

EPE CAPITAL PARTNERS LTD ("ETHOS CAPITAL" OR "THE COMPANY")
INCORPORATED IN THE REPUBLIC OF MAURITIUS
REGISTRATION NUMBER: C138883 C1/GBL
ISIN: MU0522S00005
SHARE CODE: EPE

RESULTS FOR YEAR ENDED 30 JUNE 2018,
AVAILABILITY OF AUDITED AFS,
NOTICE OF AGM AND
B-BBEE COMPLIANCE REPORT

INTRODUCTION

EPE Capital Partners Ltd is an investment holding company, registered and incorporated in Mauritius as a public company. It is listed on the Johannesburg Stock Exchange ("JSE") and offers shareholders long-term capital appreciation by making commitments and investments into Funds or Direct Investments that are managed by Ethos Private Equity (Pty) Limited ("Ethos"), providing the Company with largely indirect exposure to a diversified portfolio of unlisted private equity type investments ("Portfolio Companies"). "The Group" refers to the consolidated results of the Company and its deemed subsidiary.

A. PROVISIONAL RESULTS ANNOUNCEMENT

Key Highlights

- Group NAVPS increased by 5.7% to R11.00
- Significant investment activity since 30 June 2017 with 11 transactions either completed, signed or agreed with a total Ethos Capital investment of R1.1 billion
- Adjusted for the post-period-end investments, invested capital will be R1.4 billion or 74% of total assets
- Final close achieved for Ethos Mid Market Fund I (R2.5 billion) and first close for Ethos Mezzanine Fund, with first closes for Ethos Fund VII and Ethos Ai Fund imminent
- Commitments to Ethos Funds and Direct Investments of R1.7 billion, increasing to R3.2 billion post year-end
- Strong pipeline of new Funds and investment opportunities across all Funds

OVERVIEW

At 30 June 2018, the Group had a NAVPS of R11.00 and total assets of R1.9 billion; c.37% was invested in unlisted investments, with the balance held in Temporary Investments. After year-end, the various Ethos Funds either concluded, signed or substantially agreed terms for six transactions, which upon completion will increase the unlisted investments to 74% of total assets, providing access to 16 Portfolio Companies.

During the year, the Company made net investments of R0.4 billion into Ethos Funds and Direct Investments. The Ethos Mid Market Fund I completed three transactions in MTN Zakhele Futhi, Kevro and Echo. The Company completed its first Direct Investments in Primedia and Kevro, alongside Ethos Fund VI and Ethos Mid Market Fund I respectively; and participated in the Ethos Healthcare Platform.

Post-30 June 2018, six further transactions were signed or substantially agreed, which in total represent a R700 million investment by Ethos Capital to the extent all these transactions conclude.

Commitments to Ethos Funds of R1.7 billion at 30 June 2018 increased to R3.2 billion, following first close commitments to Ethos Fund VII (R1.25 billion), the Ethos Ai Fund I (R150 million) and a R100 million Direct Investment.

The Board's medium-term objective is to fully invest Ethos Capital's NAV and to focus on the full spectrum of options to enhance long-term shareholder value whilst managing the Company's liquidity and commitment strategies in a disciplined manner. Many of the investments are in the early stages of their holding period - value-weighted average of 1.4 years - and it is anticipated that the growth in the unlisted investments should increase as the underlying Portfolio Companies start to benefit from the strategic and operational interventions that the management teams, alongside Ethos, are implementing into this relatively "young" portfolio.

PRESENTATION

Ethos Capital will host a webcast presentation at 12h00 pm on Friday 28 September 2018 covering the results relating to the year ended 30 June 2018, and outlook. A copy of the presentation is available for download on the Company's website at www.ethoscapital.mu/investors1/reports-results/

Participants should please register for the webcast in advance by navigating to this website:

<http://www.diamondpass.net/4704077>

B. REVIEW OF THE INVESTMENT PORTFOLIO AND RETURNS

GROUP NAV

AS at 30 June 2018, the Group had a NAV of R1.8 billion (net of R181 million of treasury shares) and a NAVPS of R11.00, an increase of 5.7% over the year.

	NAV R'000	NAVPS Cents
At 30 June 2017	1 732 079	10.41
Net return on Temporary Investments	94 823	0.57
Return on investment portfolio	24 568	0.15
Share buy-backs	(45 981)	0.07
Operating expenses	(8 313)	(0.05)
Legal and professional fees	(6 220)	(0.04)
Fees paid to Ethos	(14 747)	(0.09)
Taxation	(3 458)	(0.02)
At 30 June 2018	1 772 751	11.00

Since listing, the growth in invested capital has been 7% as capital has been invested by the various Funds into underlying Portfolio Companies. Many of the investments are in the early stages of their investment holding period and it is anticipated that the growth in invested capital should increase as the underlying Portfolio Companies start to benefit from the strategic and operational interventions that the management teams are implementing into this relatively "young" portfolio. The value-weighted average hold period of the Group's underlying Portfolio Companies is only 1.4 years.

Temporary Investments (largely a portfolio of government bonds and liquid NCDs) delivered a net return of 7.6%.

Legal and professional fees of R6.2 million were incurred during the year. These predominantly relate to direct transaction-related fees and some Fund establishment fees. Other expenses totalled R8.3 million which included Directors' emoluments (R3.9 million) and other operating expenses such as audit, listing and administrative costs.

The fees payable to Ethos totalled R14.7 million, which equates to 0.8% of the Group NAV. These include investment service and management fees on Primary and Direct Investments (R13.3 million), and management fees on Temporary Investments (R1.4 million), which are largely payable to Ashburton Fund Managers Proprietary Limited ("Ashburton") for managing the portfolio of Temporary Investments.

Further details on expenses are provided in note 12 of the Notes to the Summarised Annual Financial Statements.

COMPANY NAV

At the Company level, NAV was R1.9 billion as at 30 June 2018, net after recognising R46 million of treasury shares, representing a NAVPS of R10.93 per share.

Investment portfolio

At 30 June 2018, the investment portfolio and invested capital of the Company consisted of the following Fund and Direct Investments:

	Cost R'000	Valuation R'000	% of Total assets
Investments			
EMMF I	315 171	320 114	16.7
Primedia	160 275	175 800	9.2
EMMF Direct*	100 000	105 300	5.5
EF VI	82 455	82 225	4.3
EHP	28 486	28 486	1.5
Total investments	686 387	711 925	37.2
Unfunded guarantees			
EF VI	-	4 078	0.2
Total invested capital	686 387	716 003	37.4

* Ethos Mid Market Fund Direct Investment Partnership representing the investment in Kevro.

In total, the Company invested over R0.5 billion during the year (R0.4 billion net of the EMMF I equalisation proceeds), participating in further capital calls in EF VI and EMMF I, as well as investing in a number of Direct Investments.

Ethos Capital invested a gross amount of R175 million into EMMF I which, in addition to follow-on capital investments in existing businesses, completed three new investments: MTN Zakhele Futhi, Kevro and Echo. As part of the final close of the Fund, Ethos Capital received R89 million in equalisation proceeds as new investors committed capital to the Fund. The total equalisation profit realised by Ethos Capital as a first close investor in the Fund was R19.5 million, of which R14.9 million was realised during the year.

The Company also invested a total of R271 million into two Direct Investments alongside the Ethos Funds, namely Primedia and Kevro. In addition, in May 2018, the Company invested R30 million into Vertice via its investment in EHP and EF VI.

Post-year-end transactions

The various Ethos Funds completed, signed or substantially agreed conditional transaction agreements for six investments post-year-end. Two transactions, including the SoftBev acquisition by The Beverage Company, and the Chibuku Products transactions have already been completed with a total Ethos Capital investment contribution of R52 million. To the extent that the remaining four transactions all conclude, Ethos Capital will increase its invested capital by a further R648 million.

In August 2018, EMP 3 completed its first investment into Chibuku Products, a FMCG company previously owned by SAB Miller, based in Malawi. The Ethos Capital contribution to the investment was R44 million. In September 2018, EMMF I signed their seventh investment, Gammatek, the largest distributor of mobile phone accessories and low-technology components in South Africa. Ethos Capital's contribution to the transaction is expected to be R98 million.

During September 2018, Ethos agreed terms to acquire a 17.5% stake in Channel Vas, an airtime credit service provider with interests in 25 countries across Africa, Asia and Europe. Through its commitments to EF VII, EAiF I and Ethos Direct Investment Partnership ("EDI"), Ethos Capital will invest c.R391 million into Channel Vas upon completion. It is expected that, as EF VII and EAiFi raise additional capital, Ethos Capital will be equalised in the process. Assuming EF VII achieves its targeted R8.0 billion Fund size, the Ethos Capital exposure to Channel Vas will reduce to c.R225 million.

Two further agreements were signed in September 2018 to acquire bolt-on businesses to existing Portfolio Companies. Upon completion, EMMF I and EF VII will invest a combined R285 million (Ethos Capital's share of invested capital will be R151 million) into Echo to facilitate the acquisition of Gondwana, a pan sub-Saharan African ISP which will provide Echo with broad coverage and product offerings in nine key sub-Saharan African countries. In addition, EF VI and EHP will invest a further R44 million (Ethos Capital's share of invested capital will be c.R8 million) into Vertice to facilitate the acquisition of a complementary business in the MedTech space to consolidate its position in a new vertical in the market.

Including the above transactions subsequent to 30 June 2018, Ethos Capital's updated invested capital is over R1.4 billion, or c.74% of the 30 June 2018 total assets.

Realisations

As part of the third and fourth (final) closings of EMMF I, Ethos Capital was equalised and received, as a first close investor, a return of prime + 2% on the cost returned, totalling R14.9 million which was recognised as income.

During October 2017, Ethos Capital received R11.9 million as its share of the sale of Kevro by EF VI, which generated a Fund return of 2.7x cost invested.

Portfolio Company contribution and performance

Ethos Capital's investment portfolio at 30 June 2018 provides exposure to 13 Portfolio Companies, which in aggregate (excluding the results of the MTN Group) have sales of over R25 billion and EBITDA of more than R4 billion. The Portfolio Companies span a number of sectors providing diversified portfolio exposure. Post-period-end, a further three Portfolio Companies were by Ethos Funds.

Including the acquisitions entered into or agreed subsequent to 30 June 2018, the contribution of each underlying Portfolio Company and net Temporary Investments to the Company's total assets of R1.9 billion is as follows:

Total assets contribution - R1.9 billion updated for post-year-end transactions

- Other*	3%
- Eazi Access	2%
- Vertice	2%
- MTN Zakhele Futhi	2%
- Chibuku	2%
- Twinsaver	3%
- Autozone	5%
- Gammatek	5%
- Echo	9%
- Primedia	10%
- Kevro	10%
- Channel vas	21%
- Temporary Investments	26%

* Representing exposure to five smaller Portfolio Companies in EF VI.

Based on its participation percentage in the Ethos Funds, and each Fund's percentage ownership of each Portfolio Company, Ethos Capital's attributable share of the Portfolio Companies' sales and EBITDA at 30 June 2018 is in excess of R900 million and R150 million respectively. The Company's attributable share of the sales of the Portfolio Companies grew over the last 12 months ("LTM") to 30 June 2018 on a value-weighted basis by 2.7%. On a similar basis, the growth in the attributable EBITDA of the Portfolio Companies over the LTM was largely flat.

Commitments

Ethos Capital's Investment Strategy is to make investment commitments into Funds managed by Ethos. Through a combination of Primary, Direct and Secondary Investments, or making commitments to Direct Investments.

During the year, the Company made further commitments of c.R1.0 billion to Ethos Funds and Direct Investments. EMMF I had its final closing during May 2018. When Ethos Capital increased its commitment from R550 million to R950 million, representing c.38% of the R2.5 billion raised. The Company also participated in its first two Direct Investments. Through commitments of R100 million and R171 million respectively into Kevro Holdings (Pty) Ltd (through EMMF Direct) and Primedia Holdings Pty Ltd.

In May 2018, the Company made its first commitment of R30 million into EHP, and a first close commitment of US\$20 million (R276 million) into EMP 3.

Post-year-end transactions

Post the end of the financial year, Ethos Capital made first close commitments to EF VII and EAiF I of R1.25 billion and R150 million respectively. Furthermore, it also committed R100 million to EDI, bringing the total commitments to c.R3.2 billion.

The Company's intended final commitments to EF VII is R2.15 billion and R320 million to EMP 3, which have been approved by the Board subject to, inter alia, final commitment levels in each Fund and the Company's liquidity levels at the final close of each Fund.

As at 30 June 2018, Ethos Capital had liquid resources of R1.2 billion to meet any outstanding commitments. In addition, the Company has agreed to a four-year revolving credit facility with Rand Merchant Bank ("RMB") that, once activated, will provide access to c.R0.6 billion of additional resources for the Company.

Share price analysis

Ethos Capital's share price as at 30 June 2018 was R7.90 which represented a 28% discount to 30 June 2018 Group NAV. On average over the year, 2.4% of the issued A Ordinary Shares traded per month and the average discount to NAV has been c.21%.

As part of its strategy to enhance shareholder value, the Company has continued to repurchase shares which are held in treasury. Up to 30 June 2018, the Company acquired 5 400 000 of its shares; since the period-end to the date of this report, the Company repurchased just over 2 000 000 shares, bringing the total shares held in treasury to c.4% of the issued A Ordinary shares. The Board will continue to monitor the Company's share price performance and the discount to NAV.

Portfolio Company valuation analysis

The NAV of each Fund is derived from the valuations of the underlying Portfolio Companies which are prepared in accordance with International Private Equity and Venture Capital Guidelines ("IPEV Guidelines"). Valuations are performed quarterly, audited semi-annually and approved by each Fund's Advisory Boards. The IPEV Guidelines set out best practice where private equity investments are reported on at fair value.

As at 30 June 2018, the Ethos Capital portfolio of investments was valued at a value-weighted average EV/EBITDA multiple of 7.2x. This average EV/EBITDA multiple was at an average discount of 29% compared to the equivalent multiple of the Portfolio Companies' peer groups. The value-weighted average net debt/EBITDA of the portfolio was 2.0x.

Including the impact of the post-year-end transactions, the equivalent EV/EBITDA multiple increased to 7.5x and the net debt/EBITDA multiple decreased to 1.9x.

C. AVAILABILITY OF ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements for the year ended 30 June 2018, the Integrated Annual Report and the Notice of Annual General Meeting have been published on the Company's website and the document is available at www.ethoscapital.mu/investors1/reports-results/ or can be obtained or requested from the Company's registered office.

The Integrated Annual Report, Annual Financial Statements and the Notice of the Annual General Meeting will be distributed on or about 10 October 2018.

D. NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Ethos Capital shareholders will be held at the Cellars-Hohenort Hotel, 9 Brommersvlei Road, Constantia, Cape Town on 13 November 2018 at 14h00, to transact the business as stated in the Annual General Meeting Notice forming part of the Annual Financial Statements.

SALIENT DATES

2018

Record date to determine which shareholders are entitled to receive the notice of annual general meeting	Friday	5 October
Last day to trade in order to be eligible to attend and vote at the annual general meeting	Tuesday	30 October
Record date to determine which shareholders are entitled to attend and vote at the annual general meeting	Friday	2 November
Forms of proxy for the annual general meeting to be lodged by 17h00 on*, for administrative purposes	Friday	9 November

*any proxies not lodged by this time must be handed to the chairperson of the Annual General Meeting immediately prior to such proxy exercising his/her right to vote at the Annual General Meeting.

E. AVAILABILITY OF B-BBEE COMPLIANCE REPORT

Shareholders are advised that the annual compliance report in terms of Section 13G(2) of the Broad-Based Black Economic Empowerment Amendment Act No.46 of 2013, is available on the Company's website at www.ethoscapital.mu/investors1/governance/

F. SUMMARISED ANNUAL FINANCIAL STATEMENTS

RESPONSIBILITY

The Summarised Annual Financial Statements are extracted from audited Financial Statements but are themselves not audited. The Board of Directors take full responsibility for the preparation of the Summarised Annual Financial Statements and all financial information has been correctly extracted from the audited Financial Statements for the year ended 30 June 2018.

INDEPENDENT REPORT OF THE AUDITORS

The Summarised Annual Financial Statements for the year ended 30 June 2018 have not been audited, but have been extracted from the complete audited Financial Statements, on which the Auditors of the Company, Deloitte & Touche, have expressed an unqualified audit opinion.

The audit report on the full set of Financial Statements does not necessarily report on all the information contained in this announcement. In order to understand the nature of the auditor's engagement, please obtain the auditor's report which is available in the Annual Financial Statements at www.ethoscapital.mu/investors1/reports-results/ or can be obtained or requested from the Company's registered office.

SUMMARISED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

These Summarised Annual Financial Statements comprise a summary of the complete audited Financial Statements for the year ended 30 June 2018 that were approved by the Board of Ethos Capital on 27 September 2018. The Summarised Annual Financial Statements do not contain sufficient information to allow for a complete understanding of the results of the Company, as would be provided in the complete audited Financial Statements.

The complete audited Financial Statements are available at www.ethoscapital.mu/investors1/reports-results/ or can be obtained or requested from the Company's registered office.

The Summarised Annual Financial Statements comprise of:

- Summarised Statements of Financial Position
- Summarised Statements of Comprehensive Income
- Summarised Statements of Changes in Equity
- Summarised Statements of Cash Flows

- Notes to the Summarised Annual Financial Statements

SUMMARISED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2018

	Notes	30 June 2018 R'000	Group Restated 30 June 2017 R'000	30 June 2018 R'000	Company 30 June 2017 R'000
Assets					
Non-current assets					
Unlisted investments at fair value	5	711 925	307 939	711 925	307 939
Total non-current assets		711 925	307 939	711 925	307 939
Current assets					
Other assets and receivables		22 078	26 760	22 076	26 758
Money market investments at fair value	6	1 167 350	1 529 281	1 167 350	1 529 281
Cash and cash equivalents		13 414	10 504	12 943	10 044
Total current assets		1 202 842	1 566 545	1 202 369	1 566 083
Total assets		1 914 767	1 874 484	1 914 294	1 874 022
Equity and liabilities					
Capital and reserves					
Issued capital	7	1 584 031	1 630 012	1 719 031	1 765 012
Retained earnings		188 720	102 067	188 720	102 067
Total equity		1 772 751	1 732 079	1 907 751	1 867 079
Non-current liabilities					
Borrowings	8	122 881	113 424	-	-
Other financial liabilities	9	12 592	22 038	-	-
Total non-current liabilities		135 473	135 462	-	-
Current liabilities					
Other liabilities and payables		5 504	3 775	5 505	3 775
Current tax liabilities		1 039	3 168	1 039	3 168
Total current liabilities		6 543	6 943	6 543	6 943
Total equity and liabilities		1 914 767	1 874 484	1 914 294	1 874 022
Net asset value		1 772 751	1 732 079	1 907 751	1 867 079
Basic net asset value per share (Rand)	14.2	11.00	10.41	10.93	10.37

SUMMARISED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Year ended 30 June 2018 R'000	Group Restated Year ended 30 June 2017 R'000	Year ended 30 June 2018 R'000	Company Year ended 30 June 2017 R'000
Income					
Investment income	10	142 111	124 397	142 098	123 901
Net fair value (losses)/gains	11	(20 825)	2 683	(20 825)	2 683
Total income		121 286	127 080	121 273	126 584
Expenses					
Investment-related fees	12.1	(16 629)	(4 820)	(16 629)	(4 820)
Legal and consultancy fees	12.2	(6 264)	(8 917)	(6 264)	(8 917)
Other operating expenses	12.3	(8 271)	(7 646)	(8 269)	(7 612)
Finance costs	12.4	(11)	(462)	-	-
Total expenses		(31 175)	(21 845)	(31 162)	(21 349)
Profit before tax		90 111	105 235	90 111	105 235
Income tax expense		(3 458)	(3 168)	(3 458)	(3 168)
Profit for the year		86 653	102 067	86 653	102 067
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		86 653	102 067	86 653	102 067
Earnings per share					
Basic and diluted earnings per share (Rand)	14.1	0.53	0.61	0.49	0.57

SUMMARISED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

Group	Notes	Year ended 30 June 2018		
		Share capital R'000	Retained earnings R'000	Total equity R'000
Balance at 1 July 2017		1 630 012	102 067	1 732 079
Movement in treasury shares	7	(45 981)	-	(45 981)
Profit for the year	14.1	-	86 653	86 653
Balance at 30 June 2018		1 584 031	188 720	1 772 751

Restated

Notes	Year ended 30 June 2017		
	Share capital R'000	Retained earnings R'000	Total equity R'000
Balance at 1 July 2016	-	-	-
Issue of Ordinary Shares 7	1 800 075	-	1 800 075
Share issue costs 7	(34 716)	-	(34 716)
Movement in treasury shares 7	(135 347)	-	(135 347)
Profit for the year 14.1	-	102 067	102 067
Balance at 30 June 2017	1 630 012	102 067	1 732 079

Company Notes	Year ended 30 June 2018		
	Share capital R'000	Retained earnings R'000	Total equity R'000
Balance at 1 July 2017	1 765 012	102 067	1 867 079
Movement in treasury shares 7	(45 981)	-	(45 981)
Profit for the year 14.1	-	86 653	86 653
Balance at 30 June 2018	1 719 031	188 720	1 907 751

Notes	Year ended 30 June 2017		
	Share capital R'000	Retained earnings R'000	Total equity R'000
Balance at 1 July 2016	-	-	-
Issue of Ordinary Shares 7	1 800 075	-	1 800 075
Share issue costs 7	(34 716)	-	(34 716)
Movement in treasury shares 7	(347)	-	(347)
Profit for the year 14.1	-	102 067	102 067
Balance at 30 June 2017	1 765 012	102 067	1 867 079

SUMMARISED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Year ended 30 June 2018 R'000	Group Restated Year ended 30 June 2017 R'000	Company Year ended 30 June 2018 R'000	Year ended 30 June 2017 R'000
Cash flows from operating activities				
Cash used in operations	(29 745)	(17 991)	(29 743)	(18 255)
Interest income from cash and bank balances	879	1 682	866	1 486
Income tax paid	(5 587)	-	(5 587)	-
Net cash used in operating activities before investment-related activities	(34 453)	(16 309)	(34 464)	(16 769)
Cash flows from investment-related activities				
Net cash flow from non-current investments	(379 418)	(283 256)	(379 418)	(283 256)
Net cash flow from current investments	462 719	(1 449 441)	462 719	(1 449 441)
Net cash generated by/(used in) investment related activities	83 301	(1 732 697)	83 301	(1 732 697)
Cash generated by/(used in) operating activities	48 848	(1 749 006)	48 837	(1 749 466)
Cash flows from financing activities				
Net cash (used in)/generated by financing activities	(45 981)	1 765 012	(45 981)	1 765 012
Net increase in cash and cash equivalents	2 867	16 006	2 856	15 546
Cash and cash equivalents at the beginning of the year	10 504	-	10 044	-
Effects of exchange rate changes on the balance of cash held in foreign currencies	43	(5 502)	43	(5 502)
Total cash and cash equivalents at the end of the year	13 414	10 504	12 943	10 044

NOTES TO THE SUMMARISED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1 General information

EPE Capital Partners Ltd ("Ethos Capital", "the Company") was registered and incorporated in Mauritius as a private company on 26 May 2016 under the Mauritius Companies Act 2001, and was converted to a public company on 15 July 2016. The Company is licensed as a Category One Global Business Company by the Financial Services Commission of Mauritius and is designed to offer shareholders long-term capital appreciation by investing into Funds or Direct Investments that provide the Group exposure to a diversified portfolio of unlisted private equity type investments. The Company's A Ordinary Shares are listed on the JSE Limited.

2 Application of new and revised International Financial Reporting Standards ("IFRS")

The following new and revised standards and interpretations are relevant to the Group and have been adopted in these Group (consolidated) and Company Summarised Annual Financial Statements (collectively referred to as "Summarised Annual Financial Statements"). Their adoption has not had any significant impact on the amounts reported in these Summarised Annual Financial Statements but may have affected the accounting and disclosure of transactions and arrangements. These standards are effective for companies with financial year-ends beginning on or after the effective date as noted for each standard.

Standard	Description/name of standard	Effective date
IAS 7	Statement of Cash Flows	1 January 2017
IFRS 2	Share-Based Payments	1 January 2017
IAS 12	Income Taxes	1 January 2017
IFRS 12	Disclosure of Interest in Other Entities	1 January 2017

The standards issued but not yet effective for the financial year ended 30 June 2018 that are relevant to the Group and not implemented early, are the following:

Standard	Description/name of standard	Effective date
IFRS 2	Share-Based Payments (amended)	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IAS 12	Income Taxes (annual improvements)	1 January 2018
IAS 23	Borrowing Costs (annual improvements)	1 January 2019

The Directors anticipate that these amendments will be applied in the Annual and Interim Financial Statements for the annual periods beginning on or after the respective dates as indicated above. The Directors have not yet assessed the potential impact of the adoption of these amendments.

3. Significant accounting policies

3.1 Basis of preparation

These Summarised Annual Financial Statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS as issued by the International Accounting Standards Board; the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council; as a minimum, the information required by IAS 34; the Listings Requirements of the JSE; and the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category One Global Business Licensed companies.

The accounting policies applied in the preparation of these Summarised Annual Financial Statements are, where applicable to the prior financial year, consistent in all material respects with those used in the prior financial year and with IFRS.

The Summarised Annual Financial Statements have been extracted from the audited Annual Financial Statements but are themselves not audited.

The Summarised Annual Financial Statements have been prepared under the historical cost basis except for financial instruments and investments which are measured at fair value.

The Directors believe the Group has adequate resources to settle its obligations as and when they become due, therefore these Summarised Annual Financial Statements have been prepared on the going concern basis.

These Summarised Annual Financial Statements were compiled under the supervision of the Chief Financial Officer, Mr Jean-Pierre van Onselen, CA(SA), and were approved by the Board on 27 September 2018.

3.2 Basis of consolidation

The Group (consolidated) Summarised Annual Financial Statements incorporate the financial statements of the Company and its subsidiaries.

Subsidiaries are entities, including unincorporated entities, controlled by the Group. The Group controls an entity when it has power over and 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 consolidated from the date on which the Group acquires control, up to the date that control ceases.

When the Company has less than a majority of the voting rights of a subsidiary, it has power over the subsidiary when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the subsidiary unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in a subsidiary are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

There were no intercompany transactions and/or balances between the Group companies that otherwise needed to be eliminated on consolidation.

3.3 Critical judgement and accounting estimates: valuation of investments

The basis of valuation of all investments is fair value. Fair value is determined as of the end of each quarter. All investments are valued in accordance with IFRS and the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines.

As stated above, the Group's investments mainly comprise drawn commitments into Funds, which in turn invests in Portfolio Companies in which the Group has an indirect interest, or into Direct Investments.

The General Partners of these Funds provide quarterly NAV statements as calculated from the Investment Advisor's valuations, which the Directors of the Group use to determine the fair value of a Fund. The Investment Advisor's valuations as prepared in December are audited annually by its auditor and its valuations, as prepared in June, are audited by the Group's auditor.

The Investment Advisor determines the individual fair value of each Fund's underlying Portfolio Companies and the Fund's NAV at the end of each quarter and the June and December valuations and NAV are approved by its Board of Advisors. The policy of the Investment Advisor to determine the fair value of the Portfolio Companies, which is in accordance with the IPEV Valuation Guidelines, is noted below.

Initially, and for a limited period after the acquisition date of an investment, the "price of recent investment" method is generally used. At each reporting date after the initial acquisition date, an assessment is made as to whether subsequent changes or events necessitate a change in the fair value of the investment. If so, an "earnings multiple" methodology is generally applied.

In terms of the "earnings multiple" method, an appropriate and reasonable valuation multiple is applied to the maintainable earnings of the investment. For each investment, an "earnings before interest, tax, depreciation and amortisation" ("EBITDA") or an "earnings before interest after tax" ("EBIAT") multiple is generally considered appropriate to determine the enterprise value for the investment. In deriving a reasonable valuation multiple, the Investment Manager develops a benchmark multiple, generally with reference to the multiples of comparable publicly traded companies adjusted for finance costs (i.e. multiples have been degereared). The benchmark multiple is further adjusted for points of difference relating to risk profile (geographic, operational, financial, liquidity factors and growth prospects).

Maintainable earnings are typically based on historical earnings figures that are considered to be appropriate and relevant. Once an enterprise value has been determined, it is adjusted for surplus assets, excess liabilities, and financial instruments ranking ahead of the Fund's investments. The resultant attributable enterprise value is then apportioned to all investors, included in the Fund's investments, based on their respective participation in each underlying security of the Portfolio Company.

Although best judgement is used in determining the fair value of these investments, there are inherent limitations in any valuation technique involving securities of the type in which the

Funds invest. Therefore, the fair values presented herein may not be indicative of the amount the funds could realise in a current transaction.

4 Restatement

The auditors assessed that Black Hawk Private Equity (Proprietary) Limited ("Black Hawk") is, in accordance with IFRS 10, under the control of the Company and that it should be treated as a subsidiary of the Company and thereby Group (consolidated) financial statements need to be prepared. This assessment was only made in the current year and the 30 June 2017 Group comparative numbers have therefore been restated. The Company's potential exposure in respect of the guarantee provided is already recognised as a contingent liability in the Summarised Annual Financial Statements and its comparative numbers are therefore unchanged.

The Company has provided a guarantee against a R105 million five-year non-recourse loan facility (plus any outstanding interest thereon) issued by Rand Merchant Bank ("RMB") to Black Hawk, signed on 28 July 2016 and expiring on 29 July 2021. The proceeds of the facility, alongside R30 million funded by the Black Hawk shareholders, who are also the Directors, were used by Black Hawk to subscribe for 13.5 million of A Ordinary Shares (representing R135 million at the issue price of R10 per share) on behalf of the shareholders, who are Directors of the Company and members of its Investment Committee. Black Hawk has pledged the 13.5 million shares as security in favour of the Company against the guarantee provided by it. The Company also has a call option to acquire the 13.5 million shares, or a lower number of shares as might be required, to settle any outstanding amount due to RMB. The call option can be exercised only when either or both of the relevant Directors cease to serve on the Investment Committee of the Company.

The Board, and the Directors of Black Hawk, considered the commercial and legal arrangement and came to a different conclusion that the Company has no power, control or influence on the decisions of Black Hawk. The Company has the right to make decisions that can influence its own results at the following events: either at the expiry date of the facility, in which instance the Board needs to decide whether to provide its consent to the sale of the shares by Black Hawk; or when either or both of the Directors cease to serve on the Investment Committee of the Company, in which instance the Board can elect to exercise the call option and acquire the required shares at a purchase consideration that is to be used to settle the outstanding amount on the RMB facility. Any deficit between the proceeds and the RMB settlement amount will result in a loss to the Company.

The effect of consolidating the results of Black Hawk into the Group is to recognise at Group level the outstanding amount payable to RMB at the relevant reporting dates as a long-term liability; the 13.5 million secured shares that are legally owned by Black Hawk and pledged as security are treated as treasury shares of the Group at their par value of R10.00 per share; and to the extent that the par value of the shares, i.e. R135 million exceed the RMB outstanding amount, the excess over the latter is recognised as amounts payable to the Black Hawk shareholders; any deficit to the RMB outstanding amount is recognised as a loss to the Group.

This results in a decrease in the NAV of the Group compared to the Company NAV of R135 million but since these shares are excluded from the Group's issued shares in determining the NAVPS of the Group, the NAVPS increases from R10.93 at Company level to R11.00 at Group level.

Careful consideration should be given to the above treatment and disclosure as it does not reflect the true commercial exposure and potential loss of the Company if a mandatory repayment is triggered under the RMB facility. As is envisaged by the legal arrangements between the Company and Black Hawk, upon a mandatory repayment event or the maturity of the facility, the secured shares will most likely be sold with the proceeds used to repay the facility with no upside to the Company; any shortfall would have to be funded by the Company which will result in a loss to it, and hence it is unlikely that this transaction can enhance the Company's NAVPS. See note 13 for further details.

4.1 Restatement impact on Group Summarised Statement of Financial Position

The cash and cash equivalents of Black Hawk, which are part of the secured assets, are recognised as Group assets, whereas the shares of the Company that were pledged by Black Hawk are recognised as treasury shares of the Group, and therefore are deducted from the issued shares when determining the NAVPS. The amount payable by Black Hawk to RMB under the facility agreement, including accrued interest payable, is recognised as a non-current liability. The total of the cash and treasury shares that is in excess of the RMB liability is recognised as amounts payable to the Black Hawk shareholders under non-current liabilities.

Group	Restated Group 30 June 2017 R'000	Consolidation adjustment 30 June 2017 R'000	Previously reported at Company level 30 June 2017 R'000
Total assets			
Other unchanged total assets	1 837 220	-	1 837 220
Other assets and receivables	26 760	2	26 758
Cash and cash equivalents	10 504	460	10 044
Total equity			
Issued capital	1 630 012	(135 000)	1 765 012
Unchanged retained earnings	102 067	-	102 067
Total liabilities			
Non-current liabilities	135 462	135 462	-
Unchanged current liabilities	6 943	-	6 943
Net asset value/total equity	1 732 079	(135 000)	1 867 079
Net asset value per share (Rand)	10.41	0.04	10.37
Attributable shares in issue at the end of the year ('000)	166 460	(13 500)	179 960

4.2 Restatement impact on Group Summarised Statement of Comprehensive Income

The Group has recognised Black Hawk's investment income and operating expenses, as well as the interest expense incurred in respect of the RMB facility. To the extent that the net loss is recoverable against the initial R30 million investment provided by the Black Hawk shareholders, the reimbursement amount is recognised in the Group Statement of Comprehensive Income. The 13.5 million shares are deducted from the weighted average shares in issue during the year, and thereby impact the Group's basic and diluted earnings per share.

	Restated Group 30 June 2017 R'000	Consolidation adjustment 30 June 2017 R'000	Previously reported at Company level 30 June 2017 R'000
Investment income	124 397	496	123 901
Other operating expenses	7 646	34	7 612
Finance costs	462	462	-
Other unchanged income/expenses	(14 222)	-	(14 222)
Total comprehensive income for the year	102 067	-	102 067
Basic and diluted earnings per share (Rand)	0.61	0.04	0.57
Weighted average number of Ordinary Shares for the purpose of earnings per share	166 500	(13 500)	180 000

4.3 Restatement impact on Group Summarised Statement of Cash Flows

The Group cash flows reflect the payment made to acquire the treasury shares of the Group and the proceeds raised from the facilities and loan balances of RMB and Black Hawk's shareholders respectively. Furthermore, Black Hawk's net cash flow generated from operations is recognised as a cash inflow.

	Restated Group 30 June 2017	Consolidation adjustment 30 June 2017	Previously reported at Company level

	R'000	R'000	30 June 2017 R'000
Cash used in operations	(17 991)	264	(18 255)
Interest income from cash and bank balances	1 682	196	1 486
Payment for buyback of shares	(135 347)	(135 000)	(347)
Proceeds from non-current liabilities	135 000	135 000	-
Other unchanged cash flow items	27 160	-	27 160
Total cash and cash equivalents at the end of the year	10 504	460	10 044

5 Unlisted investments at fair value

The Group obtains exposure to and has indirect interests in a diversified pool of unquoted investments ("Portfolio Companies") by investing into Fund Limited Partnerships ("Funds"), managed by Ethos Private Equity (Pty) Limited ("Ethos"), that typically have a 10-year life cycle. The Group becomes a Limited Partner of the Funds and the investments are made through commitments into the Funds. Alternatively, the Group can also make direct commitments to invest into Portfolio Companies alongside the Funds.

At 30 June 2018, the Group had the following investments:

	Group		Company	
	30 June 2018 R'000	Restated 30 June 2017 R'000	30 June 2018 R'000	30 June 2017 R'000
Investments held at fair value through profit and loss				
Carrying amounts of:				
Unlisted investment in EMMF I(1)	320 114	247 412	320 114	247 412
Unlisted investment in EF VI(2)	82 225	60 527	82 225	60 527
Unlisted investment in EMMF Direct(3)	105 300	-	105 300	-
Unlisted investment in Primedia Holdings Pty Ltd	175 800	-	175 800	-
Unlisted investment in EHP(4)	28 486	-	28 486	-
	711 925	307 939	711 925	307 939
Consisting of:				
Cost	686 387	288 505	686 387	288 505
Unrealised capital revaluation movement at the end of the year	(15 483)	7 515	(15 483)	7 515
Accrued income	41 021	11 919	41 021	11 919
	711 925	307 939	711 925	307 939

(1) Ethos Mid Market Fund I (B) Partnership.

(2) Ethos Fund VI (Jersey) LP.

(3) Ethos Mid Market Direct Investment Partnership.

(4) Ethos Healthcare (A) Partnership.

At 30 June 2018, the underlying investments of the above Funds (Portfolio Companies) constituting 37.2% of the total assets, consisted of the following 13 unlisted companies:

Group and Company Name	Fund or type	Business description/sector	% of Total assets 30 June 2018
Keyvro	EMMF I/EMMF Direct	Corporate clothing and promotional	10.4
Primedia	EF VI/Direct	Media	9.8
Autozone	EF VI/EMMF I	Automotive parts retailer and wholesaler	4.5
Twinsaver	EF VI/EMMF I	Industrials (FMCG)	3.2
MTN Zakhele Futhi	EMMF I	Telecommunications	2.2
Eazi Access	EF VI/EMMF I	Industrial support services	2.0
Vertice	EHP	Healthcare	1.6
Echo	EMMF I	Technology	1.3
Eaton Towers	EF VI	Shared telecommunications towers	0.7
Waco International	EF VI	Industrial support services	0.6
The Beverage Company	EF VI	Carbonated drinks	0.3
Neopak	EF VI	Paper and packaging	0.3
RTT	EF VI	Logistics	0.3
			37.2

Further details on the investment portfolio and the underlying Portfolio Companies are provided in the Review of the Investment Portfolio and Returns section on page 13 of the Integrated Annual Report as at 30 June 2018.

6. Money market investments at fair value

	Group		Company	
	30 June 2018 R'000	Restated 30 June 2017 R'000	30 June 2018 R'000	30 June 2017 R'000
Investments held at fair value through profit and loss				
Carrying amounts of:				
Floating rate notes	174 550	637 091	174 550	637 091
Negotiable certificates of deposit	953 508	577 473	953 508	577 473
Treasury bills	-	179 185	-	179 185
Cash and call accounts	39 292	135 532	39 292	135 532
	1 167 350	1 529 281	1 167 350	1 529 281
Consisting of:				
Cost	1 166 963	1 528 622	1 166 963	1 528 622
Unrealised capital revaluation movement at the end of the year	387	659	387	659
	1 167 350	1 529 281	1 167 350	1 529 281

The money market investments, or Temporary Investments, are managed by Ashburton Fund Managers Proprietary Limited ("Ashburton") under a discretionary investment management agreement dated 28 July 2016. These investments are currently invested in money market instruments that consist of a combination of floating rate notes, negotiable certificates of deposit ("NCD") and treasury bills.

At 30 June 2018, the following range of interest rates was applicable to the respective categories of money market instruments, from which the accrued income at 30 June 2018 was derived:

Group and Company	30 June 2018	
	Low	High

Floating rate notes	7.3680	7.8750
NCD	6.8250	8.2000

7 Issued capital

	Group		Company	
	30 June 2018 Number	Restated 30 June 2017 Number	30 June 2018 Number	30 June 2017 Number
Issued and fully paid				
A Ordinary Shares issued at R10.00 per share	180 000 000	180 000 000	180 000 000	180 000 000
A Ordinary Shares issued at R0.01 per share	7 500 000	7 500 000	7 500 000	7 500 000
B Ordinary Shares issued at R0.01 per share	10 000	10 000	10 000	10 000
Total issued at time of listing	187 510 000	187 510 000	187 510 000	187 510 000
Black Hawk treasury shares	(13 500 000)	(13 500 000)	-	-
A Ordinary Shares purchased	(5 400 000)	(40 102)	(5 400 000)	(40 102)
Total issued share capital	168 610 000	173 969 898	182 110 000	187 469 898

	Group		Company	
	30 June 2018 R'000	Restated 30 June 2017 R'000	30 June 2018 R'000	30 June 2017 R'000
Issued and fully paid				
A Ordinary Shares issued at R10.00 per share	1 800 000	1 800 000	1 800 000	1 800 000
A Ordinary Shares issued at R0.01 per share	75	75	75	75
B Ordinary Shares issued at R0.01 per share	-	-	-	-
Less: Share issue costs	(34 716)	(34 716)	(34 716)	(34 716)
Total issued at time of listing	1 765 359	1 765 359	1 765 359	1 765 359
Black Hawk treasury shares	(135 000)	(135 000)	-	-
A Ordinary Shares purchased	(46 328)	(347)	(46 328)	(347)
Total issued share capital	1 584 031	1 630 012	1 719 031	1 765 012

During the year, the Company purchased 5 359 898 of its A Ordinary Shares at an average price of R8.58 per share. These shares are currently held in treasury. As set out in note 4, the 13.5 million secured shares that are legally owned by Black Hawk and pledged as security are treated as treasury shares of the Group at their par value of R10.00 per share.

8 Borrowings

	Group		Company	
	30 June 2018 R'000	Restated 30 June 2017 R'000	30 June 2018 R'000	30 June 2017 R'000
Unsecured - at amortised cost				
Bank loan	122 881	113 424	-	-
	122 881	113 424	-	-
Non-current	122 881	113 424	-	-
	122 881	113 424	-	-

The Group has exposure to RMB via a R105 million five-year non-recourse loan facility (plus any outstanding interest thereon) issued by RMB to Black Hawk, expiring on 29 July 2021. The above amount represents the current outstanding balance on the facility, including any accrued interest charges to 30 June 2018. Interest currently accrues at a rate that is based on JIBAR plus a 1% margin, and the interest is intended to be rolled up and settled with the capital amount outstanding upon the maturity of the loan or an earlier repayment event.

9 Other financial liabilities

	Group		Company	
	30 June 2018 R'000	Restated 30 June 2017 R'000	30 June 2018 R'000	30 June 2017 R'000
Unsecured - at amortised cost				
Black Hawk shareholders' loans	12 592	22 038	-	-
	12 592	22 038	-	-
Non-current	12 592	22 038	-	-
	12 592	22 038	-	-

The Group has loan amounts repayable to the two Black Hawk shareholders of R15 000 000 each, which were used to acquire some of the secured shares pledged in favour of the Company in respect of the guarantee provided to RMB. Any unrealised or realised losses incurred by the Group, up to an amount of R30 000 000 representing the par value of above loans, are recoverable and are therefore charged against the loans payable and treated as a reimbursement of losses suffered by the Group in the Group Statement of Comprehensive Income.

10 Investment income

	Group		Company	
	Year ended 30 June 2018 R'000	Restated Year ended 30 June 2017 R'000	Year ended 30 June 2018 R'000	Year ended 30 June 2017 R'000
Interest from unlisted investments	40 099	15 854	40 099	15 854
Dividends from unlisted investments	5 065	1 314	5 065	1 314
Interest from money market investments	90 095	80 251	90 095	80 251
Interest from bank and call deposits	879	1 682	866	1 486
Fee income	-	300	-	-
	136 138	99 401	136 125	98 905
Amortisation of net discount	5 973	24 996	5 973	24 996
	5 973	24 996	5 973	24 996
	142 111	124 397	142 098	123 901

11 Net fair value (losses)/gains

	Group		Company	
	Year ended 30 June 2018 R'000	Restated Year ended 30 June 2017 R'000	Year ended 30 June 2018 R'000	Year ended 30 June 2017 R'000
Unrealised				
Net (loss)/gain arising on changes in the fair value of unlisted investments(1)	(22 998)	7 515	(22 998)	7 515
Net (loss)/gain arising on changes in the fair value of money market instruments	(272)	659	(272)	659
Net foreign exchange gain/(loss) on conversion of cash and cash equivalents	43	(282)	43	(282)
	(23 227)	7 892	(23 227)	7 892
Realised				
Gain on realisation of unlisted investments	2 402	-	2 402	-
Gain on realisation of money market instruments	-	11	-	11
Net foreign exchange loss on conversion of cash and cash equivalents	-	(5 220)	-	(5 220)
	2 402	(5 209)	2 402	(5 209)
Net fair value (losses)/gains	(20 825)	2 683	(20 825)	2 683

(1)The current year loss should be considered alongside the unrealised increase in the accrued income on the unlisted investments of R29 102 000, resulting in a net unrealised gain for the year of R6 104 000.

12 Profit before tax

Profit before tax has been arrived at after charging:

12.1 Investment-related fees

	Group		Company	
	Year ended 30 June 2018 R'000	Restated Year ended 30 June 2017 R'000	Year ended 30 June 2018 R'000	Year ended 30 June 2017 R'000
Management fees - Ethos	5 018	1 286	5 018	1 286
Investment service and management - Ethos	8 312	-	8 312	-
Administration fees - Ethos	1 417	1 482	1 417	1 482
Administration fees - Ashburton	1 882	2 052	1 882	2 052
	16 629	4 820	16 629	4 820

12.2 Legal and consultancy fees

	Group		Company	
	Year ended 30 June 2018 R'000	Restated Year ended 30 June 2017 R'000	Year ended 30 June 2018 R'000	Year ended 30 June 2017 R'000
Legal and consultancy fees	45	5 154	45	5 154
Fund formation fees	894	1 809	894	1 809
Expenses relating to the acquisition of investments	5 325	1 954	5 325	1 954
	6 264	8 917	6 264	8 917

12.3 Other operating expenses

	Group		Company	
	Year ended 30 June 2018 R'000	Restated Year ended 30 June 2017 R'000	Year ended 30 June 2018 R'000	Year ended 30 June 2017 R'000
Company secretarial, accounting and other administration fees	1 244	1 517	1 244	1 517
Directors' emoluments	3 920	3 353	3 920	3 353
Auditors' remuneration				
- Audit services - current year	824	852	824	852
Insurance costs	533	431	533	431
Sponsor and listing-related fees	717	408	717	408
Other expenses	1 033	1 085	1 031	1 051
	8 271	7 646	8 269	7 612

12.4 Finance costs

	Group		Company	
	Year ended 30 June 2018 R'000	Restated Year ended 30 June 2017 R'000	Year ended 30 June 2018 R'000	Year ended 30 June 2017 R'000
Other interest expense	9 457	8 424	-	-
Less: Reimbursement by Black Hawk shareholders	(9 446)	(7 962)	-	-
	11	462	-	-

13 Capital commitments and contingent liabilities

	Group		Company	
	30 June 2018 R'000	Restated 30 June 2017 R'000	30 June 2018 R'000	30 June 2017 R'000
Undrawn capital commitments				
Unlisted investment in EMMF I(1)	626 192	319 205	626 192	319 205
Unlisted investment in EMP 3(2)	276 150	-	276 150	-
Unlisted investment in EF VI(3)	44 946	55 874	44 946	55 874
Unlisted investment in Primedia Holdings Pty Ltd(4)	7 535	-	7 535	-
Unlisted investment in EHP(5)	1 514	-	1 514	-
Unlisted investment in EMMF Direct(6)	-	-	-	-
	956 337	375 079	956 337	375 079
Contingent liabilities				

RMB loan	-	-	122 881	113 424
	-	-	122 881	113 424
Total commitments and contingent liabilities	956 337	375 079	1 079 218	488 503

- (1) Final commitment of R950 million to Ethos Mid Market Fund I (B) Partnership, with the initial commitment on 11 November 2016.
(2) Commitment of USD20 million (R276 million) to Ethos Mezzanine Partners 3 (B) Partnership on 16 May 2018.
(3) Commitment of USD10 million (R138 million) to Ethos Fund VI (Jersey) LP on 18 November 2016.
(4) R171 million commitment to invest in Primedia Holdings Pty Ltd on 20 September 2017.
(5) R30 million commitment to Ethos Healthcare (A) Partnership on 16 May 2018.
(6) R100 million commitment to Ethos Mid Market Direct Investment Partnership on 2 August 2017.

As detailed in note 4, the Company has provided a guarantee against a R105 million five-year non-recourse loan facility (plus any outstanding interest thereon) issued by RMB to Black Hawk, expiring on 29 July 2021. The above amount represents the current outstanding balance on the facility, including any accrued interest charges to 30 June 2018. Interest currently accrues at a rate that is based on JIBAR plus a 1% margin, and the interest is intended to be rolled up and settled with the capital amount outstanding upon the maturity of the loan or an earlier repayment event.

As security against the above guarantee, Black Hawk has pledged 13.5 million shares in favour of the Company, which was valued at R106 650 000 at 30 June 2018. In the event that a mandatory repayment under the RMB facility was triggered at 30 June 2018, an implied shortfall would have resulted in a loss to the Company of R15 761 000, a decrease in the NAVPS of 9.0 cents. The guarantee has been recognised as a contingent liability in the Summarised Annual Financial Statements of the Company and the above implied contingent loss has not been recognised in the Summarised Annual Financial Statements of the Company.

14 Earnings and net asset value per share

As detailed in note 7, the Company issued 187 500 000 A Ordinary Shares, 7 500 000 of which were issued to the EPE Trust and are currently notionally encumbered. Until these shares are released from their encumbrance (through the notional performance participation), the Company has an irrevocable right and option to acquire the notionally encumbered A Ordinary Shares at a repurchase price of R0.01 per share, being each share's fair value, and then to apply for the delisting of such shares acquired. The holders of these shares are therefore restricted from selling the shares to any party other than the Company and obtaining or sharing in any economic benefit derived from the shares, until they are released from their encumbrance.

Given the restrictions the encumbered shares place on the holder and the probability of the shares being delisted unless certain contingent conditions are met, they are excluded from the calculations to determine the earnings, headline earnings and net asset value per share respectively. The calculations below therefore reflect the earnings, headline earnings and net asset value attributable to the unrestricted A ordinary shareholders.

14.1 Earnings and headline earnings per share

	Group		Company	
	Year ended 30 June 2018 R'000	Restated Year ended 30 June 2017 R'000	Year ended 30 June 2018 R'000	Year ended 30 June 2017 R'000
Total comprehensive profit attributable to ordinary shareholders	86 653	102 067	86 653	102 067
Reconciliation of basic earnings to headline earnings:				
Total comprehensive profit attributable to ordinary shareholders	86 653	102 067	86 653	102 067
Items attributable to headline earnings	-	-	-	-
Headline earnings for the year	86 653	102 067	86 653	102 067
	'000	'000	'000	'000
Weighted average number of Ordinary Shares for the purpose of earnings per share	163 628	166 500	177 128	180 000
Basic and diluted earnings per share (Rand)	0.53	0.61	0.49	0.57
Basic and diluted headline earnings per share (Rand)	0.53	0.61	0.49	0.57

14.2 Basic net asset value per share

	Group		Company	
	30 June 2018 R'000	Restated 30 June 2017 R'000	30 June 2018 R'000	30 June 2017 R'000
Net assets	1 772 751	1 732 079	1 907 751	1 867 073
	'000	'000	'000	'000
Number of shares in issue during the year	187 500	187 500	187 500	187 500
Less: Shares held in treasury	(18 900)	(13 540)	(5 400)	(40)
Less: Notionally encumbered shares	(7 500)	(7 500)	(7 500)	(7 500)
Number of shares in issue for the purpose of net asset value per share	161 100	166 460	174 600	179 960
Basic net asset value per share (Rand)	11.00	10.41	10.93	10.37

15 Financial risk factors and instruments

15.1 Overview

This note presents information about the Group's exposure to each of the below-mentioned risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. 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 products offered.

Through the Group's activities, it is exposed to a variety of risks that could result in changes to the NAV or its performance.

The main risks the Group is exposed to which could result in changes to the NAV or its performance are: capital risk; valuation risk; market risk (comprising currency risk, interest rate risk and equity price risk); credit risk; and liquidity risk.

These risks are detailed in the Notes to the Annual Financial Statements for the year ended 30 June 2018.

15.2 Fair value classification of investments

Financial assets and liabilities carried at fair value need to be classified within the appropriate level of hierarchy on which their fair values are based. The information below sets out

the different levels as well as the classification of the Group's assets and liabilities where appropriate.

Investments trading in active markets and deriving their fair value from quoted market prices of identical assets are classified within level 1. These prices provide the most reliable fair value classification and the Group does not need to adjust the quoted prices to measure the fair value of investments. The quoted market price used for investments held by the Group is the current bid price.

Investments trading in markets not considered to be active and deriving their fair value from observable inputs other than quoted prices included within level 1 are classified within level 2. These inputs need to be directly or indirectly observable for the investment and can include: quoted market prices for similar assets in active or non-active markets; observable inputs other than quoted prices; and inputs derived or corroborated by observable market data. The Group's money market investments will typically be classified within level 2.

Level 3 classification applies to investments where observable inputs are not available for the asset to determine its fair value. Unobservable inputs are used to measure fair value where relevant observable inputs are not available. The unlisted investments in Fund Limited partnerships are within this level.

The financial assets and liabilities measured at fair value in the Summarised Statements of Financial Position can be summarised as follows within the fair value hierarchy:

Group and Company	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2018				
Assets				
Unlisted investments	-	-	711 925	711 925
Money market investments	-	1 167 350	-	1 167 350
Accrued income on money market investments	-	21 085	-	21 085
	-	1 188 435	711 925	1 900 360
Group and Company				
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2017				
Assets				
Unlisted investments	-	-	307 939	307 939
Money market investments	-	1 529 281	-	1 529 281
Accrued income on money market investments	-	26 077	-	26 077
	-	1 555 358	307 939	1 863 297

During the period, there were no transfers of assets from level 1 to level 2 or 3, level 2 to level 1 or 3 and level 3 to level 1 or 2.

The following table presents the movement in level 3 assets during the year by class of financial instrument:

Group and Company	Unlisted investments	
	30 June 2018 R'000	30 June 2017 R'000
Non-current assets		
Opening balance	307 939	-
Acquisitions	411 571	293 393
Realisations and equalisations at carrying value of acquisitions	(15 867)	(4 888)
Net gains included in the Statements of Comprehensive Income	8 282	19 434
	711 925	307 939

The Board of Directors has approved the valuation method for level 3 investments as set out in the accounting policies. The valuation techniques used and the inputs available to determine the fair value of each investment, are detailed in note 5 of the Notes to the Annual Financial Statements for the year ended 30 June 2018. The inputs available to the Investment Advisor to determine the valuation of the underlying Portfolio Companies, from which the NAV of the Funds is derived, are mainly the maintainable earnings of the relevant companies and valuation multiples that are derived from the public markets.

The main inputs available to the Investment Advisor to determine the valuation on a case-by-case basis for each of the underlying Portfolio Companies, from which the NAV of the Funds is derived, are: maintainable earnings, trading multiples and capital structures. Earnings, for instance EBITDA, can be based on budgeted EBITDA, most recent or historic reported EBITDA, last 12 months' EBITDA or EBITDA adjusted to a normalised earnings level.

Trading multiples are determined by identifying comparable public companies based on, for instance, their industry, size, growth stage, revenue generation and strategy. Once a public company's trading multiple is calculated, the Investment Advisor can then adjust the multiple for considerations such as illiquidity, capital structure and other differences between the public company and the Portfolio Company, based on company-specific facts and differences. The Investment Advisor can also, in addition to the original transaction multiples, consider recent private transactions in similar securities as the Portfolio Company or third-party transactions, and adjust the trading multiples as deemed appropriate.

The capital structure of each Portfolio Company determines the ranking or distribution waterfall of how the fair value is firstly allocated to each type of security, and secondly to each holder of such securities, for example taking into consideration preferred rights or incentive schemes upon an exit scenario, possible earn-out payments, etc. Other subjective inputs to use might be based on the Investment Advisor's assessment of the quality of earnings, third-party external debt, comparability differences and probability of default.

All these numerical and subjective inputs are recorded and maintained for each Portfolio Company in a valuation model designed and updated by the Investment Advisor. The Board of Directors does not have direct access or input to these valuation models or the subjective assessments that were considered in deriving the fair value and is not reasonably available to the Board. All these inputs and considerations are largely interdependent and subjective, and the models are highly complex for an outside party to manage. Therefore, it is not reasonable, and potentially misleading, for the Board to determine and present to the shareholders of the Group a sensitivity analysis of the potential impact on changes to one or more of the underlying inputs to fair value.

16 Events after the reporting period

There have been no material events after the reporting date that would require disclosure or adjustment to the Summarised Annual Financial Statements for the year ended 30 June 2018.

Sponsor
Rand Merchant Bank (A division of FirstRandBank Limited)
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton
Johannesburg, 2196

28 September 2018