.
- Loss of key management and staff.
- Underperforming products.
- Non-compliance with regulatory requirements.

Primary operations and key business activities

Vunani owns 65% of Purpose Vunani, which is a Zimbabwean asset management business registered by the Reserve Bank and Securities Exchange Commission of Zimbabwe. Purpose Vunani has been trading since 2005 and their key activities include money market, portfolio management, cash management and outsourced treasury solutions. Purpose Vunani's vision is to exceed every investor's expectations on investment returns through a relentless pursuit of highly rewarding investment opportunities that ensure superior growth in the wealth of clients, while strongly positioning Purpose Vunani and its stakeholders for a greater future.

Core offering, areas of strength and differentiation

Purpose Vunani are a top-tier independent asset management company that offers unbiased solutions to corporate clients. Additionally, Purpose Vunani's products attract large pension funds with bespoke solutions based on the investment guidelines.

Purpose Vunani's core product offering includes:

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

Experienced investment and corporate finance professionals form the backbone of sound and robust investment processes. The treasury team manages the placing of fixed-term deposits on behalf of clients. Extensive market research is conducted on all banks where cash is invested, together with background checks on senior personnel. Purpose Vunani only deals with selected banks who meet specific criteria. The treasury team reviews all maturing deposits and obtains indicative interest rates from a number of selected banks before recommending the renewal of a maturity. The pooling effect and dealing directly with the banks' treasury departments enables Purpose Vunani to pass on competitive money market pricing, whilst obtaining appropriate security as cover for the deposits. Counterparty credit risk is continuously monitored and cash portfolio reports are produced on a regular basis.

The treasury team enables clients to eliminate or minimise idle cash in bank accounts whilst generating returns on those funds. Cash can be invested across a number of institutions in a variety of terms, dependent on the client liquidity requirements. The fixed deposits or notice accounts can range from 7 to 90 days and beyond. The treasury team reviews all maturing deposits and selects institutions who meet our criteria before a renewal of a maturity.

Business performance for the period

Purpose Vunani's losses were curtailed, going from R2.5 million to December 2014, to a loss of R0.2 million to February 2016. This was mainly achieved by taking advantage of market rates, as well as a strong cost management and reduction initiative undertaken during the period. A key focus area has been driving our pension asset gathering strategy, which the market is responding to, which will aid to the profitability of Purpose Vunani.

Future outlook

The Zimbabwean economy remains in a precarious situation with most indicators still showing signs of weakness which will have an effect on the performance of the business. In order to improve performance of the business we aim to incrementally increase our assets under management and rebalance our revenue sources to be dominated by pension fee revenues, in contrast to current bias towards treasury management income of the business. If these strategies are implemented successfully this will result in Purpose Vunani returning to profitability.

BUSINESS SEGMENT REVIEW (continued)

ASSET ADMINISTRATION

Fairheads*

Richard Krepelka
CEO – Fairheads

Fairheads experienced an excellent 10 months, which saw it contributing R9.7 million in equity accounted earnings for the Vunani group. This was achieved through our strategic approach to focus on our core capabilities of administration and to work with like-minded partners in specialist areas.

- Assets under administration of R7.8 billion.
- Market share of 42%.
- Fairheads awarded the prestigious Imbase Yegolide Award for the best beneficiary fund service provider category.
- The continued implementation of our distribution strategy, which aims to improve accessibility for our clients and places the business in a favourable position to benefit from industry developments.

Strategic objectives	Key performance indicators	Performance achieved in 2016
• Generate a good annual ROE.	• Minimum of 25% per annum.	• ROE of 27%.
• Increase in market share.	• Target market share in excess of 40%.	• 42% market share.
• Enhance operating efficiency.	• Growth of AUA per employee.	• AUA of R30.8 million per employee, an improvement of 18%.

Key inputs	Key outcomes
• Financial capital to ensure regulatory and operating requirements are met and contribute profit to the group. • Efficient and experienced team and optimisation of operations. • Partnerships with like-minded partners in specialist areas. • Sound relationship with clients.	• ROE of 27%. • Sufficient capital to meet regulatory requirements. • Improved service rates and production. • Successful launch of the Field agent programme, which is aimed at providing better service accessibility to beneficiaries and guardians. • Ranked top beneficiary fund service provider of 2015. • Increased client satisfaction. • New funds were received during the period.

* *Vunani's investment into Fairheads is held through Mandlalux and Mandlamart, two special purpose vehicles. All values included in this overview represents Fairheads' post acquisition net profit attributable to equity holders of Vunani, after taking into account the cost of debt attributable to the acquisition.*

Key risks

- Withdrawal of assets by key accounts.
- Loss of key employees.
- Non-compliance with regulatory requirements.
- Consolidation within the retirement fund industry and specifically, the introduction of commercially sponsored umbrella funds run by the large insurers.
- Changes to the regulation of retirement funds by the governments.

Primary operations and key business activities

Fairheads is a niche beneficiary fund administrator responsible for administering funds on behalf of minor dependants of deceased retirement fund members. The business administered R7.8 billion on behalf of around 110 000 members and beneficiaries at 29 February 2016.

Core offering, areas of strength and differentiation

Fairheads was formed in 1925, having evolved from the Fairheads Trust Group, and is South Africa's largest beneficiary fund administrator. The business administers four standalone beneficiary funds and six umbrella trust arrangements on behalf of external sponsors.

Our client focus has remained central to our approach. Our key client groups are broken down into two areas, namely those who consume our services (members and their guardians) and those who determine that the funds should be placed in our care (retirement fund trustees). Our primary aim is to provide impeccable service delivery to our members because in many cases the funds we pay to them contribute significantly to their overall household income. We strive to improve educational and well-being outcomes for our members with over 80% of the capital requests that we distribute being for educational related items. We also recognise we have an obligation to keep those retirement trustees who place money with us informed about the well-being of the members and have developed strong relationships based on openness and transparency with them.

Business segment's performance for the period

During the period, Vunani acquired a significant interest in Fairheads, while Fairheads' management retained a 30% interest.

The segment contributed R9.7 million to the group's profit through equity accounted earnings, after taking into account the debt servicing requirements relating to the acquisition of the business.

Income distributed to beneficiaries and guardians remained in line with portfolio expectations and reflects the difficult circumstances of many of our members. Income, capital and termination distributions contribute significantly to the social upliftment of vulnerable members of our community and we are proud to have played our part.

Future outlook

The retirement industry has been a focus area for reform by government for a number of years, with specific emphasis on improved retirement outcomes for retirees, thus reducing the social burden on the state. Central to this reform has been pressure on fees and a push toward consolidation in the industry. This will continue to create opportunity for leaders in their industry segment and Fairheads is well placed to take advantage of this consolidation. Our core capabilities of administering assets in the non-contribution phase of retirement resonates with the government's aim of providing simple, value for money retirement products for the mid to low LSM market.

Fairheads will continue to position itself as South Africa's leading administrator of non-contributory retirement fund products with key competencies in communication, distribution and client relationship management.

BUSINESS SEGMENT REVIEW (continued)

INVESTMENT BANKING

Institutional Securities Broking

Johan Rossouw
MD – Vunani Securities and Vunani Capital Markets

Vunani Securities and Vunani Capital Markets

The two businesses experienced a very good 14 months, which saw them contribute R5.1 million in profit to the group. This was achieved by increasing capacity by recruiting additional resources as well as continuously providing excellent service to our clients.

- Revenue increased by 33% to R69.8 million from R52.3 million.
- Vunani Capital Markets rated fifth best agency broker in bonds by the annual Spire Awards and has been rated as one of the top three cash bond brokers for the last two years.
- The recognition of our research offering, including being ranked first in the category for small-to mid-cap industrial and financial research by the annual *Financial Mail* ratings.

Strategic objectives	KPIs/Targets	Performance achieved 2016
• Generate a good annual return on equity. • Increase market share. • Increase international exposure through joint ventures with international partners. • Develop and expand relationships with clients.	• Minimum of 15% ROE per annum. • Increase the number of institutional clients. • To rank amongst the top 20 in terms of volumes traded. • To identify a minimum of one new international partners a year. • Utilise Black Broker Forum initiative to help increase presence in the market.	• ROE of 19%. • 10 clients added during the period. • An average ranking of 23 out of 56 in terms of volume traded in the period. • Signed joint venture agreements with one company. • Black Broker Forum successfully lobbied various institutions and some service providers to support Black Brokers.

Key inputs	Key outcomes
• Financial capital to ensure regulatory and operating requirements are met. • Strong trading, analyst and operational team. • Sound relationship with client base • Reliable trading platform.	• ROE of 19%. • Sufficient capital to meet regulatory requirements. • Staff complement of 30, with R33.4 million invested in salaries and R1 million invested in training and development. • 10 new clients added during the period. • No failed trades.

Key risks

- Changes in trading requirements imposed by markets or legislation.
- Loss of key management and staff.
- Failure by third parties in performing key services.
- Non-compliance with regulatory requirements.
- Market volatility.

Primary operations and key business activities

The institutional stockbroking segment offering includes securities broking services, with the main emphasis being sourcing and execution of trading orders, predominantly on behalf of institutional, parastatal and corporate clients. The segment provides a research offering, which focuses on the mid-to small-market capitalisation tier of the equity market and seeks to generate business flow from clients based on the research value-add. This requires keeping abreast of and interpreting economic data and other market developments in order to give guidance to clients. Equity, derivatives and related trading is handled in Vunani Securities, while our fixed-interest business offering in bonds and money market instruments is conducted in Vunani Capital Markets.

Core offering, areas of strength and differentiation

Vunani Securities and Vunani Capital Markets provide equities, derivatives, bond and money market agency broking services. The team of research analysts spearhead our ideas-generation service to clients, while our institutional dealers offer trade execution on behalf of clients where required. Confidentiality and ensuring client information (in particular regarding trading positions) is treated with the utmost care. This is paramount in the retention of good client relations and ultimately, business success.

Vunani Securities strives to become the foremost independent and indigenous South African stockbroker, focusing on domestic stocks and boasts a particularly broad covering in the mid-cap segment of the market. Its research analysts and consultants offer clients top-down analysis, supplemented by company-specific bottom-up research on approximately 90 listed companies. Vunani Securities training academy is recognised as an exceptional value-add to the skills pool of the industry and continually produces quality analysts for the market.

The Vunani Capital Markets team has exceptional bond execution capabilities and market understanding as recognised. The team is renowned for high ethical standards and work ethics.

Our main client base is local institutions as well as some international funds. The money market division also acts as an agent between market participants such as banking institutions. Our equity trading as well as both the bonds and money market operations are typically agency and back-to-back operations.

Our product offering includes equity trading, index futures, single stock futures, yield-x (currency and interest rate futures), global futures, equity options, over-the-counter stocks and options, transition management, money market instruments and fixed interest rate instruments. The product offerings of analysts to institutional clients include daily, weekly and monthly reports and frequent roadshow presentations. The sectors covered include platinum, diversified industrials and transport, mid-to-small market capitalisation financial and industrial, food producers and information technology.

Business performance for the period

The institutional stockbroking business has shown significant growth over the last 14 months as shown by the significant increase in revenue. The revenue growth was achieved through the addition of experienced traders to the team. The revenue growth coupled with sound cost control has resulted in a profit contribution of R5.1 million for the group.

Future outlook

The institutional stockbroking business will be focusing on further growth opportunities, including the possibility of an offshore offering. Vunani Capital Markets intends to increase its market share in the cash bonds segment (exposure in the secondary market) and thus continue building on its winning recipe, while being cognisant to adapt to the ever-changing market and business environment.

INVESTMENT BANKING

Advisory services

David Steinbuch
Head – Vunani Corporate Finance

The corporate finance team was also integrally involved in the structuring and ultimate conclusion of the Fairheads acquisition, which was a highlight during the period. The arduous market conditions have impacted on the ability of the segment to generate profits, however, the loss has reduced compared to the previous period.

- Closing and execution of the Fairheads transaction.
- Strong deal pipeline of opportunities through new and existing mandates.
- The increased number of resource-related mandates which were awarded during the period.

Strategic objectives	KPIs/Targets	Performance achieved 2016
• Generate a good annual return on equity. • Entrench VCF as the advisor of choice for coal-related transactions. • Originate and execute one transaction for the group. • Further entrench Vunani in the SOE space.	• Minimum of 25% ROE per annum. • 60% of revenue to be generated from mining. • Bring one transaction for the group to financial close. • Close one transaction for an SOE.	• Negative ROE as a result of losses. • A number of mandates were awarded in 2016, but are only expected to be completed in 2017. • Closed the Fairheads transaction. • VCF was shortlisted for two large transactions in 2016. • Two mandates over R1 million completed during the period.

Key inputs	Key outcomes
• Financial capital to ensure operating and regulatory requirements are met. • Sound relationship with client base. • Experienced and capable team. • Maintaining JSE sponsor license. • Providing high-quality advisory services to clients.	• Sufficient capital to meet operational and regulatory requirements. • Four new clients added during the period and new mandates awarded by existing client base. • Staff complement of five, with R2.7 million invested in salaries. • Continued revenue from sponsor fees. • Strong reputation based on good performance record.

Key risks

- Loss of key management and staff.
- Ability to win new mandates to increase revenue.
- Lack of adequate skills to complete complex mandates.
- Reputational risk if incorrect advice is provided to clients.
- Inaccurate information provided by clients could result in providing incorrect advice.

Primary operations and key business activities

Vunani has established a reputation as a trusted advisor to clients in South Africa and increasingly to clients throughout the African continent. These clients include leading public sector entities, public and private corporates, entrepreneurs and municipalities. VCF operates across a number of sectors including mining, construction, IT and financial services. VCF is also tasked with origination and execution of internal deals to assist in the growth of the wider Vunani group.

Core offering, areas of strength and differentiation

VCF's ability to build long-standing and enduring client relationships is its key strength. This is accomplished by delivering thoughtful advice and superior execution. The sustainability of this business depends on our value proposition. We use our entrepreneurial advantage to support our client relationships and recognise that our success is driven by being nimble and innovative.

Our pool of skills are across a number of disciplines and include accounting, tax, corporate finance, geology and mining. VCF provides services across the full spectrum of corporate finance including the following:

- M&A idea conceptualisation and execution;
- Capital raising for both debt and equity capital;
- Listings;
- Empowerment transactions;
- Due diligences and valuations; and
- Sponsor work.

VCF operates across a number of sectors, but our core strength is in mining and financial services. We believe we have one of the strongest corporate finance capabilities in terms of mining in the market, primarily as we are able to provide advice from both a financial and operational perspective. We have advised exploration companies as well as some of the big South African corporates.

Business performance for the period

The difficult market conditions have impacted VCF and have contributed to greater lead times in finalisation of transactions. A key aspect to profitability of the business is our ability to earn success fees on these transactions, which was hampered by the greater lead times. While there is a degree of annuity revenue from the sponsor services provided, this amount is not high enough to generate a good contribution to the group and there will be increased focus on increasing this revenue stream going forward.

Revenue for the 2016 period was 68% lower compared to the financial year ended 31 December 2014. This is a result of the corporate finance team spending a considerable amount of time in the execution of the Fairheads transaction and revenue earned on the execution of internal deals being eliminated on consolidation.

Despite the lower revenues, the loss before tax was 23.9% less for the current period compared to the financial year ended 31 December 2014, primarily as a result of cost-cutting initiatives.

Future outlook

The future outlook for the division is positive. There are a number of large transactions VCF is currently advising on, which, if they are executed and closed, will make a meaningful contribution to the overall profitability of the group. A number of these transactions are expected to be closed during the 2017 financial year. Various business development initiatives are also being undertaken, particularly with large companies to re-entrench VCF in the market.

BUSINESS SEGMENT REVIEW (continued)

PRIVATE CLIENTS
Vunani Private Clients

Mark Weetman
CEO – Vunani Private Clients

Vunani Private Clients experienced a very challenging period due to the tough economic environment, however, the performance was an improvement on 2014, resulting in a reduction of the loss of R2.3 million in 2014 to a loss of R1.3 million in 2016. This was achieved through a focus on cost containment.

- Assets under management increased by 47% to R203.5 million from R137.7 million.
- Revenue increased by 20% to R12.8 million from R10.6 million.
- Significant reduction in operating costs.
- Awarded first place in Top CFD awards and second place in Top Telephone Broker awards (Intellidex SA's Top Stockbroker People's Choice Awards).
- Implemented new portfolio platform and client dashboard.

Strategic objectives	KPIs/Targets	Performance achieved 2016
• Generate a good annual return on equity. • Increase revenue earned per client. • Increase in market share.	• Minimum of 25% ROE per annum. • Obtain 100 bps per trade for trading clients. • Increase AUM by R120 million.	• Negative ROE due to losses. • Obtained 101 bps per trade for trading clients. • Obtained an additional R38.6 million AUM.

Key inputs	Key outcomes
• Financial capital to ensure regulatory and operating requirements are met. • Strong trading, investment and operational team. • Sound relationship with client base. • Robust and well-defined investment process.	• Negative ROE due to losses. • Sufficient capital to meet regulatory requirements. • Staff complement of 13, with R9.7 million invested in salaries. • Increase in AUM by R38.6 million. • Good performance track record on seeded portfolios.

Key risks

- Market volatility.
- Loss of mandates resulting in lower AUM.
- Loss of key management and staff.
- Changes in trading requirements imposed by markets or legislation.
- Non-compliance with regulatory requirements.

Primary operations and key business activities

Vunani Private Clients is a private clients' business that has been operating since 1999. Vunani Private Clients is a financial services provider that provides stockbroking, wealth management and asset management services to its clients. The primary focus is placed on the management of smaller institutional funds and high net-worth private client funds.

Core offering, areas of strength and differentiation

Vunani Private Clients has two main core offerings namely:

- Advisory and intermediary services; and
- Wealth and asset management.

VPC's products and services include:

- Equity trading;
- Geared derivatives (e.g. contracts for difference and single stock futures);
- Offshore trading and investments;
- Money market accounts;
- Personal share portfolios;
- Single strategy funds – three flagship portfolios with established track records (Accelerated Growth, Emerging Companies and Global Titans);
- Multi-asset portfolios (stable, balanced and aggressive portfolios);
- Financial planning solutions; and
- A formidable research team with a superior track record to complement all of the above.

Advisory and intermediary services include, the dissemination of trade ideas research, actionable content, trade execution of shares, exchange traded funds, exchanged traded notes, warrants, preference shares, REITS, exchange trade derivatives and over the counter derivatives. Wealth and asset management services include a comprehensive range of actively managed local, international and alternative investment portfolios, each offering a unique strategy focussed on consistent outperformance of the benchmark. Our niche focus give flexibility to build personalised and tailor made client investment products.

The investment philosophy is simple yet powerful – investments choices are based on shares that show both consistent business and share price performance thereby focusing on quality investments that have the ability to consistently outperform their peers and the overall market. VPC attempts to focus on stocks that have the ability to consistently outperform, backed up by internal valuation metrics and calculations. As bottom-up investors, VPS's investment team focuses its attention predominately on the analysis of individual stocks rather than on the industry in which that company operates or on the economy as a whole.

Business performance for the period

VPC faced a challenging 14-month period mainly due to the tough economic environment, which resulted in relatively flat trading revenues. This affected the overall performance of the business resulting in a loss of R1.3 million compared to a loss of R2.3 million in 2014. The key contributors to the improved results was the increase in assets under management as well as the reduction in costs.

Future outlook

The focus area for the 2017 financial year will be on the wealth and asset management side of the business. The strong performance of VPC's asset management products is key in gathering new assets. Another key focus area will be targeting smaller pension and provident funds by providing a more personalised service. If these strategies are implemented this should return the business to profitability.

BUSINESS SEGMENT REVIEW (continued)

PRIVATE EQUITY

Mark Anderson
Head – Vunani Private Equity

The segment experienced a significant turnaround in the current period, which resulted in a profit of R1.2 million compared to a loss of R14.4 million. The period also saw the disposal of non-core investments, whose proceeds were used to repay a large portion of the groups' debt.

- Debt of R24 million repaid during the period.
- Strong earnings growth in key investments.
- Completion of bankable feasibility study ("BFS") of a coal mining investment which confirmed the underlying value of the investment.

Strategic objectives	KPIs/Targets	Performance achieved 2016
• Generate a good annual return on investment. • Dispose of non-core investments. • Complete transactions in focus areas. • Generate revenue from advisory mandates.	• Net return of 15% on investment. • Payback period of three years on own capital. • Complete a minimum of two transactions with a value of R20 million. • Complete one coal/energy transaction. • Complete two property transactions. • Complete one African transaction.	• Return on investment of 10%. • Completed two transactions with a value of R27.9 million. • No energy or coal transactions completed. • No property transaction completed. • One African investment transaction completed.

Key inputs	Key outcomes
• Financial capital to ensure acquisition and operating requirements are met. • Strong analyst and transactional team. • Strong relationship with business partners. • Sound relationship with client base. • Adequate energy-related natural resources.	• Return on investment of 10%. • Sufficient capital to complete acquisitions. • Staff complement of 11, with R11.8 million invested in salaries. • Completed an African transaction with a key partner. • BFS on coal investments confirmed that the natural resources can be extracted.

Key risks

- Ability to realise the minimum returns on our investments.
- Loss of key management and staff in the team and at our investments.
- Ability to find the right partners to invest with the various industries.
- Adequate industry knowledge to ensure we understand the industries we invest in.
- Adequate capital to fund investments.
- Changes in the commodity prices.

Primary operations and key business activities

For Vunani, private equity means the investment of its own (rather than third party) financial capital and human resources in businesses that generally fall outside of financial services.

During the 2016 period, a strategic decision was taken to focus on three investment themes/partnerships. These are:

- Energy (mainly coal);
- African opportunities with South African corporates and local partners; and
- Property ventures.

A consequence of this strategic decision has been to actively pursue the disposal of the balance of the private equity portfolio held by Vunani. Discussions have taken place with our investment partners and we are expecting that a number of transactions in this regard will be implemented during the ensuing financial year. This will unlock cash for the group as well as ensure the group's efforts and resources are focused on its core activities.

Core offering, areas of strength and differentiation

The team has extensive experience in undertaking and managing investments and has played a strategic and active role in assisting investee companies to expand and grow their operations. As an investor, the private equity team's core differentiation is its ability to leverage off its investment banking experience. For example, the private equity team is able to offer corporate advisory services (including capital raising, M&A, BEE advisory), research and distribution (through its securities trading activities) and investment professionals with specific industry knowledge (such as mining engineering and geology which is relevant to our energy/coal investments). We see this approach showing positive results in the energy/coal sector.

Private equity is heavily reliant on choosing the right investment and management partners. As such, the investment strategy is focused on investing alongside well-capitalised strategic partners and the use of structured funding mechanisms to lower risk and exposure to the group balance sheet. To ensure successful transactions, it is key that the team has appropriate sector expertise and a thorough understanding of the investment opportunities that are targeted. Partnering with key individuals who can offer this is a key component of our strategy. The team also works closely with senior executives at investee companies to ensure the strategic objectives of the company and its partners are aligned with those of the business.

The private equity investment initiatives are now primarily focused in the following sectors:

- Energy/coal – through the 37.5% holding in Black Wattle Colliery (our partners are LSE-listed Mining PLC) and the 33.3% holding in Butsanani Energy Investment Holdings (joint venture with a South African corporate);
- African initiatives – a partnership with a South African corporate focused on investment opportunities in African countries (outside of SA) to further our partner's operating presence across Africa. Two investments have been undertaken to date in the electrical wholesaler and personal protective equipment industries; and
- Property – a new partnership with a BEE investment company.

Business performance for the period

Vunani needed to make some tough decisions in the past year, while at the same time ensuring that the platform for the future was adequately established. This was against the backdrop of falling commodity prices and rising interest rates. Vunani is determined to make better use of limited capital resources and going forward to ensure that we successfully implement our strategy that has been set out above. This resulted in a profit of R1.2 million compared to a loss of R14.4 million in the previous year. However, the ultimate performance measure will be our ability to unlock cash and achieve our desired investment returns.

Future outlook

We are confident that private equity can assist Vunani in building its balance sheet. We believe that, if we focus on the three main areas, we will deliver cash flows and unlock value for the group.

CORPORATE GOVERNANCE

GENERAL GOVERNANCE

The board of directors endorses the King Code of Governance Principles and the King Report on Governance (King III) and the JSE Listings Requirements as these apply to AltX listed companies.

The board strives to ensure that the interests of all our stakeholders are properly protected and adherence to the principles of good corporate governance advocated by King III remains a group commitment. It is the intention of all directors that the principles of integrity and the highest ethical standards are upheld by all who serve the group and its stakeholders.

The board is dedicated to ensuring that Vunani achieves the highest standards of corporate governance. The board is committed to governance processes based on integrity, transparency, independence and accountability and recognises that this is a developing process that serves all stakeholders alike.

All of the members of the board are individually and collectively aware of their responsibilities to the company's stakeholders and the board keeps its performance and core governance principles under regular review as set out in King III and, has complied with the JSE Listings Requirements.

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

Internal audit
Nkonki Inc. is the appointed external provider of internal audit services to the group. An internal audit plan for the 2016 financial period was presented to, and approved by, the audit and risk committee.

The internal audit plan is based on an assessment of risk areas identified by internal audit and management. The approved internal audit plan was executed in various stages during the 2016 period. The first step in this process was an assessment of the adequacy and effectiveness of the group's system of internal controls and risk management, using a risk-based approach.

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

Summary of key responsibilities include, *inter alia*:

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

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

In terms of the JSE Listings Requirements and the group policy, the directors, the company secretary, employees and directors of major subsidiaries (that contribute more than 25% to Vunani Limited's revenue) require advance approval from the chief financial officer for dealings in Vunani shares. Once executed, appropriate disclosure is released on SENS.

Industry associations
As at 29 February 2016, Vunani is represented at the following industry associations or organisations:

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

Certain Vunani employees are members of the following professional associations:

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

Certain Vunani group companies are:

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

GENERAL GOVERNANCE (continued)

Governance of information technology

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

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

IT steering committee

The committee membership comprises of Vunani executive directors and executive management from the various subsidiaries within the group who meet at least once every quarter. The IT steering committee reports to the audit and risk committee.

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

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

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

Summary of key responsibilities include, *inter alia*:

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

Financial reporting

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

Company secretary

The company secretary plays a vital role in the corporate governance of the group and is responsible for ensuring board compliance with procedures and regulations of a statutory nature. The company secretary together with the designated advisor ensures compliance with the listing requirements and is responsible for the submission of the annual compliance certificate to the JSE Limited.

Previously Aphrodite Judin, the group chief financial officer, fulfilled the role of company secretary for the group. The board recognised that in terms of King III and the JSE Listings Requirements, the company secretary should not be an executive director, so as to ensure an arm's length relationship is maintained with the board. The board appointed CIS Company Secretaries Proprietary Limited as the company secretary on 22 June 2015.

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

The board performed a review of the business experience, the education and qualifications of the principal consultant and the level of services provided and satisfied itself as to the competence, qualifications and experience of the company secretary. The board is satisfied that an arm's length relationship is maintained between the company secretary and the board and its sub-committees.

BOARD SUB-COMMITTEES

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

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

BOARD OF DIRECTORS

The board of directors' key purpose is to promote the group's success by directing the company's affairs, meeting the appropriate interests of its shareholders and stakeholders and deal with challenges and issues relating to corporate governance, corporate social responsibility and corporate ethics.

Board composition and meeting attendance	26 Mar 2015	5 June 2015	13 Aug 2015	2 Dec 2015	25 Feb 2016
E Dube	✓	✓	✓	✓	✓
BM Khoza	✓	✓	✓	✓	✓
NM Anderson	✓	✓	✓	✓	✓
A Judin	✓	✓	✓	✓	✓
LI Jacobs*	✓	✓	✓	✓	✓
JR Macey	✓	✓	✓	✓	✓
NS Mazwi	✓	✓	✓	✓	✓
G Nzalo	✓	✓	✓	✓	✓
X Guma	✓	✓	✓	✓	✓
S Mthethwa	✓	✓	✓	✓	✓

** Independent non-executive chairman*

The board is responsible, *inter alia*, for:

- acting fairly and promoting the interests of stakeholders;
- formulating and approve strategy;
- ensuring the implementation of corporate governance, risk management and internal control policies and structures;
- retaining effective control;
- providing strategic leadership, integrity and directing the group to achieving its goals and objectives;
- the performance and affairs of the company;
- delegating authority to management, and monitor and evaluate the implementation of policies, strategies and business plans; and
- embracing transparency, integrity and ethical business conduct.

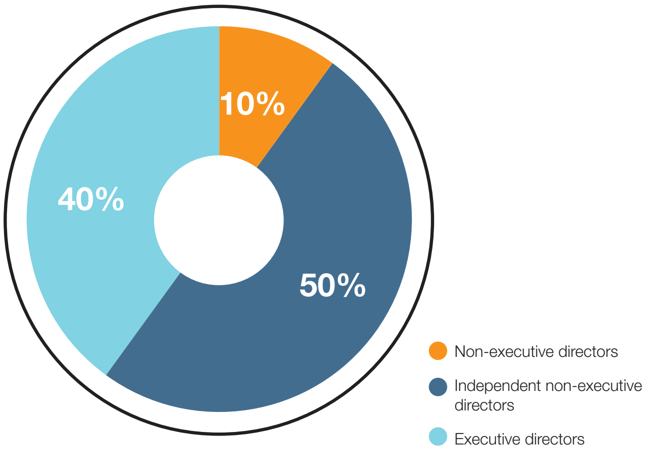
The board's key focus areas for 2016 included:

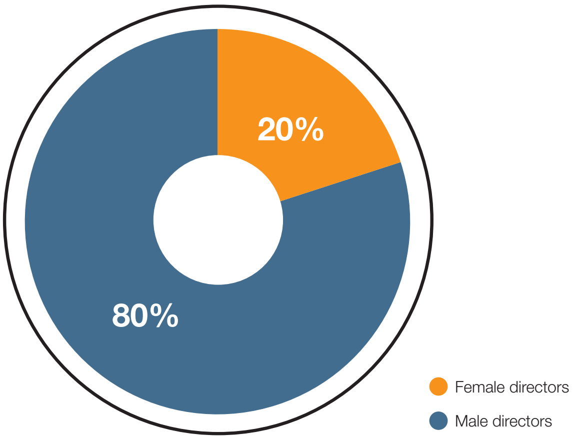
- approved the acquisition of Fairheads and broadening the scope of the financial services product base;
- exercised oversight over the group's financial performance and approved the published financial results;
- approved the group strategy and focus areas;
- reviewed and approval of budgets and forecasts in line with group's strategy as discussed at the group strategy session;
- approved the dividend payment of 5.5 cents per share; and
- approved the year-end change from December to February.

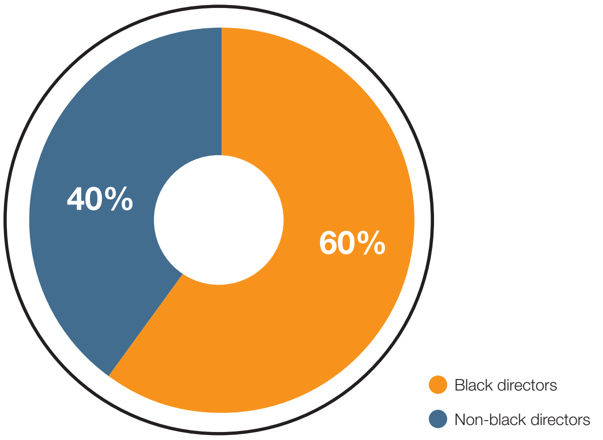
The board's plans for the year ahead include:

- continue to support and guide the executive team;
- measuring progress against strategic objectives and monitoring the group's operational and financial performance; and
- expanding relationships with our partners in Botswana, Mozambique, Zambia and Zimbabwe.

BOARD OF DIRECTORS (continued)







Board composition

The board composition reflects people with diverse skills, knowledge and experience as detailed on pages 18 and 19 of this integrated report. The board comprises of six non-executive directors and four full-time salaried executive directors. King III recommends that the majority of the non-executive directors be independent and, accordingly, a majority of the Vunani non-executive directors are independent in terms of both the King III definition and the JSE Listings Requirements.

Executive directors

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

The executive directors meet regularly to ensure there is effective and meaningful management and control exercised over the affairs of the group.

A group executive committee, which includes the heads of business segments and key managements, meets monthly to monitor the group's performance and track progress regarding objectives and strategy.

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

The executive directors are individually mandated and held accountable for, *inter alia*:

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

All executive directors are shareholders in the company. The directors' interests are disclosed in the directors' report and the analysis representation on pages 67 and 148.

Non-executive directors

Non-executive directors are individuals of high calibre and credibility. There are no service contracts in place for non-executive directors and they do not participate in the share incentive scheme. No non-executive director has served for a period longer than seven years. The board will continue to measure their independence, in line with policy.

Board charter

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

The main purpose of the board charter is to regulate the parameters within which the board operates and to ensure the application of principles of good corporate governance.

The charter requires the board to represent and promote the legitimate interests of the group and its stakeholders in a manner that is both ethical and sustainable. The board charter governs the level of authority and responsibilities of the board to ensure a balance of power is maintained.

The charter states that directors are required to:

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

Directors' induction and training

A JSE AltX induction programme is in place and it is mandatory for all new directors to attend this course. The company is responsible for the cost of attending appropriate external training courses.

Board meetings

The board is cognisant of the fact that careful preparation of the agenda and supporting papers enhances board productivity, and strengthens its strategic and supervisory role. The agenda and supporting papers for board meetings are distributed to all directors ahead of each meeting. Explanations and motivations for items of business requiring decisions are provided in the meeting by the appropriate executive director.

Discussions at board meetings are open and constructive, free of domination, and consensus is sought on items requiring decisions and emerging issues that could affect the business are discussed. No single director has unfettered powers of decision-making. When necessary, decisions are also made by directors between meetings by written resolution as provided for in the company's MOI and the Companies Act.

Directors are entitled to have access to all relevant company information, records, executive officers and senior management within the group. Directors are apprised, whenever relevant, and kept abreast of any new legislation and changing commercial risks that may affect the business interests of the company.

In fulfilling their responsibilities, directors may seek professional advice from external professional advisors at the company's expense. The company's JSE-registered designated advisor attends all board meetings.

Board appointments

Directors are appointed in a formal and transparent manner. Nomination and approval of appointees to the board and board committees are dealt with in accordance with the remuneration and nomination charter. Directors are at liberty to accept other board appointments so long as the appointment does not conflict with the business and does not detrimentally affect the director's performance as a director in the company.

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

Declaration of interest

In line with the requirements of section 75 of the Companies Act, the directors are obliged, at every board meeting, to disclose any material interests in contracts. The disclosures are noted and kept in a separate register of directors' disclosures.

REMUNERATION AND NOMINATION COMMITTEE REPORT

The remuneration and nomination committee makes proposals to the board of directors regarding the remuneration policy, the remuneration of individual directors, the evaluation and re-appointment of directors, as well as the appointment and induction of new directors.

Committee composition and meeting attendance	1 Dec 2015	25 Feb 2016
LI Jacobs *(Chairman of the nomination component of the committee)*	✓	✓
JR Macey *(Chairman of the remuneration component of the committee)*	✓	✓

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

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

The committee's key focus areas for 2016 included:

- the introduction and approval of a new long-term performance share incentive scheme, which is fully conditional on the achievement of specific performance conditions;
- approval of allocations of conditional share awards to executives and key management of the group;
- approval of executive short-term incentive pool and related payments; and
- recommended the non-executive remuneration for the ensuing financial year to the board and for the subsequent approval by shareholders in a general meeting.

The committee's plans for the year ahead include:

- continuing to ensure the remuneration of individuals is in line with performance and market offering;
- aligning executive short-term remuneration in line with the group's long-term goals; and
- ensuring accurate allocations of conditional share awards to executives and key management.

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

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

Summary of key remuneration philosophies include:

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

Components of total remuneration

1. **Basic remuneration**
   The levels of basic remuneration are reviewed and revised annually. The criteria that have been adopted for determining remuneration increases include inflation (CPI), market comparisons, individual performance, affordability based on group budgets and group performance.

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

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

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

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

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

   Summary of key drivers of the executive short term incentive plan include:

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

3. **Long-term incentive plan**
   The group has two share schemes in place, one of which was introduced in June 2011 (share purchase scheme) and a second conditional share scheme which was introduced in November 2015 (conditional share scheme).

   Share purchase scheme
   The group introduced this share purchase scheme in June 2011, whereby employees were given the right to acquire shares in Vunani on the fulfilment of certain vesting conditions. A second issue was made to employees in December 2012. At 29 February 2016, 100% of the shares issued in June 2011 and 70% of the shares issued in December 2012 had vested.

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

REMUNERATION AND NOMINATION COMMITTEE REPORT (continued)

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

- 20% of the shares after the first anniversary of the acceptance date;
- 25% of the shares after the second anniversary of the acceptance date;
- 25% of the shares after the third anniversary of the acceptance date; and
- 30% of the shares after the fourth anniversary of the acceptance date.

Employees may instruct the trustees to sell the shares once they have vested. The proceeds shall firstly be used to settle debt. None of the shares issued in the June 2011 tranche were exercised and have therefore all lapsed. While 70% of the shares issued in December 2012 have vested, none of these options have been exercised. Employees are entitled to exercise 100% of these options on vesting.

Conditional share scheme

The company implemented a conditional share scheme plan in November 2015, whereby employees were entitled to receive performance and retention shares in the company upon the fulfilment of certain performance conditions. The conditional awards were made on 11 November 2015 and 29 February 2016.

The shares will vest on the fulfilment of certain performance conditions at the end a three-year period. Performance conditions include financial and non-financial measures. It is anticipated that allocations will be made annually.

Executive directors' remuneration

The group aims to adhere to the broad guidelines of executive remuneration set out in King III.

Vunani employees hold more than **50%** of equity interest in the company

Overall principles applied include:

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

During the period the remuneration and nomination committee approved the deferral of the payment of a portion of the short-term incentives to executives, such that these payments would incentivise the retention of the executives and key management within the group. This amendment will be formulated and implemented going forward.

Please refer to note 40 of the annual financial statements for details of the executive directors' remuneration.

Non-executive directors' remuneration

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

Non-executive directors do not participate in the group's incentive bonus plan or share option schemes.

The level of fees paid to non-executive directors is reviewed by the remuneration committee on an annual basis.

For details regarding fees paid during the current period and prior year, refer to note 40 of the financial statements.

Prescribed officers

The Prescribed officers is a concept created by the 2008 Companies Act, with the aim of including in the scope of the Act anyone who fulfils the role of a director but who is operating (whether intentionally or otherwise) under a different designation. In order to comply with the Companies Act requirements, the group has included disclosures in its annual financial statements relating to remuneration paid to prescribed officers.

Details of prescribed officers and key management personnel are disclosed in note 61 of the financial statements.

INVESTMENT COMMITTEE REPORT

The primary purpose of the investment committee is to consider projects, acquisitions and the disposal of assets in line with the group's overall strategy.

Committee composition and meeting attendance	9 Feb 2015	26 Mar 2015	2 Nov 2015
JR Macey*	✓	✓	✓
E Dube	✓	x	x
NM Anderson	✓	✓	✓
LI Jacobs	✓	✓	✓
D Tew *(independent investment committee member)*	x	x	✓

** Independent non-executive chairman*

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

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

The committee's key focus areas for 2016 included:

- considered and approved the Fairheads acquisition;
- reviewed and approved the group's valuations of unlisted investments;
- considered and approved the disposal of non-core listed investments;
- considered and approved an additional 10% investment into Purpose Vunani;
- conducted site visits, in respect of the Rietvlei project and the Black Wattle operations;
- considered and approved the acquisition and disposal of investments for the group.

The committee's plans for the year ahead include:

- reviewing the impact of significant transaction on group's capital;
- monitoring the investment strategy and policies ensuring that investments are in line with group strategy;
- identifying investment opportunities ensuring sustainable growth for the group; and
- reviewing and approving unlisted investment valuations.

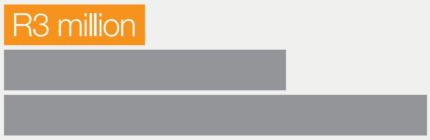
Levels of authority

The approval of investment transactions by the committee are subject to the limits of authority as contained in the JSE Listings Requirements, as transactions exceeding a set financial limit also require shareholder approval.

The limits of authority approved by Vunani's board are detailed below:

Category 1 investments

All investments amounting up to R3 million are at the sole discretion of the executive management of Vunani and these investments do not require committee or board approval.



The sole discretion of the executive committee.

Category 2 investments

All investments in excess of R3 million and up to a maximum of R30 million require approval by the committee. No board approval is required.

Requires the approval of the investment committee.

Category 3 investments

All investments with an exposure in excess of R30 million are reviewed by the committee and recommended to the board for approval. Any approved investment proposal is referred to the board together with the committee's recommendation for the board's final determination.

Requires final approval from the board.

SOCIAL AND ETHICS COMMITTEE REPORT

The social and ethics committee was established to monitor adherence to ethical standards and to provide guidelines for acceptable behaviour and to have oversight of the company's activities, having regard to the prevailing codes of best practice.

Committee composition and meeting attendance	7 May 2015	11 Sept 2015	20 Oct 2015
NS Mazwi *	✓	✓	✓
A Judin	✓	✓	✓
A Zuma (*resigned 31 January 2016*)	✓	✓	✓
I Ross	✓	✓	x

* independent *non-executive chairman*

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

- the group's legal obligations;
- prevailing codes of good practice pertaining to social and economic development;
- good corporate citizenship;
- the environment, health and public safety, including the impact of the company's activities and of its products or services;
- consumer relationships, including the company's policies and record relating to advertising, public relations and compliance with consumer protection laws;
- labour and employment matters;
- reviewing and recommendation of projects of a CSI nature;
- compliance with applicable laws and regulation; and
- drawing matters within its mandate to the attention of the board as the occasion requires.

The committee's key focus areas for 2016 included:

- monitoring the group's CSI projects and the group's contribution to socio-economic development;
- had oversight over the formulation of an ethics policy and employment equity plan for the group; and
- reviewed the group's BBBEE scorecards for major subsidiaries and their plans for improving on various aspects thereof.

The committee's plans for the year ahead include:

- continuing to monitor the implementation of the group's CSI strategy and CSI projects;
- overview of legal universe and changes affecting the group; and
- review of policies relating to labour and employment matters.

SOCIAL AND ETHICS COMMITTEE REPORT
(continued)

Social and ethics committee sub-committees
The social and ethics committee established two sub-committees that assist the committee in discharging its duties to the Board. The sub-committees include:

SOCIAL AND ETHICS COMMITTEE SUB-COMMITTEES

Corporate social investment committee ("CSI committee")

The CSI committee is a sub-committee of The Vunani Foundation which is a non-profit company without members. The responsibilities of the CSI committee include the review and recommendation of projects of a CSI nature to the Board of the Foundation that fall within the framework of the Foundation's objectives.

Health and safety committee ("HS committee")

The HS committee was established in terms of the Occupational Health and Safety Act, with a mandate to ensure the continued provision and maintenance of a safe and healthy working environment. The committee assists the social and ethics committee by:

- conducting health and safety audits;
- identifying potential hazards, risks and dangers;
- conducting inspections of the working environment;
- investigating incidents; and
- making recommendations regarding health and safety to the social and ethics committee.

BEE
BEE status of measured operating businesses (based on latest BEE scorecards) are as follows:

Vunani Fund Managers	**Level 2**
Fairheads	**Level 2**
Vunani Capital	**Level 2**
Vunani Securities	**Level 2**
Vunani Capital Markets	**Level 2**
Vunani Private Clients	**Level 3**

KING III

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

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

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

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

Challenges with King III

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

- King III has to be interpreted and understood within the context of the nature, size and complexity of an organisation; and
- there is no credible and generally accepted national standard against which the application of King III can be benchmarked.

Dealing with challenges

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

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

Vunani has used the GAI for the purposes of assessing the level of application of King III. Vunani's overall rating in terms of the GAI is AAA.

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

Category		Score	
Board composition			**AAA**
Remuneration			**AAA**
Governance office bearers			**AAA**
	Chairman	AAA	
	CEO	AAA	
	Company secretary	AAA	
Board role and duties			**AA**
	Focal point of corporate governance	AAA	
	Fiduciary duties	AAA	
	Strategy	AAA	
	Ethical leadership	AA	
	Corporate citizenship and leadership	AAA	
	Risk	AA	
	IT governance	AAA	
	Compliance	AAA	
	Internal audit	AAA	
	Business rescue	AAA	
Accountability			**AAA**
	Stakeholder relations	AAA	
	Integrated reporting and disclosure	AAA	
Performance assessment			**BB**
	Performance assessment	BB	
Board committees			**AAA**
	Audit committee	AAA	
	Risk committee	AAA	
	Remuneration committee	AAA	
	Nomination committee	AA	
	Social and ethics committee	AAA	
Group boards			**C**

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

Application of King III principles

Vunani strives to improve its compliance with King III and provide additional information in areas that need improvement. Details of the checklist have been included in the table below:

Principle	Principle description	Extent of compliance	Extent of compliance
1. Ethical leadership and corporate citizenship			
Principle 1.1	The board provides effective leadership based on an ethical foundation.	Applied	The board promotes and adheres to good corporate governance principles so as to ensure ethical and sustained growth in businesses.
Principle 1.2	The board ensures that the company is and is seen to be a responsible corporate citizen.	Applied	The board promotes and ensures the provision of a safe and healthy environment. Vunani is committed to meeting its legal, ethical and economic responsibilities.
Principle 1.3	The board ensures that the company ethics are managed effectively.	Applied	The board promotes a strong ethical environment and have put in place a code of conduct to which employees must adhere to.
2. Board and directors			
Principle 2.1	The board acts as the focal point for and custodian of corporate governance.	Applied	The board is the focal point of corporate governance and through its sub-committees and the company secretary ensure highest levels of compliance.
Principle 2.2	The board appreciates that the strategy, risk, performance and sustainability are inseparable.	Applied	To ensure sustainable growth of the business, the board recognises that, the strategy and performance of Vunani are closely linked. On an annual basis, the board formulates and approves strategy.
Principle 2.3	The board provides for effective leadership based on an ethical foundation.	Applied	Refer to principle 1.1
Principle 2.4	The board ensures that the company is and is seen as a responsible corporate citizen.	Applied	Refer to principle 1.2
Principle 2.5	The board ensures that the company's ethics are managed effectively.	Applied	Refer to principle 1.3
Principle 2.6	The board ensures that the company has an effective and independent audit committee.	Applied	Refer to principle 3.1
Principle 2.7	The board is responsible for the governance of risk.	Applied	Refer to principle 4.1
Principle 2.8	The board is responsible for information technology (IT) governance.	Applied	Refer to principle 5.1
Principle 2.9	The board ensures that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Applied	Refer to principle 6.1
Principle 2.10	The board ensures that there is an effective risk-based internal audit.	Applied	Refer to principle 7.1

Principle	Principle description	Extent of compliance	Extent of compliance
Principle 2.11	The board appreciates that stakeholders' perceptions affect the company's reputation.	Applied	Refer to principle 8.1
Principle 2.12	The board ensures the integrity of the company's integrated report.	Applied	Refer to principle 9.1
Principle 2.13	The board reports on the company's effectiveness in internal controls.	Applied	Refer to principle 7.3
Principle 2.14	The board and its directors act in the best interests of the company.	Applied	The board charter requires the board and its directors to promote legitimate interests of the group and its stakeholders in a manner that is both ethical and sustainable. The declaration of interests by directors is noted at every board meeting.
Principle 2.15	The board will/has consider/ed business rescue proceedings or other turnaround mechanisms as soon as the company has been/may be financially distressed as defined in the Companies Act, No 71 of 2008.	n/a	The board and audit and risk committee reviews financial information on a quarterly basis and is satisfied that the business is a going concern.
Principle 2.16	The board has elected a chairman of the Board who is an independent non-executive director. The CEO of the company does not also fulfil the role of chairman of the Board.	Applied	The roles of the chairman and CEO are separate. The chairman of the board is LI Jacobs, who is an independent non-executive director, and the CEO is E Dube. Please refer to page 18 to 19 for the details of the board of directors.
Principle 2.17	The board has appointed the CEO and has established a framework for the delegation of authority.	Applied	The board appointed E Dude as the CEO. The duties and responsibilities are detailed in the board charter.
Principle 2.18	The board comprises a balance of power, with a majority of non-executive directors. The majority of non-executive directors are independent.	Applied	The board comprises ten directors: (refer to page 18 to 19 for more information) • Five independent non-executive directors; • One non-executive director; and • Four executive directors.
Principle 2.19	Directors are appointed through a formal process.	Applied	The procedure for appointments to the board is conducted by the board as a whole. A nominations committee has been appointed as part of the remuneration and nomination committee. Changes to the board composition are infrequent and to the extent required, relevant board members are consulted for input.
Principle 2.20	The induction of and ongoing training, as well as the development of directors are conducted through a formal process.	Applied	A JSE AltX induction programme is in place and is mandatory for all new directors to attend. In addition, new directors are furnished with relevant company information and records to help them better understand the business and have access to executives and senior management within the group.

KING III (continued)

Principle	Principle description	Extent of compliance	Extent of compliance
Principle 2.21	The board is assisted by a competent, suitably qualified and experienced company secretary.	Applied	The board appointed CIS Company Secretaries Proprietary Limited on 22 June 2015 as an independent company secretary of the group. The board reviewed the qualifications and business experience of the principal consultant to ensure that they are competent and suitably qualified.
Principle 2.22	The evaluation of the board, its committees and individual directors is performed every year.	Applied	The board and committee's responsibilities are listed in their respective charters. Performance appraisals are done on an annual basis.
Principle 2.23	The board delegates certain functions to well-structured committees without abdicating from its own responsibilities.	Applied	The board has appointed four sub-committees to assist it in the performance of its duties. The committees do not relinquish the board of its duties and responsibilities. The board sub-committees include: • Audit and risk committee; • Remuneration and nomination committee; • Investment committee; and • Social and ethics committee. Please refer to pages 48 to 54 of the corporate governance report for details on the board sub-committees.
Principle 2.24	A governance framework has been agreed upon between the group and its subsidiary boards.	Partially applied	Group executives are represented on subsidiary boards and report back to the group board on the subsidiaries' operations. A formal framework is planned to be established in the ensuing financial year.
Principle 2.25	The company remunerates its directors and executives fairly.	Applied	Vunani remunerates its directors and executives fairly. Details of the directors remuneration and benefits are disclosed on page 128 and 129, note 40 of the consolidated financial statements.
Principle 2.26	The company has disclosed the remuneration of each individual director and prescribed officer.	Applied	Details of the directors remuneration and benefits are disclosed on page 128 and 129, note 40 of the consolidated financial statements. Detailed of the prescribed officers remuneration and benefits are disclosed on page 145, note 61 of the company financial statements.
Principle 2.27	The shareholders have approved the company's remuneration policy.	Applied	The company remuneration policy is approved at the Annual general meeting.
3. Audit committee			
Principle 3.1	The board has ensured that the company has an effective and independent audit committee.	Applied	The Audit and risk committee is comprised of three independent non-executive directors. The committee has conducted its affairs and discharged its duties and responsibilities as stipulated in the committee terms of reference. Please refer to the report of the Audit and risk committee on page 64 and 65.

Principle	Principle description	Extent of compliance	Extent of compliance
Principle 3.2	Audit committee members are suitably skilled and experienced independent non-executive directors.	Applied	The members have the academic qualifications, skills and experience and are all independent non-executive directors. Please refer to pages 18 to 19 of the directorate for the brief resumes of the members: • G Nzalo; • JR Macey; and • NS Mazwi.
Principle 3.3	The audit committee is chaired by an independent non-executive director.	Applied	The audit and risk committee chairman, G Nzalo, is an independent non-executive.
Principle 3.4	The audit committee oversees integrated reporting.	Applied	The audit and risk committee oversees integrated reporting.
Principle 3.5	The audit committee has ensured that a combined assurance model has been applied which provides a coordinated approach to all assurance activities.	Applied	The audit committee ensured that a combined assurance model has been applied and ensured proper coordination between the activities of the external and internal auditors.
Principle 3.6	The audit committee is satisfied with the expertise, resources and experience of the company's finance function.	Applied	As detailed in their report on page 64 and 65, the audit and risk committee is satisfied with the expertise and experience of the finance team and the CFO.
Principle 3.7	The audit committee should be responsible for overseeing internal audit.	Applied	The audit and risk committee approves the internal audit plan and budgets. The head of Internal audit reports issues and findings directly to the audit and risk committee.
Principle 3.8	The audit committee is an integral component of the risk management process.	Applied	The audit and risk has oversight over the risk management process.
Principle 3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	Applied	The audit and risk committee ensures the independence of external auditor, approved the budget and fees paid and the external audit plan.
Principle 3.10	The audit committee has reported to the board and the shareholders as to how it has discharged its duties.	Applied	The chairman of the audit and risk committee reports to the board at every meeting. A report of the audit and risk committee is presented on page 64 and 65 of the consolidated financial statements.
4. The governance of risk			
Principle 4.1	The board is responsible for the governance of risk.	Applied	A risk policy and plan for the group has been circulated to the audit and risk committee. The group strategic risk register as well as subsidiary risk registers have been presented to the audit and risk committee.
Principle 4.2	The board has determined the levels of risk tolerance.	Applied	The board through the audit and risk committee guides the levels of risk tolerance and appetite of the group.

KING III (continued)

Principle	Principle description	Extent of compliance	Extent of compliance
Principle 4.3	The risk committee and/or audit committee has assisted the board in carrying out its risk responsibilities.	Applied	The audit committee oversees the risk management process.
Principle 4.4	The board has delegated to management the responsibility to design, implement and monitor the risk management plan.	Applied	Key management prepare risk registers and these are presented to the audit and risk committee.
Principle 4.5	The board has ensured that risk assessments are performed on a continual basis.	Applied	A risk identification and monitoring process is in place, which includes the completion of risk registers showing the nature of the risk, mitigating controls and residual risks. These are presented to the audit and risk committee regularly.
Principle 4.6	The board has ensured that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	Applied	The risk management process and regular reporting to the board highlights the processes that are in place that would increase the probability of anticipating unpredictable risks.
Principle 4.7	The board has ensured that management has considered and has implemented appropriate risk responses.	Applied	The risk registers and reports to the board ensures that appropriate risk responses have been identified. These are presented and discussed with the audit and risk committee.
Principle 4.8	The board has ensured continual risk monitoring by management.	Applied	The risk registers are maintained by each operating business. Registers are presented to the audit and risk committee regularly.
Principle 4.9	The board has received assurance regarding the effectiveness of the risk management process.	Partially applied	The audit and risk committee has requested that internal audit provide assurance on the effectiveness of the risk management process.
Principle 4.10	The board has ensured that there are processes in place which enable complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	Applied	Included as part of the business segment reviews in this integrated report are the different risks that the operating businesses face. This is done on an annual basis.
5. The governance of information and technology			
Principle 5.1	The board is responsible for information technology (IT) governance.	Applied	The board has delegated its duties and responsibilities relating to IT governance to the IT steering committee, which reports into the audit and risk committee.
Principle 5.2	IT has been aligned with the performance and sustainability objectives of the company.	Applied	The board understands that IT is an integral part of the business and value is achieved through the direct engagement between the Head of IT and heads of business.
Principle 5.3	The board has delegated to management the responsibility for the implementation of an IT governance framework.	Applied	A detailed risk assessment has been performed of the risks associated with IT in the group. Senior management meets with the head of IT on a regular basis to discuss the implementation of more formal structures, processes and mechanisms of IT within the group. Management are also representatives on the IT steering committee.

Principle	Principle description	Extent of compliance	Extent of compliance
Principle 5.4	The board monitors and evaluates significant IT investments and expenditure.	Applied	The delegation of authority provides the guiding framework for significant IT investments and expenditure. The head of IT recommends significant investments for approval by the IT steering committee.
Principle 5.5	IT is an integral part of the company's risk management plan.	Applied	The IT steering committee reports on risks and mitigating controls to the audit and risk committee. Risk registers are presented and monitored on a regular basis.
Principle 5.6	The board ensured that information assets are managed effectively.	Applied	The board has put in place various measures to ensure the confidentiality, integrity and availability of information assets.
Principle 5.7	A risk committee and audit committee assists the board in carrying out its IT responsibilities.	Applied	The audit and risk committee has oversight over the IT steering committee, which comprises executive directors, executive management and the head of IT.
6. Compliance with laws, rules, codes and standards			
Principle 6.1	The board ensures that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Applied	Compliance with all applicable laws and regulations is monitored by the audit and risk committee and company secretary and ultimately reported to the board.
Principle 6.2	The board and each individual director have a working understanding of the effect of applicable laws, rules, codes and standards on the company and its business.	Applied	The board and its directors are kept abreast of any changes or updates in the applicable laws, rules, codes and standards.
Principle 6.3	Compliance risk should form an integral part of the company's risk management process.	Applied	The board has delegated the risk management process to the social and ethics committee.
Principle 6.4	The board should delegate to management the implementation of an effective compliance framework and processes.	Partially applied	Each operating entity has established a compliance function. A group compliance and risk committee is being established to encourage co-operation between all the compliance functions in the group.
7. Internal audit			
Principle 7.1	The board should ensure that there is an effective risk-based internal audit.	Applied	The internal audit function has been outsourced to Nkonki Inc. The internal audit function adopts a risk based approach for their audits.
Principle 7.2	Internal audit should follow a risk-based approach to its plan.	Applied	The internal audit function adopts a risk based approach for their audits. The audit plan is approved by the risk and audit committee.
Principle 7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management.	Applied	Internal audit presents their assessment of the company's system of internal controls to the audit and risk committee.

KING III (continued)

Principle	Principle description	Extent of compliance	Extent of compliance
Principle 7.4	The audit committee should be responsible for overseeing internal audit.	Applied	Refer to principle 3.7
Principle 7.5	Internal audit should be strategically positioned to achieve its objectives.	Applied	Internal audit reports directly to the audit and risk committee and is allowed access to the committee without the interfering of management.
8. Governing stakeholder relationships			
Principle 8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation.	Applied	The board engages with stakeholders on a number of levels and understands the impact stakeholder perceptions have on company reputation.
Principle 8.2	The board should delegate to management to proactively deal with stakeholder relationships.	Applied	Stakeholder relations are proactively dealt with by management as stipulated in the stakeholder engagement section of the integrated report.
Principle 8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.	Applied	The board understands that all stakeholders are imperative to the growth of the business.
Principle 8.4	Companies should ensure the equitable treatment of shareholders.	Applied	The company has processes in place to ensure all shareholders are treated equally and investor relationships are managed in a proper manner.
Principle 8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	Applied	The company has processes in place that ensures that transparent and effective communication with stakeholders is achieved.
Principle 8.6	The board should ensure that disputes are resolved effectively and as expeditiously as possible.	Applied	A dispute resolution process is in place to ensure that disputes are resolved effectively and on a timeously.
9. Integrated reporting and disclosure			
Principle 9.1	The board should ensure the integrity of the company's integrated report.	Applied	The board (based on the explanations and discussions with management, internal and external auditors) is satisfied with the integrity of the integrated report.
Principle 9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting.	Applied	The sustainability report and disclosures are closely aligned with the company's financial reporting.
Principle 9.3	Sustainability reporting and disclosure should be independently assured.	Not applied	The sustainability report is not independently assured. The board will consider obtaining independent assurance as sustainability reporting progresses.

FINANCIAL STATEMENTS

CONTENTS

5

Financial Statements

Group

Company

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

The financial statements were published on 1 August 2016.

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

REPORT OF THE AUDIT AND RISK COMMITTEE

The audit and risk committee operates under a formal mandate that has been approved by the board and has conducted its affairs in compliance and discharged its responsibilities as stipulated in the committee terms of reference.

Audit and risk committee members

The committee's composition is in line with the requirements of the Companies Act, comprising three independent non-executive directors. The committee held five meetings during the period as detailed below:

Committee composition and meeting attendance	18 Mar 2015	27 May 2015	4 Aug 2015	1 Dec 2015	25 Feb 2016
G Nzalo*	✓	✓	✓	✓	✓
JR Macey	✓	✓	✓	✓	✓
NS Mazwi	✓	✓	✓	✓	✓

** Independent non-executive chairman*

The members of the committee have the necessary financial skills and experience to adequately fulfil their duties as members of the committee.

The chief executive officer, chief financial officer, group financial manager and representatives from external and internal audit attend the committee meetings by invitation.

Key terms of reference

The committee's roles and responsibilities include its statutory duties as defined in the Companies Act and the responsibilities assigned to it by the board and these were performed as detailed below:

External audit

During the period under review, the committee undertook the following:

- considered and satisfied itself that the external auditor was independent and agreed to recomend them for appointment for the 2017 financial year.
- approved the fees to be paid to the external auditor for the 2016 engagement.
- determined the nature and extent of all non-audit-related services performed.
- confirmed that the auditor and the designated auditor are accredited by the JSE.
- confirmed that no reportable irregularities had been identified or reported by the auditors under the Auditing Profession Act.

Internal audit

- reviewed and approved the annual internal audit plan and evaluated the independence, effectiveness and performance of the internal audit function.
- reviewed issues raised by internal audit and the adequacy of corrective action taken by management in response.
- reviewed the effectiveness of the company's systems of internal control, including internal financial control and business risk management and the maintenance of effective internal control systems.
- reviewed the co-operation and co-ordination between the internal and external audit functions and co-ordinated the formal internal audit work plan with external auditors to avoid duplication of work.
- assessed the adequacy of the performance of the internal audit function and found it to be satisfactory.

Adequacy and functioning of the group's internal control

- reviewed the plans and work outputs of the external and internal auditors and concluded that these were adequate to address all significant financial risks facing the business.
- as noted above, the committee also reviewed the reporting around the adequacy of the internal controls and based on this concluded that there had been no material breakdowns in internal control, including financial controls, business risk management and the maintenance of effective material control systems.

Finance function and chief financial officer

- satisfied itself of the appropriateness of the qualifications, expertise and experience of the chief financial officer, Aphrodite Judin.
- considered the expertise, resources and experience of the finance function, and concluded that these were satisfactory.

Integrated report

- reviewed the integrated report, including the audit report on the financial statements prior to board approval.
- satisfied themselves that the financial statements were prepared on a going-concern basis.
- considered the appropriateness of accounting policies and any changes thereto and the adequacy of disclosures in the integrated report.
- reviewed the accounts and financial statements taken as a whole to ensure they present a balanced and comprehensive assessment of the position, performance and prospects of the company.

Legal, regulatory and corporate governance requirements

- ensured the company secretary relationship is at arm's length.
- ensured the establishment and maintenance of effective processes for compliance with applicable statutory and regulatory requirements.
- monitored compliance with the Companies Act, the JSE Rules and Listings Requirements, and all other applicable legislation and governance codes.
- reviewed compliance matters that could have a significant impact on the financial statements.

Risk management and IT governance

The committee established an IT steering committee that oversees risks and processes relating to IT governance. This does not however, divest the committee of their responsibilities regarding IT governance. The IT steering committee reports regularly to the Audit and Risk Committee. During the period the committee:

- reviewed and approved the group's risk management plan;
- reviewed the group risk registers containing pertinent risks; and
- reviewed the group's policies on the risk assessment and risk management and were satisfied with the risk management plan and policies.

Recommendation of the integrated report for approval by the board

Based on the information and explanations given by management and discussions with the internal auditor and the independent external auditor regarding the results of their audits, the committee is satisfied the financial statements of Vunani Limited and the group for the period ended 29 February 2016 comply, in all material respects, with the requirements of the Companies Act of South Africa, 2008, International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the JSE Listings Requirements.

GS Nzalo
Chairman of the audit and risk committee

1 August 2016
Sandton

DIRECTORS' RESPONSIBILITY STATEMENT

and approval of the financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of Vunani Limited, comprising the statements of financial position at 29 February 2016, and the statements of comprehensive income, changes in equity and cash flows for the period then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and the directors' report.

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

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

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

Approval of consolidated and separate financial statements

The consolidated and separate annual financial statements of Vunani Limited, as identified in the first paragraph, were approved by the board of directors on 1 August 2016 and signed by:

EG Dube
Chief Executive Officer
Authorised director

A Judin
Chief Financial Officer
Authorised director

1 August 2016
Sandton

CERTIFICATION BY THE COMPANY SECRETARY

In our capacity as company secretary, I hereby certify to the best of our knowledge and belief, that for the financial period ended 29 February 2016, Vunani Limited has filed with the Companies and Intellectual Properties Commission, all such returns and notices as are required in terms of the Companies Act of South Africa, and that all such returns appear to be true, correct and up to date.

CIS Company Secretaries Proprietary Limited
Company Secretary

1 August 2016
Sandton

DIRECTORS' REPORT

for the period ended 29 February 2016

Review of activities

Main business and operations

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

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

Directors

Executive directors
E Dube (chief executive officer)
A Judin (chief financial officer)
BM Khoza
NM Anderson

Non-executive directors
LI Jacobs (chairman) – independent
GS Nzalo – independent
JR Macey – independent
NS Mazwi – independent
XP Guma – independent
S Mthethwa

Secretary

CIS Company Secretaries Proprietary Limited.

The board appointed CIS Company Secretaries Proprietary Limited as the company secretary on 22 June 2015.

Shareholding of directors

The shareholding of directors in the issued share capital of the company as at 29 February 2016 was as follows:

	Number of shares held		Total
Shareholding per director	Beneficially direct (000s)	Beneficially indirect (000s)	Number of shares (000s)
E Dube	–	23 838	23 838
BM Khoza	–	14 873	14 873
NM Anderson	15	14 873	14 888
A Judin	86	–	86
	101	**53 584**	**53 685**

There has been no change in shareholding of the directors of the listed company between 29 February 2016 and the date of approval of the integrated report.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Vunani Limited

Report on the Financial Statements

We have audited the consolidated and separate financial statements of Vunani Limited, which comprise the statements of financial position at 29 February 2016, and the statements of comprehensive income, changes in equity and cash flows for the period then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 69 to 148.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Vunani Limited at 29 February 2016, and its consolidated and separate financial performance and consolidated and separate cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the period ended 29 February 2016, we have read the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Vunani Limited since the 2009 financial year (7 years).

KPMG Inc.
Registered Auditor

Per G Parker
Chartered Accountant (SA)
Registered Auditor
Director

1 August 2016

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended 29 February 2016

		VUNANI LIMITED – Group	
Figures in R'000	Note	14 months ended 29 February 2016	12 months ended 31 December 2014 Re-presented*
Continuing operations			
Revenue from trading services	5	**154 190**	115 016
Other income	6	**12 546**	5 475
Investment revenue	7	**8 263**	14 220
Interest received from investments	8	**2 047**	2 384
Fair value adjustments and impairments	9	**(18 934)**	(17 922)
Equity accounted earnings (net of income tax)*	16	**31 797**	(86)
Operating expenses	10	**(183 291)**	(146 040)
Results from operating activities		**6 618**	(26 953)
Finance income	11	**4 505**	6 060
Finance costs	11	**(2 697)**	(2 960)
Net finance income		**1 808**	3 100
Profit/(loss) before income tax		**8 426**	(23 853)
Income tax	12	**(116)**	(1 462)
Profit/(loss) from continuing operations		**8 310**	(25 315)
Discontinued operations			
(Loss)/profit from discontinued operations (net of taxation)	13	**(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 for the period attributable to:			
Owners of the company		**6 860**	(23 069)
Non-controlling interest		**1 450**	(2 246)
		8 310	(25 315)
Profit for the period attributable to:			
Owners of the company		**6 750**	56 039
Non-controlling interest		**1 419**	10 946
		8 169	66 985
Total comprehensive income for the period attributable to:			
Owners of the company		**6 417**	56 036
Non-controlling interest		**1 894**	11 192
		8 311	67 228
Basic and diluted earnings per share		**6.2**	54.6
Basic and diluted earnings/(loss) per share from continuing operations (cents)	35	**6.3**	(22.5)
Basic and diluted (loss)/earnings per share from discontinued operations (cents)	35	**(0.1)**	77.1

** 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.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 29 February 2016

Figures in R'000	Notes	VUNANI LIMITED – Group 14 months ended 29 February 2016	12 months ended 31 December 2014
Assets			
Property, plant and equipment	14	**8 655**	6 787
Goodwill	15	**34 123**	34 123
Intangible assets	15	**184**	1 042
Investments in and loans to associates	16	**76 909**	17 686
Other investments	17	**34 318**	102 270
Deferred tax asset	18	**46 203**	44 890
Other non-current assets	19	**22 504**	22 005
Total non-current assets		**222 896**	228 803
Other investments	17	**3 769**	8 900
Other current assets	19	**1 598**	2 823
Taxation prepaid	28	**1 267**	886
Non-current assets held for sale	20	**42 504**	–
Trade and other receivables	21	**25 186**	39 085
Accounts receivable from trading activities	22	**648 817**	120 573
Trading securities	23	**131**	251
Cash and cash equivalents	24	**17 562**	67 773
Total current assets		**740 834**	240 291
Total assets		**963 730**	469 094
Equity			
Stated capital	25	**624 888**	624 888
Treasury shares	25	**(15 571)**	(15 571)
Share-based payments reserve	26	**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	37	**1 670**	(2 818)
Total equity		**257 151**	254 844
Liabilities			
Other financial liabilities	27	**10 150**	20 298
Deferred tax liabilities	18	**2 152**	7 825
Total non-current liabilities		**12 302**	28 123
Other financial liabilities	27	**10 982**	25 282
Taxation payable	28	**4 498**	9 648
Trade and other payables	29	**30 458**	29 555
Accounts payable from trading activities	23	**647 872**	120 525
Bank overdraft	24	**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)	25 & 35	**114 665**	114 665
Net asset value per share (cents)	35	**222.8**	224.7
Net tangible asset value per share (cents)	35	**192.9**	194.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 29 February 2016

VUNANI LIMITED – Group

Figures in R'000	Notes	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		610 088	(15 265)	10 256	(897)	(389 709)	214 473	(6 226)	208 247
Total comprehensive income for the year									
Profit for the year		–	–	–	–	56 039	56 039	10 946	66 985
Other comprehensive income for the year		–	–	–	(3)	–	(3)	246	243
Total comprehensive income for the year		–	–	–	(3)	56 039	56 036	11 192	67 228
Transactions with owners, recorded directly in equity									
Issue of shares	25	14 800	–	–	–	–	14 800	–	14 800
Share-based payments	26	–	–	2 993	–	–	2 993	–	2 993
Treasury shares acquired		–	(306)	–	–	–	(306)	–	(306)
Dividends paid	43	–	–	–	–	(30 016)	(30 016)	(11 677)	(41 693)
Disposal to non-controlling interest	33	–	–	–	–	(318)	(318)	318	–
Business combinations		–	–	–	–	–	–	3 575	3 575
Total transactions with owners		14 800	(306)	2 993	–	(30 334)	(12 847)	(7 784)	(20 631)
Balance at 31 December 2014		624 888	(15 571)	13 249	(900)	(364 004)	257 662	(2 818)	254 844
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									
Dividends paid		**–**	**–**	**–**	**–**	**(6 014)**	**(6 014)**	**(1 618)**	**(7 632)**
Share-based payments	26	**–**	**–**	**1 628**	**–**	**–**	**1 628**	**–**	**1 628**
Transfer between reserves	26	**–**	**–**	**(2 006)**	**–**	**2 006**	**–**	**–**	**–**
Acquisition of non-controlling interests	34	**–**	**–**	**–**	**–**	**(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		**624 888**	**(15 571)**	**12 871**	**(1 233)**	**(365 474)**	**255 481**	**1 670**	**257 151**

** The share-based payments reserve is as a result of employees being given the right to acquire shares of the company for services rendered. Refer to note 26 for additional information.*

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 29 February 2016

		VUNANI LIMITED – Group	
Figures in R'000	Note	14 months ended 29 February 2016	12 months ended 31 December 2014
Cash flows from operating activities			
Net cash utilised by operating activities	31	**(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	32	**(5 472)**	(17 706)
Net cash utilised by operating activities		**(29 908)**	(77 446)
Cash flows from investing activities			
Proceeds on disposal of businesses		**15 000**	102 000
Acquisition of property, plant and equipment	14	**(1 575)**	(678)
Increase in investments in associates	16	**(50 949)**	(4 089)
Proceeds from loans to associates repaid	16	**–**	2 239
Acquisition of other investments	17	**(1 010)**	(2 833)
Proceeds on disposal of other investments	17	**40 994**	–
Increase in other non-current assets	19	**(4 032)**	(798)
Proceeds from repayments of other non-current assets	19	**4 257**	331
Net cash inflow from investing activities		**2 685**	96 172
Cash flows from financing activities			
Proceeds on issue of stated capital	25	**–**	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 combinations		**–**	488
Total cash and cash equivalents at the end of the period	24	**17 095**	66 656

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reporting activities

Vunani Limited ("the company") is a company domiciled in South Africa at Vunani House, Vunani Office Park, 151 Katherine Street in Sandton. The consolidated and separate financial statements of the company at and for the period ended 29 February 2016 comprise the company and its subsidiaries (together referred to as the "group") and the group's interest in structured entities and associated entities. The group operates in the financial services industry.

1. BASIS OF PREPARATION

1.1 Statement of compliance

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

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

1.2 Basis of measurement

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

1.3 Functional and presentation currency

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

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

1.4 Use of estimates and judgements

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

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

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

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

- Notes 17, 19, 27 and 41 – fair value of financial instruments
- Note 15 – impairments of goodwill and intangible assets
- Notes 16 and 41 – impairment losses on loans and advances to associates
- Note 18 – utilisation of tax losses

1.5 Change in financial year-end

A decision was taken during 2015 to change the financial year-end of Vunani Limited and its subsidiaries 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 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.

As a result of the change in year-end, this Integrated Report incorporates the results for the 14 months period to 29 February 2016, which renders the information presented not entirely comparable.

2. ACCOUNTING POLICIES

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

2.1 Basis of consolidation

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

2.1.1 Subsidiaries

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

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

2.1.2 Investments in associates

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

Investments in associates are accounted for using the equity method ("equity-accounted investees") and are recognised initially at cost. The consolidated financial statements include the group's share of profit or loss and other comprehensive income of the equity accounted investee from the date that significant influence commences until the date that significant influence ceases.

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

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

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

2.1.3 Non-controlling interests

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

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

2.1.4 Transactions eliminated on consolidation

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

2.2 Financial instruments

2.2.1 Non-derivative financial assets

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

The group and company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are

2. ACCOUNTING POLICIES (continued)

2.2 Financial instruments (continued)

2.2.1 Non-derivative financial assets (continued)

transferred. Any interest in transferred financial assets that is created or retained by the group and company is recognised as a separate asset or liability.

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

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

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

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

Cash and cash equivalents

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

2.2.2 Non-derivative financial liabilities

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

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

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

Financial liabilities at fair value through profit or loss

The group designates certain financial liabilities at fair value through profit or loss on initial recognition. Ring-fenced structured entities have historically been used to house the group's geared equity investments and any financial liabilities that relate to such investments. Financial assets and liabilities that arise in terms of these ring-fenced structures are both fair valued through profit or loss in terms of IAS 39 *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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the period ended 29 February 2016

2. ACCOUNTING POLICIES (continued)

2.2 Financial instruments (continued)

2.2.2 Non-derivative financial liabilities (continued)

Financial liabilities at amortised cost

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

2.2.3 Derivative financial assets

Derivatives are recognised initially at fair value. Any directly attributable costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognised in profit or loss. Included are trading securities (refer to note 23) and the Black Wattle option (refer to note 19).

2.2.4 Other non-current assets

Other non-current assets consist of derivative and non-derivative financial assets not included in other investments and trade and other receivables. Other non-current assets include the derivative option which relates to the group's investment in Black Wattle and certain loan and receivables (refer to note 19). Derivative financial assets are recognised in terms of accounting policy 2.2.3. Non-derivative financial assets are recognised in terms of accounting policy 2.2.1.

2.2.5 Stated capital

Ordinary shares

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

Preference share capital

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

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

Treasury shares

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

2.3 Dividend policy

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

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

2.4 Property, plant and equipment

2.4.1 Recognition and measurement

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment (continued)

2.4.1 Recognition and measurement (continued)

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

2.4.2 Subsequent costs

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

2.4.3 Depreciation

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

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

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

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

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

Land is not depreciated.

2.5 Business combinations

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.6 Goodwill

Goodwill arises on the acquisition of business combinations.

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

Goodwill is measured at cost less accumulated impairment losses.

2.7 Intangible assets

2.7.1 Recognition and measurement

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

2.7.2 Subsequent expenditure

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

2.7.3 Amortisation

Amortisation is calculated on the cost of the asset.

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

Customer lists	3 years

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

2.8 Leased assets

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

2.9 Impairment

2.9.1 Financial assets (including receivables)

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

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

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

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

2.9.2 Non-financial assets

The carrying amounts of the group's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication

2. ACCOUNTING POLICIES (continued)

2.9 Impairment (continued)

2.9.2 Non-financial assets (continued)

exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. For goodwill, the recoverable amount is estimated bi-annually.

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

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

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

2.10 Employee benefits

2.10.1Defined contribution plans

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

2.10.2 Short-term employee benefits

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

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

2.11 *Share-based payment transactions*

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

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

2.12 Revenue

2.12.1Services rendered

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the period ended 29 February 2016

2. ACCOUNTING POLICIES (continued)

2.12 Revenue (continued)

2.12.2 Commissions

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

2.12.3 Trading revenue

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

2.12.4 Investment revenue

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

2.12.5 Interest received from investments

Interest received from investments consists of interest on loans and receivables and investments. Interest from investments is recognised as it accrues in profit or loss, using the effective interest method.

2.12.6 Unclaimed dividend income

Unclaimed dividend income relates to dividends received by the company on behalf of any client which remains unclaimed for a period of three years after the payment date. Such dividend is forfeited and reverts to the company and is recognised in profit or loss after the three-year period has lapsed.

2.13 Finance income and finance costs

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

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

2.14 Discontinued operations

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

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

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

2.15 Non-current assets or disposal group held for sale

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

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

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

2. ACCOUNTING POLICIES (continued)

2.15 Non-current assets or disposal group held for sale (continued)

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

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

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

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

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

2.16 Income tax

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

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

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

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

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

Deferred taxation is not recognised for the following temporary differences:

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

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

Dividends withholding tax

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

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

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

2. ACCOUNTING POLICIES (continued)

2.17 Earnings per share

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

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

2.18 Related party transactions

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

2.19 Segment reporting

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

The group has the following operating segments:

- Fund management – operations comprise institutional and retail product offerings, which include equities, bonds, inflation-linked bonds and property, as well as absolute return funds and smart beta funds.
- Asset administration – a niche beneficiary fund administrator responsible for administering funds on behalf of minor dependants of deceased retirement fund members.
- Advisory services – whose function is to provide corporate advisory and investment services.
- Institutional securities broking – provides securities broking services to institutional clients. Products traded include equity trading, index futures, single stock futures, yield-X (currency and interest rate futures), equity options, over the counter options, money market and derivatives trading.
- Private clients – provides a trading platform to retail clients wanting to trade their own portfolios. Products on offer include, equities, geared derivatives (like contracts for difference and single stock futures) and money market as well as a range of absolute, balanced and directional funds for discretionary mandates.
- Private equity – whose mandate is to acquire equity stakes in both listed and unlisted companies.
- Property – asset management – provides property asset management services. This segment has been presented as a discontinued operation.
- Property – investments and developments – include greenfield property developments and the refurbishment of existing buildings. The developments include the commercial, industrial, retail and residential sectors of the market. This segment has been presented as a discontinued operation.

2.20 Foreign currencies

Foreign currency transactions

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

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

2. ACCOUNTING POLICIES (continued)

2.20 Foreighn currencies (continued)

Foreign operations

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

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

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

2.21 New standards and interpretations not yet adopted

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

A number of new standards, amendments to standards and interpretations are not effective for annual periods beginning on or after 1 January 2015, and have not been applied in preparing these (consolidated and separate) financial statements. Those which may be relevant to the group and company are set out below. The group and company do not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated.

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

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

- **IFRS 9 (*Financial Instruments*)**

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

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

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

- **Amendments to IAS 12 *(Recognition of deferred tax assets for unrealised losses)***

  The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

  The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised.

  Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this.

  Guidance is provided for deductible temporary differences related to unrealised losses are not assessed separately for recognition. These are assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type.

  The amendments apply for annual periods beginning on or after 1 January 2017 and early application is permitted.

2. ACCOUNTING POLICIES (continued)

2.21 New standards and interpretations not yet adopted (continued)

- **Amendments to IAS 7 (*Disclosure Initiative*)**

  The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.

  The amendments apply for annual periods beginning on or after 1 January 2017 and early application is permitted.

- **IFRS 16 *(Leases)***

  IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 *Leases*, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

  The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors. The group and company are assessing the potential impact on the financial statements resulting from the application of IFRS 16.

- **IFRS 15 *(Revenue from contracts with customers)***

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

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

  This new standard will most likely have an impact on the group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The group is currently in the process of performing a more detailed assessment of the impact of this standard on the group and will provide more information in the year ending 29 February 2017 financial statements.

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

3. DETERMINATION OF FAIR VALUES

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

3.1 Investments in listed equity and debt securities

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

3.2 Unlisted investments

Unlisted investments are fair valued annually by the directors using generally accepted valuation techniques. As with any valuation, a degree of subjective judgement is involved. These valuation techniques include reference to the value of the assets of underlying business, earnings multiples (e.g. unlisted investments), discounted cash flow analysis (e.g. unlisted investments, loans and advances) and various option pricing models. Operating businesses are valued using a combination of all of the following: discounted cash flow analysis, application of earnings multiples on sustainable after tax earnings, current and projected net asset values to determine overall reasonability. The cash flows are based on expected future dividends that will be paid by the businesses.

3.3 Derivative financial assets

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

3. DETERMINATION OF FAIR VALUES (continued)

3.3 Derivative financial assets (continued)

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

3.4 Non-derivative financial liabilities

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

3.5 Financial liabilities at fair value through profit or loss

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

4. FINANCIAL RISK MANAGEMENT

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

- Liquidity risk
- Credit risk
- Market risk

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

Risk management framework

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

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

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

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

4.1 Liquidity risk

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

4.2 Credit risk

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

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

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

The trade and other receivables relate to trade receivables and intercompany loan. Loans granted to group companies are reviewed annually for recoverability and impaired, if necessary.

4. FINANCIAL RISK MANAGEMENT (continued)

4.2 Credit risk (continued)

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

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

4.3 Market risk

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

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

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

4.4 Currency risk

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

4.5 Capital management

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

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

The capital structure of the group consists of debt, which includes other liabilities and trade and other payables disclosed in notes 27 and 29 and equity as disclosed in the statement of financial position. The group monitors capital on the basis of the gearing ratio.

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

Figures in R'000	29 February 2016 R	31 December 2014 R
Gearing ratio		
Total debt	**706 579**	214 250
Less: Cash and cash equivalents	**(17 562)**	(67 773)
Net debt	**689 017**	146 477
Equity	**255 481**	257 662
Total capital managed	**944 498**	404 139
Debt equity ratio	**269.69%**	56.85%

Figures in R'000		VUNANI LIMITED – Group 14 months ended 29 February 2016	12 months ended 31 December 2014
5.	**REVENUE FROM TRADING SERVICES**		
	Trading revenue		
	Bond trading	**11 315**	6 496
	Money market	**4 568**	3 013
	Fees		
	Advisory	**1 007**	3 138
	Brokerage	**65 954**	52 647
	Fund management	**60 468**	38 383
	Client service fees	**780**	747
	Management fees	**10 098**	10 592
		154 190	115 016
6.	**OTHER INCOME**		
	Foreign exchange gain	**3 460**	920
	Directors' fees for services rendered on external boards	**590**	684
	Recognition of amortisation of day one gain (refer to note 19)	**3 574**	3 573
	Gain on bargain purchase	**–**	298
	Unclaimed dividends	**2 970**	–
	Reversal of other financial liabilities (refer to note 27)	**1 483**	–
	Subscription fees from trading platform	**246**	–
	Accounting fees	**223**	–
		12 546	5 475
7.	**INVESTMENT REVENUE**		
	Dividend income		
	Dividend income from listed investments	**1 603**	2 231
	Dividend income from unlisted investments	**6 660**	11 989
		8 263	14 220
8.	**INTEREST RECEIVED FROM INVESTMENTS**		
	Recognised in profit or loss		
	Interest received – investments	**784**	1 058
	Interest received – other non-current assets (refer to note 19)	**301**	718
	Interest received – loans and receivables	**962**	608
		2 047	2 384
9.	**FAIR VALUE ADJUSTMENTS AND IMPAIRMENTS**		
	Fair value adjustment on financial assets and liabilities		
	– Held at fair value through profit or loss (refer below)	**(11 233)**	(18 866)
	Impairment of loans to associates (refer to note 16)	**(3 055)**	–
	Impairment of other non-current assets (refer to note 19)	**(4 646)**	(798)
	Fair value adjustment on remeasurement of stepped up acquisition of subsidiary	**–**	1 742
		(18 934)	(17 922)
	Adjustments on financial assets and liabilities at fair value through profit or loss comprise the following:		
	Other financial liabilities (refer to note 27)	**(4 157)**	1 177
	Other investments (refer to note 17)	**(2 534)**	(14 089)
	Other investments – listed investments	**3 740**	5 274
	Other investments – unlisted investments	**(6 274)**	(19 363)
	Other non-current assets – options (refer to note 19)	**(4 542)**	(5 954)
		(11 233)	(18 866)

Refer to note 41.4 for details of assumptions used in determining the fair values of other investments and certain financial liabilities respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the period ended 29 February 2016

		VUNANI LIMITED – Group	
	Figures in R'000	14 months ended 29 February 2016	12 months ended 31 December 2014
10.	**OPERATING EXPENSES**		
	Operating expenses are arrived at after taking the following into account:		
	Amortisation of intangible assets	**858**	1 165
	Depreciation	**1 743**	1 570
	External auditors' remuneration	**2 951**	2 493
	Current period	**2 899**	2 436
	Prior year	**52**	57
	Internal auditors' remuneration		
	Current period	**283**	394
	Operating lease expense for office rentals	**5 273**	4 978
	Directors remuneration and benefits (refer to note 40)	**18 871**	19 414
	Non-executive directors' fees	**1 131**	802
	Salaries	**11 244**	9 353
	Bonuses accrued	**4 541**	7 507
	Provident fund and medical aid contributions	**1 543**	1 138
	Equity-settled share-based payment charge	**412**	614
	Prescribed officers' remunerations (refer to note 61)	**10 363**	10 282
	Staff costs (excluding directors' and prescribed officers' emoluments)	**72 533**	53 957
	Staff provident fund and medical aid contributions (excluding directors' and prescribed officers' emoluments)	**6 296**	5 082
	Bad debt expense/(reversal)	**1 083**	(297)
	Equity-settled share-based payment charge (excluding directors)	**1 216**	2 379
11.	**FINANCE INCOME AND FINANCE COSTS**		
	Interest received – cash and cash equivalents	**4 505**	6 060
	Finance income	**4 505**	6 060
	Interest charge – bank overdraft	**(272)**	(55)
	Interest charge – long-term borrowings (refer to note 27)	**(390)**	–
	Interest charge – debentures (refer to note 27)	**(2 034)**	(2 509)
	Interest charge – trade and other payables	**(1)**	(396)
	Finance costs	**(2 697)**	(2 960)
	Net finance income	**1 808**	3 100
	Interest expense on financial liabilities measured at amortised cost	**(2 697)**	(2 960)

Figures in R'000	VUNANI LIMITED – Group 14 months ended 29 February 2016	 12 months ended 31 December 2014
12. INCOME TAX		
Current tax expense	**(4 480)**	**(2 115)**
Current year	**(4 752)**	(2 115)
Prior year adjustment	**272**	–
Deferred tax expense		
Current year	**4 364**	653
- Origination and reversal of temporary differences	**(7 111)**	653
- Previously unrecognised deferred tax assets	**11 475**	–
Total income tax recognised in profit or loss	**(116)**	(1 462)
Reconciliation of effective tax rate	**%**	%
Company tax rate	**28.0**	28.0
Donations, share based payments, fines, impairments and amortisation	**25.6**	0.1
Impairments	**10.5**	–
Previously unrecognised deferred tax asset	**(37.9)**	–
Equity-accounted earnings	**(105.7)**	(0.1)
Dividend income	**(27.5)**	(16.7)
Fair value gains or losses at Capital Gains Tax rate	**(4.8)**	(2.7)
Tax rate differences*	**(0.3)**	(0.2)
Unrecognised deferred tax assets	**56.9**	28.4
Fair value adjustments not taxed (asset recovered through dividends received)	**49.5**	(30.5)
Assessed loss utilised	**–**	(0.2)
Prior year adjustment	**3.2**	–
Effect of change in Capital Gains Tax rate	**3.9**	–
	1.4	6.1

Basis of calculation

The above is a numerical reconciliation between the average effective tax rate and the applicable tax rate. The applicable tax rate is the national income tax rate of 28.0%. The effective Capital Gains Tax rate is 18.6%. It was changed to 22.4% from 1 March 2016.

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

13. 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.

One remaining investment in a completed development (held in Orion Properties 14 Proprietary Limited) was classified into the private equity segment in the previous financial year and, the balance of the property investment and development segment has been classified as a discontinued operation.

The comparative information for December 2014 consolidated statement of comprehensive income and related notes have been presented to disclose the discontinued operations separately from continuing operations.

Figures in R'000	14 months ended 29 February 2016	12 months ended 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)
Current tax	**1 465**	(15 437)
Deferred tax	**(1 282)**	–
(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 (loss)/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 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 inflow/(outflow) for the period	**1**	(5 532)

Figures in R'000	Land	Buildings	Leasehold improvements	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Total
14. PROPERTY, PLANT AND EQUIPMENT								
Cost								
Balance at 31 December 2013	–	–	3 904	75	1 905	1 354	7 737	14 975
Acquisition through business combination	944	3 776	–	187	82	160	44	5 193
Additions	–	–	35	–	–	41	602	678
Disposals	–	–	–	–	–	–	(258)	(258)
Effects of movement in exchange rates	100	401	–	20	9	17	5	552
Balance at 31 December 2014	1 044	4 177	3 939	282	1 996	1 572	8 130	21 140
Additions	**–**	**–**	**23**	**–**	**120**	**72**	**1 360**	**1 575**
Disposals	**–**	**–**	**(5)**	**–**	**(11)**	**–**	**(116)**	**(132)**
Effects of movement in exchange rates	**318**	**1 572**	**–**	**41**	**22**	**64**	**19**	**2 036**
Balance at 29 February 2016	**1 362**	**5 749**	**3 957**	**323**	**2 127**	**1 708**	**9 393**	**24 619**
Accumulated depreciation and impairment losses								
Balance at 31 December 2013	–	–	(3 698)	(75)	(1 412)	(1 214)	(6 642)	(13 041)
Depreciation	–	–	(105)	–	(114)	(46)	(1 305)	(1 570)
Disposals	–	–	–	–	–	–	258	258
Balance at 31 December 2014	–	–	(3 803)	(75)	(1 526)	(1 260)	(7 689)	(14 353)
Depreciation	**–**	**(346)**	**(97)**	**(227)**	**(256)**	**(149)**	**(668)**	**(1 743)**
Disposals	**–**	**–**	**5**	**–**	**3**	**–**	**124**	**132**
Balance at 29 February 2016	**–**	**(346)**	**(3 895)**	**(302)**	**(1 779)**	**(1 409)**	**(8 233)**	**(15 964)**
Carrying amounts								
At 31 December 2013	–	–	206	–	493	140	1 095	1 934
At 31 December 2014	1 044	4 177	136	207	470	312	441	6 787
At 29 February 2016	**1 362**	**5 403**	**62**	**21**	**348**	**299**	**1 160**	**8 655**

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

The land and building have been pledged to the Reserve Bank of Zimbabwe for the capital adequacy requirements of Purpose Vunani Asset Management (Private) Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the period ended 29 February 2016

VUNANI LIMITED – Group

Figures in R'000	Goodwill	Customer lists	Total
15. GOODWILL AND INTANGIBLE ASSETS			
Cost			
Balance at 31 December 2013	87 054	28 001	115 055
Acquisition through business combination	–	2 207	2 207
Balance at 31 December 2014	87 054	30 208	117 262
Balance at 29 February 2016	**87 054**	**30 208**	**117 262**
Accumulated amortisation and impairment			
Balance at 31 December 2013	(52 931)	(28 001)	(80 932)
Amortisation	–	(1 165)	(1 165)
Balance at 31 December 2014	(52 931)	(29 166)	(82 097)
Amortisation	–	(858)	(858)
Balance at 29 February 2016	**(52 931)**	**(30 024)**	**(82 955)**
Carrying amounts			
At 31 December 2013	34 123	2 207	36 330
At 31 December 2014	34 123	1 042	35 165
At 29 February 2016	**34 123**	**184**	**34 307**

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

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

Figures in R'000	14 months ended 29 February 2016	12 months ended 31 December 2014
Vunani Fund Managers Proprietary Limited	**27 703**	27 703
Vunani Securities Proprietary Limited	**6 420**	6 420
	34 123	34 123

Assumptions applied in testing for the impairment of goodwill

Vunani Fund Managers Proprietary Limited

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

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

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

An established industry benchmark for valuing fund management companies is to apply a percentage to the funds under management. The percentage can vary based on a combination of factors, *inter alia,* quantum of funds under management; profitability; average term of mandates; average management fees charged and growth prospects. As any or all these factors improve, the higher the percentage applied. In applying the impairment test to goodwill held in respect of the investment in Vunani Fund Managers, fair value has been determined on the basis of a percentage of the funds under management. This percentage has been set at 1% and applied to R14.1 billion funds under management at 29 February 2016 to arrive at a fair value of R140 million. The value has been determined solely for the purpose of the impairment test.

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

15. GOODWILL AND INTANGIBLE ASSETS (continued)

Vunani Securities Proprietary Limited

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

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

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

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

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

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

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

EBITDA growth rate of negative 12%.

The recoverable amount of the cash generating unit exceeds the carrying amount of the cash generating by R35.0 million.

VUNANI LIMITED – Group

Figures in R'000	Investment in associate	Loans to associates	Total
16. INVESTMENTS IN AND LOANS TO ASSOCIATES			
Balance at 31 December 2014	**3 361**	**14 325**	**17 686**
Increase in investments in associates	**36 232**	**–**	**36 232**
Loans advanced	**–**	**15 430**	**15 430**
Impairment of loans to associates (refer to note 9)	**–**	**(3 055)**	**(3 055)**
Transfer from subsidiaries	**13 465**	**–**	**13 465**
Translation gain on foreign loans	*****	**598**	**598**
Transfer to non current assets held for sale	**(35 244)**	**–**	**(35 244)**
Equity-accounted earnings – continuing operations	**10 018**	**–**	**10 018**
Equity-accounted earnings – held for sale	**21 779**	**–**	**21 779**
Balance at 29 February 2016	**49 611**	**27 298**	**76 909**
2014			
Balance at 31 December 2013	6 102	16 323	22 425
Increase in investments in associates	5	–	5
Disposal of associates	*	–	*
Loans advanced	–	4 084	4 084
Loans repaid	–	(2 239)	(2 239)
Loans repaid through in specie distribution	–	(3 637)	(3 637)
Transfer to subsidiary	(3 692)	(126)	(3 818)
Fair value adjustment on remeasurement of stepped up acquisition of subsidiary	1 742	–	1 742
Transfer to other investments	(680)	(80)	(760)
Equity-accounted earnings – continuing operations	(86)	–	(86)
Equity-accounted earnings – discontinued operations	(30)	–	(30)
Balance at 31 December 2014	3 361	14 325	17 686

** Amount less than R1 000.*

Impairments

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

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

Acquisitions

The following investments in associates were acquired in 2016:
- Marudi Proprietary Limited
- Mandlalux Proprietary Limited

Marudi Proprietary Limited

The investment in Marudi Proprietary Limited was acquired for a nominal amount.

Mandlalux Proprietary Limited

During the period, Vunani Capital Proprietary Limited ("Vunani Capital") acquired a 100% interest in Mandlamart Proprietary Limited ("Mandlamart"), a newly formed company. Mandlamart acquired a 70% investment in Mandlalux Proprietary Limited ("Mandlalux"), a newly formed company. Mandlalux acquired a 100% stake in Fairheads International Holdings Proprietary Limited ("FIH"), which owns 100% of Fairheads Benefit Services Proprietary Limited ("FBS"). Mandlalux was held 70% by Mandlamart and 30% by FBS's management. Subsequently, Vunani Capital disposed 10.71% of its investment in Mandlamart to a non-related third party, resulting in the third party having an effective interest in Mandlalux of 7.5%.

16. INVESTMENTS IN AND LOANS TO ASSOCIATES (continued)

A preliminary purchase price allocation was performed and intangible assets relating to customer lists, software and the brand were identified. Deferred tax at 28% and non-controlling shareholders' interests were recognised.

Accounting considerations

An investor is required to consolidate any investee entity that it has the ability to control. An investor controls an investee where it:

- has power over the relevant activities of the investee;
- is exposed to or has the rights to variable returns from its involvement with the investee; and
- has the ability to affect those returns through its power over the investee.

All three of these elements are required to be present for an investee to be consolidated.

The Mandlalux Memorandum of Incorporation ("MOI') details the powers and authority of the board of directors and provides for certain powers to be delegated to management, however, anything out of this specific authority and not in the ordinary course of business is required to be approved by the board of directors.

In order for Vunani Capital to control Mandlalux, Vunani Capital should be able to make decisions about these relevant activities unilaterally.

The Mandlalux MOI states that shareholders holding 85% of the issued share capital of the company must approve the relevant activities of Mandlalux.

Mandlamart has a 70% shareholding in Mandlalux. Based on the requirement stipulated in the MOI of Mandlalux that shareholders who hold 85% of the issued share capital should have power over the relevant activities of the investee, and therefore Mandlamart does not have the ability to control Mandlalux.

Mandlamart will therefore account for its 70% shareholding into Mandlalux as an associate in terms of IAS 28: *Investment in Associates and Joint Ventures and equity account its investment.*

Verbicept Proprietary Limited ("Verbicept")

Verbicept is special purpose vehicle ("SPV") housing Vunani's investment in Workforce Holdings Limited shares. Force Holdings Proprietary Limited has an option to purchase Vunani's shareholding in Verbicept Proprietary Limited at a 10% discount to a calculated fair value. The calculated fair value is established by applying a calculated weighted price-earnings multiple to Workforce Holdings Limited's latest audited annual earnings. The weighted price-earnings multiple is calculated based on four constituent listed companies' price earnings ratios weighted on their individual market capitalisation. The market constituents (which includes Workforce Holdings Limited) are selected based on the fact that they operate in a similar sector to Workforce Holdings Limited. This option has been accounted for as a liability. Please refer to note 27.9.

Figures in R'000	14 months ended 29 February 2016	12 months ended 31 December 2014
Credit quality		
An analysis of the credit quality of loans to associates not impaired is as follows:		
Internal credit ratings		
Four or more years trading history with the group	5 356	5 435
Less than four years trading history with the group	21 942	8 890
	27 298	14 325

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the period ended 29 February 2016

16. INVESTMENTS IN AND LOANS TO ASSOCIATES (continued)

VUNANI LIMITED – Group

Figures in R'000	Effective ownership	Current assets	Cash and cash equivalents	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets
at 29 February 2016									
Avram International LLC (dormant)	26.0%	–	–	–	–	–	–	–	–
Before Sunset Properties 37 Proprietary Limited	25.3%	*	–	–	*	(4)	(57)	(61)	(61)
Black Wattle Colliery Proprietary Limited (refer to note 19)	37.5%	127 055	16 805	122 655	266 515	(190 892)	(26 534)	(217 426)	49 089
Butsanani Energy Investment Holdings Proprietary Limited	33.3%	1 067	3 584	26 947	31 598	(68)	(36 397)	(36 465)	(4 867)
English Breeze Investments (Private) Limited***	50.0%	–	–	1 226	1 226	–	(1 244)	(1 244)	(18)
Future Horizon Technologies Proprietary Limited	33.3%	1	13	–	14	–	(889)	(889)	(875)
Mandlalux Proprietary Limited	62.5%	38 056	1 915	203 788	243 759	(12 922)	(167 008)	(179 930)	63 829
Marudi Proprietary Limited ****	50.0%	–	–	2 165	2 165	–	(2 473)	(2 473)	(308)
Micawber 534 Proprietary Limited**	47.6%	–	3	–	3	(7)	(10 673)	(10 680)	(10 677)
Orion Properties 14 Proprietary Limited	39.0%	26	379	21 522	21 927	(38)	(20 769)	(20 807)	1 120
Papillon in Flight Proprietary Limited	26.0%	–	–	–	–	–	–	–	–
Phakamani Impact Capital Proprietary Limited	51.0%	2 407	2 481	392	5 280	(5 819)	(1 500)	(7 319)	(2 039)
Qinisa Steel Solutions Proprietary Limited	23.9%	–	–	–	–	–	–	–	–
Space Launch Investments (Private) Limited***	50.0%	–	–	3 052	3 052	–	(3 052)	(3 052)	*
Vunani Solar Power Proprietary Limited (dormant)	26.0%	–	–	–	–	–	–	–	–
Verbicept Proprietary Limited	50.0%	59 556	–	–	59 556	(24 312)	–	(24 312)	35 244
		228 168	25 180	381 747	635 095	(234 062)	(270 596)	(504 658)	130 437

** Less than R1000.*
*** The company is in the process of being deregistered.*
**** The company is incorporated in Zimbabwe.*
***** The company is incorporated in Botswana.*

16. INVESTMENTS IN AND LOANS TO ASSOCIATES (continued)

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

Figures in R'000	Effective ownership	Current assets	Cash and cash equivalents	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets
at 31 December 2014									
Avram International LLC (dormant)	26.0%	–	–	–	–	–	–	–	–
Before Sunset Properties 37 Proprietary Limited	25.3%	–	–	*	–	(11)	(57)	(68)	(68)
Black Wattle Colliery Proprietary Limited (refer to note 19)	37.5%	124 557	20 478	108 568	253 603	(181 071)	(23 945)	(205 016)	48 587
Butsanani Energy Investment Holdings Proprietary Limited	33.3%	622	5 003	11	5 636	(2 017)	(19 203)	(21 220)	(15 584)
English Breeze Investments (Private) Limited**	50.0%	–	–	888	888	–	(906)	(906)	(18)
Future Horizon Technologies Proprietary Limited	33.3%	–	–	–	–	–	(162)	(162)	(162)
Micawber 534 Proprietary Limited***	47.6%	–	3	–	3	(7)	(10 673)	(10 680)	(10 677)
Orion Properties 14 Proprietary Limited	39.0%	(81)	1 544	20 114	21 577	(300)	(20 832)	(21 132)	445
Papillon in Flight Proprietary Limited	26.0%	–	–	–	–	–	–	–	–
Phakamani Impact Capital Proprietary Limited	50.0%	4	1 381	–	1 385	(1 136)	(1 641)	(2 777)	(1 392)
Space Launch Investments (Private) Limited**	50.0%	–	–	2 209	2 209	–	(2 209)	(2 209)	*
Vunani Solar Power Proprietary Limited (dormant)	26.0%	–	–	–	–	–	–	–	–
Wisdom of Africa Proprietary Limited (dormant)	35.0%	–	–	–	–	–	–	–	–
		125 102	28 409	131 790	285 301	(184 542)	(79 628)	(264 170)	21 131

** Less than R1000.*
*** The company is incorporated in Zimbabwe.*
**** The company is in the process of being deregistered.*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the period ended 29 February 2016

16. INVESTMENTS IN AND LOANS TO ASSOCIATES (continued)

VUNANI LIMITED – Group

Figures in R'000	Cost of investment	Loans to associates	Impairments	Cumulative equity earnings net of dividends	Net carrying amount
for the period ended 29 February 2016					
Avram International LLC (note 1)	1 833	–	–	–	1 833
Before Sunset Properties 37 Proprietary Limited	*	–	–	–	*
Black Wattle Colliery Proprietary Limited (refer to note 19)	*	–	–	–	*
Butsanani Energy Investment Holdings Proprietary Limited	*	12 225	–	–	12 225
English Breeze Investments (Private) Limited***	1	–	–	–	1
Future Horizon Technologies Proprietary Limited	*	895	(895)	–	*
Mandlalux Proprietary Limited	36 232	6 494	–	9 680	52 406
Marudi Proprietary Limited	*	2 473	–	–	2 473
Micawber 534 Proprietary Limited**	*	5 160	(5 160)	–	*
Orion Properties 14 Proprietary Limited	*	5 356	–	559	5 915
Papillon in Flight Proprietary Limited	3 191	–	(3 191)	–	–
Phakamani Impact Capital Proprietary Limited	5	750	–	–	755
Qinisa Steel Solutions Proprietary Limited	*	–	–	–	*
Space Launch Investments (Private) Limited***	1	2 160	(2 160)	–	1
Vunani Solar Power Proprietary Limited (note 1)	1 300	–	–	–	1 300
Verbicept Proprietary Limited	13 465	–	–	21 779	35 244
	56 028	35 513	(11 406)	32 018	112 153
Transfer to non-current assets held for sale (refer to note 20)					(35 244)
Net carrying amount					76 909

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

Note 1 – acquired in terms of vendor financed transaction (refer to note 27.3 and 27.4 for the corresponding liability).

A reconciliation of the movements in associates is shown below:

	Investment at cost	Loans to associates	Total
Investment at cost and loans to associates	56 028	35 513	91 541
Cumulative impairments	(3 191)	(8 215)	(11 406)
Cumulative equity earnings net of dividends	32 018	–	32 018
Transfer to non current assets held for sale	(35 244)	–	(35 244)
	49 611	27 298	76 909

16. INVESTMENTS IN AND LOANS TO ASSOCIATES (continued)

VUNANI LIMITED – Group

Figures in R'000	Cost of investment	Loans to associates	Impairments	Cumulative equity earnings net of dividends	Net carrying amount
for the period ended 31 December 2014					
Avram International LLC (note 1)	1 833	–	–	–	1 833
Before Sunset Properties 37 Proprietary Limited	*	–	–	–	*
Black Wattle Colliery Proprietary Limited (refer to note 19)	*	–	–	–	*
Butsanani Energy Investment Holdings Proprietary Limited	*	6 494	–	–	6 494
English Breeze Investments (Private) Limited***	1	–	–	–	1
Future Horizon Technologies Proprietary Limited	*	162	–	–	162
Micawber 534 Proprietary Limited**	*	5 160	(5 160)	–	*
Orion Properties 14 Proprietary Limited	*	5 356	–	221	5 577
Papillon in Flight Proprietary Limited	3 191	–	(3 191)	–	–
Phakamani Impact Capital Proprietary Limited	5	750	–	–	755
Space Launch Investments (Private) Limited***	1	1 563	–	–	1 564
Vunani Solar Power Proprietary Limited (note 1)	1 300	–	–	–	1 300
Wisdom of Africa Proprietary Limited (dormant)	*	–	–	–	*
	6 331	19 485	(8 351)	221	17 686

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

Note 1 – acquired in terms of vendor financed transaction (refer to note 27.3 and 27.4 for the corresponding liability).

A reconciliation of the movements in associates is shown below:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the period ended 29 February 2016

16. INVESTMENTS IN AND LOANS TO ASSOCIATES (continued)

Associates' statement of comprehensive income is presented below:

VUNANI LIMITED – Group

Figures in R'000	Revenue	Fair value adjustments	Depreciation and amortisation	Interest income	Interest expense	Income tax (expense)	Other expenses	Profit/ (loss) and total comprehensive income
for the period ended 29 February 2016								
Avram International LLC	–	–	–	–	–	–	–	–
Before Sunset Properties 37 Proprietary Limited	–	–	–	–	–	–	–	–
Black Wattle Colliery Proprietary Limited (refer to note 19)	479 903	–	(24 717)	2 093	(5 715)	(2 634)	(448 428)	502
Butsanani Energy Investment Holdings Proprietary Limited	1 111	–	–	140	–	–	(1 693)	(442)
English Breeze Investments (Private) Limited***	–	–	–	–	–	–	–	–
Future Horizon Technologies Proprietary Limited	–	–	–	*	–	–	(712)	(712)
Mandlalux Proprietary Limited	127 716	–	(1 897)	1 758	(8 003)	(6 872)	(98 873)	13 829
Marudi Proprietary Limited	–	–	–	–	(131)	–	(10)	(141)
Micawber 534 Proprietary Limited**	–	–	–	–	–	–	–	–
Orion Properties 14 Proprietary Limited	2 322	1 408	–	–	(1 105)	(297)	(1 652)	676
Papillon in Flight Proprietary Limited	–	–	–	–	–	–	–	–
Phakamani Impact Capital Proprietary Limited	2 902	–	–	1	–	–	(3 941)	(1 038)
Qinisa Steel Solutions Proprietary Limited	–	–	–	–	–	–	–	–
Space Launch Investments (Private) Limited***	–	–	–	–	–	–	–	–
Vunani Solar Power Proprietary Limited	–	–	–	–	–	–	–	–
Verbicept Proprietary Limited	–	35 961	–	–	–	(14 144)	(38)	21 779
	613 954	37 369	(26 614)	3 992	(14 954)	(23 947)	(555 347)	34 453

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

16. INVESTMENTS IN AND LOANS TO ASSOCIATES (continued)

VUNANI LIMITED – Group

Figures in R'000	Revenue	Fair value adjustments	Depreciation and amortisation	Interest income	Interest expense	Income tax expense	Other expenses	Profit/ (loss) and total comprehensive income
for the period ended 31 December 2014								
Avram International LLC	–	–	–	–	–	–	–	–
Before Sunset Properties 37 Proprietary Limited	–	–	–	–	–	–	(7)	(7)
Black Wattle Colliery Proprietary Limited (refer to note 19)	451 957	–	(43 534)	1 829	(5 587)	(4 917)	(387 887)	11 861
Butsanani Energy Investment Holdings Proprietary Limited	–	–	–	137	–	–	(12 692)	(12 555)
English Breeze Investments (Private) Limited***	–	–	–	–	–	–	–	–
Future Horizon Technologies Proprietary Limited	–	–	–	–	–	–	(162)	(162)
Micawber 534 Proprietary Limited**	–	–	–	–	–	–	–	–
Orion Properties 14 Proprietary Limited	2 305	884	–	*	(1 024)	(198)	(1 734)	233
Papillon in Flight Proprietary Limited	–	–	–	–	–	–	–	–
Phakamani Impact Capital Proprietary Limited	375	–		–	–	–	(1 777)	(1 402)
Space Launch Investments (Private) Limited***	–	–	–	–	–	–	–	–
Vunani Solar Power Proprietary Limited	–	–	–	–	–	–	–	–
Wisdom of Africa Proprietary Limited (dormant)	–	–	–	–	–	–	–	–
	454 637	884	(43 534)	1 966	(6 611)	(5 115)	(404 259)	(2 032)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the period ended 29 February 2016

16. INVESTMENTS IN AND LOANS TO ASSOCIATES (continued)

A reconciliation of the investments in and loans to associates

VUNANI LIMITED – Group

Figures in R'000	Effective ownership	Net asset value	Share of net assets	Loans to associates	Goodwill/ (bargain purchase)	Losses not accounted for	Impairments	Black Wattle option	Net carrying amount
for the period ended 29 February 2016									
Avram International LLC	26.0%	–	–	–	1 833	–	–	–	1 833
Before Sunset Properties 37 Proprietary Limited	25.3%	(61)	(17)	–	–	17	–	–	–
Black Wattle Colliery Proprietary Limited (refer to note 19)	37.5%	49 089	18 408	–	–	–	–	(18 408)	–
Butsanani Energy Investment Holdings Proprietary Limited	33.3%	(4 867)	(1 621)	12 225	–	1 621	–	–	12 225
English Breeze Investments (Private) Limited***	50.0%	(18)	(9)	–	1	9	–	–	1
Future Horizon Technologies Proprietary Limited	33.3%	(875)	(291)	895	–	291	(895)	–	–
Mandlalux Proprietary Limited	62.5%	63 829	45 912	6 494	–	–	–	–	52 406
Marudi Proprietary Limited	50.0%	(308)	(71)	2 473	–	71	–	–	2 473
Micawber 534 Proprietary Limited**	47.6%	(10 677)	(5 082)	5 160	–	5 082	(5 160)	–	–
Orion Properties 14 Proprietary Limited	39.0%	1 120	559	5 356	–	–	–	–	5 915
Papillon in Flight Proprietary Limited	26.0%	–	–	–	3 191	–	(3 191)	–	–
Phakamani Impact Capital Proprietary Limited	51.0%	(2 039)	(1 040)	750	5	1 040	–	–	755
Qinisa Steel Solutions Proprietary Limited	23.9%	–	–	–	–	–	–	–	–
Space Launch Investments (Private) Limited***	50.0%	–	–	2 160	1	–	(2 160)	–	1
Vunani Solar Power Proprietary Limited (dormant)	26.0%	–	–	–	1 300	–	–	–	1 300
Verbicept Proprietary Limited	50.0%	35 244	35 244	–	–	–	–	–	35 244
		130 437	91 992	35 513	6 331	8 131	(11 406)	(18 408)	112 153
Transfer to non-current assets held for sale (refer to note 20)									(35 244)
Net carrying amount									76 909

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

16. INVESTMENTS IN AND LOANS TO ASSOCIATES (continued)

VUNANI LIMITED – Group

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the period ended 29 February 2016

16. INVESTMENTS IN AND LOANS TO ASSOCIATES (continued)

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

- English Breeze Investments (Private) Limited
- Space Launch Investments (Private) Limited
- Butsanani Energy Investment Holdings Proprietary Limited
- Qinisa Steel Solutions Proprietary Limited
- Phakamani Impact Capital Proprietary Limited
- Black Wattle Colliery Proprietary Limited

The group has accounted for losses incurred by associates to the extent of investments made. The group has not recognised losses relating to the following associates in 2016, since the group has no obligation in respect of these losses:

The group's share of associates' losses in excess of the carrying value of the investment:

Figures in R'000	Current year losses		Cumulative losses	
	2016	2014	2016	2014
Before Sunset Properties 37 Proprietary Limited	*	2	2	2
Butsanani Energy Investment Holdings Proprietary Limited	148		1 619	5 190
English Breeze Investments (Private) Limited*	–	–	9	9
Future Horizon Technologies Proprietary Limited	237	54	291	54
Marudi Proprietary Limited	71	–	71	–
Micawber 534 Proprietary Limited	–	–	–	–
Phakamani Impact Capital Proprietary Limited	519	701	1 024	701
Qinisa Steel Solutions Proprietary Limited	–	–	–	–
	975	757	3 016	5 956

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

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

** Less than R1000.*
*** The company is incorporated in Botswana.*
**** The company is incorporated in Zimbabwe.*

Figures in R'000	VUNANI LIMITED – Group 14 months ended 29 February 2016	12 months ended 31 December 2014
17. OTHER INVESTMENTS		
Balance at beginning of period	**111 170**	115 317
Fair value adjustments	**(2 534)**	(14 089)
Additions	**1 010**	2 833
Foreign exchange gain	**290**	52
Additions in lieu of loan repayments	**–**	4 454
Additions through business combinations	**–**	556
Additions in lieu of revenue	**–**	1 287
Disposals	**(40 994)**	–
Transfer from associates	**–**	760
Transfer to non-current assets held for sale	**(23 595)**	–
Transfer to non-current assets held for sale (refer to note 20)	**(7 260)**	–
Balance at end of period	**38 087**	111 170
Non-current	**34 318**	102 270
Current	**3 769**	8 900
	38 087	111 170

	INVESTMENTS				
	Number of shares held (000s)	% holding	Listed R'000	Unlisted R'000	Fair value R'000
Non-current					
African Legends Limited	2 248	2.4	–	*	*
Ferrox Proprietary Limited	4 800	1.08	–	6 810	6 810
Gidani Proprietary Limited**	*	12.11	–	–	–
Johannesburg Stock Exchange Limited	182	0.06	25 759	–	25 759
Ujwala Proprietary Limited	*	26	–	1 484	1 484
Prospect Resources Limited	620	0.09	28	–	28
Virimai Investments (Private) Limited	*	15.00	–	237	237
Other investments – non-current			25 787	8 531	34 318
Current					
Listed portfolios managed by Vunani Private Clients Proprietary Limited	*	*	2 810	–	2 810
Purpose Vunani Asset Management (Private) Limited listed investments	*	*	615	–	615
Sygnia Limited	22	*	344	–	344
Other investments – current			3 769	–	3 769
Total other investments			29 556	8 531	38 087

** Less than 1 000 shares or R1 000 or 0.1%.*
*** Any investment revenue received until 31 May 2015 from the investment has been pledged to Investec Bank Limited (refer to note 27.8).*

The investments in BSI Limited and Workforce Holdings Limited (held in Verbicept Proprietary Limited) have been transferred to non-current assets held for sale (refer to note 20).

During the period, the group disposed of its investments in Redefine Properties Limited, Esor Limited and Arrowhead Properties Limited. The proceeds on sale were used to redeem debt.

The investments in Solethu Investments Proprietary Limited was disposed of during the period for a nominal consideration.

Determination of fair values
Listed investments
The fair values of listed investments (that are traded in an actively traded market) are determined with reference to quoted bid prices at 29 February 2016 on the relevant securities exchange. Listed investments are designated at fair value through profit or loss.

17. OTHER INVESTMENTS (continued)

Major unlisted investments

The fair value of unlisted investments is determined using appropriate valuation techniques that may include, but are not limited to, discounted cash flow analysis, current and projected net asset value calculations and earnings multiple. Unlisted investments are designated at fair value through profit or loss.

The fair value of Gidani Proprietary Limited was determined using expected cash flows based on future dividends that will be paid using an after tax discount rate.

The fair value of Ferrox Proprietary Limited was based on a valuation prepared by a third party, which was performed using the discounted cash flow method. Vunani applied additional discount factors to the third party valuation to take into account risks specific to its investment in order to determine the fair value. As such, additional minority and marketability discount factors were applied to determine the fair value.

The fair value of Ujwala Proprietary Limited was determined by using the discounted cash flow method.

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

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

*** Any investment revenue received until 31 May 2015 from the investment has been pledged to Investec Bank Limited (refer to note 27.8).*

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

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

Figures in R'000	VUNANI LIMITED – Group 14 months ended 29 February 2016	12 months ended 31 December 2014
18. DEFERRED TAX		
Deferred tax comprises		
Deferred tax asset	**46 203**	44 890
Deferred tax liabilities	**(2 152)**	(7 825)
	44 051	37 065
Recognised deferred tax assets and liabilities comprise		
Fair value adjustments		
Other investments	**174**	1 503
Other financial liabilities	**961**	–
Intangible assets	**–**	(1 466)
Trade and other receivables	**–**	(1 678)
Accruals	**4 892**	12 112
Tax losses carried forward	**38 206**	26 812
Prepayments	**(182)**	(218)
	44 051	37 065
Reconciliation of movement in deferred tax		
Balance at the beginning of the year	**37 065**	36 336
Recognised in profit or loss	**4 364**	653
Recognised in profit or loss – discontinued operations (refer to note 13)	**1 282**	–
Transfer to investment in associates	**1 043**	–
Effect of exchange differences	**297**	–
Acquired through business combination	**–**	76
Balance at the end of the year	**44 051**	37 065
Deferred tax assets acquired through business combination relate to tax losses carried forward.		
Unrecognised deferred tax assets		
Estimated tax losses available for utilisation against future taxable income	**153 771**	177 474
Recognised as deferred tax assets	**(136 786)**	(95 781)
Unrecognised estimated tax losses carried forward not accounted for in deferred tax	**16 985**	81 693
Estimated capital tax losses available for utilisation against future capital tax profit	**323 980**	323 269
Recognised as deferred tax assets	**–**	–
Unrecognised estimated capital tax losses carried forward not accounted for in deferred tax	**323 980**	323 269

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the period ended 29 February 2016

VUNANI LIMITED – Group

Figures in R'000	Other loans	Black Wattle Option	Total
19. OTHER NON-CURRENT ASSETS			
2016			
Balance at the beginning of the period	**4 788**	**20 040**	**24 828**
Additions	**8 790**	**–**	**8 790**
Foreign exchange gain	**54**	**–**	**54**
Interest	**301**	**–**	**301**
Repayments	**(4 257)**	**–**	**(4 257)**
Impairment (refer to note 9)	**(4 646)**	**–**	**(4 646)**
Fair value adjustment (refer to note 9)	**–**	**(4 542)**	**(4 542)**
Movement between fair value of option and unrecognised fair value gain on day one	**–**	**3 574**	**3 574**
Balance at the end of the period	**5 030**	**19 072**	**24 102**
2014			
Balance at the beginning of the year	4 388	22 421	26 809
Additions	798	–	798
Foreign exchange gain	13	–	13
Interest	718	–	718
Repayments	(331)	–	(331)
Impairment (refer to note 9)	(798)	–	(798)
Fair value adjustment (refer to note 9)	–	(5 954)	(5 954)
Movement between fair value of option and unrecognised fair value gain on day one	–	3 573	3 573
Balance at the end of the year	4 788	20 040	24 828

19. OTHER NON-CURRENT ASSETS (continued)

Figures in R'000	VUNANI LIMITED – Group 14 months ended 29 February 2016	 12 months ended 31 December 2014
Non-current		
Black Wattle Option	**19 072**	20 040
Other loans	**3 432**	1 965
	22 504	22 005
Current		
Other loans	**1 598**	2 823
Total	**24 102**	24 828
Other loans		
C4Life Proprietary Limited	**–**	3 426
The loan bears interest at the prime rate, is secured by a cession of book debts in the company and is repayable in tranches up to 1 October 2020. The balance of the loan has been impaired in full.		
Non-current	**6 382**	5 399
Repayments	**(271)**	–
Current	**620**	1 603
Cumulative impairment	**(6 731)**	(3 576)
RRL Holdings Proprietary Limited	**–**	1 220
The loan bears interest at the prime rate, is unsecured and is repayable on demand. The balance of the loan has been impaired in full.		
Current	**1 220**	1 220
Additions	**2 475**	–
Repayments	**(2 400)**	–
Impairment	**(1 295)**	–
Kirloska Investments (Private) Limited	**–**	142
The loan is unsecured and bears no interest. The balance of the loan has been impaired in full.		
Current	**196**	142
Impairment	**(196)**	–
Zibuyile Healthcare Proprietary Limited	**–**	–
The loan is unsecured, bears no interest and has been fully impaired.		
Current	**798**	798
Impairment	**(798)**	(798)
Ujwala Proprietary Limited	**1 598**	–
The loan is unsecured, bears interest at prime interest rate and is repayable within the next 12 months.		
Current	**1 557**	–
Interest	**41**	–
Vendor financed loan	**3 432**	–
Vunani Capital Proprietary Limited advanced a loan to a non-related third party to finance their acquisition of a 10.71% investment in Mandlamart Proprietary Limited. The loan is unsecured, bears interest at prime interest rate. The capital and interest will be repaid within a period not exceeding five years.		
Non-current	**4 758**	–
Interest	**260**	–
Repayments	**(1 586)**	–
	5 030	4 788

19. OTHER NON-CURRENT ASSETS (continued)

Black Wattle Option

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

Vunani Mining is not entitled to share in the economic benefits of ownership until such time as the debt associated with the acquisition is settled. The debt would be redeemed through dividends received by Vunani Mining on the A ordinary shares. Cash flows relating to the 15% ordinary shares will be paid to Vunani Mining. The risks and rewards of ownership have not passed to Vunani Mining and accordingly Vunani Limited equity accounts 0% of Black Wattle in profit or loss (refer to note 16).

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

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

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

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

Figures in R'000	14 months ended 29 February 2016	12 months ended 31 December 2014
Fair value of option to acquire investment in Black Wattle Colliery Proprietary Limited	**19 072**	23 614
Unrecognised fair value gain	**–**	(3 574)
Carrying value at period end	**19 072**	20 040
Unrecognised fair value gain reconciliation		
Unrecognised fair value gain on day one	**17 864**	17 864
Fair value gain recognised – prior years	**(14 290)**	(10 717)
Fair value gain recognised – current year	**(3 574)**	(3 573)
Unrecognised fair value gain at period end	**–**	3 574

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

Level 3 fair value hierarchy

The fair value measurement for the derivative financial instrument has been classified as a level 3 fair value based on the inputs of the valuation technique used (refer to note 41.5).

20. **NON-CURRENT ASSETS HELD FOR SALE**

The group made a decision during the period to dispose of its listed investments in BSI Limited and the Workforce Holdings Limited shares (held in Verbicept Proprietary Limited). 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.

Figures in R'000	14 months ended 29 February 2016	12 months ended 31 December 2014
As at 29 February 2016, the assets held for sale were detailed as follows:		
Other investments		
BSI Limited	7 260	–
Investment in associate		
Verbicept Proprietary Limited	35 244	–
	42 504	–

Fair value hierarchy

The fair value measurement for the non-current assets held for sale of R7.26 million has been categorised as a level 1 based on the inputs to the valuation technique used.

Figures in R'000	14 months ended 29 February 2016	12 months ended 31 December 2014
21. TRADE AND OTHER RECEIVABLES		
Trade debtors	11 816	28 370
Sundry accounts receivable	14 892	11 104
Loan receivable from holding company	269	319
Allowance for impairment	(1 791)	(708)
	25 186	39 085
Reconciliation of movement in allowance for impairment		
Balance at the beginning of the year	(708)	(1 005)
(Increase)/decrease in impairment allowance	(1 494)	297
Utilised	411	–
Balance at the end of the period	(1 791)	(708)
Factors considered In impairment		
The group reviews accounts receivables monthly. Unless customers have good payment records, an impairment allowance is created at 50% of accounts older than 60 days and 100% of accounts older than 90 days.		
Ageing of trade and other receivables:		
Not past due	20 802	16 408
Past due 1 – 30 days	2 002	6 906
Past due 31 – 60 days	2 382	15 762
Past due 61 – 90 days	–	18
Past due 91 days and greater	1 791	699
	26 977	39 793
Impairment allowance		
Past due 61 – 90 days	–	(9)
Past due 91 days and greater	(1 791)	(699)
	(1 791)	(708)
An analysis of the credit quality of trade and other receivables not impaired is as follows:		
Internal credit ratings		
Four or more years trading history with the group	9 892	12 578
Less than four years trading history with the group	15 294	26 507
	25 186	39 085

VUNANI LIMITED – Group

Figures in R'000	14 months ended 29 February 2016	12 months ended 31 December 2014
22. ACCOUNTS RECEIVABLE AND PAYABLE FROM TRADING ACTIVITIES		
Accounts receivable from trading activities		
Accounts receivable	**648 817**	120 573
Accounts payable from trading activities		
Accounts payable	**647 872**	120 525

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

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

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

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

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

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

Figures in R'000	14 months ended 29 February 2016	12 months ended 31 December 2014
23. TRADING SECURITIES		
Trading securities receivable (held for trading)	**131**	251
24. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	**17 562**	67 773
Bank overdraft	**(467)**	(1 117)
Cash and cash equivalents in the statement of cash flows	**17 095**	66 656

Figures in R'000	VUNANI LIMITED – Group 14 months ended 29 February 2016	12 months ended 31 December 2014
25. STATED CAPITAL		
Authorised		
200 000 000 ordinary shares of no par value	**–**	–
99 000 redeemable preference shares of R0.01 each	**1**	1
	1	1
Issued		
114 664 649 (2014: 114 664 649) ordinary shares of no par value	**624 888**	624 888
Treasury shares (number of shares held at period end 5 364 413 (2014: 5 364 413))	**(15 571)**	(15 571)
	609 317	609 317
There were no changes to treasury shares during the period.		
Reconciliation of movement in number of shares issued ('000):		
Reported at the beginning of the period	**114 665**	105 415
Issued during the year	**–**	9 250
Balance at end of period	**114 665**	114 665
Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		
Reconciliation of movement in stated capital (R'000):		
Reported at the beginning of the period	**624 888**	610 088
Issued during the year	**–**	14 800
Balance at end of period	**624 888**	624 888
26. SHARE-BASED PAYMENTS		
A group share scheme was introduced in June 2011, whereby employees were entitled to receive shares in the company upon vesting (which takes place over a four-year service period). At 29 February, 100% of the shares issued in Grant 1 had vested and 70% of the shares issued in Grant 2 had vested.		
Share-based payments reserve	**12 871**	13 249

Share option programme (equity-settled)

Grant 1

At 29 June 2011 the company implemented a share purchase scheme with the following terms:

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

The options under Grant 1 at 29 February 2016 have an exercise price of R3.00 and have fully vested. None of the options issued under Grant 1 had been exercised at 29 February 2016.

26. SHARE-BASED PAYMENTS (continued)

	VUNANI LIMITED – Group	
	14 months ended 2016 Number of options	12 months ended 2014 Number of options
Balance at beginning of the period	**3 035**	3 292
Granted during the period	**–**	–
Forfeited during the period	**(49)**	(257)
Balance at end of the period	**2 986**	3 035
Exercisable at 29 February 2016	**2 986**	2 125

Grant 2

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

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

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

	2016 Number of shares awarded	2014 Number of shares awarded
Balance at beginning of the period	**2 816**	3 309
Granted during the period	**–**	–
Forfeited during the period	**(494)**	(493)
Balance at end of the period	**2 322**	2 816
Exercisable at 29 February 2016	**1 625**	1 267

The options outstanding at 29 February have an exercise price of R1.48 and a weighted average contractual life of four years.

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

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

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

Conditional share scheme

The company implemented a conditional share scheme in November 2015, whereby employees would be awarded performance and retention shares in the company upon vesting (which takes place over a three year service period) and when certain conditions have been met. The shares were issued on 11 November 2015 and 29 February 2016.
The details of the share-based payment arrangements are below:

	Vesting dates		
	1st tranche 11 November 2016 29 February 2017 (33.33% vesting)	2nd tranche 11 November 2017 29 February 2017 (33.33% vesting)	3rd tranche 11 November 2018 29 February 2017 (33.33% vesting)

26. SHARE-BASED PAYMENTS (continued)

	VUNANI LIMITED – Group	
	2016 Number of shares	2014 Number of shares
Balance at beginning of the period	–	–
Granted during the period	8 405	–
Forfeited during the period	(291)	–
Balance at end of the period	8 114	–
Exercisable at 29 February 2016	–	–
Fair value of share options and assumptions		
Fair value at grant date (11 November 2015)	6 601	–
Fair value at grant date (29 February 2016)	6 004	–
Share price at grant date (11 November 2015 and 29 February 2016)	R1.60	–
Vesting period	3 years	–
Assumed dividends payable (11 November 2015)	1.97%	–
Assumed dividends payable (29 February 2016)	2.31%	–

Employee expenses	R'000	R'000
Share options expensed in 2011	2 524	2 524
Share options expensed in 2012	3 382	3 382
Share options expensed in 2013	3 630	3 630
Share options expensed in 2013 – subsidiary company	720	720
Share options expensed in 2014	1 707	1 707
Share options expensed in 2014 – subsidiary company	1 286	1 286
Share options expensed in 2016	1 628	–
Transferred to retained income in the current period	(2 006)	–
Total expense recognised as employee costs	12 871	13 249

Share-based payment option in a subsidiary company:

These shares were granted to previous directors of Vunani Fund Managers Proprietary Limited in prior years. The shares vested in the current period and were taken up by the individuals.

Figures in R'000	14 months ended 29 February 2016	12 months ended 31 December 2014
Share award granted in 2013	720	720
Share award granted in 2014	1 286	1 286
Transfer between reserves	(2 006)	–
	–	2 006

Figures in R'000	VUNANI LIMITED – Group 14 months ended 29 February 2016	12 months ended 31 December 2014
27. OTHER FINANCIAL LIABILITIES		
Other financial liabilities comprise:		
Carried at amortised cost	**16 842**	43 026
Capital	**16 110**	42 430
Accrued interest	**732**	596
Carried at fair value through profit or loss	**4 290**	2 554
	21 132	45 580
Reconciliation of movement of other financial liabilities		
Balance at the beginning of the period	**45 580**	53 475
Accrued interest – debentures	**2 034**	2 509
Accrued interest – long-term borrowings – continuing operations	**390**	–
Advances	**4 758**	–
Liabilities written back	**(1 483)**	–
Capitalised to non-controlling interest	**(1 159)**	–
Transfer to investment in associate	**(9 000)**	–
Repayments	**(24 145)**	(9 227)
Fair value adjustments through profit or loss	**4 157**	(1 177)
Balance at the end of the period	**21 132**	45 580
Reconciliation of cumulative fair value adjustments		
Balance at the beginning of the period	**2 554**	6 971
Fair value adjustments through profit or loss	**4 157**	(1 177)
Settled	**(2 421)**	(3 240)
Balance at end of period	**4 290**	2 554
Carried at amortised cost		
27.1 Development Bank of Southern Africa Redeemable, cumulative debentures in Vunani Capital Proprietary Limited, with fixed interest at 9.09%, secured by an investment in Lexshell 630 Proprietary Limited. The debentures are redeemable on 30 September 2020.	**7 041**	26 616
Capital	**6 699**	26 020
Accrued interest	**342**	596
27.2 Force Holding Limited Cumulative redeemable participating preference shares in Verbicept Proprietary Limited which are interest-free. Capital is repayable from dividends from Workforce Holdings Limited as and when dividends are declared by Workforce Holdings Limited. No dividends were received from Workforce Holdings Limited in 2016 (2014: nil).		
Capital	**–**	9 000
27.3 Vendor financed loan – Avram International LLC This loan relates to acquisition cost of the investment in Avram International LLC. This liability is secured, interest-free and will be repaid using the dividends from Avram International LLC. No dividends are expected from Avram International LLC in 2016 (refer to note 16).	**1 833**	1 833
27.4 Vendor financed loan – Vunani Solar Power Proprietary Limited This loan relates to the acquisition cost of the investment in Vunani Solar Power Proprietary Limited. This liability is unsecured, interest-free and will be repaid using the dividends from Vunani Solar Power Proprietary Limited. No dividends are expected from Vunani Solar Power Proprietary Limited in 2016 (refer to note 16).	**1 300**	1 300

Figures in R'000	VUNANI LIMITED – Group 14 months ended 29 February 2016	12 months ended 31 December 2014
27. OTHER FINANCIAL LIABILITIES (continued)		
27.5 Peligro Trust	–	1 159
This loan arose as a result of business combination when the group increased its stake in Vunani Private Clients Proprietary Limited from 40% to 51%. The loan is unsecured and bears no interest. During the year, loan was capitalised to the investment held in Vunani Private Clients Proprietary Limited.		
27.6 Other loans	5 148	–
This amount represents a loan advanced by a non-controlling interest to Mandlamart Proprietary Limited following the non-controlling interest acquiring a 10.71% interest in Mandlamart Proprietary Limited during the period. The loan is unsecured, bears interest at prime and is repayable in 5 years.		
Capital	4 758	–
Accrued interest	390	–
27.7 Other financial liabilities	1 520	3 118
Loans are unsecured, interest-free and have no fixed terms of repayment.		
Total carried at amortised cost	16 842	43 026
Carried at fair value through profit or loss on initial recognition		
27.8 Investec Bank Limited		
The liability was repaid on 31 May 2015.	–	2 554
Capital	–	–
Fair value adjustment (refer to note 17)	–	2 554
27.9 Force Holdings Proprietary Limited		
This represents the value of the option granted to Force Holdings Proprietary Limited to acquire Vunani's shareholding in Verbicept Proprietary Limited, at a 10% discount to the fair value calculated in terms of an agreement with Force Holdings Proprietary Limited. Refer to note 16 for additional detail regarding the determination of the fair value.		
Fair value adjustment	4 290	–
Total carried at fair value through profit or loss	4 290	2 554
Total financial liabilities	21 132	45 580
***Less:* Current financial liabilities**	(10 982)	(25 282)
Non-current financial liabilities	10 150	20 298

Ring-fenced structured entities have historically been used to house the group's geared equity investments and any financial liabilities that relate to such investments. Financial assets and liabilities that arise in terms of these ring-fenced structures are both fair valued through profit or loss in terms of IAS39 – *Financial Instruments: Recognition and Measurement*.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the period ended 29 February 2016

	VUNANI LIMITED – Group	
Figures in R'000	14 months ended 29 February 2016	12 months ended 31 December 2014
28. TAXATION PAYABLE		
Current tax receivable	**(533)**	(1 006)
Dividends withholding tax (payable as a result of securities broking activities)	**3 112**	7 632
Securities transfer tax (payable as a result of securities broking activities)	**652**	2 136
	3 231	8 762
29. TRADE AND OTHER PAYABLES		
Trade creditors	**7 553**	5 480
Other payables	**10 782**	16 126
Accrued expenses	**8 552**	5 200
Value added tax	**923**	419
Accrued leave pay	**2 648**	2 330
	30 458	29 555

30. RETIREMENT BENEFITS

Defined contribution plan

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

Employees make an election to join the provident fund and their contributions to the fund are included with staff costs as detailed in note 10.

Figures in R'000	14 months ended 29 February 2016	12 months ended 31 December 2014
31. CASH UTILISED BY OPERATIONS		
Profit/(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 plant and equipment	**1 743**	1 570
Profit on disposal of assets by discontinued operations	**–**	(116 318)
Equity accounted earnings (net of income tax)	**(31 797)**	116
Gain on bargain purchase	**–**	(298)
Fair value adjustments and impairments (refer to note 9)	**18 934**	17 922
Realisation of unrecognised fair value gain on day one (refer to note 19)	**(3 574)**	(3 573)
Movement in impairment allowance	**1 083**	(297)
Amortisation of intangible assets	**858**	1 165
Share-based payments expenses (refer to note 26)	**1 628**	2 993
Foreign currency translation	**(3 460)**	(920)
Operating lease accrual	**(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
Reversal of other financial liabilities	**(1 483)**	–
Changes in working capital:		
Decrease in trading securities	**120**	69
(Decrease)/increase in trade and other receivables	**(6 747)**	8 473
(Decrease)/increase in trade and other payables	**(2 155)**	(9 688)
Decrease in accounts receivable and payable from trading activities	**903**	88
Net cash utilised by operating activities	**(28 523)**	(35 260)

Figures in R'000	VUNANI LIMITED – Group 14 months ended 29 February 2016	 12 months ended 31 December 2014
32. INCOME TAX		
Payable at beginning of the period	**1 006**	852
Current year tax charge – continuing operations	**(4 480)**	(2 115)
Current year tax charge – discontinued operations	**(1 465)**	(15 437)
Receivable at end of the period (refer to note 28)	**(533)**	(1 006)
	(5 472)	(17 706)
33. DECREASE IN INVESTMENT IN SUBSIDIARIES		
Vunani Fund Managers Proprietary Limited		
In the 2014 financial year, the group disposed of 5% of its investment in Vunani Fund Managers Proprietary Limited ("VFM") for a consideration of R nil to non-controlling interest. This resulted in the group decreasing its shareholding in VFM from 95,5% to 90,5%.		
Net assets disposed of	**–**	318
Purchase price	**–**	–
Transaction between shareholders recognised directly in equity	**–**	318

There have been no changes in group's ownership of subsidiaries that resulted in a loss of control of subsidiaries in the 14 month period ended 29 February 2016.

34. INCREASE IN INVESTMENT IN SUBSIDIARIES		
Vunani Resources Proprietary Limited		
In 2016, the group increased its investment in Vunani Resources Proprietary Limited ("VR") for a nominal consideration. This resulted in the group increasing its shareholding in VR from 51% to 75%. The non-controlling interest's share of negative net assets at the date of acquisition was R2.1 million.		
Net assets acquired	**(1 033)**	–
Purchase price	**–**	–
Transaction between shareholders recognised directly in equity	**(1 033)**	–
Purpose Vunani Asset Management (Private) Limited		
During the period, the group acquired an additional 10% in Purpose Vunani Asset Management (Private) Limited for a consideration of $33 333 (R442 000). This resulted in the group increasing its shareholding from 55% to 65%. The non-controlling interest's share of net assets at the date of acquisition was R3.0 million.		
Net assets acquired	**35**	–
Purchase price	**442**	–
Transaction between shareholders recognised directly in equity	**477**	–
Vunani Private Clients Proprietary Limited		
The group increased its shareholding in Vunani Private Clients Proprietary Limited from 51% to 62.8%. The non-controlling interest's share of negative net assets at the date of acquisition was R3.5 million.		
Net assets acquired	**(3 656)**	–
Purchase price	**–**	–
Transaction between shareholders recognised directly in equity	**(3 656)**	–

	VUNANI LIMITED – Group	
Figures in R'000	14 months ended 29 February 2016	12 months ended 31 December 2014
35. BASIC AND HEADLINE EARNINGS/(LOSS) PER SHARE		
Basic and diluted earnings per share (cents)	**6.2**	54.6
Continuing operations	**6.3**	(22.5)
Discontinued operations	**(0.1)**	77.1
Headline and diluted headline earnings/(loss) per share (cents)	**5.8**	(27.5)
Continuing operations	**5.9**	(24.7)
Discontinued operations	**(0.1)**	(2.8)

Basic and diluted earnings/(loss) per share

The calculation of basic and diluted earnings per share at 29 February 2016 was based on the profit attributable to ordinary shareholders of R6.8 million (2014: profit of R56.0 million), and a weighted average number of ordinary shares outstanding of 109.301 million (2014: 102.639 million), and 109.522 million (2014: 102.639 million) in the case of diluted earnings per share, calculated below:

Headline and diluted headline loss per share

The calculation of headline and diluted headline profit/(loss) per share at 29 February 2016 was based on headline earnings attributable to ordinary shareholders of R6.4 million (2014: headline loss of R28.3 million), and a weighted average number of ordinary shares outstanding of 109.301 million (2014: 102.639 million), and 102.522 million (2014: 106.369 million) in the case of diluted headline earnings per share, calculated as follows:

	14 months ended 29 February 2016	12 months ended 31 December 2014
Continuing operations – Basic and diluted earnings/(loss)	**6 860**	(23 094)
Discontinued operations – Basic and diluted (loss)/earnings	**(110)**	79 108
Continuing operations – Headline and diluted headline profit/(loss)	**8 169**	(25 352)
Discontinued operations – Headline and diluted headline loss	**(110)**	(2 902)
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)
Weighted average number of shares	**109 301**	102 639
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

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

Figures in R'000	VUNANI LIMITED – Group 14 months ended 29 February 2016	 12 months ended 31 December 2014
Potential dilutive shares		
The Grant 1 and Grant 2 shares issued as part of the employee share incentive scheme could potentially dilute basic earnings in the future. In the current period the impact of the potential dilutive shares is immaterial.		
Shares issued as part of the share incentive scheme (000s)	**4 759**	4 759
Net asset value per share (cents)		
Equity attributable to equity holders of Vunani Limited, divided by the total shares in issue, including treasury shares.	**222.8**	224.7
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.	**192.9**	194.0
Headline earnings/(loss)		
Profit for the period attributable to equity holders of Vunani	**6 750**	56 039
Adjusted for:		
Profit on disposal of discontinued operations	**–**	(116 318)
Taxation	**–**	21 691
Non-controlling interest	**–**	12 617
Associates		
Gross fair value adjustment of investment property held by associate	**(704)**	(467)
Deferred taxation on fair value adjustment of investment property held by associate	**197**	131
Non-controlling interest	**112**	74
Business acquisitions		
Fair value adjustment on stepped-up acquisition	**–**	(1 742)
Bargain purchase	**–**	(298)
	6 355	(28 273)
Number of shares in issue (000s)	**114 665**	114 665
Weighted average number of shares (000s)	**109 301**	102 639
Dilutive weighted average number of shares (000s)	**109 522**	102 639

Figures in R'000	VUNANI LIMITED – Group 14 months ended 29 February 2016	12 months ended 31 December 2014
36. COMMITMENTS		
Guarantees and sureties provided		
The group has provided guarantees and sureties to third parties as at 29 February 2016 (including investments in associates) in the amount of R102.3 million (2014: R43.8 million). The probability of the liability materialising in terms of these guarantees and sureties is dependent on the performance of the underlying businesses that are servicing the debt that is linked to the guarantees and sureties. The increase in the guarantees and sureties is due to the acquisition of a material associate, which was funded through debt.		
Operating leases – as lessee (expense)		
Minimum lease payments due		
– within one year	**3 985**	5 322
– in second to fifth year inclusive	**16 529**	555
	20 514	5 877

Operating lease payments represent rentals payable by the group for its office premises and office equipment. Leases are negotiated for an average term of four years. Rentals on the office and office equipment escalate at an average rate of 8.0% (2014: 8.36%) per annum.

37. NON-CONTROLLING INTERESTS

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

For the period ended 29 February 2016

Figures in R'000	Vunani Properties Proprietary Limited*	Vunani Fund Managers Proprietary Limited	Vunani Private Clients Proprietary Limited**	Vunani Capital Zimbabwe (Private) Limited	Purpose Vunani Asset Management (Private) Limited***	Vunani Resources Proprietary Limited****	Mandlamart Proprietary Limited	Other individually immaterial non-controlling interests	Intra-group elimi-nations	Total
NCI percentage	22%	9.5%	32.2%	25.5%	35%	25%	10.71%			
Non-current assets	5 915	703	470	60	8 138	–	45 992	–		
Current assets	26 898	13 675	1 905	226	1 312	93	6 495	–		
Non-current liabilities	–	–	–	–	–	–	(5 149)	–		
Current liabilities	(27 409)	(6 224)	(3 181)	(6 878)	–	(5 932)	(42 918)	(1 543)		
Net assets	5 404	8 154	(806)	(6 592)	9 450	(5 839)	4 420	(1 543)		
Carrying amount of NCI	1 189	775	(260)	(1 681)	3 308	(1 460)	473	(674)	–	1 670
Revenue	–	51 293	12 833	–	9 175	553	–	–		
Profit/(loss)	197	3 498	(1 296)	1 927	(162)	(2 903)	4 420	2 099		
OCI	–	–	–	(2 355)	2 771	–	–	–		
Total comprehensive income	197	3 498	(1 296)	(428)	2 609	(2 903)	4 420	2 099		
Profit allocated to NCI	1 266	332	(441)	491	(122)	(1 054)	473	474	–	1 419
OCI allocated to NCI	–	–	–	(600)	1 075	–	–	–		475
Net increase/(decrease) in cash and cash equivalents	3	303	(162)	(58)	1	(106)	*	8		
Dividends paid to non-controlling interest	1 618	–	–	–	–	–	–	–		

** The non-controlling interest profit allocation has not been calculated in the proportionate shareholding due to the dividend declaration not being in proportion shareholding (as agreed to by the non-controlling shareholders).*

***During the period, the group increased its investment in Vunani Private Clients Proprietary Limited from 51% to 67.8%. The profit allocation to NCI has been based on the percentage held before and after the increase in shareholding by the group.*

****During the period, the group increased its investment in Purpose Vunani Asset Management (Private) Limited from 55% to 65%. The profit allocation to NCI has been based on the percentage held before and after the increase in shareholding by the group.*

*****During the period, the group increased its investment in Vunani Resources Proprietary Limited from 51% to 75%. The profit allocation to NCI has been based on the percentage held before and after the increase in shareholding by the group.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the period ended 29 February 2016

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VUNANI LIMITED – Group

Figures in R'000	Vunani Properties Proprietary Limited***	Vunani Fund Managers Proprietary Limited*	Vunani Private Clients Proprietary Limited	Vunani Capital Zimbabwe (Private) Limited	Purpose Vunani Asset Management (Private) Limited**	Vunani Resources Proprietary Limited****	Other individually immaterial non-controlling interests	Intra-group elimi-nations	Total
NCI percentage	22%	9.5%	49%	25.5%	45%	49%			
Non-current assets	5 973	1 420	252	221	5 823	–	–		
Current assets	41 968	11 234	2 024	308	1 018	1 118	22		
Non-current liabilities	(1 678)	–	(1 159)	–	(549)	–	–		
Current liabilities	(39 256)	(7 998)	(8 209)	(6 694)	–	(4 053)	(2 434)		
Net assets	7 007	4 656	(7 092)	(6 165)	6 292	(2 935)	(2 412)		
Carrying amount of NCI	1 542	442	(3 475)	(1 572)	2 831	(1 438)	(1 148)	–	(2 818)
Revenue	1 571	36 822	10 647	99	5 147	–	–		
Profit/(loss)	98 723	(1 903)	(2 322)	(40)	(2 534)	(1 235)	(240)		
OCI	–	–	–	(588)	880	–	–		
Total comprehensive income	98 723	(1 903)	(2 322)	(628)	(1 654)	(1 235)	(240)		
Profit allocated to NCI	14 129	(181)	(1 138)	(10)	(1 140)	(605)	(115)	6	10 946
OCI allocated to NCI	–	–	–	(150)	396	–	–		246
Net increase/(decrease) in cash and cash equivalents	(1 217)	36	282	25	(86)	210	(4)		
Dividends paid to non-controlling interest	11 677	–	–	–	–	–	–		

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

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

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

Note: All subsidiaries with the exception of Vunani Capital Zimbabwe and Purpose Vunani Asset Management are incorporated and conduct business in South Africa, which are incorporated and conduct business in Zimbabwe.

38. OPERATING SEGMENTS

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

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.

There are no single major customers.

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

Basis of measurement

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

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

For the period ended 29 February 2016

Continuing operations

Figures in R'000	Fund management*	Asset administration**	Advisory services	Institutional securities broking	Private equity*	Private clients*	Total
Revenue	60 468	–	1 007	69 780	10 102	12 833	154 190
Finance income and interest received from investments	338	494	2	2 109	1 923	1 686	6 552
Finance costs	–	(390)	–	(53)	(2 229)	(25)	(2 697)
Depreciation	(1 081)	–	(54)	(66)	(200)	(342)	(1 743)
Amortisation of intangible assets	–	–	–	–	–	(858)	(858)
Impairment on assets	–	–	(196)	–	(7 505)	–	(7 701)
Equity accounted earnings	–	9 681	–	–	22 116	–	31 797
Income tax income/(expense)	(1 129)	–	43	(2 298)	3 268	–	(116)
Reportable segment profit/(loss) after tax	519	7 407	(2 493)	5 108	1 172	(3 403)	8 310
Reportable segment assets	51 594	52 487	1 035	659 507	195 847	2 363	962 833
Investment in associates	–	52 487	–	–	24 422	–	76 909
Capital expenditure	566	–	–	77	372	560	1 575
Reportable segment liabilities	(3 594)	(5 162)	(1 135)	(666 796)	(25 846)	(2 441)	(704 974)

**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 segment names were amended in the current period.*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the period ended 29 February 2016

38. OPERATING SEGMENTS (continued)

Discontinued operations

VUNANI LIMITED – Group

Figures in R'000	Property asset manage-ment	Property invest-ments and develop-ments	Total
Finance income and interest received from investments	**150**	**16**	**166**
Income tax expense	**183**	**–**	**183**
Reportable segment profit/(loss) after tax	**320**	**(461)**	**(141)**
Reportable segment assets	**5**	**892**	**897**
Reportable segment liabilities	**(4)**	**(1 601)**	**(1 605)**

For the year ended 31 December 2014

Continuing operations

Figures in R'000	Fund manage-ment	Advisory services	Institutional securities broking	Private equity*	Private clients	Total
Revenue	38 383	3 138	52 256	10 592	10 647	115 016
Finance income and interest received from investments	209	16	1 631	4 764	1 824	8 444
Finance costs	–	–	(23)	(2 791)	(146)	(2 960)
Depreciation	(238)	(20)	(62)	(1 128)	(121)	(1 569)
Amortisation of intangible assets	–	–	–	–	(1 165)	(1 165)
Impairment on assets	–	–	–	(798)	–	(798)
Equity accounted earnings	–	–	–	(86)	–	(86)
Income tax income/(expense)	286	(137)	(1 589)	115	(137)	(1 462)
Reportable segment profit/(loss) after tax*	(5 287)	(3 276)	2 409	(14 444)	(4 717)	(25 315)
Reportable segment assets	47 283	2 008	155 070	246 094	2 275	452 730
Investment in associates	–	–	–	17 686	–	17 686
Capital expenditure	124	–	213	341	–	678
Reportable segment liabilities	(2 904)	(573)	(141 507)	(63 236)	(2 666)	(210 886)

**The group 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.*

Discontinued operations

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

39. RELATED PARTIES

Relationships

Ultimate holding company/parent	Vunani Group Proprietary Limited
Associates	Refer to note 16
Directors	Refer to note 40

Direct and indirect subsidiaries	Effective equity holding 14 months ended 29 February 2016	Effective equity holding 12 months ended 31 December 2014
Vunani Capital Proprietary Limited	**100%**	100%
Anchor Park Investments 42 Proprietary Limited	**100%**	100%
Anchor Park Investments 81 Proprietary Limited	**100%**	100%
Aquarella Investments 507 Proprietary Limited	**100%**	100%
Camden Bay Investments 2 Proprietary Limited	**100%**	100%
Imvuno Fund Managers Proprietary Limited*	**–**	55%
Jala Group Proprietary Limited*	**–**	100%
Lexshell 630 Investments Proprietary Limited	**100%**	100%
Loato Properties Proprietary Limited	**100%**	100%
Mandlamart Proprietary Limited	**89.3%**	–
Onaghan Investments 20 Proprietary Limited*	**–**	100%
Pacific Heights Investments 118 Proprietary Limited	**100%**	100%
Purpose Vunani Asset Management (Private) Limited**	**65%**	55%
Quintofor Investments Proprietary Limited	**100%**	100%
Spaciros Proprietary Limited	**51%**	51%
Vunani Capital Zimbabwe (Private) Limited**	**74.5%**	74.5%
Vunani Corporate Finance Proprietary Limited	**100%**	100%
Vunani Passenger Logistics Proprietary Limited	**100%**	100%
Vunani Fund Managers Proprietary Limited	**90.5%**	90.5%
Vunani Metal and Minerals Proprietary Limited*	**–**	100%
Vunani Mining Proprietary Limited	**100%**	100%
Vunani Private Clients Stockbroking Proprietary Limited	**100%**	100%
Vunani Private Clients Proprietary Limited	**67.8%**	51%
Vunani Hedge Funds Proprietary Limited*	**–**	51%
Vunani Mining and Resources Proprietary Limited	**75%**	75%
Verbicept Proprietary Limited***	**–**	100%
Vunani Sponsors Proprietary Limited	**100%**	100%
Vunani Resources Proprietary Limited	**75%**	51%
Ginolor Proprietary Limited	**51%**	51%
Vunani Ssafen Proprietary Limited	**51%**	51%
Vunani Ssafen Karoo Proprietary Limited	**51%**	51%
Vunani Ssafen Amerfoot Proprietary Limited	**51%**	51%
Vunani Mion Properties Proprietary Limited	**55%**	–
Wonderwall Investments Proprietary Limited	**100%**	100%
Vunani Securities Proprietary Limited	**100%**	100%
Vunani Nominee Proprietary Limited	**100%**	100%
Vunani Capital Investments Proprietary Limited	**100%**	100%
Vector Nominees Proprietary Limited	**100%**	100%
Vunani Capital Markets Proprietary Limited	**100%**	100%
Vprop714 Proprietary Limited (previously Vunani Properties Proprietary Limited)	**78%**	78%
Dreamworks Investments 125 Proprietary Limited	**66%**	66%
Vunani Property Asset Management Proprietary Limited	**78%**	78%
Wolfsberg Arch Investments Proprietary Limited	**40%**	40%
Vunani Share Incentive Scheme Trust	**100%**	100%

** The company was deregistered during the period.*
*** The company is incorporated and conducts its business in Zimbabwe.*
**** The company was transferred to investment and loans to associates and subsequently to non-current assets held for sale.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the period ended 29 February 2016

39. RELATED PARTIES (continued)

Other related parties

– Akkersbloom Enterprises (Private) Limited**
– Tutuni Investments Proprietary Limited

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

Related party balances and transactions

All related party balances and transactions were eliminated on consolidation except for those balances and transactions with associates (refer to note 16) and directors (refer to note 40) and disclosed below:

Loan with ultimate holding company

Vunani Capital Proprietary Limited has an operating loan with the ultimate holding company, Vunani Group Proprietary Limited of R269 000 (2014: R319 000) (refer to note 21).

40. DIRECTORS' REMUNERATION AND BENEFITS

No loans were made to directors during the period (2014: R nil). There were no material transactions with directors, other than the following:

Figures in R'000	Non-executive directors' fees	Salaries	Bonuses	Provident fund and medical aid contributions	Current year share-based payment expense	Total
for the period ended 29 February 2016						
E Dube	**–**	**4 126**	**1 645**	**506**	**148**	**6 425**
NM Anderson	**–**	**2 805**	**1 108**	**303**	**94**	**4 310**
BM Khoza	**–**	**2 661**	**1 108**	**460**	**100**	**4 329**
A Judin	**–**	**1 652**	**680**	**274**	**70**	**2 676**
LI Jacobs (Chairman)	**312**	**–**	**–**	**–**	**–**	**312**
G Nzalo	**169**	**–**	**–**	**–**	**–**	**169**
JR Macey	**193**	**–**	**–**	**–**	**–**	**193**
N Mazwi	**169**	**–**	**–**	**–**	**–**	**169**
XP Guma	**144**	**–**	**–**	**–**	**–**	**144**
S Mthethwa	**144**	**–**	**–**	**–**	**–**	**144**
Total	**1 131**	**11 244**	**4 541**	**1 543**	**412**	**18 871**
for the period ended 31 December 2014						
E Dube	–	3 222	2 719	397	221	6 559
NM Anderson	–	2 086	1 832	223	141	4 282
CE Chimombe Munyoro (resigned 1 March 2014)	–	618	–	11	–	629
BM Khoza	–	2 145	1 832	293	149	4 419
A Judin	–	1 282	1 124	214	103	2 723
WC Ross (Chairman) (resigned 21 May 2014)	97	–	–	–	–	97
LI Jacobs (Chairman) (appointed 21 May 2014)	153	–	–	–	–	153
G Nzalo	135	–	–	–	–	135
JR Macey	155	–	–	–	–	155
N Mazwi	135	–	–	–	–	135
XP Guma	115	–	–	–	–	115
S Mthethwa (appointed 14 November 2014)	12	–	–	–	–	12
Total	802	9 353	7 507	1 138	614	19 414

Short-term benefits to key management personnel amounted to R16 916 (2014: R17 662)

40. DIRECTORS' REMUNERATION AND BENEFITS (continued)

Aggregate amounts paid to directors amounts to:

	VUNANI LIMITED – Group	
Figures in R'000	14 months ended 29 February 2016	12 months ended 31 December 2014
For services as directors of the company		
Total remuneration and benefits received from company	1 131	802
Total remuneration and benefits received from company's subsidiaries and fellow subsidiaries	17 740	18 612
	18 871	19 414

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

Prescribed officers

Details of prescribed officers and key management personnel are disclosed in note 61 (Vunani Limited company financial statements).

Shareholdings per director of the company and major operating subsidiaries

	Number of shares held		
at 29 February 2016	Beneficially direct (000s)	Beneficially indirect (000s)	Total number of shares held (000s)
EG Dube	–	23 838	23 838
NM Anderson	15	14 873	14 888
BM Khoza	–	14 873	14 873
JJ Rossouw	–	398	398
A Judin	86	–	86
	101	53 982	54 083

There has been no change in shareholdings of the directors between 29 February 2016 and the approval of the integrated report.

at 31 December 2014			
EG Dube	–	23 838	23 838
NM Anderson	15	14 868	14 883
BM Khoza	–	14 868	14 868
JJ Rossouw	–	398	398
A Judin	86	–	86
A Zuma	65	–	65
	166	53 972	54 138

VUNANI LIMITED – Group

Figures in R'000	Note	Carrying amount	Undiscounted contractual cash flows	Less than 1 year	1 – 5 years	Greater than 5 years
41. FINANCIAL INSTRUMENTS						
41.1 Liquidity risk						
29 February 2016						
Non-derivative financial liabilities		**(696 358)**	**(700 325)**	**(685 866)**	**(5 977)**	**(8 482)**
Non-interest bearing					**–**	**–**
Trade and other payables (excluding VAT and leave pay)	29	**(26 887)**	**(26 887)**	**(26 887)**	**–**	**–**
Accounts payable from trading activities	22	**(647 872)**	**(647 872)**	**(647 872)**	**–**	**–**
Other financial liabilities	27	**(8 943)**	**(8 943)**	**(8 943)**	**–**	**–**
Fixed interest rate instruments – DBSA	27	**(7 041)**	**(7 674)**	**(1 697)**	**(5 977)**	**–**
Variable interest rate instruments	24 & 27	**(5 615)**	**(8 949)**	**(467)**	**–**	**(8 482)**
31 December 2014						
Non-derivative financial liabilities		(194 028)	(202 605)	(173 996)	(28 609)	–
Non-interest bearing					–	–
Trade and other payables (excluding VAT and leave pay)	29	(26 806)	(26 806)	(26 806)	–	–
Accounts payable from trading activities	22	(120 525)	(120 525)	(120 525)	–	–
Other financial liabilities	27	(18 964)	(18 964)	(18 964)	–	–
Fixed interest rate instruments – DBSA	27	(26 616)	(35 193)	(6 584)	(28 609)	–
Variable interest rate instruments – Bank overdraft	24	(1 117)	(1 117)	(1 117)	–	–

Management of liquidity risk

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

Figures in R'000	14 months ended 29 February 2016	12 months ended 31 December 2014
41.2 Market risk		
Interest rate risk		
The company's interest rate exposure is as follows:		
Fixed rate instruments		
Financial liabilities	**(7 041)**	(26 616)
Variable rate instruments		
Financial assets	**22 592**	72 419
Financial liabilities	**(5 615)**	(1 117)
	9 936	44 686

41. FINANCIAL INSTRUMENTS (continued)

41.2 Market risk (continued)

Figures in R'000	VUNANI LIMITED – Group 14 months ended 29 February 2016	VUNANI LIMITED – Group 12 months ended 31 December 2014
Cash flow sensitivity analysis for fixed rate instruments		
A sensitivity analysis has not been included for fixed rate instruments as they are not sensitive to interest rate risk.		
Cash flow sensitivity analysis for variable rate instruments		
A change of 50 basis points in the interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amount shown below. This analysis assumes that all other variables remain constant.		
Effect on statement of comprehensive income (profit/(loss)) and equity before taxation		
50 bps increase	**50**	357
50 bps decrease	**(50)**	(357)
Management of interest rate risk		
The group generally adopts a policy of ensuring that its exposure to changes in interest rates is limited by either fixing the rate or by linking the rate to the prime rate over the period of the respective loan.		
Equity price risk		
The company's equity price risk is as follows:		
Unlisted financial assets at fair value through profit or loss	**27 604**	38 444
Listed financial assets at fair value through profit or loss	**29 556**	96 430
Listed financial assets at fair value through profit or loss – held for sale	**7 260**	–
Trading securities	**131**	251
	64 551	135 125
The company's listed equity investments are listed on the JSE Limited with the exception of Prospect Resources Limited which is listed in Australia and are classified at fair value through profit or loss.		
A change of 10% in the fair value of investment at the reporting date would have increased/(decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables remain constant.		
Effect on statement of comprehensive income (profit/(loss)) and equity before taxation		
10% increase	**6 455**	13 513
10% decrease	**(6 455)**	(13 513)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the period ended 29 February 2016

41. FINANCIAL INSTRUMENTS (continued)

	VUNANI LIMITED – Group	
Figures in R'000	14 months ended 29 February 2016	12 months ended 31 December 2014
41.3 Credit risk		
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure of credit risk was:		
Other investments	**38 087**	111 170
Loans to associates	**27 298**	14 325
Other loans	**5 030**	4 788
Accounts receivable from trading activities	**648 817**	120 573
Trade and other receivables	**25 186**	39 085
Cash and cash equivalents	**17 562**	67 773
	761 980	357 714

Impairment losses

The ageing of financial assets at the reporting date was:

Figures in R'000	Total	Loans to associates	Trading and other receivables	Other loans	Accounts receivable from trading activities
2016					
Not past due	**701 947**	**27 298**	**20 802**	**5 030**	**648 817**
Past due 1 – 30 days	**2 002**	**–**	**2 002**	**–**	**–**
Past due 31 – 60 days	**2 382**	**–**	**2 382**	**–**	**–**
Past due 61 – 90 days	**–**	**–**	**–**	**–**	**–**
Past due 91 days and greater	**1 791**	**–**	**1 791**	**–**	**–**
	708 122	**27 298**	**26 977**	**5 030**	**648 817**
2014					
Not past due	156 094	14 325	16 408	4 788	120 573
Past due 1 – 30 days	6 906	–	6 906	–	–
Past due 31 – 60 days	15 762	–	15 762	–	–
Past due 61 – 90 days	18	–	18	–	–
Past due 91 days and greater	699	–	699	–	–
	179 479	14 325	39 793	4 788	120 573

Reconciliation of movement in allowance for impairment:

Figures in R'000	2016	2014
Balance at the beginning of the year	**(708)**	(1 005)
Utilised	**411**	–
(Increase)/decrease in allowance for impairment	**(1 494)**	297
Balance at the end of the year	**(1 791)**	(708)

Factors considered in impairment

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

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

Concentration of credit risk

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

41. FINANCIAL INSTRUMENTS (continued)

41.4 Fair values

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

Valuation methodologies

The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions.

Quoted price

A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The appropriate quoted market price for an asset held or a liability to be issued is usually the current bid price and, for an asset to be acquired or a liability held, the asking price.

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.

Valuation techniques

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 an alternative valuation technique. These valuation techniques may include:

- earnings multiples;
- discounted-cash flow analysis;
- various option pricing models;
- using recent arms length market transactions between knowledgeable parties and;
- reference to the value of the net assets of the underlying business.

In applying valuation techniques, the group uses estimates and assumptions that are consistent with available information about the estimates and assumptions that market participants would use in setting a price for the financial instrument.

Valuation techniques applied by the group would result in financial instruments being classified as level 2 or level 3 in terms of the fair value hierarchy. The determination of whether a financial instrument is classified as level 2 or level 3 is dependent on the significance of observable inputs versus unobservable inputs in relation to the fair value of the financial instrument.

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

Observable markets

Quoted market prices in active markets are the best evidence of fair value and are used as the basis of measurement, if available. A determination of what constitutes "observable market data" will necessitate significant judgement. It is the group's belief that "observable market data" comprises:

- prices or quotes from an exchange or listed markets in which there are sufficient liquidity and activity;
- proxy observable market data that is proven to be highly correlated and has a logical, economic relationship with the instrument that is being valued; and
- other direct and indirect market inputs that are observable in the marketplace.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the period ended 29 February 2016

41. FINANCIAL INSTRUMENTS (continued)

41.4 Fair values (continued)

Data is considered by the group to be "observable" if the data is verifiable, readily available, regularly distributed, from multiple independent sources and transparent.

Data is considered by the group to be "market-based" if the data is reliable, based on consensus within reasonable narrow, observable ranges, provided by sources that are actively involved in the relevant market and supported by actual market transactions.

It is not intended to imply that all of the above characteristics must be present to conclude that the evidence qualifies as observable market data. Judgement is applied based on the strength and quality of the available evidence.

Inputs to valuation techniques

Inputs are selected on a basis that is consistent with the characteristics of the instrument that market participants would take into account in a transaction for that instrument. Inputs to valuation techniques applied by the group include, but are not limited to, the following:

- Discount rate: Where discounted-cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the reporting date for an instrument with similar terms and conditions.
- The time value of money: The business may use well-accepted and readily observable general interest rates, or an appropriate swap rate, as the benchmark rate to derive the present value of a future cash flow.
- Foreign currency exchange prices: Active currency exchange markets exist for most major currencies, and prices are quoted daily on various trading platforms and in financial publications.
- Commodity prices: Observable market prices are available for those commodities that are actively traded on exchanges in South Africa and other commercial exchanges.
- Equity prices: Prices (and indices of prices) of traded equity instruments are readily observable on the JSE Limited or any other recognised international exchange.
- Volatility: Measures of the volatility of actively traded items can be reasonably estimated by the implied volatility in current market prices. In the absence of an active market, a methodology to derive these volatilities from observable market data will be developed and utilised.
- Dividend yield: Dividend yield is represented as a percentage and is calculated by dividing the value of dividends paid in a given year per share held by the value of one share.
- Earnings multiples: This is the share price divided by earnings per share (EPS)

The following table sets out the group's principal valuation techniques used in determining the fair value of financial assets and financial liabilities classified as level 3 in the fair value hierarchy:

Assets	Valuation technique	Key inputs
Loans and advances	Discounted cash flows	Discount rates
Other investments	Discounted cash flows, adjusted net asset value, earnings multiples, third-party valuations, dividend yields	Discount rates, valuation multiples, dividend growth, foreign exchange rates
Investments in associates	Discounted cash flows, earnings multiples, dividend yields	Discount rates, valuation multiples, dividend growth
Liabilities		
Other financial liabilities	Earnings multiples, dividend yields	Earnings, dividend growth

Review of significant valuations

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.

41. **FINANCIAL INSTRUMENTS** (continued)

41.4 Fair values (continued)

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

Figures in R'000	2016 Carrying amount	2016 Fair value	2014 Carrying amount	2014 Fair value
Financial assets measured at fair value				
Designated as fair value through profit or loss on initial recognition	**57 160**	**57 160**	134 874	134 874
Trading securities	**131**	**131**	251	251
Non-current assets held for sale	**7 260**	**7 260**	–	–
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
Financial liabilities measured at fair value				
Designated as 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)

The carrying amounts of cash and cash equivalents, accounts receivable from trading activities, trade and other receivables, bank overdraft, accounts payable from trading activities, non-current assets and liabilities held for sale and trade and other payables reasonably approximate their fair values.

41.5 Fair value hierarchy

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

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

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

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

The fair value of financial assets and liabilities as shown in note 41.4 is categorised as follows for the purpose if IFRS 13 *Fair Value Measurement*.

Figures in R'000	Level 1	Level 2	Level 3	Total
29 February 2016				
Financial assets designated at fair value through profit or loss	**29 556**	**–**	**27 604**	57 160
Financial assets measured at fair value	**7 391**	**–**	**–**	7 391
Financial assets at amortised cost	**–**	**–**	**33 291**	33 291
Financial liabilities designated at fair value through profit or loss	**–**	**–**	**(4 290)**	(4 290)
Financial liabilities at amortised cost	**–**	**–**	**(16 226)**	(16 226)
	36 947	**–**	**40 379**	77 326
31 December 2014				
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

for the period ended 29 February 2016

41. FINANCIAL INSTRUMENTS (continued)

41.5 Fair value hierarchy (continued)

	VUNANI LIMITED – Group	
Figures in R'000	14 months ended 2016	12 months ended 2014
Level 3 comprises:		
Balance at beginning of the period	**35 890**	57 674
Total gains or losses in profit or loss	**(14 971)**	(24 927)
Proceeds from loan, interest, repayment	**–**	–
Purchases, sales, issues and settlements	**2 395**	3 143
Balance at end of the period	**23 314**	35 890

Effect of changes in significant unobservable inputs

The fair value measurement of financial instruments are, in certain circumstances, measured using valuation techniques that include assumptions that are not market observable. Where these scenarios apply, the group performs a sensitivity analysis on the fair value of the relevant instruments. The following information is intended to illustrate the potential impact of the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable inputs and which are classified as level 3 in the fair value hierarchy. However, the disclosure is neither predictive nor indicative of future movements in fair value.

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

Effect on statement of comprehensive income (profit/(loss)) and equity before taxation.		
Net asset value		
10% increase	**1 204**	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)**	–

42. GOING CONCERN

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

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

These processes included assessing:
- the group's financial budgets and 18-month rolling cash flow forecast;
- the performance of underlying business operations and their ability to make a positive contribution to the group's objectives;
- the capital structure, liabilities and quality of the assets underpinning the statement of financial position; and
- the banking facilities and the group's assets to ensure that these are sufficient to fund imminent liabilities and meet the group's working capital requirements;

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

43. DIVIDENDS

Paid

A gross ordinary dividend number 2 of 5.5 cents per share in respect of the period ended 29 February 2016 totalling R6.3 million (2014: 5 cents and a gross special dividend of 25 cents per share) was declared out of income reserves on 30 March 2015 and was paid to ordinary shareholders on 28 April 2015.

Figures in R'000	2016	2014
Ordinary dividend declared		
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 declared		
Special dividend number 1 of 25.0 cents per share (net of treasury shares held)	**–**	25 013
	6 014	30 016

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 6 cents 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.

44. EVENTS AFTER REPORTING DATE

Subsequent to year-end the following events took place:

The group reached an agreement to acquire an additional 9.5% in Vunani Fund Managers Proprietary Limited for R2.7 million. This resulted in the group increasing its shareholding from 90,5% to 100%.

45. 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 of the claim.

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

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 29 February 2016

		VUNANI LIMITED – Company	
Figures in R'000	Note	14 months ended 29 February 2016	12 months ended 31 December 2014
Management fees	46	**1 235**	771
Investment revenue	47	**194**	75 896
Fair value adjustments and impairments	48	**–**	(1 042)
Operating expenses	49	**(3 795)**	(3 048)
Results from operating activities		**(2 366)**	72 577
Finance income	50	**145**	1 045
Profit before income tax		**(2 221)**	73 622
Income tax	51	**–**	(279)
Profit for the period		**(2 221)**	73 343
Total comprehensive income for the period		**(2 221)**	73 343

STATEMENT OF FINANCIAL POSITION

at 29 February 2016

Figures in R'000	Note	VUNANI LIMITED – Company 14 months ended 29 February 2016	12 months ended 31 December 2014
Assets			
Investments in subsidiaries	52	**26 168**	24 540
Other investments	53	**–**	–
Loan to subsidiary companies	54	**369 817**	367 284
Loan to share trust	55	**12 841**	13 064
Deferred tax asset	56	**149**	149
Total non-current assets		**408 975**	405 037
Cash and cash equivalents		*****	3
Total current assets		*****	3
Total assets		**408 975**	405 040
Equity			
Stated capital	57	**624 888**	624 888
Share-based payment reserve	26	**12 871**	11 243
Accumulated loss		**(240 475)**	(231 947)
Equity attributable to equity holders		**397 284**	404 184
Liabilities			
Loans from subsidiary companies	54	**10 715**	–
Total non-current liabilities		**10 715**	–
Trade and other payables	58	**976**	856
Current liabilities		**976**	856
Total equity and liabilities		**408 975**	405 040

** Less than R1 000.*

STATEMENT OF CHANGES IN EQUITY

for the period ended 29 February 2016

VUNANI LIMITED – Company

Figures in R'000	Stated capital	Share-based payment reserve	Accumu-lated loss	Total equity
Balance at 31 December 2013	610 088	9 536	(273 665)	345 959
Total comprehensive income for the year				
Profit for the year	–	–	73 343	73 343
Total comprehensive income for the year	–	–	73 343	73 343
Transactions with owners, recorded directly in equity				
Dividends paid	–	–	(31 625)	(31 625)
Share-based payments	–	1 707	–	1 707
Issue of shares	14 800	–	–	14 800
Total transactions with owners	14 800	1 707	(31 625)	(15 118)
Balance at 31 December 2014	624 888	11 243	(231 947)	404 184
Total comprehensive income for the period				
Profit for the period	–	–	(2 221)	(2 221)
Total comprehensive income for the period	**–**	**–**	(2 221)	(2 221)
Transactions with owners, recorded directly in equity				
Dividends paid	–	–	(6 307)	(6 307)
Share-based payments	–	1 628	–	1 628
Total transactions with owners	**–**	**1 628**	**(6 307)**	**(4 679)**
Balance at 29 February 2016	**624 888**	**12 871**	(240 475)	397 284

STATEMENT OF CASH FLOWS

for the period ended 29 February 2016

Figures in R'000	Note	VUNANI LIMITED – Company 14 months ended 29 February 2016	12 months ended 31 December 2014
Cash flows from operating activities			
Cash utilised by operations	59	**(2 440)**	(2 188)
Investment revenue received		**194**	75 896
Interest received from banks		**145**	3
Dividends paid		**(6 307)**	(31 625)
Cash (utilised by)/generated by operating activities		**(8 408)**	42 086
Cash flows from investing activities			
Loans advanced to subsidiary companies		**(2 533)**	(58 097)
Loans repaid by share trust		**223**	1 214
Cash outflow from investing activities		**(2 310)**	(56 883)
Cash inflow from financing activities			
Loan advanced by subsidiary company		**10 715**	–
Issue of stated capital		**–**	14 800
Cash inflows from financing activities		**10 715**	14 800
Net (decrease)/increase in cash and cash equivalents		**(3)**	3
Cash and cash equivalents at the beginning of the period		**3**	*
Total cash and cash equivalents at the end of the period		*****	**3**

** Less than R1 000.*

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 29 February 2016

		VUNANI LIMITED – Company	
	Figures in R'000	14 months ended 29 February 2016	12 months ended 31 December 2014
46.	**MANAGEMENT FEES**		
	Management fees	**1 235**	771
47.	**INVESTMENT REVENUE**		
	Dividend received from subsidiary company	**194**	75 896
48.	**FAIR VALUE ADJUSTMENTS AND IMPAIRMENTS**		
	Impairment of loan to share trust	**–**	(1 042)
49.	**OPERATING EXPENSES**		
	Operating expenses include:		
	Auditors remuneration – current period	**868**	938
	Directors emoluments paid by company (refer note 40)	**1 131**	802
50.	**FINANCE INCOME**		
	Recognised in profit or loss		
	Interest income on loan to share incentive scheme trust	**–**	1 042
	Interest income – cash and cash equivalents	**145**	3
		145	1 045
51.	**INCOME TAX**		
	Deferred tax		
	Current year	**–**	(279)
	No taxation is payable in the current year as the company has an estimated tax loss of R2 631 226 (2014: R533 191) available for set-off against future taxable income.		
	Reconciliation of effective tax rate	**%**	**%**
	Income tax rate	**28.0**	28.0
	Tax exempt income	**2.4**	(28.9)
	Disallowable expenditure - investment holding company	**(4.0)**	1.3
	Tax losses not accounted for	**(26.4)**	–
		–	0.4

Figures in R'000	% Holding 2016	% Holding 2014	Cost of investment 14 months ended 29 February 2016	Cost of investment 12 months ended 31 December 2014
52. INVESTMENTS IN SUBSIDIARIES				
Investment in subsidiaries held at cost				
Vunani Capital Proprietary Limited	**100**	100	**6 124**	5 327
Vunani Securities Proprietary Limited	**100**	100	**14 312**	13 529
Vunani Capital Markets Proprietary Limited	**100**	100	**243**	195
Vunani Capital Investments Proprietary Limited	**100**	100	**4 655**	4 655
VProp714 Proprietary Limited (previously Vunani Properties Proprietary Limited)	**78**	78	**834**	834
			26 168	24 540

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

	Vunani Capital Proprietary Limited	Vunani Securities Proprietary Limited	Vunani Capital Markets Proprietary Limited	Total
Balance at the beginning of the period	5 327	13 529	195	**19 051**
Equity settled share-based payment	797	783	48	**1 628**
Balance at the end of the period	**6 124**	**14 312**	**243**	**20 679**

Figures in R'000	Number of shares	Unlisted	Fair value
53. OTHER INVESTMENTS			
at 29 February 2016			
African Legends Limited	**2 248**	**1 870**	**1 870**
Fair value adjustment		**(1 870)**	**(1 870)**
		–	**–**
at 31 December 2014			
African Legends Limited	2 248	1 870	1 870
Fair value adjustment		(1 870)	(1 870)
		–	–
Analysis of impairment			
Balance at the beginning of the period		(1 870)	(1 870)
Balance at the end of the period		(1 870)	(1 870)

	2016	2014
54. LOANS TO/(FROM) SUBSIDIARIES		
Loan to subsidiary		
Vunani Capital Proprietary Limited	**683 417**	680 884
Cumulative impairment	**(313 600)**	(313 600)
	369 817	367 284
Loan from subsiary		
Vunani Capital Markets Proprietary Limited	**(10 715)**	–

The loans to/(from) the subsidiary companies are unsecured and interest free.

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

VUNANI LIMITED – Company

Figures in R'000	14 months ended 29 February 2016	12 months ended 31 December 2014
55. LOAN TO SHARE TRUST		
Vunani Share Incentive Scheme Trust	**15 797**	16 020
Cumulative impairment	**(2 956)**	(2 956)
	12 841	13 064

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

Figures in R'000	2016	2014
Loan to share trust	**16 020**	16 192
Interest received	**–**	1 042
Loan repaid	**(223)**	(1 214)
	15 797	16 020

Figures in R'000	29 February 2016	31 December 2014
56. DEFERRED TAX ASSET		
Recognised deferred tax asset arises on:		
Tax losses carry-forward	**149**	149
Reconciliation of movement in deferred tax		
Balance at the beginning of the period	**149**	428
Recognised against profit or loss	**–**	(279)
Balance at end of the period	**149**	149
Estimated tax losses available for utilisation against future taxable income	**2 631**	533
Recognised as deferred tax assets	**(533)**	(533)
Unrecognised estimated tax losses carried forward not accounted for in deferred tax	**2 098**	–
57. STATED CAPITAL AND SHARE CAPITAL		
Authorised		
200 000 000 ordinary shares of no par value	**–**	–
99 000 redeemable preference shares of R0.01 each	**1**	1
	1	1
Issued		
114 664 649 (2014: 114 664 649) ordinary shares of no par value	**624 888**	624 888
Reconciliation of movement in number of shares issued (000s):		
Balance at the beginning of the period	**114 665**	105 415
Shares issued	**–**	9 250
Balance at the end of the period	**114 665**	114 665
Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		
Reconciliation of movement in stated capital (R'000):		
Balance at the beginning of the period	**624 888**	610 088
Shares issued	**–**	14 800
Balance at end of period	**624 888**	624 888

Figures in R'000	VUNANI LIMITED – Company 14 months ended 29 February 2016	12 months ended 31 December 2014
58. TRADE AND OTHER PAYABLES		
Sundry payables	**976**	856
59. CASH UTILISED BY OPERATIONS		
Profit before income tax	**(2 221)**	73 622
Adjusted for:		
Investment revenue	**(194)**	(75 896)
Finance income	**(145)**	(1 045)
Fair value adjustments and impairments	**–**	1 042
	(2 560)	(2 277)
Changes in working capital:		
Increase in trade and other payables	**120**	89
Cash utilised by operations	**(2 440)**	(2 188)

60. RELATED PARTIES

Relationships

Ultimate holding company/parent	Vunani Group Proprietary Limited*
Subsidiaries	Refer to note 39
Directors	Refer to note 40

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

	Note	2016	2014
Related party balances			
Investments in subsidiaries	52	**26 168**	24 540
Loan to subsidiary company	54	**369 817**	367 284
Loan from subsidiary company	54	**(10 715)**	–
Loan to share trust	55	**12 841**	13 064
Related party transactions			
Revenue – management fees (from Vunani Capital Proprietary Limited)	46	**1 235**	771
Finance income - Share Trust	50	**–**	1 042

Directors' remuneration and benefits (refer to note 40).

61. PRESCRIBED OFFICERS AND KEY MANAGEMENT PERSONNEL REMUNERATION AND BENEFITS

for the period ended 29 February 2016

Figures in R'000	Basic Salary	Bonuses	Provident fund and medical aid	Severance pay	Share-based payments	Total
Johan Roussow	**1 723**	**1 211**	**357**	**–**	**134**	**3 425**
Mark Howard Weetman	**1 376**	**–**	**256**	**–**	**–**	**1 632**
Romeo Makhubela	**–**	**–**	**–**	**–**	**–**	**–**
Azola Zuma	**1 406**	**146**	**156**	**–**	**32**	**1 740**
Abbubekir Salim	**2 100**	**–**	**–**	**–**	**–**	**2 100**
David Steinbuch	**1 157**	**50**	**193**	**–**	**66**	**1 466**
	7 762	**1 407**	**962**	**–**	**232**	**10 363**

for the period ended 31 December 2014						
Johan Roussow	850	859	272	–	95	2 076
Mark Howard Weetman	1 100	–	191	–	–	1 291
Romeo Makhubela	1 102	156	–	1 030	945	3 233
Azola Zuma	1 374	300	–	–	–	1 674
Abbubekir Salim	1 368	–	–	–	–	1 368
David Steinbuch	523	75	42	–	–	640
	6 317	1 390	505	1 030	1 040	10 282

VUNANI LIMITED – Company

Figures in R'000	Carrying amount	Un-discounted contractual cash flows	Less than 1 year	1 – 5 years	Greater than 5 years
62. FINANCIAL INSTRUMENTS					
62.1 Liquidity risk					
29 February 2016					
Non-derivative financial liabilities	**(11 691)**	**(11 693)**	**(978)**	**(10 715)**	**–**
Trade and other payables	**(976)**	**(978)**	**(978)**	**–**	**–**
Loan from subsidiary	**(10 715)**	**(10 715)**	**–**	**(10 715)**	**–**
31 December 2014					
Non-derivative financial liabilities					
Trade and other payables	(856)	(856)	(856)	–	–

Management of liquidity risk

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

	2016	2014
62.2 Market risk		
Interest rate risk		
The company's interest rate exposure is as follows:		
Variable rate instruments		
Financial assets	**12 841**	13 064
Cash flow sensitivity analysis for variable rate instruments		
A change of 50 basis points in the interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amount shown below. This analysis assumes that all other variables remain constant.		
Effect on statement of comprehensive income (profit/(loss)) and equity before taxation		
50 bps increase	**64**	65
50 bps decrease	**(64)**	(65)
Management of interest rate risk		
The company generally adopts a policy of ensuring that its exposure to changes in interest rates is limited by either fixing the rate or by linking the rate to the prime rate over the period of the respective loan.		
62.3 Credit risk		
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure of credit risk was:		
Loan to subsidiary company	**369 817**	367 284
Loan to share trust	**12 841**	13 064
Cash and cash equivalents	*****	3
	382 658	380 351

Impairment losses

The ageing of financial assets at the reporting date was:

	Total	Loan to subsidiary company	Loan to share trust
2016			
Not past due	**382 658**	**369 817**	**12 841**
2014			
Not past due	380 348	367 284	13 064

62. FINANCIAL INSTRUMENTS (continued)

62.3 Credit risk (continued)

Factors considered in impairment

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

Figures in R'000	2016	2014
Accumulated impairment		
Loan to subsidiary company	**(313 600)**	(313 600)

Figures in R'000	2016 Carrying amount	2016 Fair value	2014 Carrying amount	2014 Fair value
62.4 Fair values				
Financial assets not measured at fair value				
Loan to subsidiary company	**369 817**	**250 147**	367 284	210 156
Loan to share trust	**12 841**	**11 867**	13 064	10 935
	382 658	**262 014**	380 348	221 091
Financial liabilities not measured at fair value				
Loan from subsidiary company	**(10 715)**	**(10 047)**	–	–
	(10 715)	**(10 047)**	–	–

** Less than R1 000.*

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

62.5 Fair value hierarchy

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

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

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

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

Figures in R'000	Level 1	Level 2	Level 3
29 February 2016			
Financial assets measured at amortised cost	**–**	**–**	**262 014**
Financial liabilities measured at amortised cost			**(10 047)**
	–	**–**	**251 967**
31 December 2014			
Financial assets measured at amortised cost	–	–	221 091
	–	–	221 091

Figures in R'000	2016	2014
A change of 10% in the unobservable inputs of the investment and liability at the reporting date would have increased/(decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables remain constant.		
Effect on statement of comprehensive income (profit/(loss)) and equity before taxation		
Free cash flow		
10% increase	**25 197**	22 109
10% decrease	**(24 320)**	120 966

ANALYSIS OF SHAREHOLDERS

at 29 February 2016

	Number of shareholders	Percentage of shareholders held %	Number of shares held (000s)	Percentage of shares held %
Analysis of shareholding				
Individuals and corporates	253	86.8	100 560	87.7
Investment and insurance companies	10	4.9	3 995	3.5
Nominees and trusts	22	7.7	5 338	4.7
Share schemes	1	0.3	4 759	4.1
Pension and provident funds	1	0.3	13	0.0
Shareholding per share register	287	100.0	114 665	100.0
Range of shareholding				
1 to 1 000	159	55.4	48	0.0
1 001 to 10 000	70	24.4	237	0.2
10 001 to 100 000	36	12.5	1 356	1.2
100 001 to 1 000 000	12	4.2	5 149	4.5
More than 1 000 000	10	3.5	107 875	94.1
	287	100.0	114 665	100.0
Shareholder spread analysis				
To the best knowledge of the directors and after reasonable enquiry, as at 29 February 2016, the spread of shareholders, as defined in the Listings Requirements of the JSE Limited, was as follows:				
Type of shareholder				
Non-public	13	4.5%	81 068	70.7%
Directors and associates (direct holding)	3	1.0%	254	0.2%
Directors and associates (indirect holding)	4	1.4%	53 785	46.9%
Share schemes	1	0.3%	4 759	4.2%
Vunani Group Proprietary Limited (holding >10% excluding directors)	5	1.7%	22 270	19.4%
Public	274	95.5%	33 597	29.3%
	287	100.0%	114 665	100.0%
Shareholdings greater than 5%				
Vunani Group Proprietary Limited			76 308	66.6%
Baleine Capital Proprietary Limited			9 000	7.9%
Mion Holding Proprietary Limited			6 250	5.5%
			91 558	79.85%

SHAREHOLDERS' **INFORMATION**

SHAREHOLDERS' DIARY

for the period ended 29 February 2016

Financial year-end	29 February 2016
Announcement of results	24 May 2016
Annual report posted	1 August 2016
Annual general meeting	30 August 2016
Interim results release	October 2016

NOTICE OF ANNUAL GENERAL MEETING

for the period ended 29 February 2016

VUNANI
LIMITED

Vunani Limited – Company
(Incorporated in the Republic of South Africa)
(Registration number: 1997/020641/06)
JSE code: VUN
ISIN: ZAE000163382
(the "company")

This document is important and requires your immediate attention.

If you are in any doubt about what action you should take, consult your broker, Central Securities Depository Participant ("CSDP"), legal advisor, banker, financial advisor, accountant or other professional advisor immediately.

If you have disposed of all your shares in the company, please forward this document, together with the attached form of proxy, to the purchaser of such shares or the broker, CSDP, banker or other agent through whom you disposed of such shares.

NOTICE IS HEREBY GIVEN to shareholders at 1 August 2016, being the record date to receive notice of the Annual General Meeting ("AGM") for the period ended 29 February 2016 in terms of section 59(1)(a) of the Companies Act, 71 of 2008, as amended (the "Companies Act"), that the AGM of shareholders of the company will be held in the boardroom, Vunani Limited, Vunani House, 151 Katherine Street, Sandton at 11:30 on Tuesday, 30 August 2016 to: (i) deal with such other business as may lawfully be dealt with at the AGM and (ii) consider and, if deemed fit to pass, with or without modification, the following ordinary and special resolutions, in the manner required by the Companies Act, as read with the JSE Limited Listings Requirements (the "JSE Listings Requirements"), which meeting is to be participated in and voted by shareholders in terms of section 62(3)(a), read with section 59, of the Companies Act.

Salient dates applicable to the AGM	
Last day to trade to be eligible to vote at the AGM	23 August 2016
Record date for determining those shareholders entitled to vote at the AGM	26 August 2016
Record date to be eligible to receive the notice of the AGM	22 July 2016

Section 63(1) of the Companies Act – Identification of Meeting Participants

Meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in shareholders' meetings. Forms of identification include valid identity documents, drivers' licences and passports.

When reading the ordinary and special resolutions below, please refer to the explanatory notes for AGM resolutions on pages 152 to 156.

1. Presentation of annual financial statements

The consolidated audited financial statements of the company and its subsidiaries (as approved by the board of directors of the company), including the directors' report, the audit and risk committee report and the external auditor's report for the period ended 29 February 2016, as well as the report of the social and ethics committee, have been distributed as required and will be presented to shareholders. The complete annual financial statements are set out on pages 71 to 148 of the integrated annual report.

2. Ordinary resolution number 1

Re-election of Ms NS Mazwi as an independent non-executive director

"It is hereby resolved that the re-election of Ms NS Mazwi, who retires as an independent non-executive director of the company by rotation in accordance with the company's Memorandum of Incorporation, and being eligible, offers herself for re-appointment in this capacity, be approved."

Please refer to page 19 of the integrated report for a brief biography.

3. Ordinary resolution number 2

Re-election of Mr JR Macey as an independent non-executive director

"It is hereby resolved that the re-election of Mr JR Macey, who retires as an independent non-executive director of the company by rotation in accordance with the company's Memorandum of Incorporation, and being eligible, offers himself for re-appointment in this capacity, be approved."

Please refer to page 19 of the integrated report for a brief biography.

NOTICE OF ANNUAL GENERAL MEETING
(continued)

4. **Ordinary resolution number 3**

   Re-election of Mr GS Nzalo as an independent non-executive director

   "It is hereby resolved that the re-election of Mr GS Nzalo, who retires as an independent non-executive director of the company by rotation in accordance with the company's Memorandum of Incorporation, and being eligible, offers himself for re-appointment in this capacity, be approved."

   Please refer to page 19 of the integrated report for a brief biography.

5. **Ordinary resolution number 4**

   Re-election of Mr GS Nzalo as a member and chairman of the audit and risk committee: Section 94(2) of the Companies Act

   "It is hereby resolved that Mr GS Nzalo be re-elected as a member and chairman of the audit and risk committee, with immediate effect, in terms of section 94(2) of the Companies Act."

6. **Ordinary resolution number 5**

   Re-election of Mr JR Macey as a member of the audit and risk committee: Section 94(2) of the Companies Act

   "It is hereby resolved that Mr JR Macey be re-elected as a member of the audit and risk committee, with immediate effect, in terms of section 94(2) of the Companies Act."

7. **Ordinary resolution number 6**

   Re-election of Ms NS Mazwi as a member of the audit and risk committee: Section 94(2) of the Companies Act

   "It is hereby resolved that Ms NS Mazwi be re-elected as a member of the audit and risk committee, with immediate effect, in terms of section 94(2) of the Companies Act."

8. **Ordinary resolution number 7**

   Re-appointment of KPMG Inc. as auditor in terms of section 61(8)(c) of the Companies Act

   "It is hereby resolved that, on the recommendation of the audit and risk committee, KPMG Inc. be and is hereby re-appointed as the independent auditor of the company (for its financial year ending 28 February 2017) and that their appointment be of full force and effect until the conclusion of the company's next annual general meeting, and noted that the designated auditor P Fourie, meets the requirements of section 90(2) of the Companies Act.

9. **Ordinary resolution number 8**

   General authority to directors to allot and issue authorised but unissued ordinary shares

   "It is hereby resolved that the directors be and are hereby authorised to allot and issue, at their discretion, the unissued share capital of the company and/or grant options to subscribe for unissued shares, for such purposes and on such terms and conditions as they may determine, provided that such transaction(s) has/have been approved by the JSE Limited as and when required, and are subject to the JSE Listing Requirements and the Companies Act and shareholders hereby waive any pre-emptive rights thereto."

10. **Ordinary resolution number 9**

    General authority to directors to allot and issue ordinary shares for cash

    "It is hereby resolved that, in terms of the JSE Listing Requirement, the mandate given to the directors of the company in terms of a general authority to issue securities for cash, as and when suitable opportunities arise, be renewed subject to the following conditions:

    - any such issue of shares shall be to public shareholders as defined by the JSE Listing Requirements and not to related parties;
    - any such issue of equity securities be of a class already in issue, or where this is not the case, must be limited to such securities or rights as are convertible into an existing class of equity securities;
    - the authority shall only be valid until the next AGM of the company, provided it shall not extend beyond 15 months from the date of this AGM;
    - an announcement giving details including impact on net asset value and earnings per share, will be published at the time of any such allotment and issue of shares representing, on a cumulative basis within one financial year, 5% or more of the number of shares of that class in issue prior to any such issues;

- that issues of shares (excluding issues of shares exercised in terms of any company/group share scheme) in any one financial year shall not, in aggregate, exceed 57 332 324 ordinary shares of no par value; and
- that, in determining the price at which an allotment and issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of the class of shares to be issued over the 30 business days prior to the date that the price of issue is determined or agreed between the company and the party/parties subscribing for the securities."

Voting

In terms of the JSE Listing Requirements, the approval of 75% majority of votes cast in favour of ordinary resolution number 9 by shareholders present or represented by proxy at this AGM, excluding the Designated Advisor and the controlling shareholders together with their associates, will be required for this authority to become effective.

11. Ordinary resolution number 10

Approval of remuneration policy (non-binding advisory vote)

"It is hereby resolved that, through a non-binding advisory vote, the company's remuneration policy (excluding the remuneration of non-executive directors and the members of board committees for their services as directors and members of committees) which is not to remunerate its executive directors for attendance at meetings, but rather to remunerate them in terms of an employment contract, be approved and endorsed."

12. Special resolution number 1

Approval of remuneration payable to non-executive directors

"It is hereby resolved as a special resolution in terms of section 66(9) of the Companies Act, as read with section 65(11)(h), and subject to the provisions of the company's Memorandum of Incorporation that the company be and it is hereby authorised to pay remuneration to its non-executive directors for their service as directors as follows:

Chairman of the board	R286 225 per annum, includes remuneration for services provided to the group, including chairman of the nomination committee and member of the investment committee and remuneration committee.
Base fee for other non-executive directors	R131 665 per annum
Chairman of the investment committee	R22 900 per annum In addition to the base fee
Chairman of audit and risk committee	R22 900 per annum, in addition to the base fee
Member of the audit and risk committee	R11 450 per annum, in addition to the base fee
Member of the remuneration committee	R5 725 per annum in addition to the base fee
Chairman of the nomination committee	R5 725 per annum in addition to the base fee
Chairman of the social and ethics committee	R11 450 per annum in addition to the base fee

Special resolution number 1 is proposed in order to comply with the requirements of the Companies Act. The aforementioned rates have been recommended in order to ensure that the remuneration of non-executive directors remains competitive, thereby enabling the company to attract persons of the calibre, capability, skill and experience required in order to make a meaningful contribution to the company. The remuneration proposed is considered to be fair and reasonable and in the best interests of the company.

13. Special resolution number 2

Repurchase of company shares

"It is hereby resolved by special resolution that, subject to the company's Memorandum of Incorporation, the Companies Act and the JSE Listing Requirements in force from time to time, the company and/or a subsidiary of the company be and it is hereby authorised to repurchase or purchase, as the case may be, shares issued by the company to any person, upon such terms and conditions and in such manner as the directors of the company or the subsidiary may from time to time determine, including that such securities be repurchased or purchased from share premium or capital redemption reserve fund, subject to the following:

- that the repurchase of securities be effected through the order book operated by the JSE trading system and be done without any prior understanding or arrangement between the company and the counterparty;
- that this general authority be valid only until the next annual general meeting or the variation or revocation of such general authority by special resolution at any subsequent general meeting of the company, provided that it shall not extend beyond 15 months from the date of this resolution;

NOTICE OF ANNUAL GENERAL MEETING
(continued)

- that an announcement be made, giving such details as may be required in terms of the JSE Listing Requirements when the company has cumulatively repurchased 3% of the initial number (the number of that class of security in issue at the time that the general authority is granted) of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter;
- at any point in time the company may only appoint one agent to effect any repurchase of shares on the company's behalf;
- repurchases may not be made by the company and/or its subsidiaries during a prohibited period as defined in the JSE Listing Requirements unless a repurchase programme is in place where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
- the repurchase of shares shall not, in the aggregate, in any one financial year, exceed 20% of the company's issued capital and a maximum of 10% in aggregate of the company's issued capital may be repurchased in terms of the Companies Act, by the subsidiaries of the company, at the time this authority is given;
- the repurchase of securities may not be made at a price greater than 10% above the weighted average of the market value of the securities as determined over the five business days immediately preceding the date on which the transaction is effected;
- the company may not enter the market to proceed with the repurchase of its securities until the company's Designated Advisor has confirmed the adequacy of the company's working capital for the purpose of undertaking a repurchase of securities in writing to the JSE; and
- the board of directors passing a resolution that they authorised the repurchase and that the company passed the solvency and liquidity test as set out in section 4 of the Companies Act and that, since the test was done, there have been no material changes to the financial position of the group."

The directors of the company or its subsidiaries will only utilise the general authority set out in special resolution number 2 above to the extent that they, after considering the effect of the maximum repurchase permitted, and for a period of 12 months after the date of the notice of this AGM, are of the opinion that:

- the company and the group will be able, in the ordinary course of business, to pay their debts;
- the assets of the company and the group will be in excess of the liabilities of the company and the group, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest annual financial statements;
- the ordinary share capital and reserves of the company and the group are adequate for ordinary business purposes;
- the working capital of the company and the group will be adequate for ordinary business purposes;
- the directors have passed a resolution authorising the repurchase, resolving that the company has satisfied the solvency and liquidity test as defined in the Companies Act and resolving that since the solvency and liquidity test had been applied, there have been no material changes to the financial position of the group.
- For the purpose of considering special resolution number 2 and in compliance with the JSE Listing Requirements, the information listed below has been included in the company's integrated annual report, of which this notice of AGM forms part, at the places indicated below:
- directors and management – refer to pages 18 and 19 of this integrated report;
- major shareholders – refer to page 148 of this integrated report;
- directors' interests and securities – refer to pages 129 of this integrated report; and
- share capital of the company – refer to pages 113 this integrated report.

Directors' responsibility

The directors, whose names are set out on pages 18 and 19 of this integrated annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to special resolution number 2 and certify that, to the best of their knowledge and belief, there are no other facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries have been made and that the aforementioned special resolution contains all the information required by the JSE.

14. Special resolution number 3

Financial assistance

"It is hereby resolved as a special resolution that, subject to the requirements of the company's Memorandum of Incorporation and the Companies Act, that the board of directors of the company may authorise the company to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise to:

- any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the company for any purpose or in connection with any matter, including but not limited to, the subscription to any option, or any securities issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company; and
- any of its present or future directors or prescribed officers (or any person related to any of them or to any company or corporation related or inter-related to any of them) or to any other person who is a participant in any of the company's share or other employee incentive schemes, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company, where such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of the Companies Act, such authority to endure until the next annual general meeting of the company."

15. Ordinary resolution number 11

Directors' authority to sign documentation

"It is resolved as an ordinary resolution that any director of the company and the company secretary be and hereby is authorised to sign any documents and to take any steps as may be necessary or expedient to give effect to all ordinary and special resolutions passed at this meeting."

Voting procedures and electronic participation

On a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote, irrespective of the number of shares such shareholder holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote shall be entitled to one vote for every share held or represented by that shareholder. On a poll taken at any such meeting the shareholder entitled to more than one vote need not, if he votes, use all of his votes, or cast all the votes he uses in the same way:

- to furnish the company with his voting instructions; or
- in the event that he wishes to attend the AGM, to obtain the necessary letter of representation to do so.

The directors have not made any provision for electronic voting at the AGM.

Litigation

The directors are not aware of any legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the company is aware) other than the matter detailed in note 45 of the financial statements, which may have or have had, in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

Material change

Other than the facts and developments reported on in this integrated annual report, there have been no material changes in the financial or trading position of the group since the company's financial year-end and the signature date of this integrated annual report.

Quorum

A quorum for the purposes of considering the resolutions above shall consist of three shareholders of the company personally present or represented by a proxy (and if the shareholder is a corporate body, the representative of the body corporate) and entitled to vote at the annual general meeting. In addition, a quorum shall comprise 25% of all voting rights entitled to be exercised by shareholders in respect of the resolutions above.

The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services (Pty) Ltd (Ground floor, 70 Marshall Street, Johannesburg 2001), for the purposes of being entitled to attend, participate in and vote at the annual general meeting is 30 August 2016.

Threshold for resolution approval

For ordinary resolutions, with the exception of ordinary resolution number 9 as detailed above, to be approved by shareholders, each resolution must be supported by more than 50% of the voting rights exercised on the resolution concerned.

For special resolutions and ordinary resolution number 9 to be approved by shareholders, each resolution must be supported at least 75% of the voting rights exercised on the resolution concerned.

Proxies

A shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend, participate in and vote at the AGM in the place of the shareholder. A proxy need not also be a shareholder of the company.

Shareholders on the company share register who have dematerialised their ordinary shares through Strate, other than those whose shareholding is recorded in their "own name" in the sub-register maintained by their CSDP, and who wish to attend the AGM in person, will need to request their CSDP or broker to provide them with the necessary authority to do so in terms of the custody agreement entered into between the dematerialised shareholders and their CSDP or broker.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration, and who are entitled to attend and vote at the AGM, are entitled to appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a shareholder and shall be entitled to vote on a show of hands or poll. It is requested that forms of proxy be forwarded so as to reach the transfer secretaries at least 48 hours prior to the AGM, alternatively proxies may be presented prior to the commencement of the AGM. If shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration and who are entitled to attend and vote at the AGM do not deliver forms of proxy to the transfer secretaries timeously, such shareholders will nevertheless at any time prior to the commencement of the voting on the ordinary and special resolutions at the AGM be entitled to lodge forms of proxy in respect of the AGM, in accordance with the instructions therein with the chairman of the AGM.

By order of the board

EG Dube
Chief Executive Officer

1 August 2016

GENERAL INFORMATION

Country of incorporation and country of domicile	Republic of South Africa
Headquarters	Sandton, South Africa
Registration number	1997/020641/06
JSE code	VUN
ISIN	ZAE000163382
Primary listing	AltX on the JSE
Listing date	27 November 2007
Shares in issue at 29 February 2016	114 664 649
Business address and registered office	Vunani House Vunani Office Park 151 Katherine Street Sandown Sandton
Postal address	PO Box 652419 Benmore 2010
Transfer secretaries	Computershare Investor Services Proprietary Limited 70 Marshall Street Johannesburg 2001
Designated advisor	Grindrod Bank Limited
Company secretary	CIS Company Secretaries Proprietary Limited
Website	www.vunanilimited.co.za
Telephone	+27 11 263 9500

DEFINITIONS

Financial and other definitions

Financial

Basic earnings per share ("EPS") (cents)	Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares.
Diluted basic earnings per share (cents)	Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares, adjusted for the potential dilutive ordinary shares resulting from share based payments.
Diluted headline earnings per share (cents)	Headline earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares, adjusted for the potential dilutive ordinary shares resulting from share based payments.
Dividends per share (cents)	Total dividends paid to ordinary shareholders divided by the number of ordinary shares issued.
Headline earnings	Determined in terms of the circular issued by the South African Institute of Chartered Accountants at the request of the JSE, by excluding from reported earnings specific separately identifiable re-measurements net of related tax and non-controlling interests.
Headline earnings per share ("HEPS") (cents)	Headline earnings divided by the weighted number of ordinary shares.
Net asset value per share (cents)	Equity attributable to equity holders of Vunani Limited, divided by the total shares in issue, including treasury shares.
Return on equity (%)	Net income after tax attributable to equity holders of Vunani divided by equity attributable to equity holders of Vunani Limited.
Return on investment (%)	Net income after tax attributable to the investment divided by the cost (equity and loans) of the investment.
Shares in issue (number)	The number of ordinary shares in issue as listed by the JSE.
Tangible net 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.
Weighted average number of shares (number)	The number of shares in issue at the beginning of a period, adjusted for shares cancelled, bought back, or issued during the period, multiplied by a time-weighting factor.

Subsidiaries and associates

Black Wattle	Black Wattle Colliery Proprietary Limited
Fairheads	Fairheads International Holdings Proprietary Limited
Mandlalux	Mandlalux Proprietary Limited
Mandlamart	Mandlamart Proprietary Limited
Purpose Vunani	Purpose Vunani Asset Management (Private) Limited
Vunani	Vunani Limited and its subsidiaries
Vunani Capital	Vunani Capital Proprietary Limited
Vunani Capital Markets	Vunani Capital Markets Proprietary Limited
Vunani Fund Managers	Vunani Fund Managers Proprietary Limited
Vunani Private Clients	Vunani Private Clients Proprietary Limited,
Vunani Mion Properties	Vunani Mion Properties Proprietary Limited
Vunani Property Asset Management or **VPAM**	Vunani Property Asset Management Proprietary Limited
VProp714	VProp714 Proprietary Limited
Vunani Resources	Vunani Resources Proprietary Limited
Vunani Securities	Vunani Securities Proprietary Limited
Vunani Limited	A company incorporated in the Republic of South Africa, registration number 1997/020641/06JSE code: VUN ISIN: ZAE000163382Listed on AltX on the JSE

Other definitions

AltX	The AltX (Alternative Exchange) is the JSE's board for small and medium-sized companies in South Africa. Established in 2003, AltX provides smaller companies not yet able to list on the JSE Main Board with a clear growth path and access to capital.
Black	African, Coloured, Indian and South African Chinese people (who fall within the ambit of the definition of black people in the relevant legislation as determined by court ruling).
Broad based black economic empowerment	Socioeconomic term concerning formalised initiatives and programmes to enable historically disadvantaged black individuals and groups to participate gainfully and equitably in the mainstream economy.
Companies Act	The Companies Act no 71 of 2008.
CPI (%)	A South African index of prices used to measure the change in the cost of basic goods and services.
International Reporting Standards	International Reporting Standards issued by the International Accounting Standards Board (IASB).
The board	Vunani Limited's board of directors
The group	Vunani Limited and its subsidiaries
The company	Vunani Limited and its subsidiaries
Special purpose vehicle	An entity created to accomplish a narrow and well-defined objective.

DEFINITIONS (continued)

Acronyms and abbreviations

A	
AGM	Annual general meeting
AUA	Assets under administration
AUM	Assets under management
B	
BBBEE or BEE	Broad based black economic empowerment
bps	Basis points
C	
CEO	Chief executive officer
CFA	Chartered Financial Analyst
CFD	Contract for difference
CFO	Chief financial officer
CPI	Consumer price index
CSI	Corporate social investment
D	
DBSA	Development Bank of Southern Africa
E	
EBITDA	Earnings before interest, tax depreciation and amortisation
EPS	Earnings per share
ETF	Exchange traded funds
ETN	Exchange traded notes
F	
FSB	The Financial Services Board
FCTR	Foreign currency translation reserve
G	
GAI	Governance Assessment Instrument
GDP	Gross domestic products
H	
HEPS	Headline earnings per share
I	
IFRS	International Financial Reporting Standards
IoDSA	Institute of Directors in Southern Africa
<IR> Framework	International Integrated Reporting Framework released by the International Integrated Reporting Council
ISIN	International Securities Identification Number
IT	Information technology
J	
JSE	The JSE Limited, a licensed securities exchange
K	
King III	The King III Report on Corporate Governance in South Africa
KPI	Key performance indicator
L	
LSE	London Stock Exchange
LSM	Living standards measure
M	
M&A	Mergers and acquisitions
MBA	Master of Business Administration
MD	Managing director
MOI	Memorandum of incorporation
N	
NCI	Non-controlling interest
O	
OCI	Other comprehensive income
P	
PVAM	Purpose Vunani Asset Management
R	
ROE	Return on equity
ROI	Return on investment
S	
SANAS	South African National Accreditation System
SARS	South African Revenue Services
SENS	Stock Exchange News Service
SPV	Special purpose vehicle
V	
VCF	Vunani Corporate Finance, a division of Vunani Capital
VFM	Vunani Fund Managers
VPAM	Vunani Property Asset Management
VPC	Vunani Private Clients
VSIST	Vunani Share Incentive Scheme Trust

FORM OF PROXY

(Incorporated in the Republic of South Africa)
(Registration number: 1997/020641/06)
JSE code: VUN
ISIN: ZAE000163382
("the company")

VUNANI
LIMITED

To be completed by registered certificated shareholders and dematerialised shareholders with own name registration only.

For use in respect of the annual general meeting to be held at the company's offices, Vunani House, Vunani Office Park, 151 Katherine Street, Sandown, Sandton on Tuesday 30 August 2016 at 11:30.

Ordinary shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the annual general meeting or the ordinary shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the custody agreement entered into between the shareholder and the CSDP or broker concerned.

I/We (full names in block letters)

of (address)

Telephone (work) Telephone (home)

being the holder(s) of ordinary shares in the company, appoint (see note 1):

or failing him/her,

or failing him/her,

the chairman of the annual general meeting,

as my/our proxy to act on my/our behalf at the annual general meeting which is to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof and to vote for or against such resolutions or to abstain from voting in respect of such resolutions, in accordance with the following instructions (see note 2):

	Number of votes (one vote per ordinary share)		
	For	**Against**	**Abstain**
Ordinary resolution number 1 Re-election of NS Mazwi as an independent non- executive director			
Ordinary resolution number 2 Re-election of JR Macey as an independent non- executive director			
Ordinary resolution number 3 Re-election of GS Nzalo as an independent non- executive director			
Ordinary resolution number 4 Re-election of GS Nzalo as a member and chairman of the audit and risk committee			
Ordinary resolution number 5 Re-election of JR Macey as a member of the audit and risk committee			
Ordinary resolution number 6 Re-election of NS Mazwi as a member of the audit and risk committee			
Ordinary resolution number 7 Re-appointment of KPMG Inc. as the auditor of the company			
Ordinary resolution number 8 General authority to directors to allot and issue authorised but unissued ordinary shares			
Ordinary resolution number 9 General authority to directors to allot and issue ordinary shares for cash			
Ordinary resolution number 10 Approval of remuneration policy (non-binding advisory vote)			
Special resolution number 1 Approval of remuneration payable to non-executive directors			
Special resolution number 2 Repurchase of company shares			
Special resolution number 3 Financial assistance			
Ordinary resolution number 11 Directors' authority to sign documentation			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.)

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak, and on a poll, vote in place of that shareholder at the annual general meeting.

Signed at on 2016

Signature(s)

Capacity

Please read the notes and summary on the reverse side hereof.

NOTES TO THE FORM OF PROXY

Notes

1. A member may insert the name of a proxy or the names of two alternate proxies of the member's choice in the space(s) provided, with or without deleting "the chairman of the annual general meeting". The person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member should insert an "X" in the relevant space according to how he wishes his votes to be cast. However, if a member wishes to cast a vote in respect of a lesser number of ordinary shares than he owns in the company, he should insert the number of ordinary shares held in respect of which he wishes to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he deems fit in respect of all the member's votes exercisable at the annual general meeting. A member is not obliged to exercise all of his votes, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the member.
3. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such member wish to so do.
4. The chairman of the annual general meeting may reject or accept any form of proxy, which is completed and/or received, other than in compliance with these notes.
5. Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the annual general meeting or the ordinary shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the custody agreement entered into between the shareholders and the CSDP or broker concerned.
6. Any alteration to this form of proxy, other than the deletion of alternatives, must be signed, not initialled, by the signatory/ies.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. on behalf of a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the company or waived by the chairman of the annual general meeting.
8. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her capacity are produced or have been recorded by the company.
9. Where there are joint holders of shares:
   - any one holder may sign this form of proxy; and
   - the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the company's register of members, will be accepted.
10. To be valid, the completed forms of proxy must either: (a) be lodged so as to reach the transfer secretaries by no later than the relevant time or (b) be lodged with the chairman of the annual general meeting prior to the annual general meeting so as to reach the chairman by no later than immediately prior to the commencement of voting on the ordinary and special resolutions to be tabled at the annual general meeting.
11. The proxy appointment is revocable by the shareholders giving written notice of the cancellation to the company prior to the annual general meeting or any adjournment thereof. The revocation of the proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholders as of the later of: (i) the date stated in the written notice, if any or (ii) the date on which the written notice was delivered as aforesaid.
12. If the instrument appointing a proxy or proxies has been delivered to the company, any notice that is required by the Companies Act or the memorandum of incorporation to be delivered by the company to shareholders must (as long as the proxy appointment remains in effect) be delivered by the company to: (i) the shareholder or (ii) the proxy or proxies of the shareholder has directed the company to do so, in writing and pay it any reasonable fee charged by the company for doing so.

Summary of the rights

Established in terms of section 58 of the Companies Act

For purposes of this summary, "shareholder" shall have the meaning ascribed thereto in the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder, or give or withhold written consent on behalf of such shareholder in relation to an decision contemplated in section 60 of the Companies Act.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Companies Act or expires earlier as contemplated in section 58(8)(d) of the Companies Act.
3. Except to the extent that the memorandum of incorporation of a company provides otherwise:
   a. a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
   b. a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
   c. a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.
4. Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
5. Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company.
6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
7. If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the company for doing so.
8. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation, or the instrument appointing the proxy provides otherwise.
9. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supply a form of instrument for appointing a proxy:
   a. such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
   b. the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Companies Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
   c. the company must not require that the proxy appointment be made irrevocable; and
   d. the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

NOTES

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