UNAUDITED CONDENSED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

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

EPE Capital Partners Ltd ("Ethos Capital" or "the Company") is registered and incorporated in Mauritius as a private company under the Mauritian Companies Act. The Company holds a Category One Business License under the laws of Mauritius. On 5 August 2016, Ethos Capital listed its A Ordinary shares on the JSE, giving public shareholders access to private equity investments. Ethos Capital offers shareholders long-term capital appreciation by indirectly investing in a diversified portfolio of unlisted private equity type investments that are managed by Ethos Private Equity Pty Ltd ("Ethos").

KEY DEVELOPMENTS

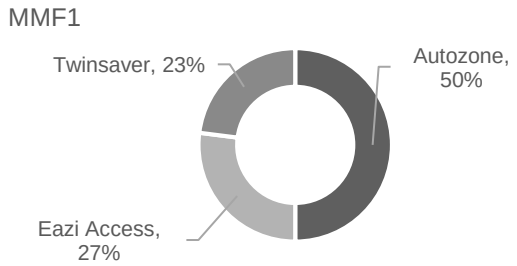
In the period, Ethos Capital made a R550m commitment (will increase to R900m at final close) to Ethos Mid Market Fund I and acquired a R138m commitment in Ethos Fund VI through a secondary transaction. There is currently an active pipeline of new and follow-on transactions in both of these Funds. In addition, at the March 2017 Board meeting, the Board approved potential Direct Investments totalling R500m; however, there can be no certainty that these transactions will be completed.

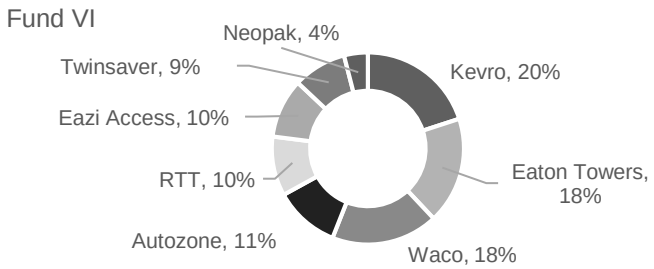
The Ethos Capital Board is committed to a policy of enhancing long-term shareholder value and, as part of this strategy, the Board has taken a decision that it may elect to repurchase Ethos Capital shares should the volume weighted price per share trade at a larger than 10% discount to the prevailing total NAV per share for a reasonably sustained period of time. This does not represent a commitment by the Company to acquire shares but provides clarity on the principles that the Board will adopt towards share repurchases. Any repurchase strategy will take into account Ethos Capital's liquidity requirements and fund commitments and will only initially be implemented until Ethos Capital has invested 75% of the proceeds raised in the IPO.

INVESTMENTS MADE INTO ETHOS FUNDS (R'000)

Fund Name	Vintage	Commitment	Valuation
Ethos Mid Market Fund I ("MMF1")	2016	550,000	292,142
Ethos Fund VI ("Fund VI")	2011	138,000	48,033
		688,000	**340,175**

ANALYSIS OF PORTFOLIO COMPANY INVESTMENTS BY FUND (BY VALUATION)





ANALYSIS OF VALUATION, DEBT MULTIPLES AND GROWTH OF PORTFOLIO COMPANIES

6-months growth in aggregate Sales*	5.2%
6-months growth in aggregate EBITDA*	6.6%
Average debt multiple	2.8x
Average EBITDA valuation multiple**	6.9x

**Based on last twelve-months ("LTM") results as at June 2016 and December 2016*

***6.0x excluding Eaton Towers*

ETHOS CAPITAL

Index	**JSE All Share**
Ticker	**EPE**
Ordinary shares in issue*	**180,000,000**
Net assets**	**R1.79bn**
Share Price**	**R9.10**
Market capitalisation**	**R1.64bn**
Year end	**30 June**

*excluding 7.5m encumbered shares
**as at 31 December

OPERATIONAL HIGHLIGHTS

R1.8bn	raised on 5th August 2016
R9.97 NAVPS	net of listing expenses, at 31 December 2016
R688 million (38% of NAV)	in commitments to Ethos Funds
R344 million (19% of NAV)	invested during the period

THE ADVISOR: ETHOS

Ethos acts as Ethos Capital's Investment Advisor. In addition, Ethos is the Manager of the Funds that Ethos Capital invests in. Ethos is an investment firm that manages investments in private equity and credit strategies in South Africa and in sub-Saharan Africa. Ethos has a 32 year history and an unparalleled record of successful, sustainable investing across economic and political cycles that delivered 94 realised investments at a 36.8% gross IRR and a 3.0x multiple of cost.

Currently, Ethos comprises two primary investment strategies: private equity; and mezzanine and credit funding. The core private equity business is divided into large-sized and mid-market strategies.

Ethos has a proven investment strategy, including:

- positioning itself as the lead investor on transactions with control or joint control stakes in the majority of its deals;
- having an understanding of, and focus on, sub-Saharan Africa, predominantly driven through expansion of its investee companies;
- implementing a theme-led approach with thorough evaluation of economic drivers and industry fundamentals; and
- significant hands-on involvement in portfolio companies, leveraging its Value Add capability to optimise financial and operational performance of its investment companies.

WHY ETHOS?

Ethos was instrumental in establishing the private equity asset class in the region, concluding the first buyout (1984); first public-to-private deal (1992); first BEE deal (1994); and, first international fund raising (1996).

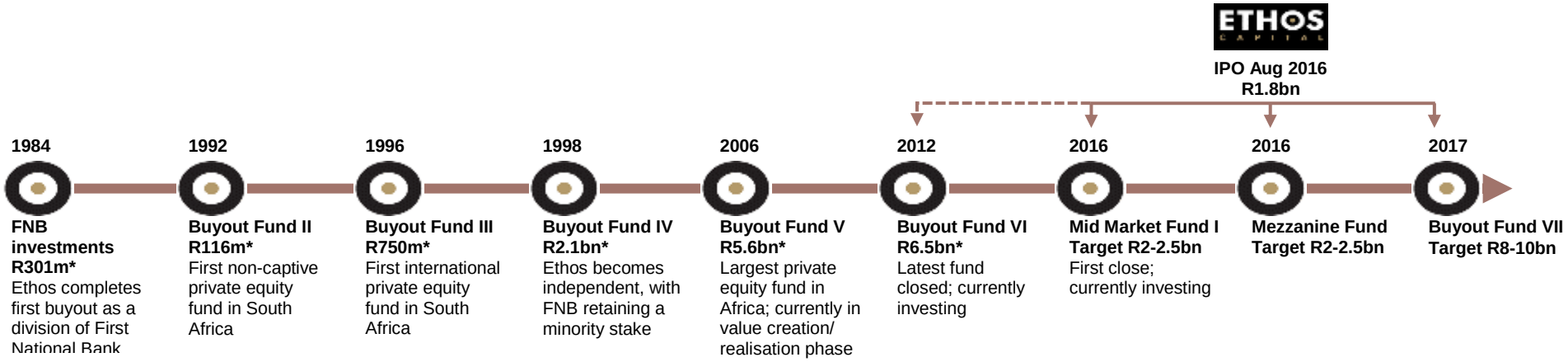
Ethos is currently investing Ethos Fund VI with c.R8.6bn in commitments; one of the largest pools of third-party capital in Africa.

The firm specialises in control and joint-control acquisitions and expansion capital, in medium-to-large businesses. To date, Ethos has made 104 investments, investing over R10.5billion over this period and exited 94.

Ethos seeks to leverage its understanding of the South African and sub-Saharan African markets to target companies best positioned to benefit from the region's unique growth dynamics. As an active investor, it capitalises on its experience of owning businesses across a variety of investment, economic and political cycles to maximise value post-investment and generate superior returns.

Being independently owned and managed by its investment professionals, Ethos' interests are aligned with stakeholders. The Ethos partnership group has a combined 200 years of private equity experience, of which 177 have been at Ethos.

Growth is a central principle of Ethos' strategy: value is added by actively transforming the strategy, operations and finances of investee businesses, making them "best-in-class". Through pioneering thought leadership, creativity, and innovation, Ethos has developed a long track record of sustainable, superior investor return.



*Capital raised at final close exchange rate

MACRO ECONOMIC FACTORS

South Africa's economic growth rate has deteriorated in recent years, primarily due to sluggish consumer spending (rising interest rates, muted employment growth, high indebtedness and depressed confidence levels), a weak performance from mining and manufacturing and a prolonged drought.

However, the outlook has improved in recent months and GDP growth expectations have started to increase. The South African Reserve Bank is forecasting a recovery to 1.1% in 2017 and 1.6% in 2018, driven by better contributions from agriculture, mining and household consumption. The end of the drought, combined with rand strength in the last 12 months, is likely to have a meaningful downward impact on food inflation with positive implications for interest rates and consumers' spending power.

There is still a risk of a South African country credit rating downgrade to sub-investment grade later this year, which would result in higher borrowing costs, capital outflows and pressure on the exchange rate and economic activity. The major rating agencies remain concerned about policy uncertainty and whether the government will deliver on its public statements about implementing structural reforms to stimulate growth and encouraging greater private sector participation in sectors dominated by state-owned enterprises.

The rating agencies acknowledged that last month's budget speech by the Finance Minister was progressive in emphasising transformation imperatives while demonstrating ongoing commitment to fiscal consolidation and stabilising government debt.

Prospects for global growth have remained steady over the last quarter. The IMF's GDP growth forecasts of 3.4% in 2017 and 3.7% in 2018 have not changed. The outlook is more subdued for advanced economies than emerging markets as the consequences of both Brexit and Donald Trump's victory in the US presidential election are heightened uncertainty about long-term trade agreements and more inwardly-focused policies, both of which are likely to weigh on confidence and investment for some time.

The outlook for sub-Saharan Africa has also been stable since the last quarter – the IMF is forecasting GDP growth of 2.8% in 2017 and 3.7% in 2018.

PORTFOLIO COMPANY INFORMATION (FUND VI AND MMF1)

EAZI GROUP

PARTNERS	FUND	INVESTMENT YEAR
Management	Ethos Fund VI, Ethos Mid Market Fund I	2016

Eazi Access provides work-at-height solutions to various sectors through the rental and distribution/sale of mobile, high-access equipment or Mobile Elevated Work Platforms. It services the construction, shipping, manufacturing, FMCG, transport, entertainment and mining sectors and has the largest and most diverse number of units in Africa.

Eazi Access employs c.360 people.

EatonTowers

PARTNERS	FUND	INVESTMENT YEAR
Hamilton Lane & HarbourVest	Ethos Fund VI	2015

Eaton Towers is a leading pan African independent tower company ("ITC") that owns and manages a tower portfolio, and is the most geographically diversified ITC on the African continent. Its customers comprise blue chip GSM operators in the respective countries that it operates in, being South Africa (recently sold), Uganda, Kenya, Niger and Burkina Faso.

Eaton Towers employs c.100 people across its operations.

TWINSAVER GROUP

PARTNERS	FUND	INVESTMENT YEAR
Management	Ethos Fund VI, Ethos Mid Market Fund I	2015

Twinsaver is a leading manufacturer in the South African consumer tissue industry, being no. 1 in the 1-ply segment and the second largest in the 2-ply segment. In addition, it manufactures away-from-home tissue and certain other disposable household products, such as paper towels and serviettes.

Twinsaver employs c.760 people across its operations.

neopak

PARTNERS	FUND	INVESTMENT YEAR
Management	Ethos Fund VI	2015

Neopak is the second largest player in the South African corrugated and converting market with a diversified customer base servicing the commercial and agricultural sectors. The business is backward integrated (owns a recycled paper mill that supplies the majority of its paper requirements) and collects most of its waste fibre requirements through Neopak Recycling, jointly owned with Twinsaver.

Neopak employs c.1,300 people across its operations.

autozone

PARTNERS	FUND	INVESTMENT YEAR
Management	Ethos Fund VI, Ethos Mid Market Fund I	2014

Autozone is the largest privately-owned automotive parts aftermarket retailer and wholesaler in Southern Africa. It has a large geographical footprint throughout Southern Africa, achieved via a central distribution centre that feeds nine regional distribution centres for wholesale and retail customers, over 200 wholly-owned retail branches and 30 member-owned franchise branches.

Autozone was launched in 1999, has an estimated 20% market share and currently employs c.2,300 people.

RTT

PARTNERS	FUND	INVESTMENT YEAR
Management, PIC & DPI	Ethos Fund VI	2014

As Africa's largest privately-owned parcel distribution company, RTT provides supply chain solutions, secure transportation, warehousing and distribution, and other value-added services on a fully integrated basis across sub-Saharan Africa. The business targets customers distributing high-value products requiring premium levels of service, security and real-time information.

RTT's footprint extends across sub-Saharan Africa, comprising over 128,800m^2 of warehousing and cross docking facilities. RTT has a fleet in excess of 1,200 vehicles and employs close to 5,700 people.

WACO

PARTNERS	FUND	INVESTMENT YEAR
Management, RMB Ventures, Standard Bank	Ethos Fund VI	2012

Waco is an industrial support services company that provides: forming, shoring and scaffolding; portable and modular buildings; and sanitation services to the construction, mining and industrial maintenance sectors. It operates in multiple geographic regions, including South Africa, Australia, UK and Chile.

Waco employs c.6,650 people across its international operations.

KEVRO

PARTNERS	FUND	INVESTMENT YEAR
Management	Ethos Fund VI	2011

Kevro is the largest supplier of corporate-branded clothing and promotional products in South Africa. It offers the most comprehensive range of clothing in its market, using "blank" clothing products sourced mainly from Asia, onto which branding is added to create bespoke items.

The company operates from seven locations in South Africa (and one in Windhoek, Namibia) as a "trade-only" supplier to more than 4,500 resellers; products are also distributed through resellers in other African countries.

Kevro employs c.400 people.

BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT, GOVERNANCE AND OTHER INFORMATION

Strong corporate governance is critical to our ability to maintain the highest standards at Ethos Capital.

Board of Directors

Yvonne Stillhart
Non-executive chairperson
Swiss based

Kevin Allagapen
Non-executive director
Mauritius based

Yuvraj Juwaheer
Non-executive director
Mauritius based

Michael Pfaff
Non-executive director
South Africa based

Derek Prout-Jones
Non-executive director
South Africa based

Executive Management

Peter Hayward-Butt
CEO
South Africa based

Craig Dreyer
CFO
South Africa based

Ethos Capital is governed by the following committees:

Investment committee
Ethos Capital's Investment Committee ("IC") is responsible for adhering to the investment strategy and guidelines, evaluation of investment decisions and the overall monitoring of investment performance. Members of the IC are Michael Pfaff and Derek Prout-Jones. All investment recommendations are then referred to the Ethos Capital Board for approval.

Audit & Risk committee
The Ethos Capital Audit and Risk Committee is chaired by independent Chairman, Kevin Allagapen, with Yuvraj Juwaheer and Derek Prout-Jones as the other committee members. The Committee provides independent oversight and reporting of the Ethos Capital financial control and reporting, risk management, compliance with corporate governance and the JSE listing requirements.

Remuneration committee
The committee is responsible for ensuring fair and responsible remuneration and the disclosure and reporting of remuneration matters. Yuvraj Juwaheer is the chairman of Ethos Capital's Remuneration committee. Other committee members are Kevin Allagapen and Michael Pfaff.

Organisational developments
No changes in the period under review apart from the Company's listing on the JSE on the 5th August 2016.

Conflicts of interest
Rigorous internal policies and guidelines reduce the instances when conflicts of interest arise and address conflicts that do arise in a way that protects and deals fairly with the interests of all stakeholders.

Relationships with investment companies
Ethos Capital represent the interests of shareholders and monitors the on-going performance of Fund portfolio companies, via reporting from the Investment Advisor.

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Notes	**R'000**
ASSETS		
Non-current assets		**340,175**
Unlisted investments at fair value	*3*	340,175
Current assets		**1,456,295**
Trade and other receivables	*4*	24,156
Money market investments at fair value	*5*	1,421,383
Cash and cash equivalents		10,756
TOTAL ASSETS		**1,796,470**
EQUITY AND LIABILITIES		
Ordinary shareholders' equity		**1,794,230**
Share capital	*6*	1,765,359
Retained earnings		28,871
Total Equity		**1,794,230**
Current liabilities		**2,240**
Trade and other payables	*7*	2,240
Total Liabilities		**2,240**
TOTAL EQUITY AND LIABILITIES		**1,796,470**
NET ASSET VALUE		**1,794,230**
Net Asset Value per share (rand)	*14*	**9,97**
Attributable shares in issue at end of period ('000)	*14*	**180,000**

No comparative financial information as at 30 June 2016 has been presented as the amounts are Rnil, given the current presentation format which has been rounded to the nearest thousand - refer note 18 of the Notes to the Condensed Financial Statements.

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	Notes	**R'000**
Income		
Investment income	*8*	50,627
Net fair value losses	*9*	(8,971)
Total income		**41,656**
Expenses		
Investment services, management and administration fees	*10*	(1,693)
Legal and consultancy fees	*10*	(5,938)
Other operating expenses	*10*	(3,803)
Total expenses		**(11,434)**
Profit before taxation		**30,222**
Taxation	*11*	(1,351)
Profit for the period		**28,871**
Other comprehensive income for the period		-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**28,871**
Earnings per share (rand)	*14*	
Basic and diluted earnings per share		0,16
Basic and diluted headline earnings per share		0,16

No comparative financial information as at 30 June 2016 has been presented as the Company didn't have any trading results in the prior financial period.

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	Notes	**R'000**
Proceeds from shares issued	*6*	1,800,075
Capitalisation of share issue expenses	*6*	(34,716)
Total comprehensive income for the period		28,871
BALANCE AS AT END OF PERIOD		**1,794,230**

No comparative financial information as at 30 June 2016 has been presented as no Statement of Changes in Equity was presented in the 30 June 2016 financial statements.

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	Notes	**R'000**
Cash generated from operating activities before investment transactions	*13*	**565**
Net cash utilised in investments		(1,755,168)
Cash utilised in operating activities		**(1,754,603)**
Net cash generated from financing activities		**1,765,359**
Net increase in cash and cash equivalents		**10,756**
Cash and cash equivalents at the beginning of the period		-
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**10,756**

No comparative financial information as at 30 June 2016 has been presented as the amounts are Rnil, given the current presentation format which has been rounded to the nearest thousand - refer note 18 of the Notes to the Condensed Financial Statements.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

1. BASIS OF PREPARATION

These Condensed Financial Statements have been prepared in accordance with: the recognition and measurement principles of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board, including IAS 34 Interim Financial Reporting; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the Listings Requirements of the JSE; and the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licensed companies.

The accounting policies applied in the preparation of these Condensed Financial Statements are, where applicable to the prior financial year, consistent in all material respects with those used in the prior financial year, except for changes required by the mandatory adoption of new and revised IFRS. None of the new accounting standards which became effective in the current financial period had a significant impact on the Company’s results.

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

These Condensed Financial Statements were compiled under the supervision of the Chief Financial Officer, Mr Craig Dreyer, CA (SA), and were not reviewed or audited by the group’s external auditor, Deloitte & Touche. They were approved by the Board on 15 March 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Investment strategy and structure

The Company 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 Ltd ("Ethos"), that typically have a ten-year life-cycle. The Company becomes a Limited Partner of the Fund and the investments are made through commitments into the Funds.

The investments are categorised as follows:

- **Primary** - initial commitments made into Funds during a fund-raising process.
- **Secondary** - subsequent acquisitions of existing commitments from a Limited Partner.
- **Direct** - acquisition of interests in underlying Portfolio Companies alongside the relevant Funds where the Funds require co-investors. These will be in addition to the Funds' participation via the Limited Partners' commitments and the Company's participation might also be structured as an investment into a Fund, which will then invest directly into the Portfolio Company.

In addition to the above investment strategy, cash that is surplus to investments and working capital needs, is invested in a portfolio of low-risk and liquid debt instruments, categorised as Temporary Investments. These Temporary Investments are held at fair value and any discount / premium to the par value, is amortised over the residual hold period of the investment and included as interest income in the Statement of Comprehensive Income.

As noted above, the Company's core unlisted investments are made via commitments into Funds. This commitment is not funded upfront when the commitment is made, but is drawn-down via cash funding request ("capital calls") over the life of the Fund. The Fund has an investment period which typically expires five years after the final Fund closing date, or earlier if a successor Fund commences its investment period. The purpose of the capital calls during the investment period is to fund new and follow-on investments into Portfolio Companies, and to cover any operating expenses of the Fund. After the investment period ("Realisation period"), capital calls will be requested to fund follow-on investments into existing Portfolio Companies, operating expenses of the Fund and any other potential obligations of the Fund. Portfolio Companies could be realised, partially or in full, during either of the above periods which will result in cash receipts by the Company. Depending on the nature of the realisation proceeds, the receipts will classified as capital distributions and/or income distributions.

As per note 2(c) below, the Company determines the fair value of the Funds, based on the Net Asset Value ("NAV") of each Fund, and will recognise the unrealised appreciation/depreciation in the financial statements. The NAV is derived from, in addition to the impact of the capital calls and capital and/or income distributions, the fair value assessment of the Portfolio Companies, cash resources and income (accrued or undistributed) and expenditure (incurred or accrued) of the Fund.

The Company's policies in respect of the treatment of the investment in the Funds through capital calls, the fair value movements on the Funds' NAV and the distributions are as follows:

Investment capital calls - amount is included in the cost of unlisted investments at fair value.

Expenses capital calls - amount is included within expenses and, to the extent that information is available, allocated to the specific expense category.

Capital distributions - the amount relating to a return of cost of investment is credited to the cost of unlisted investments at fair value and the amount relating to gains or losses is recognised as such in the Statement of Comprehensive Income.

Income distributions - amount is recognised as investment income in the Statement of Comprehensive Income, per the below revenue recognition policy.

Unrealised fair value appreciation/depreciation - any amount that relates to income or expenses of the Fund, to the extent that information is available to determine the classification, will be treated as such in the Statement of Comprehensive Income and recognised as accrued income (see revenue recognition policy below) or expenditure on the Statement of Financial Position; any other amount, or where the classification of the movements is not available, will be treated as a capital unrealised fair value adjustment in the Statement of Comprehensive Income and included within unlisted investments at fair value on the Statement of Financial Position.

(b) Revenue recognition

Interest income is recognised on a time proportion basis, net of any anticipated impairments, and is included as investment income in the Statement of Comprehensive Income. Any discount to par achieved on money market instruments is amortised to cost over the maturity period of the investment and recognised as interest income, whereas any premium paid to par on such investments is amortised against the cost of the investment over its residual hold period and recognised as a charge against interest income.

Dividend income is recognised when the right to receive payment is established and is included as investment income in the Statement of Comprehensive Income.

(c) 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 the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines.

As stated above, the Company's investments comprise commitments into Funds, which in turn invests in Portfolio Companies in which the Company has an indirect interest.

The General Partners of these Funds provide quarterly NAV statements as calculated from the Investment Advisor's valuations, which the Directors of the Company use to determine the fair value of a Fund. The valuations of the Investment Advisor is audited every six months by their auditors.

The Investment Advisor determines the individual fair value of each Fund's underlying Portfolio Companies at the end of each quarter and is approved by its Board of

Advisors twice per year. 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' methodology 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' methodology, an appropriate and reasonable valuation multiple is applied to the maintainable earnings of the investment. For each investment an 'Earnings before interest tax depreciation 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 Advisor develops a benchmark multiple, generally with reference to the multiples of comparable publicly traded companies adjusted for finance costs (i.e. multiples have been de-geared). The benchmark multiple is further adjusted for points of difference relating to risk profile (geographic, operational, financial, and liquidity risk 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 investment.

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

(d) Foreign currency transactions

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The Condensed Financial Statements are presented in ZAR, the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities outstanding at reporting period are recognised in profit or loss.

Monetary assets and liabilities expressed in foreign currencies at the end of the reporting period are translated into ZAR at the closing rate ruling at that date.

3. UNLISTED INVESTMENTS AT FAIR VALUE

	R'000
Investments held at fair value through profit and loss:	
Unlisted investment in Ethos Mid Market Fund I (B) Limited Partnership	292,142
Unlisted investment in Ethos VI (Jersey), L.P.	48,033
	340,175
At 31 December 2016:	
At cost	344,272
Unrealised capital appreciation	(4,294)
Accrued income	197
	340,175

On 17 November 2016, the Company made a R550 million commitment to the Ethos Mid Market Fund, and the first investment was made early in December 2016. The Company also acquired a R138 million commitment in Ethos Fund VI on 21 November 2016 through a secondary transaction.

Reconciliation of movements:

	Cost R'000	Capital appreciation R'000	Accrued income R'000	Total R'000
Acquisitions	349,160	-	-	349,160
Proceeds on realisations	(4,888)	-	-	(4,888)
Revaluation	-	(4,294)	197	(4,097)
Balance as at 31 December 2016	**344,272**	**(4,294)**	**197**	**340,175**

4. TRADE AND OTHER RECEIVABLES

	R'000
Accrued income on money market investments	22,569
Prepayments	660
Other receivables	927
	24,156

The carrying amount of trade and other receivables approximates its fair value.

5. MONEY MARKET INVESTMENTS

	R'000
Investments held at fair value through profit and loss:	
Floating rate notes	552,433
Negotiable certificates of deposit	383,368
Treasury bills	426,858
Cash and call accounts	58,724
	1,421,383
At 31 December 2016:	
At cost	1,420,851
Unrealised appreciation	532
	1,421,383

The money market investments, or Temporary Investments as noted above, 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.

Reconciliation of movements:	**Cost R'000**	**Capital appreciation R'000**	**Total R'000**
Acquisitions	2,194,807	-	2,194,807
Realisations and maturities	(788,786)	-	(788,786)
Proceeds from realisations and maturities	(788,797)	-	(788,797)
Profit on realisations	11	-	11
Revaluation	-	532	532
Amortisation of net discount (refer to note 2(b))	14,830	-	14,830
Balance as at 31 December 2016	**1,420,851**	**532**	**1,421,383**

6. SHARE CAPITAL

	Number	R'000
Authorised		
A Ordinary shares	187,500 000	
B Ordinary shares	10,000	
	187,510,000	
Issued		
A Ordinary shares issued at R10.00 per share	180,000,000	1,800,000
A Ordinary shares issued at R0.01 per share	7,500,000	75
B Ordinary shares issued at R0.01 per share	10,000	-
Less: Share issue expenses		(34,716)
Total issued share capital	**187,510 000**	**1,765,359**

On 5 August 2016, 180,000,000 and 7,500,000 A Ordinary shares, ranking pari passu, were issued at an issue price per share of R10.00 and R0.01 respectively. The A Ordinary shares were admitted to listing and trading on the Johannesburg Stock Exchange ("JSE") at that date. Each A Ordinary shares entitles the holder to, including other rights as stated in the Company's constitution, participate proportionately in any distribution made by the Company in respect of the A Ordinary shares and to receive a proportion of the total net assets of the Company remaining upon its liquidation.

Incremental costs that are directly attributable to the issue of all shares, amounting to R34,716,000, were capitalised and recognised as a deduction from share capital.

At the same time, 10,000 B shares were issued to the Trustees of the Ethos Private Equity Allocation Trust ("the EPE Trust"), at an issue price of R0.01 per share; these shares were not admitted to the JSE for listing and trading. The B Shares are a mechanism to effect payment of the Annual Performance Participation to the EPE Trust in the form of a cash dividend on the B Shares, following the Notional Encumbrance Termination Date. The B shares therefore entitles the holders to, including other rights as stated in the Company's constitution, participate proportionately in any distribution made by the Company in respect of the B shares and, upon the A Ordinary shares issued to the EPE Trust ceasing to be encumbered, to receive out of the profits of the Company an annual dividend that collectively represents the Annual Performance Participation.

The EPE Trust also subscribed to the 7,500,000 A Ordinary shares mentioned above; as per the subscription agreement (see note 16), these shares are notionally encumbered until released from such notional encumbrance. Whilst encumbered, the EPE Trust granted the Company the 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. The final repurchase date to exercise this right is 30 June 2022.

The Annual Notional Performance Participation that the EPE Trust will notionally participate in, will be calculated annually based on the Growth in Invested NAV. To the extent that the Growth in Invested NAV exceeds the performance hurdle of 10% and based on the growth achieved and the current share price, a number of the encumbered A Ordinary shares will be released from the notional encumbrance at the end of each financial year until all encumbered shares have been released ("the Notional Encumbrance Termination Date"). If any encumbered shares remain at the repurchase date of 30 June 2022, the Company will be entitled, upon written notice to the EPE Trust, to acquire the remaining encumbered shares as noted above and an application will be made to the JSE for the delisting of the repurchased shares once they have been repurchased.

7. TRADE AND OTHER PAYABLES

	R'000
Administration fee payable	587
Trade payables	302
Provision for income tax	1,351
	2,240

The carrying amount of trade and other payables approximates its fair value.

8. INVESTMENT INCOME

	R'000
Ethos Funds	811
Money market investments	33,656
Cash and cash equivalents	1,330
	35,797
Amortisation of net discount (see note 2(b))	14,830
	14,830
Total investment income	**50,627**
Consisting of:	
Mauritian interest	90
Foreign interest	49,777
Foreign dividends	760
	50,627

9. NET FAIR VALUE GAINS / (LOSSES)

	R'000
Unrealised	
Fair value adjustments on unlisted investments	(4,294)
Fair value adjustments on money market instruments	532
	(3,762)
Realised	
Profit on realisation of money market instruments	11
Foreign exchange loss on conversion of cash and cash equivalents	(5,220)
	(5,209)
Net fair value losses	**(8,971)**

10. TOTAL EXPENSES

10.1 Investment services, management and administration fees

	Recurring fees R'000
Administration fee - Ethos	736
Administration fee - Ashburton	957
	1,693

Refer to note 16 for information on how the fees are calculated.

10.2 Legal and consultancy fees

	Non-recurring fees R'000	Recurring fees R'000	Total R'000
Legal and consultancy fees	4,001	506	4,507
Fund formation fees	1,431	-	1,431
	5,432	**506**	**5,938**

10.3 Other operating expenses

	Non-recurring fees R'000	Recurring fees R'000	Total R'000
Company secretarial and other administration fees (refer to note 16)	344	456	800
Directors' fees	-	1,526	1,526
Auditor's fees	-	473	473
Insurance costs	-	191	191
Sponsor fees	-	81	81
Other expenses	-	732	732
	344	**3,459**	**3,803**

11. TAXATION

	R'000
Mauritius income tax	
- Current year tax charge	1,351
	1,351

The Company holds a Category 1 Global Business Licence, for the purpose of the Financial Services Act 2007. It was registered in Mauritius as a private company limited by shares on 26 May 2016 and is liable to income tax at a rate of 15%. However, the Company is entitled to a tax credit equivalent to the higher of the actual foreign tax withheld and 80% of the Mauritian tax on its foreign source income, thus leaving an effective tax rate of 3%. The tax credit amount is limited to 80% of the net income tax payable pre the tax credit.

Reconciliation of effective tax rate:

	R'000
Profit before taxation	**30,222**
Mauritian standard tax rate at 15%	**4,533**
Adjusted for:	
Non-taxable local interest income	(14)
Non-recurring disallowed expenditure in relation to the formation of the Company	652
- Legal and consultancy fees	600
- Other expenses	52
Non-recurring disallowed fund formation fees	215
Disallowed foreign exchange losses	25
Non-taxable realised fair value losses	781
Non-taxable unrealised fair value losses	564
80% tax credit on foreign investment income	(5,405)
Total adjustments	**(3,182)**
Current year tax charge	**1,351**

12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments	**Original R'000**	**Outstanding R'000**
Unlisted investment in Ethos Mid Market Fund I (B) Partnership	550,000	255,442
Unlisted investment in Ethos Fund VI (Jersey), L.P.	138,000	81,815
	688,000	**337,257**
Contingent liabilities		
FirstRand Bank Limited (acting through its Rand Merchant Bank division)		106,369
		106,369
Total commitments and contingent liabilities		**443,626**

On 17 November 2016, the first closing date of the Ethos Mid Market Fund, the Company made a R550 million commitment to the above Fund. The Fund has a term of ten years from the final close date, which is expected to be in mid 2017 and its investment period will expire on the fifth anniversary of such final closing date.

The Company acquired a R138 million commitment in Ethos Fund VI on 21 November 2016 through a secondary transaction into the above Fund. This Fund has an end-date of December 2022 and its investment period is due to expire in December 2017. Included in the current outstanding commitments are unfunded guarantees made by the Fund on behalf of the Company totalling R21,657,000.

The Company has guaranteed and provided its investments as security against a R105 million five year non-recourse loan facility issued by FirstRand Bank Limited to Black Hawk Private Equity Proprietary Limited ("Black Hawk"), expiring on 29 July 2021. The proceeds of the facility, signed on 28 July 2016, were used by Black Hawk to subscribe to R105 million of A Ordinary shares on behalf of the two non-executive directors that are members of the Company's investment committee. The above amount represents the current outstanding balance on the facility, including any accrued interest charges to 31 December 2016.

13. NOTES TO THE CONDENSED STATEMENT OF CASH FLOWS

		R'000
Cash generated from operating activities before investment transactions:		
Profit before taxation		**30,222**
Add:	Unrealised fair value movements	3,762
Less:	Accrued income on unlisted investments	(197)
	Profit on realisation of unlisted investments	(11)
		33,776
Changes in working capital		**(18,381)**
Increase in trade and other receivables		(19,270)
Increase in trade and other payables		889
Amortisation of money market investments		(14,830)
		565

14. EARNINGS AND NET ASSET VALUE PER SHARE

As set out in note 6, 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, 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 holder of these shares are therefore restricted from selling the shares to any other party 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 that 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 per share

	R'000
Total comprehensive income attributable to ordinary shareholders	28,871

	'000
Number of shares in issue during the period	187,500
Less: Notionally encumbered shares	(7,500)
Number of attributable shares in issue during the period	**180,000**

Basic and diluted earnings per share (rand)	**0,16**
Basic and diluted headline earnings per share (rand)	**0,16**

14.2 Net Asset Value per share

	R'000
Net assets	1,794,230

	'000
Number of shares in issue at end of period	187,500
Less: Notionally encumbered shares	(7,500)
Number of attributable shares in issue at end of period	**180,000**

Net Asset Value per share (rand)	**9,97**

15. FINANCIAL RISK FACTORS AND INSTRUMENTS

15.1 Overview

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

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities, it is exposed to a variety of risks that could result in changes to the net asset value or its performance.

The main risks that the Company is exposed to and that could result in changes to the net asset value or its performance are: capital risk; valuation risk; market risk (comprising currency risk, interest rate risk and price risk); credit risk; and liquidity risk.

15.2 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of its balance sheet.

The capital structure of the Company consists of equity attributable to ordinary shareholders, comprising of share capital, and retained earnings. The Company currently does not have a committed bank facility, but the intention is to put a facility in place to fund its core unlisted investments (if needed) in addition to the available Temporary Investments.

15.3 Valuation risk

15.3.1 Risk, policies and procedures

The Company's exposure to valuation risk arises from movements in its unquoted investments into the Funds, whose valuations in turn are derived from the valuations of the portfolio companies in which they invest. The portfolio companies are valued in accordance with the IPEV Valuation Guidelines and their valuations are largely derived from observable inputs. In addition, movements in the money market investments of the Company that are valued by using observable inputs other than quoted prices, also provide valuation risk exposure.

As stated in note 2, the General Partners of the Funds provide quarterly NAV statements as calculated from the Investment Advisor's valuations, which the Directors of the Company use to determine the fair value of a Fund. The financial year-end Directors' valuation at 30 June, will be audited by the Company's auditors. By being a limited partner in the Funds and where applicable, having a representative on an

Advisory Committee, the Board of Directors have access to detailed information on the performance and valuations of the underlying Portfolio Company to make an assessment of the Funds' fair value. Representatives of the Investment Advisor are also available to provide full and timely access to information and any concerns that the Board might have or provide any additional information requests. The Board will also regularly review and assess the appropriateness of its own valuation policy and the Investment Advisor's valuation policy and processes, as noted below and elsewhere in the report.

The Investment Advisor determines the individual fair value of each Fund's underlying Portfolio Companies at the end of each quarter. The individual valuations, as prepared by Ethos' investment executives, are independently reviewed by senior executives/partners of Ethos. These executives will then submit and present the valuations to the Ethos valuation committee, which consists of a number of senior executives/partners of Ethos. Once the committee has approved the valuations, the valuations are submitted to the General Partner, who will then issue the quarterly NAV statements and information on the valuations to each Funds' Advisory Committee and its limited partners. In addition, the June and December valuations will also be reviewed and audited by the Funds' auditors, before being issued to the General Partner.

15.3.2 Fair value classification on investments

Financial assets and liabilities which are carried at fair value, need to be classified within the appropriate level of hierarchy on which their fair values are based on. The information below sets out the different levels as well as the classification of the Company's assets and liabilities where appropriate.

Investments that trade in active markets and derive 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 Company does need to adjust the quoted prices to measure the fair value of investments. The quoted market price used for investments held by the Company is the current bid price.

Investments that trade in markets that are not considered to be active and derive 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 that are derived or corroborated by observable market date. The Company'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 that are measured at fair value in the Condensed Statement of Financial Position can be summarised as follows within the fair value hierarchy:

Assets	**Level 1 R'000**	**Level 2 R'000**	**Level 3 R'000**	**Total R'000**
Unlisted investments	-	-	340,175	340,175
Money market investments	-	1,421,383	-	1,421,383
Accrued income on money	-	22,569	-	22,569
	-	**1,443,952**	**340,175**	**1,784,127**

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 period by class of financial instrument:

	Unlisted investments R'000
Non-current assets	
Purchases	349,160
Realisations at carrying value of purchases	(4,888)
Net losses included in the Condensed Statement of Comprehensive Income	(4,097)
	340,175

15.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Board agrees and reviews the Company's policies for managing these risks.

15.4.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's unlisted investments are currently all held in ZAR denominated Funds, as is the Funds' underlying investments in portfolio companies. The portfolio companies might operate in multi-currency jurisdictions and will manage their own currency risk, which could be through funding their debt in multiple currencies that match their operations or foreign exchange hedging policies. The Company actively monitors its currency exposure and will consider its own hedging strategies if required and as appropriate. In addition, relatively small amounts of cash and cash equivalents are held in USD to fund operating expenses, which will not be materially impacted by changes in foreign exchange rates.

15.4.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate based on changes in market interest rates. The Company has exposure to interest rate risk through its Temporary Investments (money-market investments) that are largely invested in fixed rate instruments and floating rate notes with a relatively short re-pricing period. The fair value of the money market instruments is largely dependent on the market interest rates and could fluctuate with changes in the latter.

The table below demonstrates the sensitivity in the fair value at 31 December 2016 of the Temporary Investments held at 31 December 2016 based on assumed changes to the market interest rates (measured in basis points ("bp") at different intervals and taking into account the maturity dates of the securities.

Change in market interest rates assumed:	Fair value adjustment R'000
-75 bp	2,019
-50 bp	1,346
-25 bp	673
+25 bp	(673)
+50 bp	(1,346)
+75 bp	(2,019)

15.4.3 Equity price risk

Whilst the Company does not currently hold any direct equity securities, it is indirectly exposed to equity price risk through the valuation of the underlying portfolio investments held by its investments into Funds. The fair value of these companies are largely derived from comparable market ratings, which is derived from public companies' quoted market prices and their earnings. The underlying portfolio companies are valued quarterly and the Board has access to the valuation information to monitor and review the fair value of the investments and consider any impairments where appropriate.

The table below illustrates the sensitivity in the fair value of the unlisted investments held at 31 December 2016 based on fluctuations in the price of its unlisted investments.

Change in equity prices assumed:	Fair value adjustment R'000
+5%	17,009
-5%	(17,009)

15.5 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount of financial assets at the reporting date. The Company believes that, through investing in Funds that are managed by a well-experienced Manager with a proven track record, given the diverse number of portfolio companies that each Fund invests in and by managing concentration risk in its portfolio, the risk is reduced. In addition the Company has an Investment Committee with well experienced members that enforce a rigorous assessment, review and due diligence with each investment decision. The Board receives regular updates from the Investment Advisor to enable it to monitor the performance of the underlying investments.

In addition, the Company's Temporary Investments are managed by Ashburton who is mandated to invest in Treasury Bills issued by the Government of the Republic of South Africa as well as short term paper issued by the Big Four South African Banks. Cash and cash equivalents are held with FirstRand Bank Limited (South Africa) and Investec Mauritius. The carrying amount of the financial assets in the financial statements represents the Company's maximum exposure to credit risk.

15.6 Liquidity risk

This risk occurs when the Company is unable to meet its short term obligations, largely due to its inability to convert its financial assets into cash and cash equivalents. The Company's strategy is to make long-term commitments into fund limited partnerships that invest in unlisted portfolio companies, which are not as readily realisable as quoted investments. The Company may have difficulty in generating liquidity on short notice and the Board therefore regularly monitors its forecasts, cash flows, commitment levels and available liquidity resources; the latter consisting of Temporary Investments, that are tradeable on short notice in active markets, and cash and cash equivalents. The Company currently has a significant proportion of its net assets invested in such liquid resources.

16. RELATED PARTIES AND KEY AGREEMENTS

Related parties are entities which have the ability to control the other party or exercise significant influence over such party in making financial and operating decisions. The

Board of Directors believes that the Company has no related parties. Whilst Ocorian (Mauritius) Limited ("Ocorian") acts as the Company Secretary and one of its directors acts as a Director of Ethos Capital, we believe that neither Ocorian nor the director controls or has significant influence over Ethos Capital.

The Company has entered into an Investment Services Agreement with Ethos in terms of which the latter, as Investment Advisor, will provide investment advice (including sourcing investments), administrative and back-office services to the Company. As payment for these services, Ethos receives an investment services fee, management fee and administration fee that are all calculated and paid quarterly.

The investment services fee is 1.5% on the average of the opening invested NAV and closing invested NAV for Direct Investments, whereas the management fee is 1.5% on the average of the opening invested NAV and closing invested NAV for Primary Investments. In no event shall any of the above fees be less than zero and both fees are only effective from 1 July 2017. In respect of any Secondary Investments acquired, the management fee payable thereon will be the Company's proportionate share of any management fee charged by and payable to the manager of such Fund.

Ethos receives a fee of 0.25% of the average balance of the Temporary Investments as an administration fee for providing the administrative and back-office services. As noted above, the Company has an Investment Management Agreement with Ashburton to manage its Temporary Investments. The administration fee paid to Ethos is reduced by any fees payable to Ashburton.

The Company has also entered into a subscription agreement with the EPE Trust that sets out and manages the terms of the A and B Ordinary Shares, that the EPE Trust subscribed for, as well as the annual performance participation that EPE Trust is entitled to. The annual notional performance participation, and annual performance participation thereafter, is based on 20% of the growth in NAV of invested assets and is triggered each year if the NAV growth exceeds a preferred hurdle, currently 10%. The performance is also measured over a cumulative 3-year measurement period to ensure that the average NAV growth over such period exceeds the preferred hurdle; to the extent that the aggregate of the three annual participations is more or less than the 3-year average calculation, an adjustment to or provision for the performance participation will be made in the final year of the measurement period and adjusted in subsequent periods if necessary.

17. SUBSEQUENT EVENTS

There have been no material events after the reporting date which would require disclosure or adjustment to the Condensed Financial Statements for the period ended 31 December 2016.

18. COMPARATIVE FINANCIAL INFORMATION

The comparative financial information as at 30 June 2016, that consisted of Cash and Share Capital of R1 each, has not been presented as the Condensed Financial Statements have been presented to the nearest thousand rand.

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