

**Vunani Limited – Reviewed Condensed Consolidated Financial Results
for the year ended 31 December 2008**

Vunani Limited

(Incorporated in the Republic of South Africa)

(Registration number 1997/020641/06)

JSE code: VUN ISIN: ZAE000110359

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

SALIENT FEATURES

- Attributable profit derived from Financial Services segment in line with prior year at R88.5 million
- Concluded a number of acquisitions which have strengthened the group's Financial Services segment
- Material decline in market prices of Vunani's listed empowerment investments
- Modified review opinion

**REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

Condensed Consolidated Income Statement

	Reviewed December 2008 R'000	Audited December 2007 R'000
Revenue	171 270	131 981
Other income	18 395	59 369
Operating expenses	<u>(107 827)</u>	<u>(105 086)</u>
Operating profit	81 838	86 264
Investment income	17 552	10 962
Fair value adjustments	(856 768)	689 958
Income from equity accounted investments	<u>19 845</u>	<u>31 620</u>
(Loss)/profit before finance costs	(737 533)	818 804
Net finance costs	<u>(201 505)</u>	<u>(107 080)</u>
(Loss)/profit before taxation	(939 038)	711 724
Taxation	<u>180 810</u>	<u>(154 102)</u>
Attributable (loss)/profit for the year	<u>(758 228)</u>	<u>557 622</u>
Attributable to:		
Equity shareholders	(756 582)	487 786
Minority interests	<u>(1 646)</u>	<u>69 836</u>
Attributable (loss)/profit for the year	<u>(758 228)</u>	<u>557 622</u>
Reconciliation of headline (loss)/earnings		
(Loss)/earnings attributable to equity shareholders	(756 582)	487 786
Adjusted for:		
Profit on disposal of associates	(11 028)	-
Revaluation of investment properties	<u>72 713</u>	<u>(157 831)</u>
Headline (loss)/earnings attributable to equity shareholders	<u>(694 897)</u>	<u>329 955</u>
Fully diluted weighted average number shares in issue	1 216 266 210	1 015 443 836
Shares in issue at year end	1 234 250 000	1 177 000 000
Basic (loss)/earnings per share (cents) ⁽¹⁾	(62.2)	48.0
Headline (loss)/earnings per share (cents) ⁽¹⁾	(57.1)	32.5
Fully diluted (loss)/earnings per share (cents)	(62.2)	48.0
Fully diluted headline (loss)/earnings per share (cents)	(57.1)	32.5

Note:

- (1) Basic and headline earnings per share as at 31 December 2007 have been recalculated in terms of IAS 33 and the headline earnings circular (08/07). This has resulted in the restatement of basic earnings per share to 48.0 cents from 41.4 cents and headline earnings per share to 32.5 cents from 28.0 cents.

Condensed Consolidated Balance Sheet

	Reviewed December 2008 R'000	Audited December 2007⁽¹⁾ R'000
ASSETS		
Non-current assets	1 671 355	2 714 593
Investment property	807 767	700 935
Property and equipment	5 540	4 685
Goodwill ⁽²⁾	92 591	11 216
Investment in associates	181 077	65 866
Investments	480 821	1 927 597
Deferred tax	101 668	2 729
Other non-current asset	1 891	1 565
Current assets	390 685	283 743
Investments ⁽³⁾	180 531	-
Inventory	6 406	34 458
Trade and other receivables	4 352	11 773
Accounts receivable from trading activities	161 822	150 108
Cash and cash equivalents	37 574	87 404
Total assets	2 062 040	2 998 336
EQUITY		
Equity attributable to equity holders of the company	103 831	796 426
Share capital and premium	250 263	198 020
Reserves	195 809	504 143
Accumulated (loss)/retained earnings	(342 241)	94 263
Minority interests	172 528	184 036
Total equity	276 359	980 462
Liabilities		
Non-current liabilities	1 063 133	1 750 321
Financial liabilities	968 548	1 563 534
Deferred tax	94 585	186 787
Current liabilities	722 548	267 553
Financial liabilities ⁽³⁾	525 340	28 786
Receiver of Revenue	2 621	14 984
Trade and other payables	44 149	51 716
Accounts payable from trading activities	150 438	172 067
Total equity and liabilities	2 062 040	2 998 336
Shares in issue at year end	1 234 250 000	1 177 000 000
Net asset value per share (cents)	8.4	67.7
Net tangible asset value per share (cents)	0.9	66.7

Notes:

- (1) The fair value adjustment of financial liabilities amounting to R30,4 million in 2007, was previously included in the fair value of investments, has now been reclassified under financial liabilities.
- (2) The increase in goodwill is as a result of the acquisitions of various financial services businesses during the year under review to strengthen the Financial Services segment as set out in the Business Combinations paragraph below.
- (3) Investments amounting to R180.5 million, the funding of which is in breach of certain debt covenant ratios are included under current assets. The related liability of R513.9 million is included in the current portion of financial liabilities pending final negotiations with funders as set out in the Statement On Going Concern paragraph below.

Condensed Consolidated Statement of Changes in Equity

	Share capital R'000	Share premium R'000	Revaluation reserves R'000	Accumulated (loss)/ Retained earnings R'000	Minority interest s R'000	Total equity R'000
Balance at 31 December 2006	-	24 706	159 782	30 251	57 807	272 546
Profit for the year				487 786	69 836	557 622
Issue of shares	118	173 196				173 314
Transfer to revaluation reserves			344 361	(423 774)	56 393	(23 020)
Total changes	118	173 196	344 361	64 012	126 229	707 916
Balance at 31 December 2007	118	197 902	504 143	94 263	184 036	980 462
Loss for the year				(756 582)	(1 646)	(758 228)
Issue of shares	6	57 178				57 184
Purchase of treasury shares	(8)	(4 933)				(4 941)
Transfer to revaluation reserves			(308 334)	320 078	(9 862)	1 882
Total changes	(2)	52 245	(308 334)	(436 504)	(11 508)	(704 103)
Balance at 31 December 2008	116	250 147	195 809	(342 241)	172 528	276 359

Condensed Consolidated Cash Flow Statement

	Reviewed December 2008 R'000	Audited December 2007 R'000
Cash inflows from operating activities	33 915	138 860
Cash outflows from investing activities	(336 450)	(833 661)
Cash inflows from financing activities	252 705	754 525
(Decrease)/increase in cash and cash equivalents	(49 830)	59 724
Cash and cash equivalents at beginning of year	87 404	27 680
Cash and cash equivalents at end of year	37 574	87 404

Segmental Reporting

	Reviewed December 2008 R'000	Audited December 2007 R'000
Revenue		
Financial Services	171 270	131 981
Investment Services	(856 768)	689 958
	(685 498)	821 939
Attributable (loss)/profit for the year		
Financial Services	88 508	88 050
Investment Services	(846 736)	469 572
	(758 228)	557 622
Total assets		
Financial Services	298 317	292 723
Investment Services	1 763 723	2 705 613
	2 062 040	2 998 336

OVERVIEW

Vunani is a black-owned and managed financial services company that operates through two distinct segments, Financial Services and Investment Services. Financial Services comprises the asset management, investment banking and property business units. The Investment Services segment houses Vunani's strategic empowerment equity investments ("the empowerment investments").

The global economic downturn has resulted in a material decline in the market value of Vunani's listed empowerment investments during the year. These investments are carried in the Investment Services segment, which reflected material unrealised negative fair value adjustments.

To strengthen its Financial Services segment, the group acquired an additional 35% stake in Edge Holding Company (Proprietary) Limited ("Edge"), a fund of hedge funds manager, increasing its shareholding to 45%. The company also acquired the businesses of Vunani Corporate Finance ("VCF") and Vunani Treasury Resources ("VTR") and a 51% stake in Integrated Managed Investments (Proprietary) Limited ("IMI"). The investment in Edge was funded through borrowings and the VCF, VTR and IMI acquisitions were funded from a combination of cash resources and the issue of shares.

The profit after tax generated by Financial Services in respect of the year ended 31 December 2008 is in line with the previous financial year at R88.5 million.

FINANCIAL RESULTS

As a result of the negative fair value adjustments the financial performance of the group for the 2008 year is substantially below the forecasts as set out in the prospectus.

Despite difficult trading conditions, Vunani experienced a 30% growth in revenue to R171.3 million (2007: R132.0 million). Other income decreased to R18.4 million (2007: R59.4 million) and with concerted cost containment resulted in a 5% decrease in operating profit to R81.8 million (2007: R86.3 million). These core operations will remain the platform for future growth of the group. The Financial Services segment contributed R88.5 million (2007: R88.0 million) to attributable income.

The group's attributable earnings for the 2008 year decreased by 236% to a R758.2 million loss (2007: R557.6 million profit). Headline earnings declined by 307% to R683.9 million loss (2007: R330.0 million profit). Profit/loss before finance costs decreased 190% to R737.5 million loss (2007: R818.8 million profit) as a result of fair value adjustments on the empowerment investments. The group remains

committed to its core empowerment investments which are regarded as quality assets with strong management and are well-positioned to benefit from future economic growth in the South African environment. Vunani is committed to continuing its empowerment investment strategy as set out in the Subsequent Events paragraph below.

BASIS OF PREPARATION OF THE REVIEWED RESULTS

Statement of compliance

The condensed financial statements comprise a consolidated balance sheet at 31 December 2008, a consolidated income statement, consolidated statement of changes in equity and summarised consolidated cash flow statement for the year ended 31 December 2008. The condensed financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") and the presentation and disclosure requirements of IAS 34, Interim Financial Reporting, the JSE Listings Requirements and the South African Companies Act.

The accounting policies applied for the year are consistent with those of the prior year.

Basis of measurement

The condensed financial statements have been prepared on the historical cost basis except for certain financial instruments measured at fair value.

REVIEWED RESULTS

The annual financial statements of the group have been reviewed by the company's auditors, Deloitte & Touché. The review report has been modified to draw attention to a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern which has been disclosed in the Statement On Going Concern and Subsequent Events below. Their modified report is available for inspection at the registered office of the company.

STATEMENT ON GOING CONCERN

The decline in the share prices of Vunani's empowerment investments has caused a breach in the respective debt covenant ratios with certain financial institutions. The company was advised that these breaches constituted events of default in terms of the finance agreements entered into with these institutions. To date, these institutions have not initiated any formal legal processes in order to recover the amounts owing. These institutions have subsequently commenced negotiations that could lead to the restructuring of the group's debt and underlying commitments which would ensure the continued solvency of the company. The company's ability to continue as a going concern is dependent on the successful completion of these negotiations regarding the restructure of the debt and/or the recovery of share prices of the underlying empowerment investments and/or additional security being provided.

The condensed financial statements have been prepared on the going concern basis anticipating the successful outcome of the negotiations with the financial institutions in the foreseeable future.

SUBSEQUENT EVENTS

The group is currently in negotiations with its funders to remedy loan covenant breaches that will potentially lead to a restructuring of the group's funding commitments as more fully disclosed in the Statement On Going Concern paragraph above.

Vunani is committed to continuing its empowerment investment strategy and announced on 4 March 2009, the subscription of a 20.4% equity holding in Civils 2000 Holdings (Proprietary) Limited, a well established construction company in the Western Cape. Vunani also acquired a 30% investment in Solethu Investments (Proprietary) Limited, a black-owned investment group focused on investments in road, rail, sea and related sectors.

BUSINESS COMBINATIONS

The acquisition of the businesses of VCF and VTR became effective on 1 January 2008 and the

acquisition of IMI became effective on 1 July 2008. The revenue from these acquisitions during the period amounted to R33.9 million and profit after tax to R9.2 million. The goodwill and intangible assets on these acquisitions amounted to R81.4 million.

SHARE CAPITAL

The company issued 57 million shares in settlement of a portion of the purchase consideration for its acquisition of VCF and VTR. During the year the company repurchased 8 million of its own shares at various prevailing market prices.

DIVIDEND POLICY

No dividend will be paid in respect of the year ended 31 December 2008 in order to preserve liquidity and reduce debt.

PROSPECTS

The group is committed to resolving the challenges in its Investments Services segment. Vunani continues to experience good investment deal flow and has developed its Financial Services segment which is now well-positioned to show strong growth once stability returns to the financial markets.

APPRECIATION

The invaluable contribution of our directors, management and staff is clearly reflected in these results. Their sustained support and performance will enable Vunani to continue growing and prospering into the future. Our sincere appreciation is extended to each and every one of our employees for their efforts and performance.

To all our shareholders, a special thank you for your continued support. Your loyalty and confidence in our group is appreciated.

On behalf of the Board

E G Dube
Chief Executive Officer
31 March 2009

W G Frawley
Chief Financial Officer

CORPORATE INFORMATION

Non-executive directors: W C Ross (Chairman), A F Pieterse, Dr B A Khumalo, N S Mazwi

Executive directors: E G Dube (CEO), W G Frawley (CFO), B M Khoza, N M Anderson, C E Chimombe-Munyoro

Registration number: 1997/020641/06

Registered address: Vunani House, Athol Ridge Office Park, 151 Katherine Street, Sandown, Sandton, 2196

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Company secretary: W G Frawley CA(SA)

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Transfer secretaries: Computershare Investor Services (Proprietary) Limited

Lead Designated Adviser: Merchantec (Proprietary) Limited

Joint Designated Adviser: Vunani Corporate Finance

These results and an overview of Vunani Limited are available at www.vunanilimited.co.za.