ETHOS CAPITAL

INTEGRATED ANNUAL REPORT

for the year ended 30 June 2019

CONTENTS

INTRODUCTION

INTRODUCTION

EPE Capital Partners Ltd ("Ethos Capital" or "the Company") is an investment holding company, registered and incorporated in Mauritius and listed on the JSE Limited ("JSE"). It invests directly into Funds or co-investments, managed by Ethos Private Equity (Pty) Limited ("Ethos"), which give the Company largely indirect exposure to a diversified portfolio of unlisted private equity-type investments ("Portfolio Companies"). In addition, Ethos acts as the Company's Investment Advisor. "The Group" refers to the consolidated results of the Company and its deemed controlled entity.

Scope of the Integrated Annual Report

This Integrated Annual Report combines the financial and non-financial information of Ethos Capital for the financial year ended 30 June 2019. The Integrated Annual Report adheres to the requirements of the Mauritius Companies Act 2001 ("the Mauritius Companies Act") and the JSE Listings Requirements ("Listings Requirements") and uses the recommendations of the King IV Report on Corporate Governance™ for South Africa 2016 ("King IV")[A].

External assurance

The Ethos Capital Board of Directors has drawn assurance on the Integrated Annual Report from the external auditor, Deloitte (South Africa), through its audit of the Annual Financial Statements and its report to shareholders on page 70 of the Annual Financial Statements.

The Integrated Annual Report has been reviewed by the Audit and Risk Committee and approved by the Board of Directors, and signed by Yvonne Stillhart and Kevin Allagapen on behalf of the Board.

The Board does not consider it necessary to seek any further external assurance on the Integrated Annual Report.

Materiality

The Board is responsible for the process of determining how best to disclose the performance of the Group in a transparent manner. The performance is largely measured by the growth in the net asset value ("NAV") and NAV per share ("NAVPS") of the Group. The Board has considered all material aspects it is aware of and that are material in the context of the performance of the Group. These material items are included in the Integrated Annual Report.

Reported currency

Unless otherwise stated, all amounts presented in the Integrated Annual Report are presented in South African Rand ("ZAR" or "R").

Forward-looking statements

The Integrated Annual Report may contain statements regarding the future expected financial position and results of the Group, which involve risk and uncertainty. These forward-looking statements have not been reviewed or reported on by the Company's auditor.

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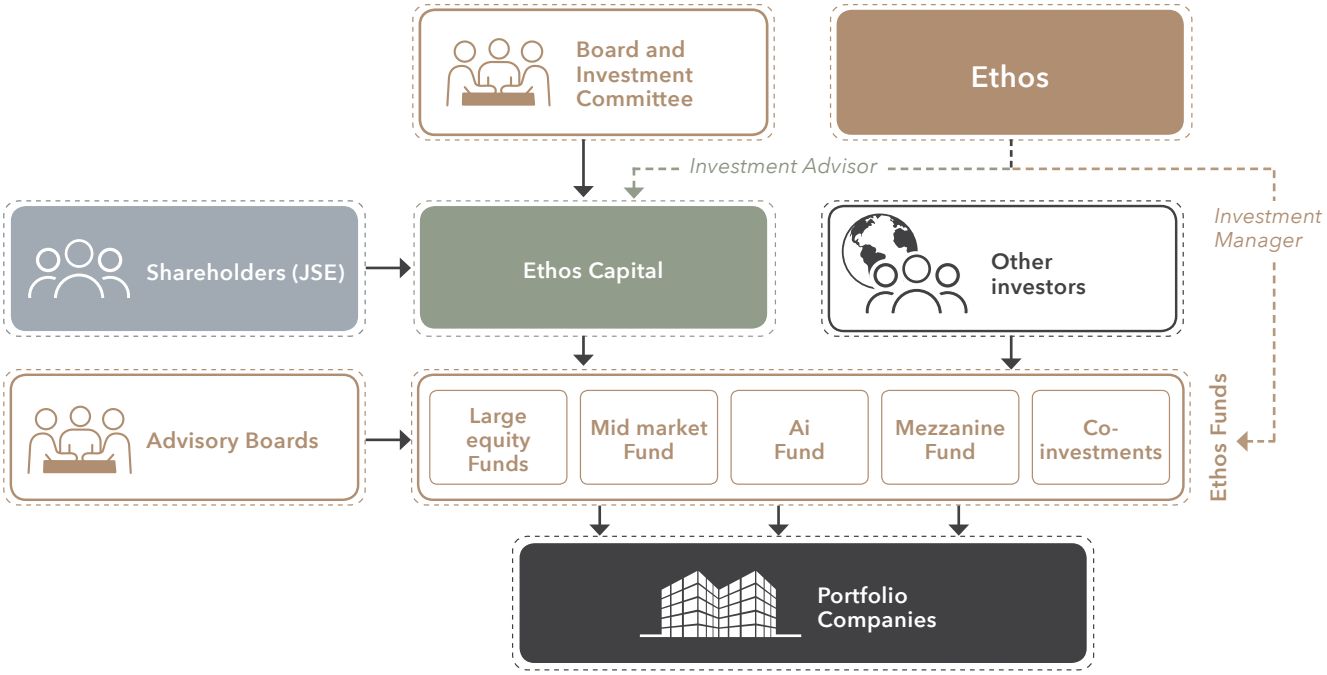
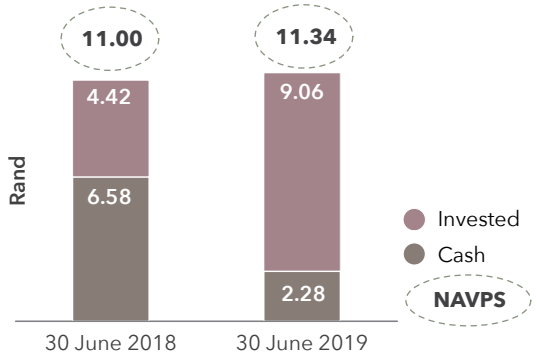


FINANCIAL AND OPERATIONAL HIGHLIGHTS

A decent performance given macroeconomic headwinds with significant investment activity during the year

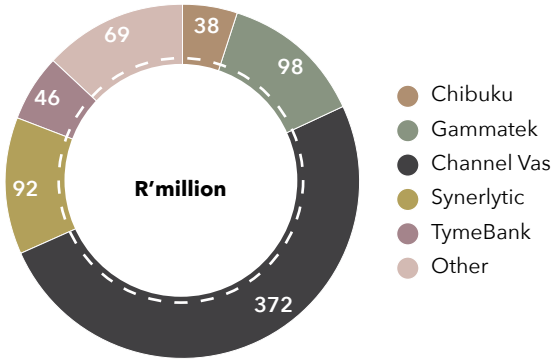
R1.9 billion total assets and **R1.8 billion** NAV

that delivered an increased NAVPS



R0.7 billion invested during the year in **5** new Portfolio Companies

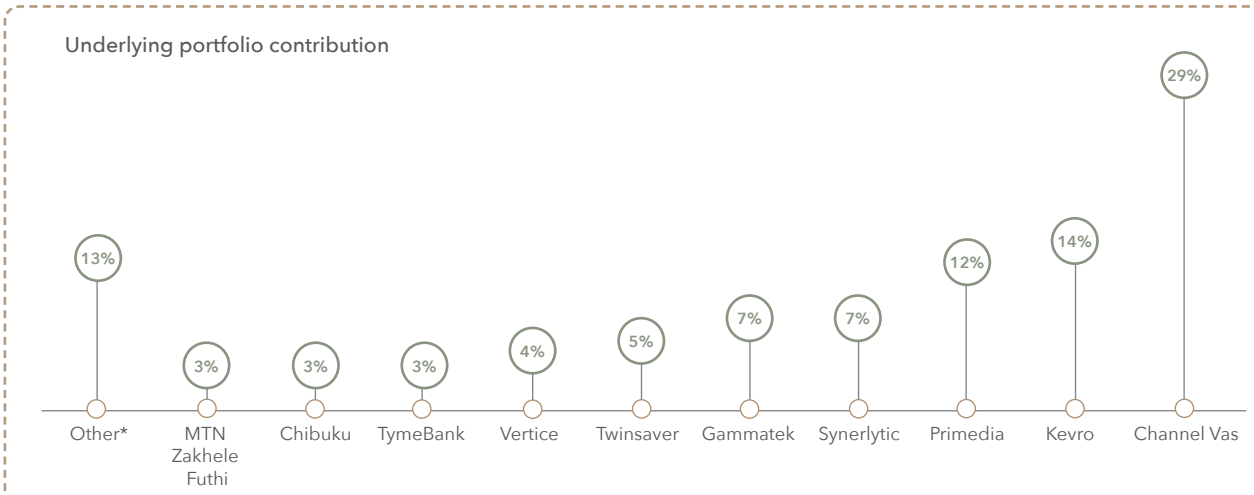
plus larger portfolio exposure



thereby further expanding the asset base

R1.4 billion invested capital or **74%** of total assets*

** Increasing to R1.6 billion and 82% post year-end.*

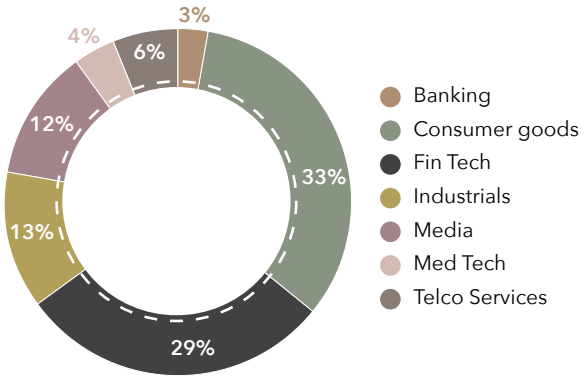


** Including 9 Portfolio Companies.*

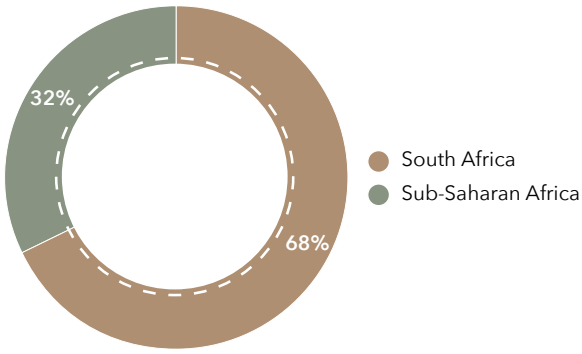
An investment portfolio providing indirect access to

19 Portfolio Companies

across diverse sectors

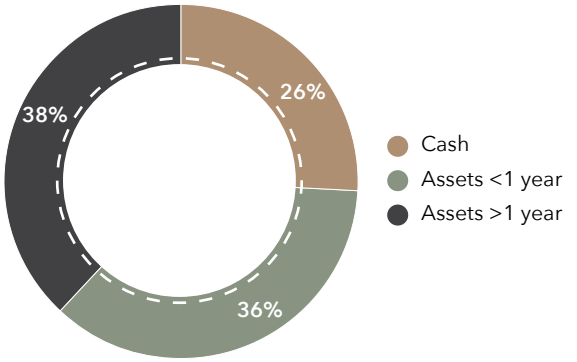


and geographies



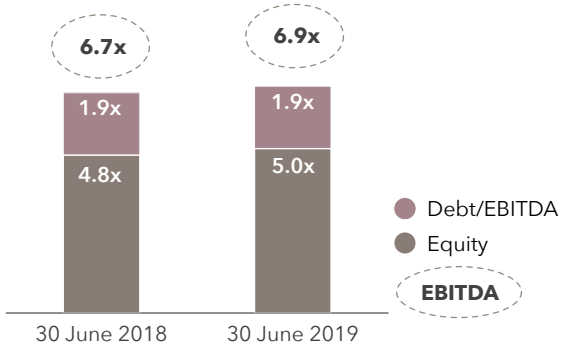
with potential for growth

1.5 years value-weighted age of portfolio



from a modest valuation base

6.9x implied EV/EBITDA valuation multiple



LEADERSHIP REPORTS

CHAIRPERSON'S REPORT

"Pleasingly, the pipeline of opportunities for the coming financial year across all of the Ethos Funds looks promising, despite the somewhat uncertain macroeconomic outlook."

Yvonne Stillhart
Chairperson

Year in review

The financial year ended 30 June 2019 was a successful investment year for Ethos Capital achieving our goal which we set out at the time of listing of investing more than 75% of the capital raised. Adjusting for the post year-end Gondwana transaction, Ethos Capital invested R870 million during the year, taking its invested capital to 82% of our total assets. The investments broadened the sector and geographic exposure of our portfolio by adding interesting sector specific strategies including healthcare, artificial intelligence and structured mezzanine asset exposure. While the economic environment continues to be challenging, the underlying portfolio performed satisfactorily with the NAVPS increasing by 3% to R11.34. The portfolio remains conservatively valued with an implied EBITDA valuation multiple of 6.9x, however, the share price remained largely flat over the course of the financial year. Since listing, Ethos Capital has increased its NAVPS in every quarter and the Board is hopeful that the benefits of a fully invested portfolio will result in meaningful increases in NAVPS in the coming years.

Based on the strong underlying performance of many of the Portfolio Companies and the current valuation multiples, the Board considers the current share price discount to the NAVPS an inappropriate representation of the quality of the portfolio, given the conservative nature of the portfolio valuations, the NAV of investments and the Group NAV and the Group's cash position. The Board is committed to narrowing the discount. In addition to Ethos' value enhancing portfolio development activities, we have together with management initiated a series of interventions to this effect during the financial year, including the repurchase of shares.

Having built the core portfolio during the financial year with c.40% of the total assets invested in five new Portfolio Companies, the Group's focus is on selectively completing the portfolio build-up and value creation within the existing portfolio, as well as strategically managing the Group's capital.

Dynamics ahead

Economic and political dynamics are a continuing challenge which Ethos Capital is balancing with our strategy to focus on investments whose positioning can largely withstand disruption and have thus the potential to provide sustainable returns. Globally, investors in search for yield continue to commit funds into private market investments at ever higher rates and we believe Ethos Capital provides South African and international investors with a great opportunity to do the same.

Private market investments represent increasingly important components in institutional investors' portfolios as they contribute substantially to return enhancement across economic cycles. Ethos' positioning and thematic sourcing, ownership and business excellence are thus important elements in managing complex external challenges and delivering performance to investors.

Stock market sentiments and trading volumes will continue to prejudice our share price in relation to the NAVPS. The greatest possible transparency in the reporting of underlying Portfolio Companies' performance, active capital management and transparent dialogues with investors, continue to be vital tools in achieving one of the key goals aiming to narrow the discount between share price and NAVPS.

Having laid the foundations for a solid portfolio of investments in South-Africa and sub-Saharan Africa, the Board and Ethos management is putting considerable efforts into managing the complexity of investments in private markets, developing strategies to reflect the performance of the underlying Portfolio Companies in the share price, as well as actively manage the Group's capital.

Pleasingly, the pipeline of opportunities for the coming financial year across all of the Ethos Funds looks promising, despite the somewhat uncertain macroeconomic outlook.

We believe that as the portfolio matures hopefully into more supportive macroeconomic drivers, it should provide a positive catalyst to the share price; however, public market perceptions are difficult to predict. The share buyback program remains a key strategic focus of the Board but needs to be considered in light of the Group's liquidity outlook. At the forthcoming AGM, shareholders will be requested to approve by vote an authority for the Company to issue 5% of its A Ordinary Shares, currently held as treasury shares, as and when the Board deems it appropriate which will enable it to take a more flexible approach to the share buyback program.

Sub-Saharan African Private Equity Market

The current global political and macro environment is growing increasingly uncertain with the adverse impact of a global trade war and other country-specific factors impacting emerging market investor sentiment. However, global private equity markets have performed strongly with private equity returns for the past ten years being above those of public markets – a consistent trend of outperformance.

The macroeconomic outlook for sub-Saharan Africa generally is very positive albeit that the two larger markets of Nigeria and South Africa have been growth constrained. In that context, it has been pleasing to see an increased component of Ethos' deal-flow opportunities outside of South Africa in line with Ethos' geographic expansion strategy.

There are few private equity players of scale on the continent that have the ability to provide sector and domain expertise combined with an in-house Value Add capability like Ethos. This provides Ethos with a unique platform to see and invest in a wide range of opportunities. With competition in the private equity space the lowest it has been for some time, it provides a unique investment window for those private equity players with both capital and scale.

Corporate Governance and Operations

The Board continues to implement and adhere to the highest social, environmental and governance standards as it believes that they are fundamental to create long-term sustainable value to the wider community. We are committed to our responsibility to these central governance topics and the shareholders of Ethos Capital to ensure that the Group conducts its business in the best interests of its shareholders with integrity and the highest principles of governance and ethical standards. The Directors endorse King IV, where appropriate.

Medium-Term priorities

Having reached an investment level of over 80% post year-end, the Board's medium-term objective is to selectively complete Ethos Capital's portfolio and to focus on strategic options to enhance and generate long term shareholder value and share price performance whilst managing the Company's liquidity and strategies in a an optimal risk/return adjusted way.

Annual General Meeting

The Annual General Meeting of shareholders of Ethos Capital will be held on Tuesday 19 November 2019 in Cape Town, South Africa.

Appreciation

On behalf of all of us at Ethos Capital, I would like to extend my appreciation to all our stakeholders and business partners for their continued support. I specifically would like to thank Ethos management and colleagues for their accomplishments and dedication during the year, to our shareholders for their confidence in Ethos Capital, and my fellow Directors for their ongoing insight and support.

Yvonne Stillhart
Chairperson of the Board

CHIEF EXECUTIVE OFFICER'S REVIEW

"Ethos has focused much of its efforts on improving the fundamentals of and outlook for its Portfolio Companies and positioning these businesses to benefit from an improved macroeconomic outlook."

Peter Hayward-Butt
Chief Executive Officer

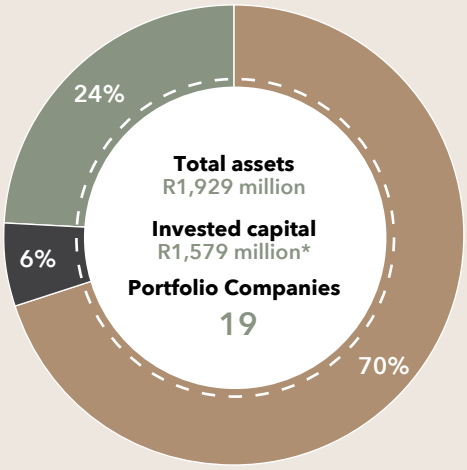
Company strategy

Ethos Capital provides its shareholders with access, both indirectly (through Fund investments) and directly (through co-investments), to a diversified portfolio of unlisted companies that are actively managed by Ethos ("the Manager"). Ethos Capital aims to deliver consistent, market-beating returns through these actively managed private equity investments.

Globally private equity has produced consistently higher investor returns when compared with relevant listed market benchmarks over a sustained period of time. Locally, Ethos has, over its 35-year track record, delivered a realised IRR of 36% on its investments. Ethos Capital's strategy is to leverage the Manager's private equity skills to generate investment returns that sustainably exceed the relevant listed market benchmarks.

Ethos Capital invests using primary, secondary and co-investment strategies to access private equity backed companies:

1. **Primary Investment** – *Invest in new Ethos Funds when they are established*
2. **Secondary Investment** – *Replace Fund investors in Ethos Funds late into or post the Investment Phase*
3. **Co-investment** – *Invest into Portfolio Companies directly alongside the Ethos Funds*



** Adjusted for post year-end transactions.*

The Ethos Capital Board and Investment Committee are responsible for allocating capital commitments across these three strategies based on, *inter alia*, the macroeconomic outlook, overall portfolio diversification, liquidity constraints and prevailing market sentiment.

Once the Board has made its decision to invest in the above strategies, the Manager is responsible for driving returns from the underlying Portfolio Companies.

The Investment Phase is the initial period of ownership of an asset. These investments are often held at cost for the first year as the management teams of the underlying investment develop and initiate operational strategies for the Portfolio Company.

The Growth Phase is the period of ownership where the Manager's Value Add capacity and capabilities are institutionalised in the Portfolio Companies to drive growth. This phase is normally between three and five years.

The Mature Phase entails preparing the Portfolio Company for exit and executing the sales process. The proceeds are then returned to investors.

Ethos has a long, successful track record. Since 1984, Ethos' large equity Funds have invested in 108 Portfolio Companies, 96 of which have been sold generating a realised IRR of 36%.

The key factors that differentiate Ethos and have led to this sustained outperformance are:

- The largest and most experienced team of private equity professionals in sub-Saharan Africa (18 partners and 32 investment professionals).
- A world-class governance platform and investment process which leverages the experience of doing deals on the continent for 35 years.
- A highly skilled Value Add capability which is leveraged to provide strategic and operational insights into Portfolio Companies.
- Sector expertise and domain knowledge (such as artificial intelligence ("Ai")) in addition to an extensive understanding of all aspects of the private equity lifecycle.

A combination of the above and the industry expertise and oversight of the Ethos Capital Board, provide a unique investment opportunity to enable shareholders to benefit from the sustained outperformance that private equity can deliver.

Performance overview

The economic conditions across sub-Saharan Africa have remained mixed in the period since June 2018.

In South Africa, while there appears to be widespread support for the policy initiatives established by Cyril Ramaphosa's government, there is a recognition that the structural reforms required will take significant time to bear fruit. Consumer sentiment remained weak during the year and GDP growth rates were significantly below market expectations. Structural reforms at the State-Owned Enterprises have yet to be implemented and this remains a significant impediment to driving growth. Industrial output remained muted with many corporates choosing to delay investment and expansion pending further clarity of key sectoral policies.

By contrast, the strong GDP growth rates of some of the other countries in sub-Saharan Africa have provided a strong platform for growth in key sectors of these economies. Enhanced policy certainty has been a key focus for many of these countries, which has resulted in above-average direct foreign investment which has fuelled economic growth. While strong growth rates provide a solid platform for investment in these sub-Saharan African countries, political and currency stability remain key risk factors.

To counter the macroeconomic headwinds in South Africa and to benefit from the secular growth in countries in sub-Saharan Africa, Ethos has focused on investments in those regions, sectors and companies that have the propensity to benefit from the following key growth tailwinds:

1. Technology-driven disruption to "business as usual"
2. Transportable business models scaling across countries
3. Demand-led growth in higher LSM consumer goods
4. Lowest cost-to-serve, scalable businesses
5. High impact, differentiated services
6. Growing connectivity and data access

Investments that have one or more of the above attributes have a demonstrably better chance of creating a sustainable business niche and delivering market leading returns.

Despite (or as a result of) the volatility and outlook uncertainty, the number of investable opportunities across the region has been significantly higher than average.

As one of the few African-based private equity firms with capital to invest, Ethos has assessed a vast number of investment opportunities in the past 12 months.

Since June 2018, Ethos has invested in five and added to two Portfolio Companies across its managed funds totalling (R2.6 billion). The belief is that investing patiently behind businesses with a sustainable right to win and strong management teams, will deliver long-term value creation for investors. Selecting the right sectors and companies and incentivising and empowering management teams to deliver on the chosen strategy have proven to be a successful strategy for Ethos through many previous cycles. Having the conviction to invest at difficult points in any economic cycle often delivers the best return for investors.

The investments made during the past 12 months include:

A brewer and distributor of traditional African beverage (opaque beer), based in Malawi, and previously owned by AB InBev.

The largest importer and distributor of mobile device accessories and low-technology consumer products primarily in South Africa.

A leading provider of airtime credit services to prepaid mobile subscribers with extensive operations in sub-Saharan African countries.

A leading player in the testing, inspections and certifications industry with a specific focus on oil condition monitoring for industrial preventative maintenance and matrix-matched reference material used primarily in mining.

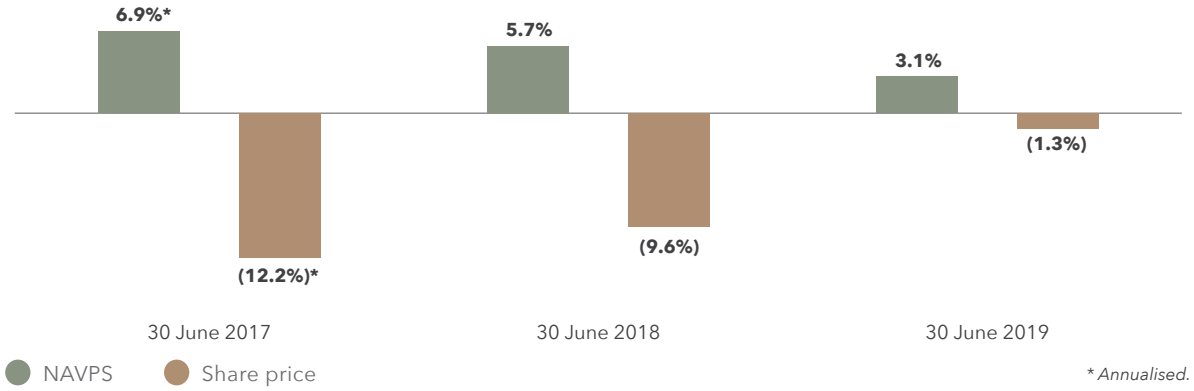
A leading low-cost, digital transactional bank to the South African mass market segment.

A provider of high-quality, state-of-the-art surgical products and instruments, personalised service and technical support to the southern African healthcare sector, that completed two acquisitions during the year.

A beverage producer of carbonated soft drinks, mixers, energy drinks and water to South African retailers, acquired SoftBev during the year.

Ethos Capital's share of the above investments totalled R684 million. As a result, Ethos Capital's invested capital increased from 37% at 30 June 2018 to 74% of the Group's total assets across 19 Portfolio Companies. The value-weighted average age of the portfolio is 1.5 years and investors should expect to see the benefit of the value-accretive strategies that have been deployed into the portfolio.

ANNUAL PERFORMANCE TO 30 JUNE



The underlying growth in the portfolio on a consolidated basis has been relatively muted. At a Group level, the NAVPS increased from R11.00 at 30 June 2018 to R11.34 as at 30 June 2019.

Strong growth in certain key sub-Saharan African markets positively impacted the performance of Channel VAS and Eaton Towers, while operational improvements and optimisation strategies helped drive EBITDA growth in RTT, Vertice, Bevco and Neopak. However, the challenging operating environment in South Africa resulted in the aggregate attributable EBITDA across the portfolio growing by 5.3%, with the cost inflation offsetting many of the cost-optimisation initiatives undertaken by the Portfolio Companies.

Ethos Mid Market Fund

The Ethos Mid Market Fund I ("EMMF I") has a relatively unique position as a majority black owned and controlled entity which has provided the Fund with a significant number of investment opportunities.

Since 30 June 2018, EMMF I completed investments in Gammatek and Synerlytic and signed a conditional agreement for a sizeable bolt-on acquisition for Echotel, Gondwana. Gondwana will provide in-country presence and a platform across nine sub-Saharan African countries, which will provide the business with the scale and service offering to compete successfully in the corporate ISP space across the continent. Ethos Fund VII will co-invest alongside EMMF I.

Ethos Capital has committed R950 million to this Fund out of the Fund's total commitments of R2.5 billion.

Ethos Mezzanine Fund

The pipeline of opportunities for Ethos Mezzanine Partners Fund 3 ("EMP 3") remains strong, with particular application of the mezzanine product to growth opportunities in sub-Saharan Africa for investee companies looking to access growth capital. In August 2018, the Fund made its first investment into Chibuku Products, a FMCG company in Malawi previously owned by AB InBev. The Fund has a number of potential transactions at an advanced stage of due diligence.

Ethos Capital has committed R250 million to this Fund out of the total commitments of US$118 million (c.R1.7 billion).

Ethos Fund VI

Ethos Fund VI ("EF VI") concluded a number of transactions (both new acquisitions and bolt-on investments by the Portfolio Companies) during the year to complete the Fund's investment programme.

While Ethos Capital's commitment to Ethos Fund VI is small (US$10 million), the Company has made a number of co-investments alongside the Fund, including Primedia and Vertice.

In May 2019, EF VI announced the sale of Eaton Towers to American Tower. The investment has been a highly successful one for the Fund which will realise, at completion in December 2019, c.2.4x money back in ZAR over the 4.5-year investment period.

Ethos Healthcare Platform

The Ethos Healthcare Platform ("EHP") has continued to invest behind the buy-and-build strategy for Vertice, a medical technology ("MedTech") business that it acquired in May 2018. The Company has acquired two complementary MedTech businesses and is in advanced discussions with other acquisition targets to create a high-end market-leading, scaled supplier of high-end medical devices. Ethos Capital has invested R43 million into the platform to date.

Ethos Fund VII

Ethos Fund VII ("EF VII") is the successor equity fund for EF VI (which is now fully invested) and had its first close in October 2018.

The Fund completed its first investment into Channel VAS, an airtime credit service provider with operations and contracts with mobile network operators across 28 countries in Africa. Ethos Capital also made a co-investment in Channel VAS, alongside the Fund.

EF VII has also signed an agreement to co-invest alongside EMMF I to facilitate the acquisition of

Gondwana by Echotel. This investment is expected to close imminently.

Ethos Capital has committed R1.25 billion as a first close investor to EF VII.

Ethos Ai Fund I

The Ethos Ai Fund I ("EAiF I") has been established as a co-investment vehicle which will invest alongside other Ethos Funds in businesses that will benefit from the adoption and implementation of algorithmic decision making. The Fund had its first close in October 2018 and has invested alongside EF VII in Channel VAS, and alongside the EHP in Vertice. In June 2019, the Fund announced the acquisition of an interest in TymeBank alongside African Rainbow Capital Limited.

The Fund is exploring a number of interesting data-driven transactions, some of which are at an advanced stage of due diligence.

Ethos Capital has committed R150 million as a first close investor to EAiF I.

Valuations

As at 30 June 2019, the implied EV/maintainable EBITDA of the portfolio is 6.9x (6.7x at 30 June 2018) and the implied price earnings ratio ("PER") is 11.6x.

Based on the share price as at 30 June 2019, the "market implied" EV/maintainable EBITDA and PER are 4.8x and 8.2x respectively.

Share price performance

Listing 30 June 2017 30 June 2018 30 June 2019

Share price (R) Discount to NAVPS (R)

The share price remained largely flat year-on-year despite the increase in NAVPS. This led to a widening of the discount to NAV from 28% to 31% as at 30 June 2019.

The objective of the Board is to maximise long-term, sustainable returns for investors. As part of that strategy, the Company repurchased to date a total of 9 million shares, representing 5.0% of the Company's unencumbered issued A Ordinary Shares. The Board is conscious of the prevailing share price discount to NAV and is assessing opportunities to address the discount and maximise value for shareholders. Based on an analysis of a number of globally listed private equity firms, the Board believes that, while buybacks are accretive on a NAVPS basis, buybacks have been unsuccessful at materially closing the discount to NAV. Ultimately, strong underlying growth in NAVPS will drive a closing of the discount to NAV and the Board will continue to focus on achieving this through underlying portfolio performance and opportunistic share buybacks.

By nature, private equity is a long-term investment, requiring long-term thinking and a patient strategy. Ethos Capital remains confident of its ability to generate sustainable, market-leading returns for its investors.

Liquidity

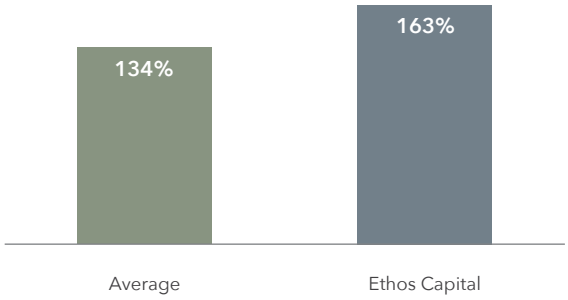
As at 30 June 2019, Ethos Capital had invested 74% of its total assets. The completion of the binding conditional agreement for Echo to acquire Gondwana (subject only to regulatory approval), will result in 82% of the total assets having been invested.

Post the completion of the Gondwana transaction, Ethos Capital would have invested nearly R1.6 billion across a portfolio of 19 private companies with a combined EBITDA of more than R5 billion (excluding the MTN Group and Chibuku).

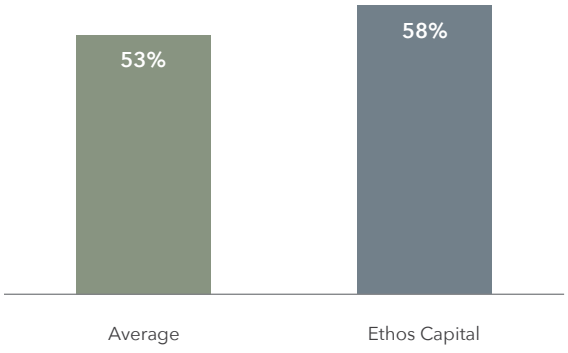
Ethos Capital, like its local and global listed private equity peers, follows an "overcommitment" strategy. Ethos Capital makes commitments to funds, secondaries and co-investment transactions that exceed the current cash and debt facilities available to the Company. The Board closely monitors the liquidity profile of the Company and benchmarks the liquidity against a number of widely used ratios. The ratios are set out below as well as the relevant average of its chosen global listed private equity peers (including Hg Capital, Apax, Harbourvest, Pantheon and Princess):

TOTAL COMMITMENT RATIO

(Invested capital + undrawn commitments)/NAV



COMMITMENT COVERAGE RATIO
(Cash + unutilised debt facilities)/undrawn commitments



Ethos Capital has agreed the terms of a debt facility with Rand Merchant Bank ("RMB"). The Board believes that it is prudent to utilise leverage to supplement its equity invested into various Funds and co-investments. The Board considers both the asset cover (total assets/net debt) and the "look-through" net debt:EBITDA ratio of the portfolio in determining the optimal level of debt to utilise for investment purposes. The current maintainable net debt:maintainable EBITDA of the Portfolio Companies is 1.9x (1.9x at 30 June 2018) and the debt facility remains undrawn. The cash available for investment after the completion of the Gondwana investment, is R342 million.

Outlook

The Board believes that it is unlikely that there will be a material improvement in the macroeconomic outlook for South Africa in the next 12 months. However, it is likely that the number of investment opportunities will continue to remain robust and economic growth in other sub-Saharan African countries will also provide exciting investment opportunities for the various Funds.

Ethos has focused much of its efforts on improving the fundamentals of and outlook for its Portfolio Companies and positioning these businesses to benefit from an improved macroeconomic outlook. Many of the Portfolio Companies have undergone significant financial and operational restructuring in the past year to ensure they are optimally positioned for growth. Some of the Portfolio Companies have undertaken major transformational strategic transactions which have significantly changed their position in their respective markets. The Funds have continued to invest behind value-enhancing strategic projects and follow-on acquisitions to provide the Portfolio Companies with scale and new growth adjacencies.

Given the uncertain economic outlook, the Board believes that remaining focused on theme/tailwind led investing, leveraging the sector, value add and domain expertise of the Manager while exercising price discipline, will result in strong investment returns in excess of the Company's cost of equity.

Peter Hayward-Butt
Chief Executive Officer

INVESTMENTS, PERFORMANCE AND INVESTMENT ADVISOR

REVIEW OF THE INVESTMENT PORTFOLIO AND RETURNS

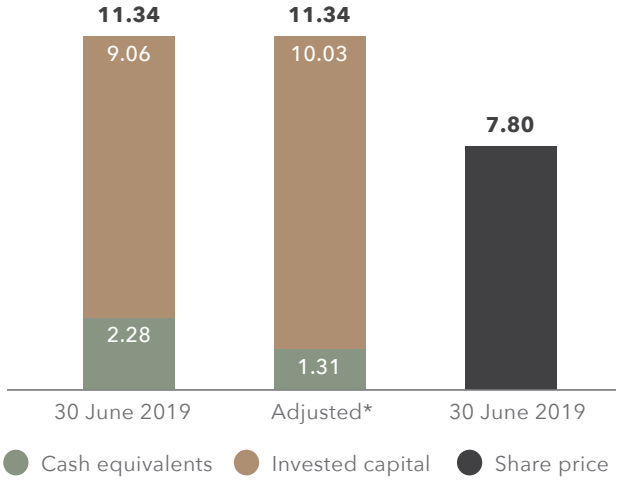
Performance

NAV

The primary tool for determining the performance of the portfolio is the NAVPS. During the year, the Group increased its NAVPS from R11.00 to R11.34 despite the difficult trading conditions. The NAVPS is derived from the underlying NAV of the Investment Portfolio, the Group's net cash position and the number of shares outstanding (net of treasury and encumbered shares).

The Group's unlisted investment portfolio increased by R715 million from R0.7 billion at 30 June 2018 to R1.4 billion at 30 June 2019. This resulted in the Group's Invested Capital increasing to 74% of the Group's total assets (R9.06 per Share) and, including transactions signed but not yet completed, the Group's Invested Capital constitutes 82% of the Group's total assets (R10.03 per Share).

GROUP NAVPS AND SHARE PRICE AT 30 JUNE 2019 – RAND



* *For post year-end transactions.*

An analysis of the movements in the Group's NAV and NAVPS are detailed below:

	NAV R'000	NAVPS Cents
At 30 June 2018	1,772,751	11.00
Net return on Temporary Investments	50,842	0.32
Net return on investment portfolio (incl. portfolio expenses)	20,378	0.13
Share buy-backs	(28,086)	0.08
Operating expenses	(9,892)	(0.06)
Fees paid to Ethos	(16,309)	(0.10)
Taxation	(4,135)	(0.03)
At 30 June 2019	**1,785,549**	**11.34**

The net return on the Temporary Investments portfolio (consisting of liquid NCDs, cash and call accounts) was R50.8 million or 7.2%, net of administration fees of R1.0 million that was payable to Ashburton Fund Managers Proprietary Limited ("Ashburton") for managing the portfolio.

The investment portfolio achieved a net return of R20.4 million, including investment portfolio expenses of R8.1 million, which largely relate to transaction fees (completed and aborted), Fund establishment costs and Fund operating expenses (general legal fees, shared investor expenses, etc.).

The Group is focussed on minimising its operating expenses which in 2019 totalled R9.9 million, principally relating to Directors' remuneration (R4.1 million) and audit, listing, administration, insurance, travel and other general costs. The operating expense equalled 0.6% of the Group's average NAV over the year.

The fees payable to Ethos as the Company's Investment Advisor and Investment Manager of the Funds totalled R16.3 million. These include advisory and management fees on Primary, Secondary and Direct Investments (R15.3 million), and administration fees on Temporary Investments (R1.0 million). The Ethos fees equalled 0.9% of the Group's average NAV.

Taxation of R4.1 million was largely as a result of withholding tax (R1.9 million) from income distributions received during the year and the Mauritian income tax charges for the year.

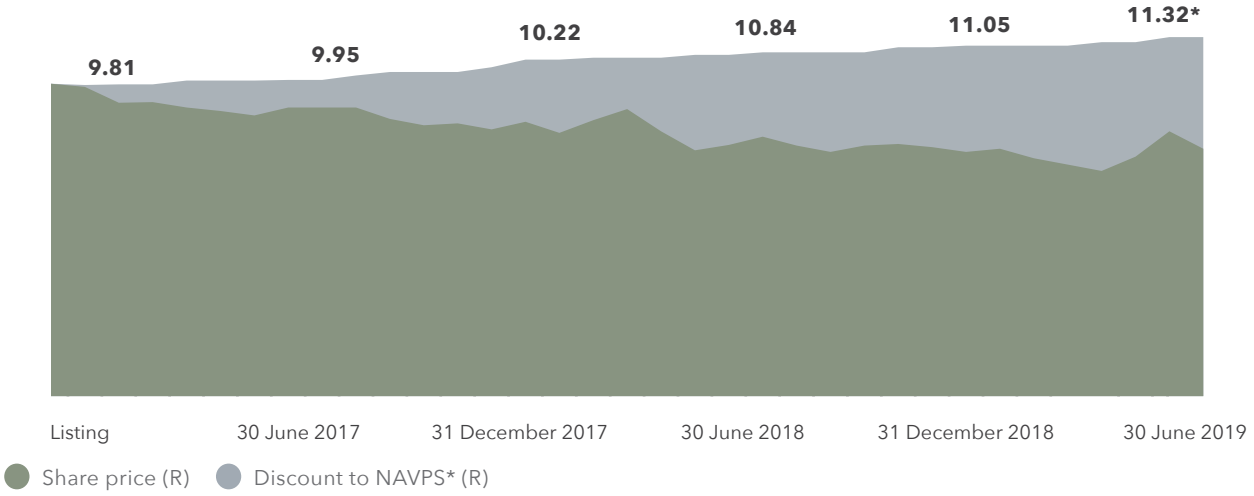
Further details on expenses are provided in notes 15 and 18 of the Notes to the Annual Financial Statements.

Share price analysis

Ethos Capital's share price as at 30 June 2019 was R7.80 which represented a 31% discount to the Group's 30 June 2019 NAV. The average discount to NAV during the year was c.32%.

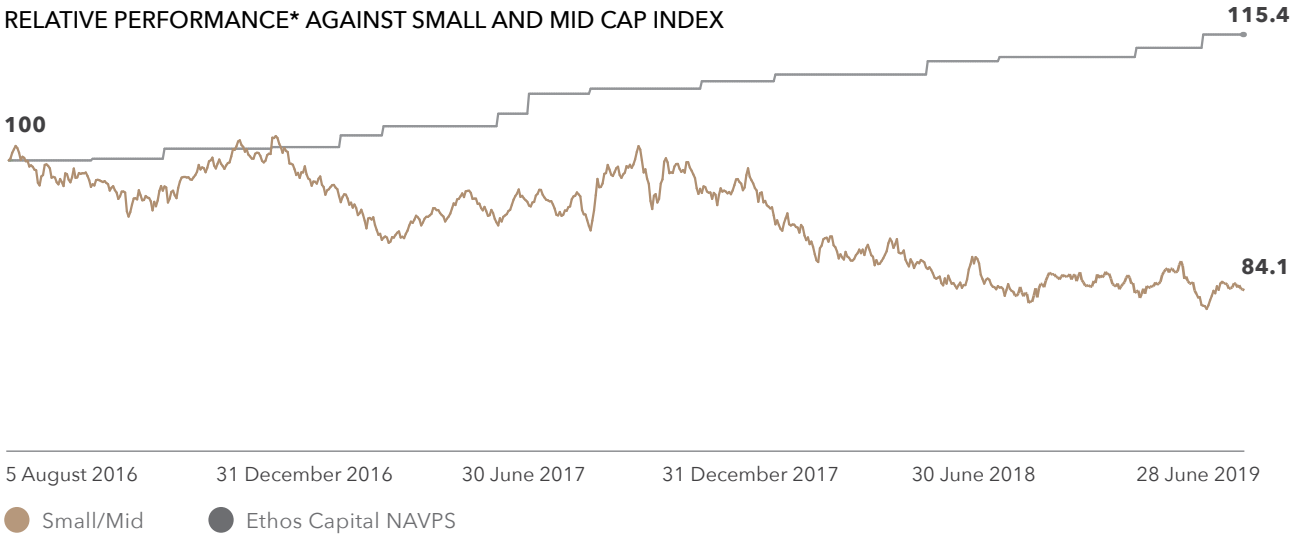
Despite the difficult macroeconomic conditions, the Group has shown growth in NAV in every quarter since it was listed. The share price however, has continued to trade at a significant discount to NAV. As part of its strategy to enhance shareholder value, the Company has continued to repurchase shares which are held in treasury. During the year to 30 June 2019, the Company acquired a further 3,600,000 of its shares, bringing the total shares held in treasury to 9,000,000, or 5% of the unencumbered issued A Ordinary shares.

ANALYSIS OF CUMULATIVE NAVPS*, SHARE PRICE AND IMPLIED DISCOUNT



** Publicly disclosed NAVPS.*

RELATIVE PERFORMANCE* AGAINST SMALL AND MID CAP INDEX

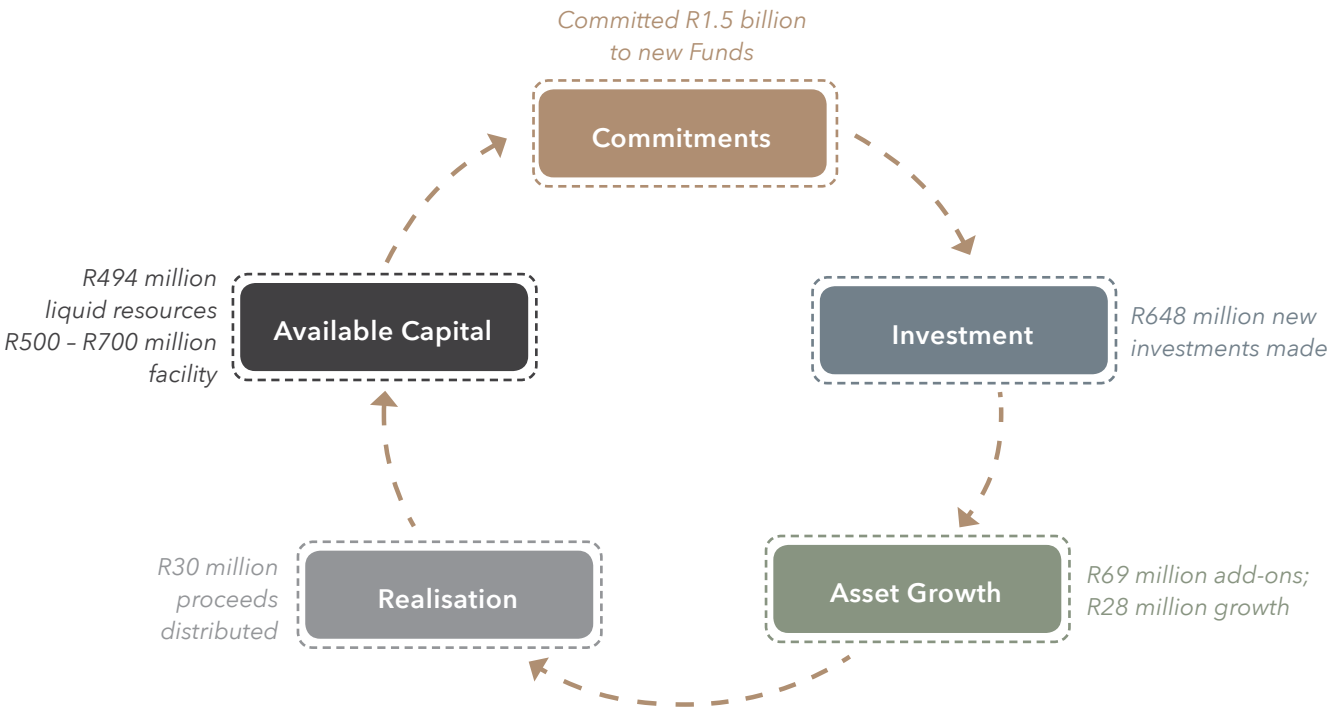


** Performance data rebased to 100 at 5 August 2016.*

Despite the increase in NAV, the share price has decreased in line with the JSE Small and Mid-cap index, reflecting current market sentiment towards smaller company valuations. Whilst the Board's focus remains on showing consistent growth in NAV, it will continue to monitor the Company's share price performance and the discount to NAV and assess ways to optimise long term shareholder value.

Private equity activity cycle

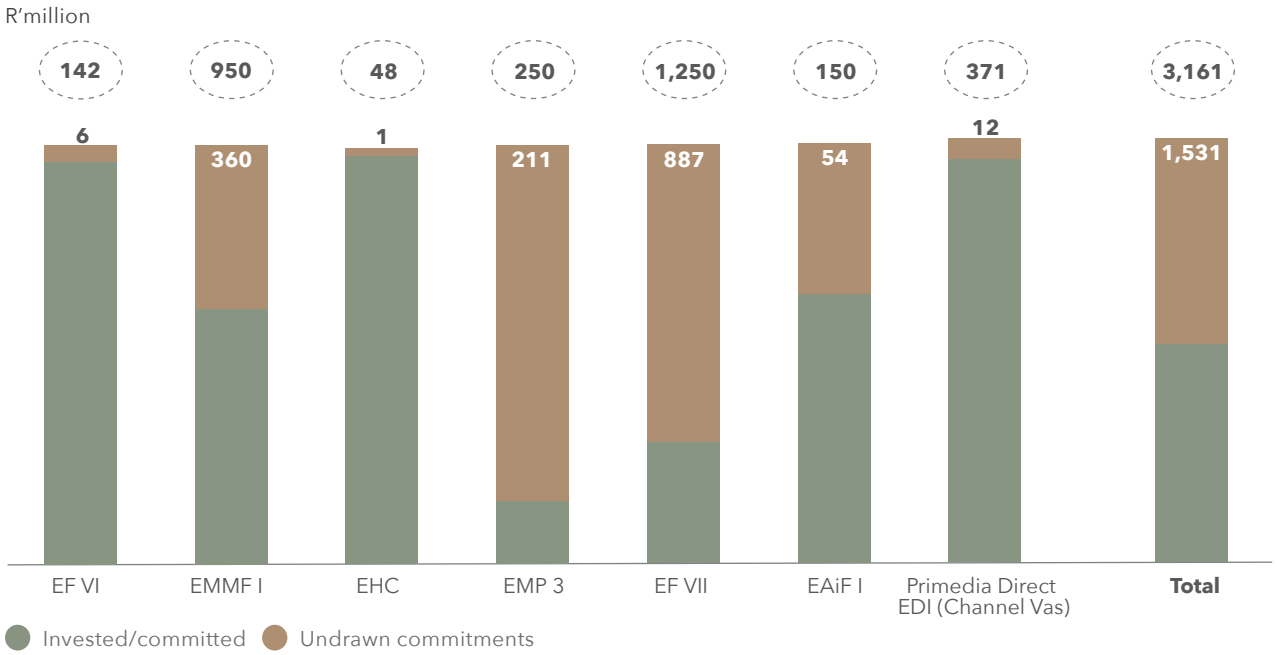
The Group follows the life-cycle of a private equity Fund. The Board is responsible for making commitments either to existing or new Ethos Funds or to co-invests (Direct Investments) alongside the Funds. Once these commitments are made, Ethos (the Investment Manager) takes responsibility for deploying the committed capital into various Portfolio Companies, driving growth and transformation in these underlying assets and finally exiting the businesses. The capital is then returned to Ethos Capital, either to be distributed to shareholders or to be recycled and invested in new Ethos Funds.



Commitments to Ethos

During the year, the Company made R1.4 billion of new commitments to Ethos Funds (Ethos growth Fund VII R1.25 billion and R150 million to the EAiF I) in addition to a R100 million commitment to the Ethos Direct Investment Partnership ("EDI") to facilitate Co-investments, the first which was made into Channel VAS.

At 30 June 2019, the Company had made total commitments of R3.2 billion. R1.7 billion of the amount was undrawn, of which R0.2 billion has already been committed by Ethos to underlying investments.



Investments

Investment portfolio

At 30 June 2019, the investment portfolio of the Company consisted of the following nine investments:

Investment name	Participation in Ethos Funds/ Co-investments %	Valuation R'000	Share of total assets %
Primary/Secondary Investments			
EMMF I	38.9	491,933	25.5
EF VII	61.0	278,690	14.4
EAiF I	30.6	95,095	4.9
EF VI	1.4	92,114	4.8
EHP	14.0	44,727	2.3
EMP 3	14.9	41,681	2.2
Co Investments			
Primedia[1]	4.4	182,420	9.5
EMM Direct[2]	7.5	107,029	5.5
EDI[3]	2.1	93,572	4.9
Total invested capital		**1,427,261**	**74.0**

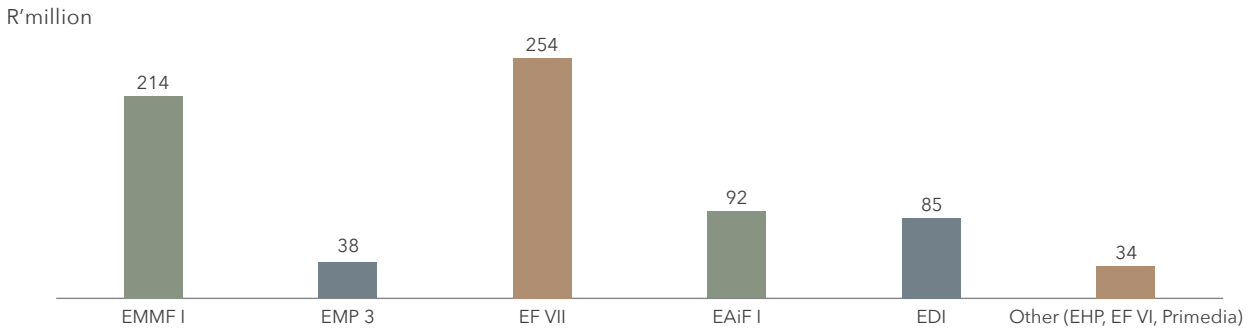
[1] *Investment in Primedia Group (Proprietary) Ltd and Ster-Kinekor Theatres Pty Ltd.*

[2] *Investment in Ethos Mid Market Direct Investment Partnership ("EMM Direct"), that co-invested in Kevro Holdings (Proprietary) Limited.*

[3] *Investment in Ethos Direct Investment Partnership ("EDI"), that co-invested in Channel VAS Investments Ltd BVI.*

The Ethos Funds invested R0.6 billion into five new Portfolio Companies and provided further funding of R0.1 billion for existing investments – more details are provided in the section on the opposite page.

Details of the capital drawdowns by Fund are provided below:



Underlying Portfolio Companies

The Ethos Funds invest in a diversified pool of unlisted Portfolio Companies which provides the Company with a diversified portfolio of underlying investments.

At 30 June 2019, the investments, constituting 74% of the Group's total assets, consisted of the following 19 companies:

Name	Business description	Year*	% of total assets
Channel VAS	FinTech service provider	2018	21.1
Kevro	Corporate clothing and gifting	2017	10.5
Primedia	Media	2017	8.5
Synerlytic	Specialised analytical and testing services	2019	5.5
Gammatek	TMT accessory distribution	2018	5.1
Twinsaver	Manufacturing (FMCG)	2015	3.8
Vertice	MedTech	2018	3.1
TymeBank	Banking	2019	2.4
Chibuku	Brewing and distribution	2018	2.2
MTN Zakhele Futhi	Telecommunications	2017	2.1
Autozone	Automotive parts retailer & wholesaler	2014	2.1
Eazi Access	Industrial support services	2016	1.8
Ster-Kinekor	Media (entertainment)	2017	1.5
Echotel	Corporate ISP	2018	1.4
The Beverage Company	Carbonated drinks manufacturer	2017	0.9
Eaton Towers	Telecoms towers	2015	0.8
RTT	Logistics	2014	0.5
Waco International	Industrial support services	2012	0.4
Neopak	Paper and packaging	2015	0.3
			74.0

** Initial acquisition date by Ethos Fund.*

The following investments were made by the Funds during the year:

In August 2018, EMP 3 invested in Chibuku Products, a FMCG company which is the largest brewer of traditional, non-clear beer in Malawi (Ethos Capital's contribution was R38 million). In October 2018, EMMF I completed its seventh investment into Gammatek, the largest distributor of mobile phone accessories and low-technology components in South Africa (Ethos Capital's contribution was R98 million).

In November 2018, EMMF I announced an offer to delist Torre Industries in consortium with Apex Partners. The transaction was completed in May 2019 and EMMF I acquired the Torre Analytical Services businesses within the Torre group, including Wearcheck, Set Point and Amis (the Ethos Capital contribution was R92 million). These businesses were subsequently rebranded into the Synerlytic Group.

Through its MedTech platform company, Vertice, EHP completed bolt-on acquisitions of Haemotec and HMT to consolidate its position in these complementary, high growth markets. Through its investment in EHP, EF VI and EAiF I, Ethos Capital has to date invested R58 million into the MedTech platform.

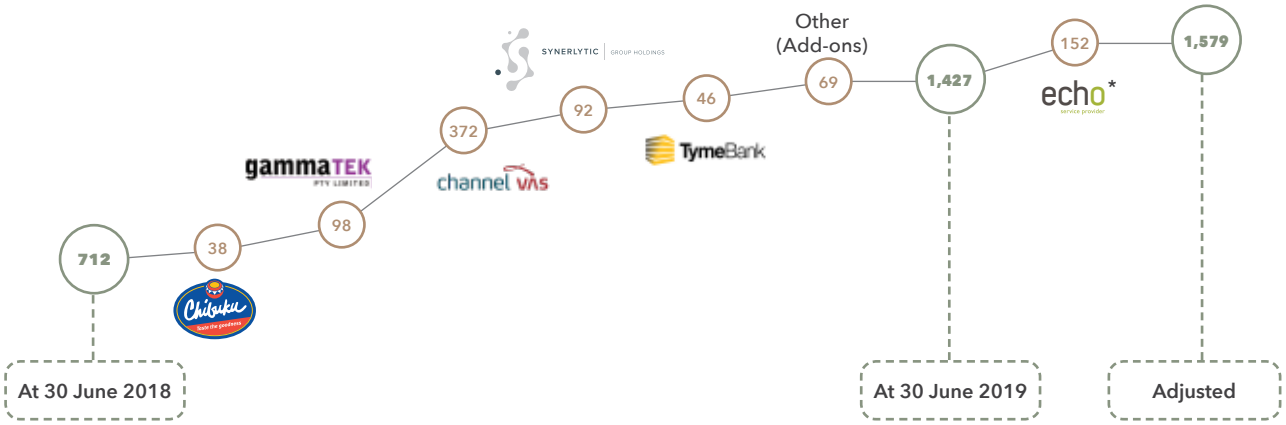
The largest investment completed during the year, was Channel VAS, an airtime credit service provider with extensive sub-Saharan business in October 2018. As a first-close investor in EF VII and EAiF I, and through a co-investment commitment in EDI, Ethos Capital has invested R372 million into Channel VAS.

In June 2019, EAiF I completed its third investment, a minority investment of R150 million into TymeBank with Ethos Capital contributing R46 million for its participation in the investment.

In addition, during the year, Ethos Capital invested a further R40 million into the existing Portfolio Companies of EMMF I and EF VI, which included the SoftBev acquisition by The Beverage Company.

An analysis of the movements in invested capital is provided below:

MOVEMENT IN INVESTED CAPITAL – R'MILLION



** Echotel acquisition of Gondwana.*

Post year-end transactions

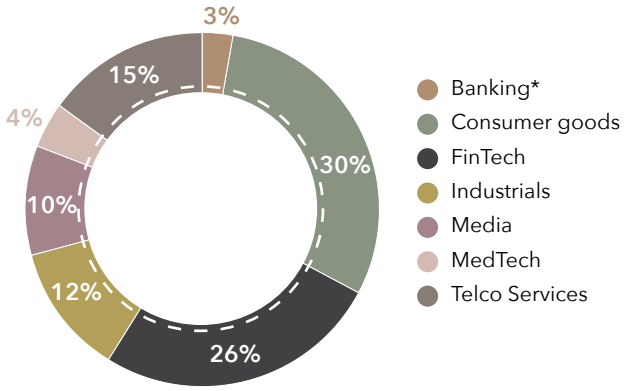
An agreement was signed in September 2018 to facilitate the acquisition by Echotel of Gondwana, a pan sub-Saharan African ISP, which will provide Echotel with a broad coverage and product-offering in nine key sub-Saharan countries. The transaction is subject only to regulatory approvals and upon completion, which is expected imminently, EMMF I and EF VII will invest a combined R270 million (Ethos Capital's share of invested capital will be R152 million).

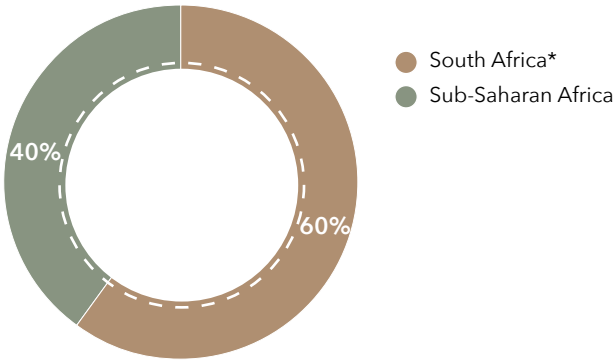
Ethos Capital's adjusted invested capital, taking into account the above transaction, will increase to R1.6 billion, 82% of the Group's total assets, further diversifying the portfolio and expanding its geographical exposure.

Asset growth

Portfolio Company performance

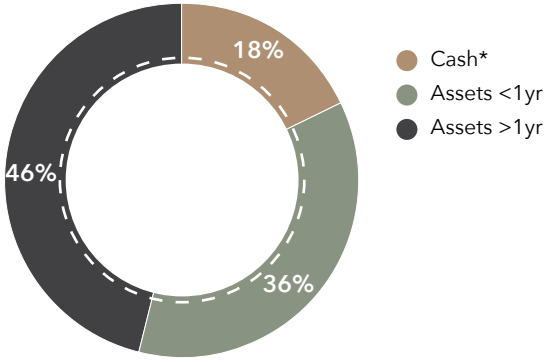
Ethos Capital's investment portfolio at 30 June 2019 has exposure to 19 Portfolio Companies that in aggregate (excluding the results of the MTN Group and Chibuku Products) have sales of over R28 billion and EBITDA of more than R5 billion. The Portfolio Companies span a number of sectors and geographies, providing diversified portfolio exposure.





** At 30 June 2019, adjusted for post year-end transactions.*

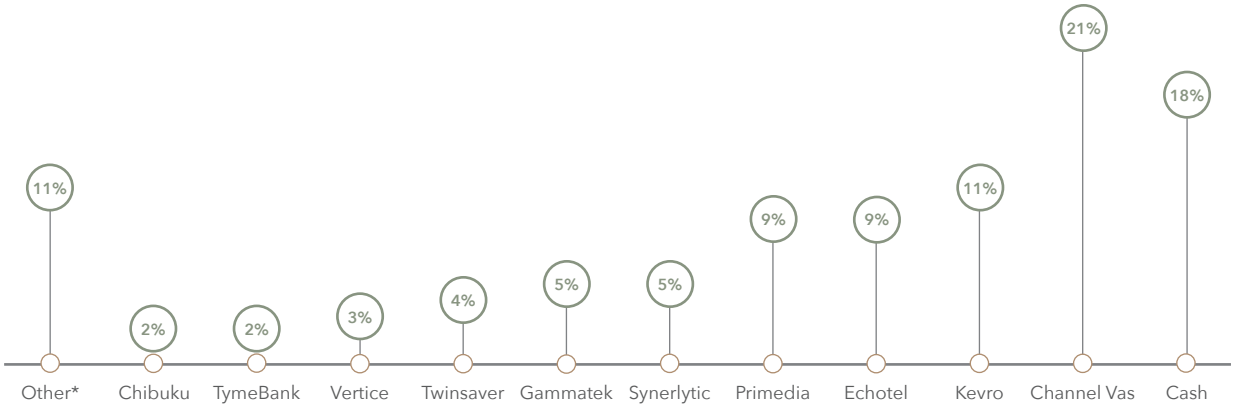
The investment portfolio has an (value-weighted) average holding-period of only 1.5 years with many of the Portfolio Companies in the early stages of their investment cycle. These assets can be expected to begin to benefit from the strategic and operational interventions that the management teams are implementing which should result in positive growth in these companies.



** At 30 June 2019, adjusted for post year-end transactions.*

Including the acquisitions entered into but not yet completed at 30 June 2019, the contribution of each underlying Portfolio Company and net Temporary Investments to the Company NAV of R1.9 billion, is as follows:

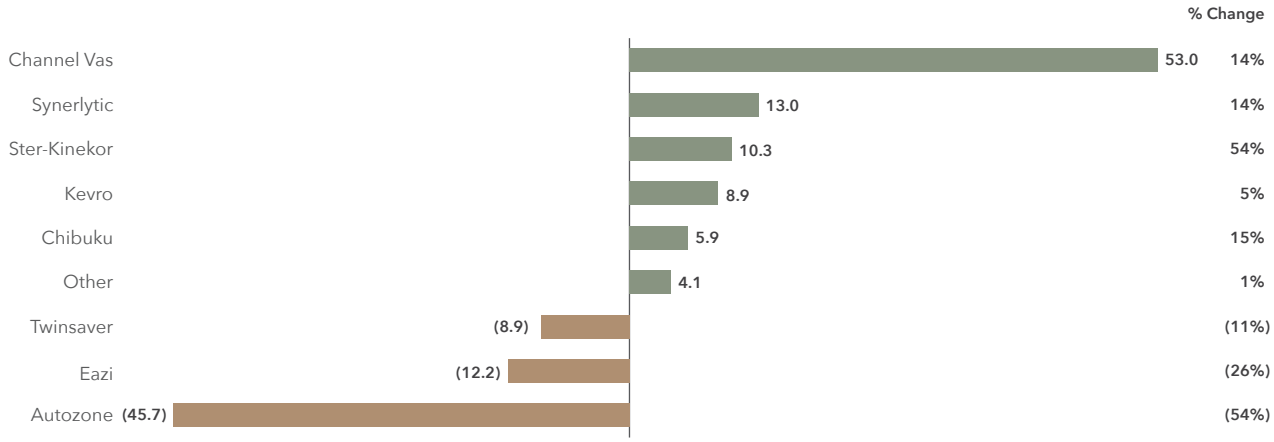
TOTAL ASSETS CONTRIBUTION – R1.9 BILLION UPDATED FOR POST YEAR-END TRANSACTIONS



** Including nine portfolio companies.*

The gross portfolio return of R28.4 million over the year was largely attributable to the growth in the portfolio valuation of Channel VAS, including dividend distributions made to the Company from EF VII, EAiF I and EDI. This was however largely offset by a negative return on Autozone that mainly impacted EMMF I. The attribution of the gross portfolio return by Portfolio Company is detailed below:

RETURN ANALYSIS BY PORTFOLIO COMPANY – R'MILLION



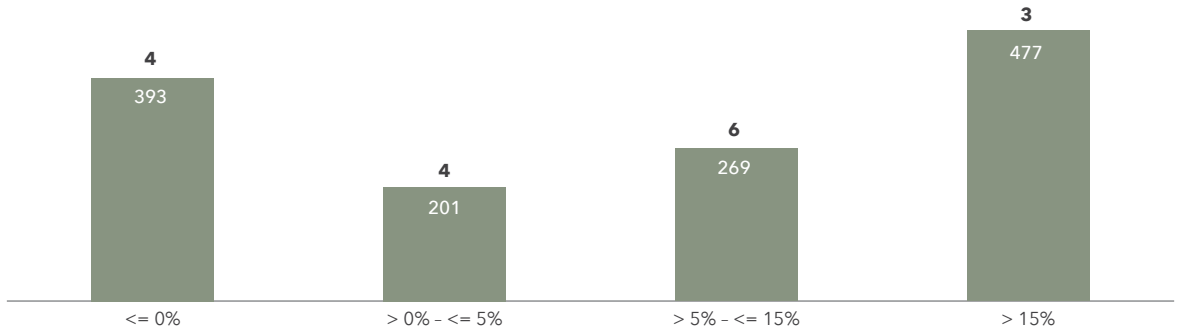
Channel VAS achieved strong growth in earnings from its airtime credit services, with some encouraging signs on the potential for mobile financial services. EMMF I has completed its acquisition of the analytics businesses out of the Torre Group to form the Synerlytic Group. Synerlytic has benefitted from continued earnings growth and savings from the removal of previous central overheads. Kevro's growth resulted from success in the launch of new product lines, whereas improved cash conversion resulted in further degearing and a dividend payment was made during the year.

The depressed retail environment and pressures on inflation and from consumers, have negatively impacted the profit margins of consumer businesses like Autozone and Twinsaver, with the latter also being impacted by increased international pulp prices. Autozone's new management have refocused the business and significantly reduced its operating costs, and with Twinsaver's revised strategy – focused on being the lowest cost operator and an investment in a new paper mill completed – it is showing some early positive signs of recovery. Eazi Access continues to be faced with a lack of infrastructure spend and construction activity in line with its peers but retained its market share.

Despite the difficult macro conditions, the Company's attributable share of Portfolio Companies' sales increased by 6.7% (in aggregate) and 15.0% (on a value weighted basis) – both on a like-for-like basis to account for new acquisitions – over the last 12 months ("LTM"). Similarly, the growth in the attributable EBITDA over the LTM was 5.3% (in aggregate) and increased by 12.3% on a value-weighted basis.

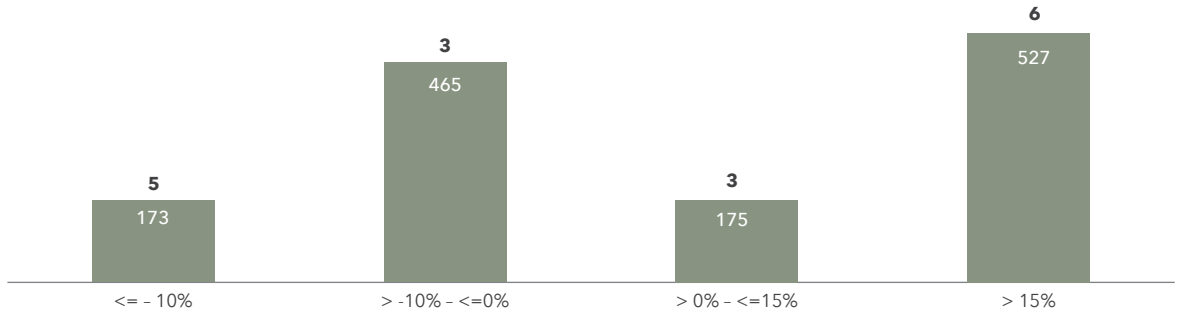
The analysis below sets out, for the Portfolio Companies that are valued on an earnings multiple method, the ranges of their growth rates achieved on LTM sales and EBITDA respectively. In addition, the number of Portfolio Companies, and aggregate valuation, for each range are detailed to reflect the relevant portfolio composition of each.

SALES GROWTH % RANGE



Value (R'million) **Number**

EBITDA GROWTH % RANGE



Value (R'million) **Number**

Portfolio Company valuations

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, with the majority of the private equity investments being valued on an earnings multiple method.

In terms of this method, an appropriate valuation multiple is applied to an investment's maintainable earnings to determine the enterprise value ("EV") of the investment. The valuation multiple for each investments is derived from the average of public market companies' multiples, with the Investment Manager then adjusting each investment's multiple based on its risk profile and performance factors (i.e. applying a premium or discount). The EV is then adjusted for surplus assets or net debt to derive the equity value of the investment, which is then apportioned to the underlying holders of the financial instruments (e.g. shareholder loans and ordinary shares) – all of these are referred to as unobservable inputs as referred to in note 26 of the Notes to the Annual Financial Statements.

The key valuation inputs are the earnings (e.g. EBITDA) of a Portfolio Company and the relevant multiple that is then applied to these earnings to determine the EV. Net debt/cash is then subtracted/added to the EV to determine the equity value. The table below illustrates in aggregate how the equity value of the Company's investments is determined.

Ethos Capital's attributable share of the Portfolio Companies' maintainable EBITDA as used in the 30 June 2019 valuations (excluding Chibuku and TymeBank) was R269 million and its attributable share of the maintainable net debt was R518 million.

Based on the Company's attributable EBITDA of R269 million and an implied EV/EBITDA multiple of 6.91x, the EV of the Company's participation in the underlying Portfolio Companies is R1,858 million. The attributable net debt of R518 million is subtracted to result in an equity value of R1,340 million, as set out below.

Based on the information provided by the Investment Manager, the implied EV/EBITDA of 6.91x represents a 31% discount to the peer group average (2018: 29%), therefore implying an unadjusted EV/EBITDA multiple, for the comparable peer groups used, of 10.0x. The Investment Manager believes that this discount applied to the peer group multiples appropriately represents the relevant discounts applied for, inter alia, liquidity, jurisdictional discount, risks and growth outlook. For the Portfolio Companies held at 30 June 2018 and 30 June 2019, 23% of the EV/EBITDA multiples were held at materially the same level year on year, 46% increased and 31% decreased over the year. The implied EV/EBIAT (equivalent to a Price Earnings Ratio) of the portfolio was 11.6x.

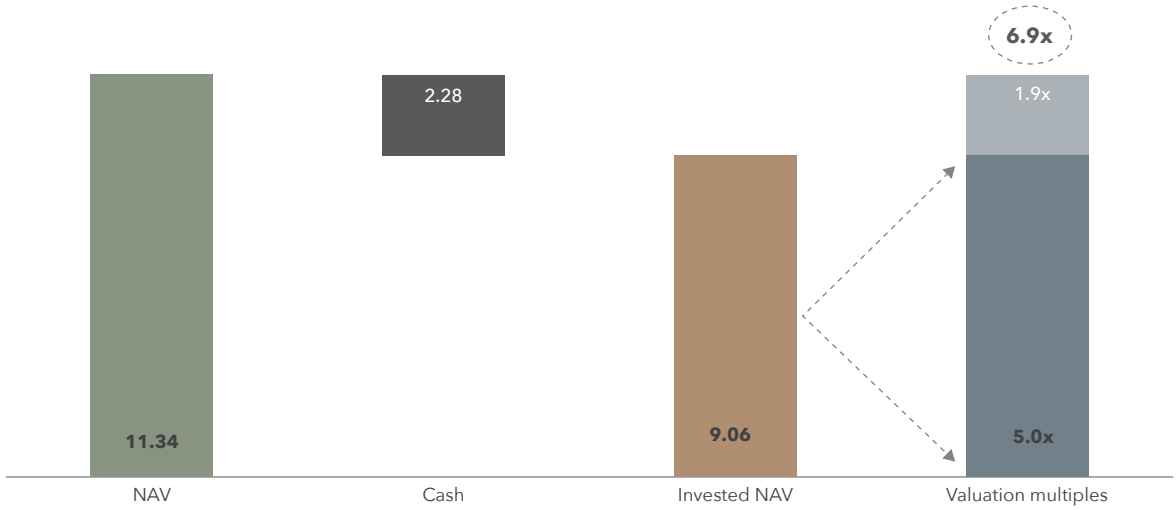
The portfolio continued to deleverage during the year and the attributable Net Debt/EBITDA was 1.9x (30 June 2018: 1.9x).

	30 June 2019 R'million	30 June 2018 R'million
Attributable EBITDA	268.9	150.0
Implied valuation multiple	*6.91x*	*6.67x*
Attributable enterprise value	**1,858.1**	**1,000.5**
Less: Attributable debt	(518.4)	(288.6)
Attributable debt multiple	*1.9x*	*1.9x*
Attributable equity value	**1,339.7**	**711.9**
Add: Other equity investments	87.6	–
Total investments	**1,427.3**	**711.9**

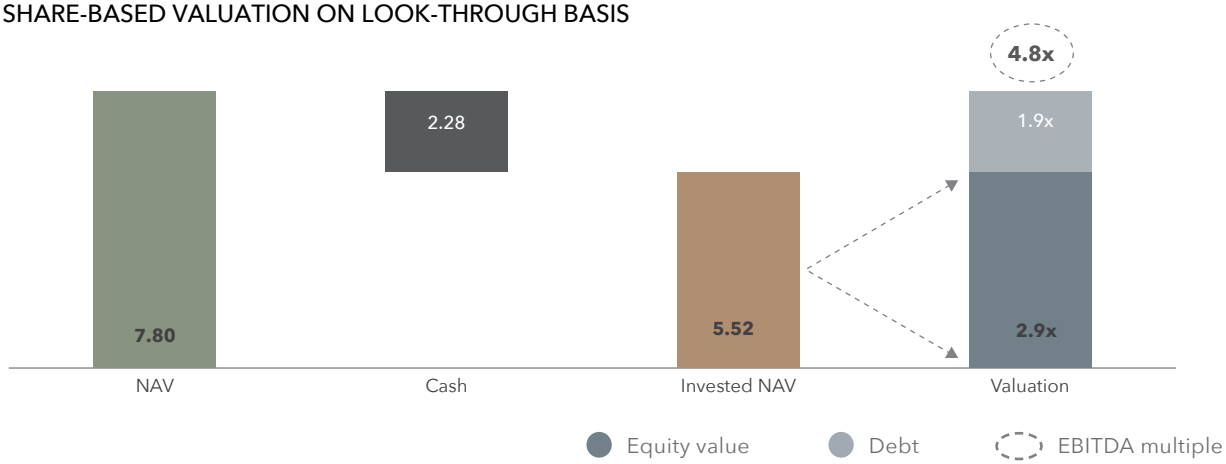
Based on the Company's share price of R7.80 as at 30 June 2019, the market implied EV/EBITDA was 4.8x and the EV/EBIAT was 8.2x.

	Share price based 30 June 2019 R'million	NAV based 30 June 2019 R'million
Attributable EBITDA	268.9	268.9
Implied valuation multiple	*4.84x*	*6.91x*
Implied share price discount	*30%*	
Attributable enterprise value	**1,300.7**	**1,858.1**
Less: Attributable debt	(518.4)	(518.4)
Attributable debt multiple	*1.9x*	*1.9x*
Attributable equity value	**782.3**	**1,339.7**
Add: Other equity investments	87.6	87.6
Total implied/actual investments	**869.9**	**1,427.3**
Invested NAV per share (Rand)	5.52	9.06
Invested NAV discount	39%	

NAV-BASED VALUATION ON LOOK-THROUGH BASIS

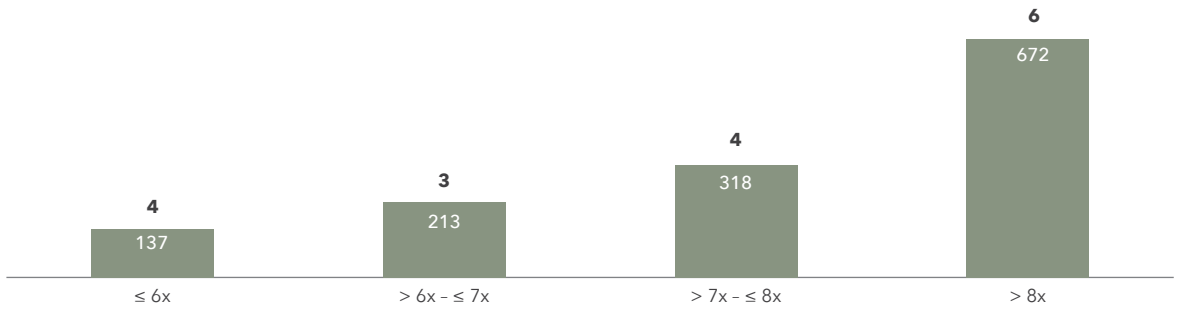


SHARE-BASED VALUATION ON LOOK-THROUGH BASIS



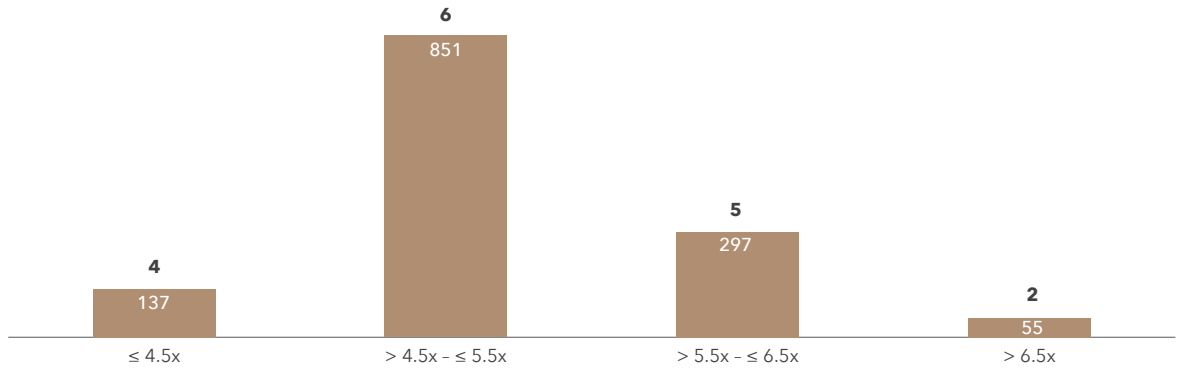
The analysis below sets-out, for the Portfolio Companies that are valued on an earnings multiple method, the ranges of their EBITDA and Net Debt/EBITDA valuation multiples. In addition, the number of Portfolio Companies, and aggregate valuation, for each range are detailed to reflect the relevant portfolio composition of each.

EBITDA VALUATION MULTIPLE RANGE



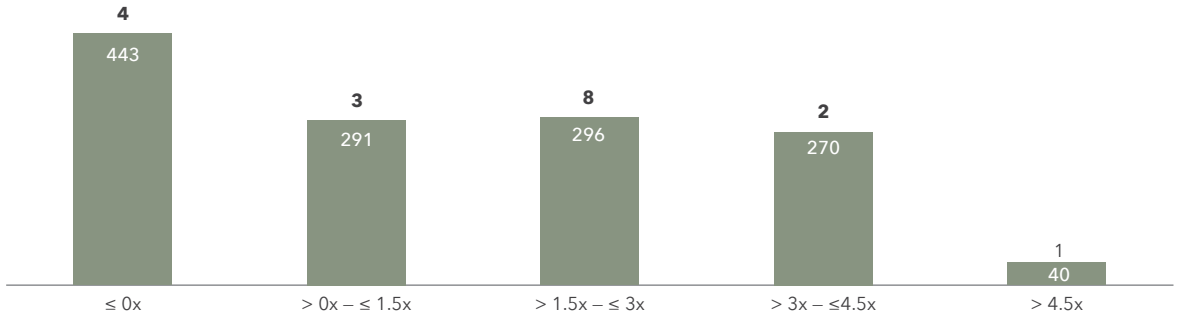
Value (R'million) **Number**

EBITDA VALUATION MULTIPLE RANGE (ADJUSTED FOR SHARE PRICE DISCOUNT)



Value (R'million) **Number**

DEBT/EBITDA MULTIPLE RANGE



Value (R'million) **Number**

Realisations

During the year, distributions of R30.0 million were received from the various Ethos Funds largely relating to underlying dividends received from Portfolio Companies, including Channel VAS (R17.3 million) and Chibuku (R2.7 million). Furthermore, shareholder loan and interest repayments totalled R7.8 million.

In May 2019, Fund VI announced the sale of its investment in Eaton Towers. The transaction is likely to complete in December 2019 and will result in a very good exit for the Fund (2.4x money back in ZAR). Ethos Capital will receive its share of the estimated proceeds (R15.6 million, subject to foreign exchange rates) post completion of the transaction.

Available capital

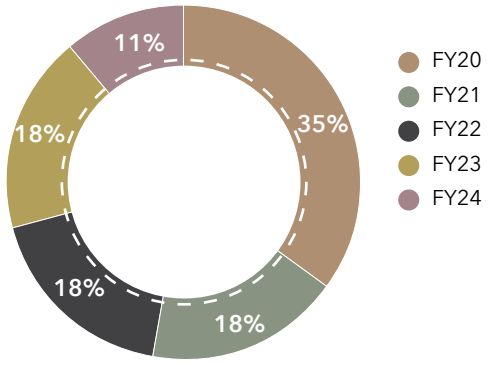
Liquid resources and balance sheet management

As at 30 June 2019, Ethos Capital had liquid resources of R0.5 billion (R0.34 billion adjusted for post year-end transactions) to meet its outstanding commitments. In addition, the Company has agreed the terms for a five-year revolving credit facility with Rand Merchant Bank ("RMB") that, if activated and subject to meeting certain required covenant levels, will provide access to between R0.5 and R0.7 billion of additional resources for the Company until September 2024.

The Company follows an "over-commitment" strategy in respect of the allocation of capital with the aim to optimise the NAVPS returns by utilising appropriate levels of gearing to enhance returns.

The Board assesses a number of key issues in determining the appropriate level of the over-commitment strategy. The Funds typically have an investment period of five years post their final close in which the Funds can call for capital from the investors to be invested in Portfolio Companies. The Funds would typically be less than 100% invested, and it is expected that realisations from the current investments will supplement the available resources before the end of the investment period. Furthermore, a Portfolio Company can raise additional financing through utilising its own bank facilities.

The below sets out the current best estimate of the expected drawdowns over the next five years as a percentage of the current undrawn commitments.



The Board, through the Investment Committee, regularly monitors the Company's liquidity forecast using a detailed model that forecasts potential capital calls from the Funds, operating expenses and the timing and quantum of distributions from expected portfolio realisations.

The Board also utilises key benchmarks from other listed Private Equity companies to monitor and optimise its liquidity. The total commitment (to NAV) ratio and (available resources to) commitment coverage ratio provide additional benchmark information on the Company's liquidity. The ratios represent a snapshot in time which can be distorted by a combination of the Company's life cycle (e.g. relatively early investment versus in the exit phase), the Funds' cycles (e.g. proportion of assets in the early investment stage versus the fully-invested realisation stage), and the timing of making an initial 10-year commitment to successor Funds; however, they do provide a benchmark to peers, especially when averaged over a longer period of time. An analysis of the Company's current ratios compared to an average of some international peers, are presented below:

		Company	
Liquidity ratios	Peer group	30 June 2019 R'million	30 June 2018 R'million
Total commitment ratio			
Investments		1,427	712
Undrawn commitments		1,710	956
		3,137	**1,668**
NAV		**1,921**	**1,773**
Ratio	134%	163%	94%
Commitment coverage			
Liquid resources		494	1,203
Credit facility		500	582
		994	**1,785**
Total undrawn commitments		**1,710**	**956**
Ratio	53%	58%	187%

Based on the above analysis, the Board is confident that the Company has the ability to fund its existing commitments to the Funds as they fall due.

OVERVIEW OF THE PORTFOLIO COMPANIES

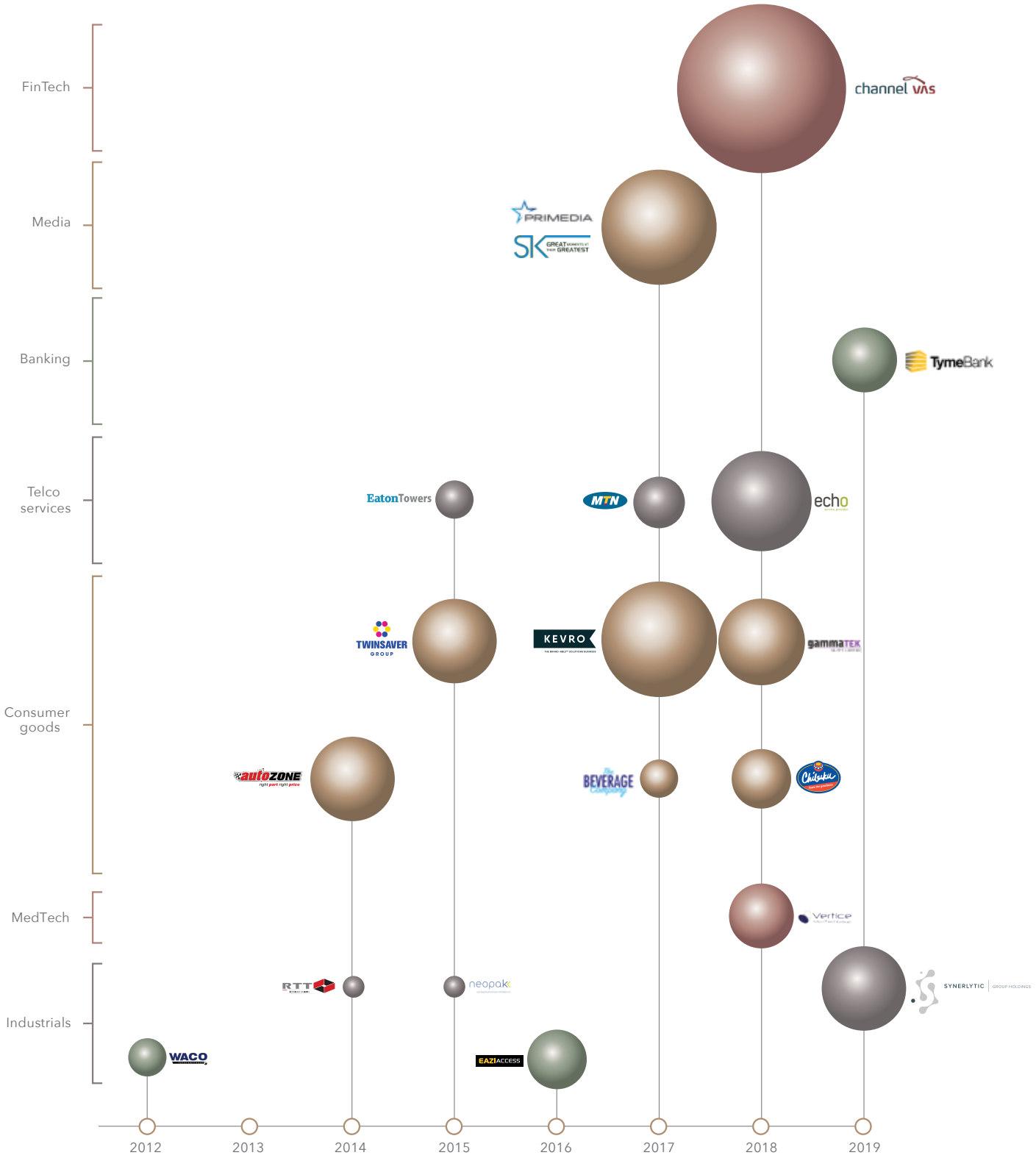
Ethos Capital makes commitments into Funds or co-investments that are managed by Ethos, enabling it to invest alongside Ethos' institutional investors to provide its shareholders with unique access and exposure to a diversified portfolio of private equity-type investments. At 30 June 2019, Ethos Capital and its shareholders had an indirect exposure to 19 Portfolio Companies.

Any such indirect participation will generally form part of a much larger majority shareholding that Ethos will manage collectively on behalf of all its investors. Ethos typically aims to hold a controlling stake in the investments with significant representation on the Board of Directors of these Portfolio Companies.

The investments represent a number of industries and sectors and were acquired in different vintage years, providing exposure to different economic cycles.

This section provides further details of nine of these Portfolio Companies that contribute 85% of the total portfolio valuation.

** Based on the portfolio valuations adjusted for transactions completed post year-end.*



The size of the bubbles is representative of Ethos Capital's economic interest in the Portfolio Companies.

channel VAS

Business description

Channel VAS is a leading provider of Airtime Credit Services ("ACS") to prepaid mobile subscribers. The business is present in more than 25 countries across Africa, the Middle East, Asia and Latin America, with the majority of operations in sub-Saharan Africa (76% of revenue).

Channel VAS has a strong value proposition to mobile network operators ("MNOs") by providing risk-free airtime sales to MNOs, increasing ARPU and decreasing customer churn. In addition, the business uses sophisticated credit-scoring algorithms that result in the lowest default rates in the industry (<1% versus industry average of c.4%).

The business model is highly scalable and the company has a strong pipeline of new MNO contracts across geographies.

Investment thesis

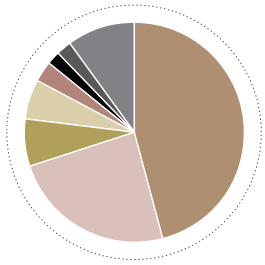
Channel VAS represents: a compelling value proposition and strong existing technology platform; a competitive advantage through market-leading, credit-scoring capabilities; a global footprint and ability to expand geographically on a relatively small, fixed asset base; and high cash generation.

The investment thesis for Channel VAS is to accelerate the growth of ACS through the delivery of an existing pipeline of opportunities and to leverage the credit-scoring capability in order to expand into new product offerings (specifically Micro Finance Services).

Trading performance

Channel VAS performed strongly during the year both from an EBITDA growth rate (in excess of 20% on a like for like basis) and cashflow perspective. ACS advances continued to grow strongly with US$799m advanced year to date (versus US$566m in the previous year). This was driven by higher penetration of existing contracts (assisted by enhanced credit scorecards) and the addition of six new deployments since May 2018. The rate of growth will likely moderate as the new contracts roll into the base for the previous year. MFS is a new business with significant potential and, although growth has been slow, five deployments have now gone live which are proving encouraging.

% REVENUE CONTRIBUTION BY COUNTRY (FY18)



- 46% NIGERIA
- 24% SOUTH AFRICA
- 7% GHANA
- 6% SAUDI ARABIA
- 3% UGANDA
- 2% SYRIA
- 2% ZAMBIA
- 10% OTHER

KEVRO

THE BRAND-ABLE™ SOLUTIONS BUSINESS

Business description

Kevro is the largest value-add 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 as a "trade-only" supplier to c.10,000 resellers from six locations in South Africa, a branch in Windhoek, Namibia and Kenya. Kevro also has a dedicated sales team that services key regions in West Africa. Kevro employs c.740 people.

Investment thesis

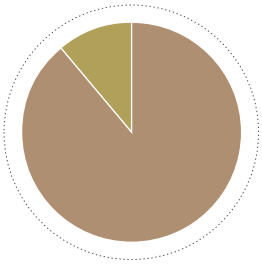
Under previous ownership, Kevro undertook significant investment to build a platform for future growth. It is an attractive opportunity that is well positioned to execute on its upside opportunities:

- **Expanding its offering to include new categories** that can be sold into its existing customer base. Kevro has shown significant traction in executing on the cross-sell opportunities in its customer base, and there is an opportunity to drive further penetration of these new categories; and
- **The business has built a notable presence** and is positioned to accelerate growth through clearly defined expansion strategies.

Trading performance

The business performed relatively well in a difficult market which was impacted by depressed consumer and corporate sentiment and price pressure. New strategies to grow the business focus on improving the operational efficiency in the business, investing in IT systems and generally enhancing competitiveness in the market. Continued focus on working capital management has enabled the company to reduce its gearing levels over the course of the year.

% REVENUE CONTRIBUTION BY GEOGRAPHY (FY19)



- 89% SOUTH AFRICA
- 11% REST OF AFRICA

PRIMEDIA

Business description

Founded in 1994, Primedia is a leading media and advertising company in South Africa, with a footprint in the rest of Africa. This business comprises three divisions:

- **Broadcasting:** Owns and operates South Africa's most popular premium music (947 and KFM) and talk (702 and CapeTalk) radio stations as well as EWN, a highly respected independent news brand.
- **Out-of-Home:** Operations include outdoor billboards, in-store and mall advertising and large format outdoor advertising with operations in 11 countries across Africa.
- **Cinema and Entertainment:** Operates South Africa's largest cinema chain, Ster-Kinekor.

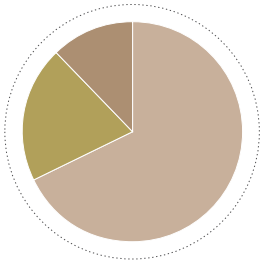
Investment thesis

The Primedia investment presents a number of attractive attributes. Firstly, it is the market leader with high barriers to entry and high EBITDA margins (with strong free cash flow generation). The shared shareholders' vision is to accelerate the growth of the Broadcasting division and enhance the core Out-of-Home division. This will be achieved through driving radio listenership through improved programming and enhanced sales force effectiveness, plus increasing investment in Out-of-Home, in order to drive the penetration of higher-margin digital billboards. Furthermore, there are opportunities to enhance operational efficiency in the business, and the disposal of non-core assets in order to simplify the group structure. Full potential will be achieved through further investment in talent and capacity to drive innovation and digitalisation.

Trading performance

Primedia has undergone a major restructuring in the past 18 months. Selling the Ster-Kinekor Entertainment business and unbundling Ster-Kinekor Theatres as well as refinancing the existing debt package. The advertising market remained difficult in the 2019 financial year with low growth in GDP and pressure on corporate advertising budgets. However, Primedia managed to grow its market share in its radio broadcasting division which enabled it to outperform the market and perform relatively well despite the macroeconomic headwinds. The Outdoor business felt the impact of lower occupancy rates in its static business but has continued to invest in its digital billboards where performance has been relatively strong. The business continues to generate strong cashflow to reduce its debt.

% EBITDA CONTRIBUTION BY DIVISION (FY19)



- 68% BROADCASTING
- 20% OUT-OF-HOME
- 12% CINEMA AND ENTERTAINMENT*

** The Ster-Kinekor Theatres business has been unbundled to shareholders and ringfenced as a standalone business.*

echo
service provider

Business description

Echo is a South African corporate internet service provider ("ISP"). The business was established nine years ago by the current management team. The company primarily services South African high-end small and medium-sized enterprise ("SME") and enterprise clients.

Echo provides information and communications technology ("ICT") services through an aggregation of third-party networks.

The company leverages over 60 partners through interconnect agreements to aggregate data connectivity, internet, virtual private networks, and security and cloud services.

Investment thesis

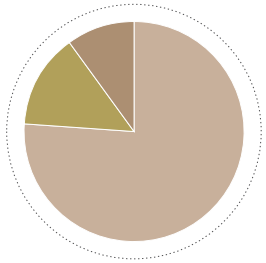
The Echo investment represents an attractive opportunity to partner with like-minded investors in an asset that is well positioned within the high-growth ICT market in sub-Saharan Africa ("SSA"). Over the past few years, Echo has succeeded in creating a seamless network that is integrated in over 60 networks in SSA and which is highly scalable for future growth. The company is positioned to execute on the following upside opportunities:

- **Increasing its market share in mid-market corporate segment** through an expansion of its sales force focused on this segment of the market.
- **Driving cross-selling of existing products** beyond its core basic offering of network connectivity and internet services; supported by investing in the management team, the sales force and operational back office.
- **Diversifying its product offering** through new reseller arrangements or through acquisitions into select technologies.
- **Targeting multinational companies through a focused SSA expansion strategy** into countries with more pervasive network infrastructures; to be executed on organically through the company's asset-light approach, or alternatively through bolt-on acquisitions.

Trading performance

The business performed strongly growing its market share in the Corporate ISP market. Investment in new sales hires paid off with strong sales growth and, importantly, significant new client wins and a robust business pipeline. The business' ability to compete for business from multinational companies and companies with presence across the continent will be significantly enhanced through the acquisition of Gondwana which will provide Echo with in-country presence in 9 sub-Saharan African markets.

% REVENUE CONTRIBUTION BY DIVISION/PRODUCT (FY19)



- 76% CONNECTIVITY
- 14% INTERNET SERVICES
- 10% OTHER

ANALYTICAL SERVICES

SECTOR

CONTROL

ETHOS ROLE

2019

INVESTMENT YEAR

88.7%

ETHOS INVESTORS' STAKE

SYNERLYTIC | GROUP HOLDINGS

Business description

The Synerlytic group of companies operates in subsets of the machinery testing, inspection and certification ("TIC") market. The group has operations that span across Africa and select non-African geographies.

WearCheck Division

- WearCheck was established in 1976 and is one of the leading condition monitoring specialists on the African continent and commands strong market share in South Africa.
- The business specialises in fluid analysis (oils, fuel, coolants, etc.) and on-site reliability solutions (such as vibration monitoring and infrared scanning).

AMIS Division

- AMIS is an international manufacturer and supplier of a wide range of matrix-matched certified reference materials ("CRMs") to mining laboratories across the world.
- The company serves customers in various geographies throughout the rest of Africa, North America, South America, Asia and Europe with c.60% of sales being exports outside of South Africa.

Set Point Laboratories ("SPL") Division

- SPL is an ISO 17025 accredited analytical chemistry laboratory.

Investment thesis

The Synerlytic group's business model is based on services that are imperative to prevent downtime on critical machinery and to ensure quality assurance and control measures are met. The business model is scalable with global applicability across multiple markets.

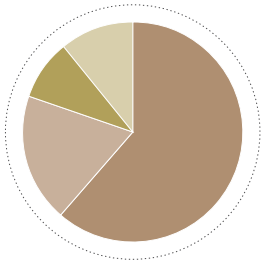
Ethos' investment thesis is centred on acquisitive growth initiatives that will add complementary products and services and mitigate the risk of technology disruption:

- Maintain and extend profitability of the core business;
- Geographic expansion;
- "Digitalisation" of the business model; and
- Mergers and acquisition opportunities.

Trading performance

The business performed in line with expectations in the 2019 financial year. Wearcheck was a strong performer and the acquisition of Anglo Field Services has solidified Wearcheck's market leading position whilst also diversifying its product offering. The outlook for the business looks promising and the management team is focussed on a number of initiatives to drive organic growth across the businesses.

% REVENUE CONTRIBUTION BY DIVISION (FY19 FORECAST)



- 62% WEARCHECK
- 19% AFS*
- 9% AMIS
- 10% SPL

** Anglo Field Services ("AFS") was recently acquired, solidifying WearCheck's position in condition monitoring.*

gammaTEK PTY LIMITED

Business description

Gammatek imports and distributes mobile device accessories and low technology consumer products primarily in South Africa through a blue-chip customer base that includes Incredible Connection, Vodacom, Cell C as well as independents.

Gammatek has exclusive distribution agreements with leading global brands such as Speck and UAG as well as a globally unique manufacturing licence with Bodyglove. The company has also successfully developed and launched its own brand, Snug, used for charging devices.

The business has built a strong position in the market in its targeted categories.

Investment thesis

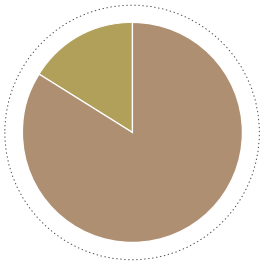
The Gammatek investment represents an attractive opportunity to back a proven management team to drive growth through clearly identified initiatives over the medium term:

- Benefit from continued growth of smart mobile devices in its core market, underpinned by increasing penetration and the two-year replacement cycle driven by the mobile network operators and built in redundancies in mobile technology.
- Diversify into mid-tier smart mobile devices as well as non-mobile but complementary consumer products that will open up new channels for the business.
- Expand into select markets in the rest of Africa by investing into a dedicated sales force with relevant on-the-ground experience and a fit-for-purpose operating model.
- Invest in further management capacity to drive improved professionalisation of the business.

Trading performance

The business managed to increase EBITDA in the 2019 financial year despite difficult market conditions in which customers delayed contract upgrades and the mid-tier brands continued to gain market share at the expense of the premium segment. Pleasingly, the company won a number of important new customers and has made good progress on opening new product channels.

% REVENUE CONTRIBUTION BY PRODUCT (FY19)



- 84% PHONE ACCESSORIES
- 16% OTHER LOW TECH ACCESSORIES

TWINSAVER GROUP

Business description

Twinsaver is the leading manufacturer in the South African consumer tissue industry. The business currently leads in the one-ply segment whereas it is the second largest branded player in the two-ply segment. In addition to consumer tissue, the business manufactures away-from-home tissue and certain other disposable household products such as paper plates and tin foil.

Twinsaver also owns a national recycling business called Econamic (previously Neopak Recycling, a jointly owned entity with Neopak), which primarily collects waste paper for Twinsaver.

Investment thesis

Like Neopak, Twinsaver was part of the significantly larger Nampak group. It carried associated head office charges, the demotivating effect of which was magnified by the delay or avoidance of important investment decisions. Furthermore, the business suffered from a lack of appropriate strategic input due to its poor fit as an FMCG business in a non-FMCG group.

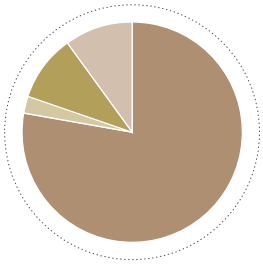
The Fund VI investment was predicated on the scope for meaningful profit enhancements; strong volume growth prospects; and additional strategic opportunities identified during the due diligence process, like investment in capex consolidation of the supply chain and bolt-on acquisitions in adjacent categories.

The acquisitions of Validus and Sylko were concluded, the first two bolt-ons targeted at diversifying the tissue business.

Trading performance

The Twinsaver Board approved a new strategy in 2018 focussed on driving further operational efficiency in the business with the aim to be the lowest cost producer in the tissue segment of the market. The performance of the tissue business has been very difficult with cost inflation, depressed consumer spending, overcapacity in the local tissue market and heightened promotional activity. The new management team has focused on cost containment (R53 million year to date) and efficiencies across the supply chain and recent performance suggests a lessening of the input cost pressures and some pricing benefits. The management team remain focussed on implementing the new strategy and repositioning the business in the lowest operating cost quadrant. This has been achieved through an investment of c.R500 million on a new converting plant.

% REVENUE CONTRIBUTION BY DIVISION (FY18)



- 77.7% PERSONAL CARE
- 2.5% HOME CARE
- 9.8% SYLKO
- 10.0% VALIDUS

Vertice MedTechGroup

Business description

The Vertice Medtech Group was established by Fund VI in May 2018 to make the initial acquisition of the Amayeza Group. This is the primary asset in Ethos' medtech buy and build strategy. Amayeza was established in 1998 and markets and distributes medical devices, products and instrumentation across 11 medical specialisations including cardiology, spine and neurology. This business is renowned for its ability to deliver specialist, quality, state-of-the-art medical technology and skills transfer.

Investment thesis

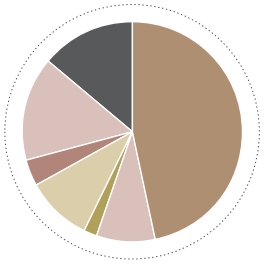
The Vertice investment is predicated on research which identifies South Africa's healthcare industry as defensive and growing. Medical devices particularly are an attractive segment within the sector where Vertice's underlying products and services are strongly differentiated. Furthermore, the business has a network of uniquely skilled employees holding long-term relationships with key customers, and is an attractive proposition to key multinational suppliers.

The thesis is to enhance the platform and to build group capacity to grow the business organically and through mergers and acquisitions. We anticipate meaningful multiple expansion over time, as Vertice becomes a larger and more diversified business. To date, two acquisitions were completed, namely Haemotec and HMT, and a new ophthalmology business commenced.

Trading performance

Vertice was established as a platform from which to grow the market leading medical device distribution business. The platform has grown significantly, both organically and through new products and acquisitions. Revenue and EBITDA grew very strongly during the year partly as a result of the acquisition of Haemotec and LTE. The strategy is in its early stages but with a number of potential bolt-on acquisitions the business is well positioned for growth.

% REVENUE CONTRIBUTION BY PRODUCT (RUN RATE FY19)



- 46.9% DIAGNOSTIC CARDIOLOGY
- 8.6% INTERVENTIONAL CARDIOLOGY
- 2.0% NEUROLOGY
- 9.7% SPINE
- 3.9% WOUND CARE
- 15.2% BLOOD PRODUCTS
- 13.7% GENERAL SURGERY

TymeBank

Business description

TymeBank is a low-cost digital bank, aiming to build a suite of products servicing the emerging middle-class customers.

TymeBank has entered into a long-term agreement with Pick n Pay and Boxer stores where TymeBank kiosks are deployed providing a proxy low-cost branch network. The bank has access to Pick n Pay's customer data, enabling it to conduct data-driven customer acquisition, pricing, risk rating, retention management and product development. The kiosks conduct know-your-clients ("KYC") checks and issue a debit card in five minutes without human intervention and customers are able to deposit and withdraw cash from any ATM or Pick n Pay point of sale terminals.

Investment thesis

The banking sector in South Africa is highly profitable, with South African banks having high ROEs compared to other markets. Banking remains expensive and the middle market is underserved and underbanked. A digital low-cost bank with a low cost-to-serve is able to compete by providing banking access at a lower cost point. The deal TymeBank has with Pick n Pay and Boxer is unique and powerful – providing it with a branch footprint at a significantly lower cost than establishing its own infrastructure. Combined with the innovative kiosk technology, the bank has the potential to operate at a cost and service level that will be hard for the incumbents to match.

TymeBank received the first full banking licence in 14 years in South Africa, largely on account of being 100% owned by Commonwealth Bank of Australia ("CBA"), one of the largest banks in the world. CBA restructured and curtailed its emerging market strategy, when the bank sold TymeBank to African Rainbow Capital. Significant capital has been invested in systems in the Tyme Group of companies, and the technology risk has largely been mitigated already. The high level of initial sign-ups of new accounts (in excess of 600,000 after launching in November 2018) is a testament to the power of the Pick n Pay platform and demand from consumers. The strategy for the business is to convert the accounts firstly into transacting accounts, and then later into primary accounts with a deposit base.

The product set being developed by the bank includes innovative new lending products relying on behavioural finance, artificial intelligence, and an ethical approach to inclusive and accessible banking.

INVESTMENT GUIDELINES AND STRATEGY

Objective

Ethos Capital's objective is to develop a diversified portfolio of investments that will provide its shareholders with superior long-term returns by leveraging Ethos' active management model to maximise investor returns.

The Ethos Capital investment proposition is based on:

1 | Unique access point:

The Company offers a unique opportunity to invest in and co-invest alongside Ethos Funds through a liquid and efficient vehicle listed on the JSE and governed by an independent Board of non-executive Directors with deep private equity experience.

2 | Demonstrated performance:

Ethos is the largest private equity firm in SSA, with an established track record of investment returns delivering a gross realised internal rate of return ("IRR") of 36.3% over more than 30 years.

3 | Diversification:

Ethos Capital provides public market investors with a liquid vehicle to indirectly access a diversified pool of unlisted small to mid-sized companies through equity or equity-like instruments, which will be actively sourced by Ethos to optimise investor returns.

4 | Alignment of interests:

Strong economic alignment exists between Ethos – the Investment Advisor – and Ethos Capital, as a result of significant investments by Ethos in Ethos Capital's A Ordinary Shares and in the Ethos Funds.

5 | Experienced private equity non-executive Directors:

The Board has an extensive understanding of and a significant track record in the private equity industry in order to make optimal investment decisions for Ethos Capital.

6 | Structural efficiency:

Ethos Capital conducts its business operations from Mauritius due to the business-friendly environment; the spread of tax treaties Mauritius has with many of the jurisdictions Ethos Capital invests in; and the acceptance among global investors of Mauritius as an investment jurisdiction. This, combined with Ethos' fee structure (designed to ensure there are no "fees on fees") gives structural efficiency and fiscal transparency to Ethos Capital.

7 | Liquidity management:

Ethos Capital actively manages liquidity in the best interests of its shareholders. As part of its liquidity strategy, the Board is committed to enhancing the NAV per A Ordinary Share. As part of this strategy, the Board may utilise share repurchases to enhance shareholder value.

Strategy

Ethos Capital's investment objective will be achieved through the following strategies which are the primary lines of business of Ethos Capital:

1 | Primary Investments:

Commitments to various Ethos Funds during their respective fundraising processes.

2 | Secondary Investments:

Acquisitions of existing Limited Partner interests in established Ethos Funds.

3 | Direct Investments:

Direct acquisitions of interests in underlying Portfolio Companies alongside Ethos Funds to the extent that the Ethos Funds require co-investors in the underlying Portfolio Companies.

4 | Temporary Investments:

Temporary Investments in a portfolio of low-risk, liquid debt instruments (including, *inter alia*, South African government bonds, NCDs and other similar, low-risk, liquid instruments) for cash management purposes, as appropriate.

Sectors

Ethos Capital's investments will provide exposure to a broad range of sectors, allowing it to gain access to growth and businesses at an early stage of maturity in which management teams remain equity-incentivised.

No investment is allowed in any start-up business or where a prospective investment's business activities or operations involve:

- a prohibited activity, as defined in the investment guidelines;
- the development of raw land; or
- the exploration or development of oil and gas and/or natural resources.

Geographies

Ethos Capital's primary focus for its investments will be companies headquartered in South Africa and other selected countries in SSA. Ethos Capital may also invest in new Fund strategies, the exposure to which will be governed and considered by the Ethos Capital Board.

Growth in invested NAV

Ethos Capital's objective is to maximise growth in invested NAV and NAVPS.

Relationship with Investment Advisor

The JSE has granted a dispensation to the effect that transactions (constituting less than 10% of the Company's market capitalisation and subject to some restrictions) entered into by the Company in the ordinary course of business involving Ethos, Ethos Funds and their respective associates, will not be regarded as related-party transactions for the purposes of the Listings Requirements. Shareholder approval will therefore not be required for such non-related-party transactions.

Communication of transactions

All transactions concluded in accordance with the Investment Strategy will be regarded as being in the ordinary course of business, unless circumstances dictate otherwise.

Subject to the applicable laws and regulations, communication with institutional shareholders and investment analysts will be maintained through periodic presentations of financial results, one-on-one visits, trading statements and press announcements of interim and final results, as well as the proactive dissemination of any information considered material to investors and shareholders.

With respect to all related-party transactions, communication with shareholders will be made in accordance with the Listings Requirements, as applicable.

Approval of Investment Strategy

The Investment Strategy was approved by shareholders on 11 July 2016 in compliance with section 15 of the Listings Requirements and by the Board on 11 July 2016. Any future material changes to (i) the Investment Strategy, must be approved by shareholders by way of ordinary resolution, and (ii) the Investment Guidelines, must be approved by the Board and the JSE, to the extent required.

The Company's complete Investment Strategy and Guidelines can be found at www.ethoscapital.mu/what-we-do/investment-strategy/.

INVESTMENT ADVISOR

Investment services agreement

Ethos Capital has an investment services agreement detailing the terms by which Ethos – as its Investment Advisor – will provide investment advice, including sourcing of investments, administration and back-office services to Ethos Capital.

Duration and termination

The investment services agreement became effective on the listing date, 5 August 2016. It can be terminated by Ethos Capital or Ethos by written notice given to the other party at any time after the date on which Ethos Capital no longer holds any Direct, Primary or Secondary Investments.

Fees

As payment for the above services, Ethos receives an investment services fee, management fee and administration fee, all calculated and paid quarterly in arrears.

The investment services fee is 1.5% of the average of the opening invested NAV and closing invested NAV attributable to Direct Investments, unless other terms or exemptions are agreed between Ethos and Ethos Capital. The management fee is 1.5% of the average of the opening invested NAV and closing invested NAV attributable to the Primary Investments within each Fund in which Ethos Capital invests.

In respect of any Secondary Investments acquired, the management fee payable will be the Company's proportionate share of any management fee charged by and payable to the manager of such Fund according to the partnership agreement governing that partnership.

Ethos receives an administration fee of 0.25%, based on the average balance of the Temporary Investments, for providing administrative and back-office services. The administration fee paid to Ethos is reduced by any fees payable to the manager of the Temporary Investments.

Performance participation

In addition to the above fees, Ethos is entitled to a performance-based participation if certain returns are achieved. The participation is to be settled through the release of encumbered shares and subsequent to that, the payment of a cash dividend. The annual performance participation is based on 20% of the growth in NAV of invested assets (excluding Secondary Investments and where agreed between Ethos and Ethos Capital, certain Direct Investments might also be excluded) and is triggered each year if the NAV growth exceeds a preferred hurdle of 10%. The performance is also measured over a cumulative three-year measurement period to ensure the average NAV growth over the period exceeds the preferred hurdle. To the extent that the aggregate of the three annual participations is more or less than the three-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. Similarly to fees, any performance-related payments in respect of Secondary Investments are charged by and payable to the manager of such Fund according to the relevant partnership agreement.

Investment experience

The experience of the Investment Advisor is set out in the Investment Advisor's Report on page 45 of the Integrated Annual Report.

INVESTMENT ADVISOR'S REPORT

Introduction to Ethos

An alternative advantage

Ethos embraces a bold and encompassing purpose to grow Africa's economy ethically, by being a differentiated and scaled alternative asset manager that unlocks latent investment potential through the synergistic application of capital and insight.

Founded in 1984, the Firm manages investments in private equity and credit strategies in South Africa and the rest of SSA. With assets under management of c. R14.3 billion, Ethos targets control buyouts and selected expansion capital investments in companies with strong growth potential.

Ethos manages investments on behalf of public and corporate retirement funds, sovereign wealth funds, fund-of-funds, development financial institutions, insurance companies and Ethos Capital. Investors are based in South Africa, Europe, North America and Asia.

The Firm has an unparalleled 35-year record of successful, sustainable investing across multiple economic and political cycles. To date, Ethos' Large Equity Funds have invested in 108 transactions, delivering 96 realised investments at a 36.3% gross IRR and a 2.7x multiple of cost.

In January 2018, Ethos opened an office in Nairobi, Kenya. This pivotal milestone demonstrates the Firm's commitment to sustainable investing in the rest of Africa and reinforces our partnership approach founded on local expertise and global insights.

THE FIRM HAS AN UNPARALLELED 35-YEAR RECORD OF SUCCESSFUL, SUSTAINABLE INVESTING ACROSS ECONOMIC AND POLITICAL CYCLES.

R22bn
Capital raised since inception in 1984

10
Funds invested to date

108
Large Equity Fund transactions completed since inception

96
Successful exits

66
Employees

48
Limited partners invested in current Ethos Funds

36.3%
Gross IRR–realised investments

2.7x
Multiple of cost

Investment strategy

Over its 35-year history, Ethos has developed and refined a unique set of competencies with the goal of consistently generating superior investment returns. The result is a time-proven approach, tailored to investing within the sub-Saharan African market that is embedded within Ethos' philosophy and is key to driving sustainable returns.

The team achieves this ambition through ethical leadership, representing integrity, authenticity, respect, care, and a unity of vision. This leadership approach is underpinned by the strength of the Firm's diversity.

This approach is borne out of a deep-rooted belief that, through the application of ethical leadership, strategy, execution, partnership and capital, Ethos can enable businesses and the people who work in them to unlock their full potential.

With growth as the central principle of Ethos' investing approach, the Firm actively seeks opportunities to connect the best capital solutions with the best business ideas. By partnering differentiated, in-house Value Add capabilities with executive management teams, Ethos aims to execute this growth strategy within an accelerated time frame.

Investment approach

Control, lead investor: Strong preference for control in buyout situations or significant influence and lead role in expansion capital investments

Focus on growth across portfolio: Investments in companies and industries benefiting from emerging market and strategic growth dynamics

Market-leading, small- to mid-sized companies: Investment in companies with clear competitive advantages and critical mass to sustain the business through economic cycles

Strong management teams: Managers with the experience, ability and drive to grow the business and assist Ethos in the implementation of its investment thesis

Disciplined portfolio construction

Theme-led approach: Continual evaluation of prevailing economic drivers to target a portfolio of differentiated companies with strong prospects underpinned by attractive medium-term market dynamics

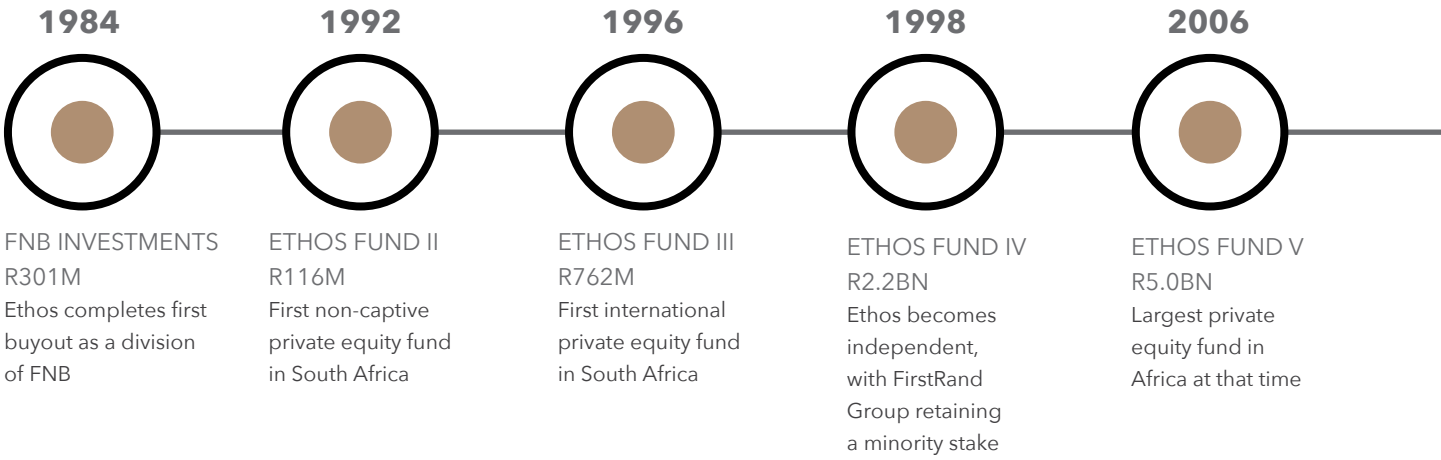
Driving investment performance: The execution advantage

Differentiated sourcing and execution: Proactively targeted opportunities where Ethos believes it has generated an advantage, leveraging its networks and reputation as a trusted investment partner

Proven broad-based black economic empowerment ("B-BBEE") capability: Proven ability to introduce black ownership in South African deals to execute transactions and enhance operational performance

Significant active involvement: Engagement in the value creation process post investment through the disciplined deployment of its Value Add capability

Successful exit planning: Deep networks for generating local and international buyers to drive exit activity and a long history of successful divestment



Investment offering (products)

Ethos manages investments in private equity and mezzanine funds.

Large equity

EF VI focuses on larger private equity transactions of between R350 million and R900 million per investment, targeting companies with enterprise values ("EVs") of between R1.5 billion and R7.0 billion. The Fund invests in companies with market-leading positions, an identifiable competitive advantage, strong cash flows and significant growth potential.

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

EF VI is fully invested and has 10 live portfolio companies: Autozone, The Beverage Company, Eaton Towers, Eazi Access, Neopak, Primedia (including Ster-Kinekor), RTT, Twinsaver, Vertice MedTech and Waco.

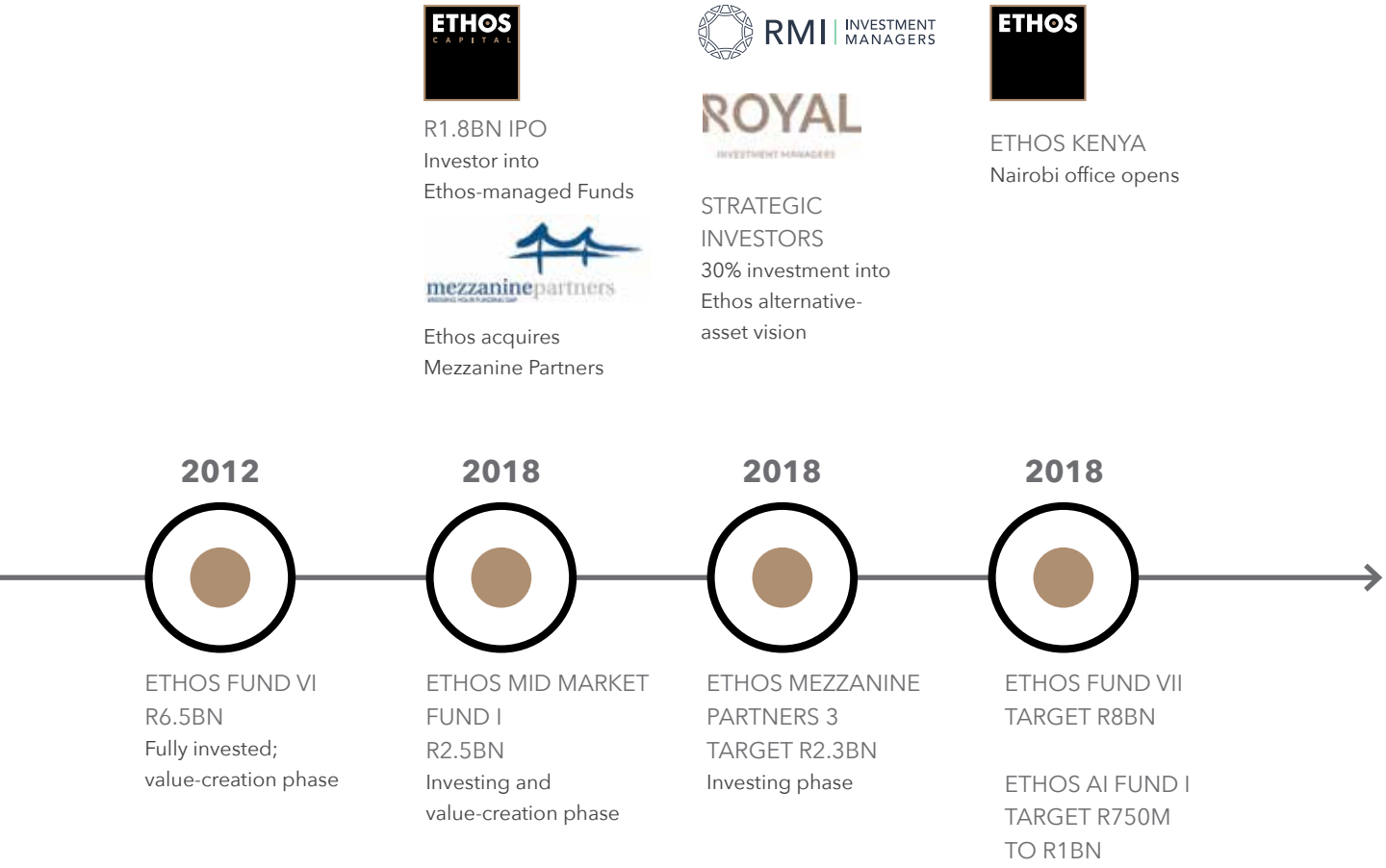
Ethos is currently fundraising for its next large equity fund, EF VII. It is envisaged that this fund will follow an investment mandate and approach that is similar to EF VI.

Mid market

EMMF I held a successful final close of R2.5 billion in 2018. The Fund seeks to make investments predominantly in mid market leveraged buyouts and for growth, targeting transactions between R100 million and R350 million and with an EV of between R0.5 billion and R1.5 billion.

This Fund is actively seeking investments in entrepreneurial businesses, corporate spin-offs, and optimisation opportunities where it can accelerate growth. Together with management teams, EMMF I develops and enables strategic objectives, provides a third-party perspective on performance and implements high standards of governance and financial reporting.

Importantly, the EMMF I is a black private equity fund as defined by the BEE codes and is therefore able to confer strong empowerment credentials to the underlying Portfolio Companies.



Ethos believes that this combination of significant empowerment credentials and strong execution capabilities gives the Fund a distinct competitive advantage.

EMMF I is currently 55% deployed, with investments in Autozone, Echotel, Eazi Access, Kevro, MTN Zakhele Futhi, Twinsaver, Gammatek and Synerlytic.

Mezzanine

EMP 3, a closed-end mezzanine debt fund, provides mezzanine and quasi-equity growth or acquisition financing solutions to companies in Southern and East Africa.

EMP 3 is dedicated to providing mezzanine and quasi-equity growth or acquisition financing solutions to companies in southern and sub-Saharan Africa. It invests in a broad spectrum of mezzanine financial instruments, each one tailored to meet the needs of a specific transaction or borrower. These instruments will include *inter alia* second lien loans, convertible loans, payment-in-kind notes and preference shares.

This Fund provides intermediate capital to market-leading companies with a sustainable competitive advantage and/or critical success factors, and a proven track record of delivering predictable/non-cyclical free cash flow to service debt.

EMP 3 has raised US$118 million towards a target of US$150 million and will hold a final close in November 2019.

The Fund has concluded one investment so far, Chibuku Products, a Malawian traditional beer brewer.

Artificial Intelligence

Ethos' inaugural Ai Fund ("EAiF I") was launched in 2018. The Fund's strategy is to make investments in companies in SSA where algorithmic decision-making can be deployed in multiple places in the value chain which impact the value of the business. It includes targeting growth equity in established companies, mostly alongside other Ethos-managed Funds, as well as earlier stage businesses.

The Fund has raised R640 million towards a target of R750 million to R1 billion and has made three investments to date: Channel VAS, TymeBank and Vertice Medtech.

Key strengths

Ethos' long-term success has been a result of institutionalising a set of core competencies, developed over decades, which underpin its investment approach. Through pioneering thought leadership, creativity and innovation, Ethos has developed a long track record of sustainable, superior returns for investors.

The key strengths of Ethos' value proposition include:

- a commitment to, and alignment with, its investors;
- a highly experienced and stable team that is committed to transformation;
- unparalleled deal origination and execution capabilities;
- a reputation for credibility and integrity;
- a consistent and disciplined investment process;
- local presence, commitment to, and focus on sub-Saharan Africa;
- an active management approach to driving value creation; and
- a multi-product offering, diverse sources of capital and strong governance platform.

Value add team

Ethos' world-class value creation capabilities enable the Firm to support Portfolio Companies' management teams with major initiatives run by an in-house Value Add team.

Over a typical five- to seven-year holding period, Ethos aims to positively impact Portfolio Companies' performance by partnering with management teams and actively driving outcomes. While not participating in day-to-day operations, Ethos does seek significant influence over major business decisions that may affect a company's value and engages the team's investment and Value Add expertise to achieve this.

Ethos' Value Add model focuses on the following with the objective of accelerating the growth of Portfolio Companies:

- strategy definition and enhancement;
- implementing governance frameworks;
- supplementing management team capacity and expertise;
- operational improvements;
- market expansion;
- pursuit of strategic M&A opportunities;
- disposal of non-core assets;
- capital structure optimisation; and
- efficiency of working capital management.

People

Ethos employs 66 people, including 18 partners, making it the largest private equity firm on the ground in sub-Saharan Africa. The team is Ethos' single greatest asset. It is the strength of this team that sets the Firm apart:

- Exceptional, multi-disciplinary expertise across the value chain (transactional, operational and analytical) exists in all levels of the team.
- Emphasis on professional development ensures ongoing organisational evolution to maintain market leadership.
- Team-based value system enables efficient processing of complex projects.

The Ethos investment team is supported by committed, professional support staff, dedicated to providing "best-in-class" finance, marketing and public relations, administration, compliance, operations and talent management.

Culture

Ethos embodies a high-performance team culture. It is committed to recruiting and developing talent and is steadfast in its dedication to optimising opportunities to all. Diversity in all its facets is embraced.

A key tenet of the Firm's culture is to relentlessly strive to continue the philosophy of transformation within black empowerment, both at the Firm, and at the Funds' underlying Portfolio Companies.

Above all, Ethos' culture expresses the core leadership values of purpose, execution, stewardship and vision.

Transformation

Ethos is committed to supporting economic growth, meaningful B-BBEE in South Africa and the eradication of poverty and inequality.

The Firm believes this not only supports the South African economy, the government's economic development policies and their broader stakeholders, but makes sound business sense, resulting in improved returns to our investors.

Likewise, Ethos embraces the promotion and implementation of "best practice" methods in terms of B-BBEE and firmly believes that an effective transformation policy encourages social development and enhances economic value.

Consequently, the Group strives to implement strategies that embrace the requirements and "spirit" of B-BBEE, namely employing members of the designated groups and incorporating training and development initiatives – specifically the implementation of learnerships and bursaries for Black employees. Ethos has 66 members of staff, of whom 52% are Black, Indian or Coloured and 48% are White. Furthermore, 56% are female.

Ethos is currently rated as a Level 3 contributor under the B-BBEE Codes.

Social impact

While Ethos' primary objective is to maximise stakeholder value by generating superior returns, the Firm unequivocally recognises its role in the broader South African community. As such, Ethos is committed to supporting initiatives at the forefront of education and the upliftment and empowerment of disadvantaged people. Ethos' Social Impact Programme is reviewed and evaluated on an annual basis to ensure our initiatives, time and financial contributions are best aligned with its stated purpose and strategic ambition. Ethos is committed to supporting initiatives at the forefront of education and welfare for the upliftment and empowerment of disadvantaged people. Approximately 70% of the Firm's corporate social investment spend focuses on education-based initiatives.

Sustainability/ESG

As custodians of policyholder, pensioner and shareholder capital, and forerunners in our field, Ethos must set an example of responsible investment best practice and uphold ethical leadership.

By living this philosophy, Ethos positions its Environmental, Social and Governance ("ESG") co-creation, implementation ambition and sets an example for others to follow. Moreover, the team holds the view that we have a responsibility to address societal and environmental issues – beyond legal requirements – through our activities.

Importantly, Ethos believes that the private equity model is perfectly aligned with this philosophy, especially in emerging markets where fund managers tend to focus on investing in growth strategies. This investment approach, correctly applied, enables the parallel achievement of commercial gains while addressing societal and environmental concerns.

GOVERNANCE

CORPORATE GOVERNANCE REPORT

Commitment

Ethos Capital is committed to the principles of sound governance and application of the highest ethical standards in the conduct of its business and affairs. The Board is committed to the values and characteristics of competency, responsibility, accountability, fairness, integrity and transparency of King IV. The Directors accept full responsibility for the application of these principles to ensure that good corporate governance is effectively practised at Ethos Capital. Furthermore, the Board understands and accepts its responsibility to the shareholders of Ethos Capital and endeavours to ensure the Company conducts its business in the best interests of its shareholders.

The Board is responsible for ensuring compliance with all statutory obligations as specified in the Constitution of Ethos Capital, the Mauritius Companies Act 2001, the Listings Requirements and all other applicable regulatory requirements.

The Directors endorse King IV and recognise the need to conduct the affairs of Ethos Capital with integrity and in accordance with generally accepted corporate governance practices. In discharging this responsibility, the intention is to apply the principles of King IV in both letter and spirit. The Directors recognise they are ultimately responsible for the financial performance of Ethos Capital. The Directors have proactively taken steps to ensure compliance with the Listings Requirements (save as exempt or where the JSE may provide dispensation) and the application of the principles of King IV. It should be noted that Ethos Capital, as an investment entity, does not have and will not conduct, traditional operations, and thus not all the traditional corporate governance structures and practices envisaged by King IV are appropriate to Ethos Capital and its business as an investment entity. The Company does not employ any people.

Application of King IV

A detailed register of the Company's application of King IV is available at:
https://ethoscapital.mu/investors/governance/

Board of Directors

Responsibilities

The Board is ultimately responsible for Ethos Capital's business, strategy and key policies, and for the approval of the financial objectives, targets and investment decisions. In addition, the Board is required to:

- define and implement the long-term strategic vision of Ethos Capital;
- define and implement Ethos Capital's Investment Strategy, evaluate and make commitments to Ethos Funds or Direct Investments via the Investment Committee;
- approve the annual business plan and budgets;
- promote organisational integrity and monitor and oversee Ethos Capital's values and ethics;
- monitor and review Ethos Capital's performance and delivery against strategy, business plans and budget;
- monitor and review the performance and delivery of services by Ethos in terms of the investment services agreement;
- monitor, review and evaluate the performance of the portfolio;
- represent Ethos Capital on the relevant Ethos Funds' advisory boards where appropriate;
- monitor and oversee Ethos Capital's recognition and management of risk, via the Audit and Risk Committee;
- monitor and oversee the appropriateness of financial processes, systems and controls, via the Audit and Risk Committee – protecting Ethos Capital's financial resources and position;
- monitor the appropriateness of business processes, systems and controls, and the effectiveness and competitiveness of Ethos Capital;
- approve the Annual Financial Statements and the Integrated Annual Report, after review and approval by the Audit and Risk Committee;

- monitor and oversee the appropriateness of regulatory compliance, processes and reporting via the Audit and Risk Committee – protecting Ethos Capital's regulatory reputation;
- monitor the policies and processes for open and honest communication with shareholders and other stakeholders – protecting Ethos Capital's business reputation;
- review the remuneration of Directors via the Remuneration Committee;
- review the performance of the Company Secretary, as well as their competence, qualifications and experience annually, and report on whether or not the Board is satisfied therewith to the shareholders in the Integrated Annual Report;
- monitor and advise on the management of potential conflicts of interest of, and with, Board members, Senior Advisors, shareholders and other stakeholders;
- monitor and appreciate stakeholders' perceptions affecting Ethos Capital's reputation; and
- review the performance of the Board, Directors, and Board Committees and report on whether the Board is satisfied that it has fulfilled its responsibilities.

Composition

The Board currently consists of five independent non-executive Directors, the majority of whom are non-South African residents. The Board is satisfied that there is a clear division of responsibilities to ensure a balanced distribution of power, time and authority so that no one Director has unfettered powers of decision making.

Directors retiring by rotation

Per the Company's Constitution, at least one-third of the non-executive Directors retires by rotation at each Annual General Meeting ("AGM"). Retiring Directors are eligible for re-election until they have completed nine years of service as a Director.

Conflict of interest

All Directors are required to sign an annual declaration stating they are not aware of any conflicts of interest that may exist as a result of their interest in or association with any other company, except as disclosed, setting out for record-keeping purposes all business-related interests they have. As soon as a Director becomes aware of any conflict of interest, they must disclose such conflict immediately. In addition, all conflicts have to be declared and noted at the commencement of each Board and Committee meeting.

Board members

The Directors noted below served on the Board throughout the financial year. Messrs Allagapen and Pfaff retire at the AGM and are eligible and offer themselves for re-election. Biographies of all the Directors and their experience are as follows:

Yvonne Stillhart (51)

BSC ZFH

Appointed 15 June 2016

Chairperson, independent non-executive Director

Yvonne has over 27 years' experience in private equity investing and private equity investment management. She is an independent non-executive member of the Board of Directors of UBS Asset Management Switzerland AG and Chairperson of the Board of Directors and the Finance Committee of Unigestion (Luxembourg) S.A., an alternative investment fund manager, investing globally via direct private equity investments, secondary and primary partnership investments, and also the independent non-executive Chairperson and on the Finance Committees of several Jersey Financial Services Commission registered private equity investment partnerships focusing on Europe.

Yvonne is a seasoned alternative assets and private equity specialist who successfully built a leading private equity organisation. She was a co-founding senior partner and member of the Investment Committee of Akina AG, a Swiss-based independent private equity manager. In 2017, Akina was acquired by Unigestion SA to create a market leader with over USD7.5 billion of private equity assets under management. In addition to being instrumental in the integration, build-up and successful leadership of a multinational investment team in an SEC–regulated organisation for more than 12 years, she led investments, developed portfolio and risk management governance and structured investment funds. She was a Board member in a number of corporations and private equity funds across various industries and countries.

Yvonne is an experienced corporate board member and has extensive experience in leading, structuring, executing and managing private equity investments.

Earlier in her career, Yvonne spent 12 years at UBS Zurich, with stays in London and New York. She was responsible for a number of high-profile minority equity, buyout, mezzanine, infrastructure, structured debt and equity transactions in Western and Eastern Europe, Turkey and North Africa as well as mergers and acquisitions and capital markets transactions in Europe.

She holds a degree in economics and accounting from the University of Applied Sciences in Business Administration, Zurich. Yvonne speaks German, English, Spanish and French.

Yuvraj Juwaheer (60)

LLB

Appointed 26 May 2016

Independent non-executive Director

Yuvraj is the managing partner of YKJ Legal, a law firm in Mauritius. He has considerable experience in corporate and commercial law and advises on corporate and finance transactions, collective investment schemes, trusts, funds structuring and administration, banking and regulatory issues.

He has over 20 years' experience in the global business sector and has previously served as an independent Director for a number of Indian funds. Before founding YKJ Legal, he was a partner of Bedell Cristin (Mauritius) Partnership from November 2010 to November 2016, and prior to that he had been a partner at Citilaw Chambers. He was previously an executive Director of a major licensed management company and a former partner of De Chazal du Mee.

He was a member of the steering committee set up by the Mauritian Government in 2004, to consider the opening of the legal profession to international law firms in Mauritius. He also served as the Secretary of the Association of Offshore Management Companies of Mauritius in 2003.

He holds an LLB from the University of London and was called to the bar at the Middle Temple in London and at the Supreme Court of Mauritius. He is also an Associate of the Institute of Chartered Secretaries and Administrators, a member of the Society of Trusts and Estate Practitioners and a member of INSOL International.

Derek Prout-Jones (56)

BCom, BAcc, CA(SA)

Appointed 1 June 2016

Independent non-executive Director

After completing his articles at Deloitte & Touche, Derek joined RMB in 1989 in the special projects division. During his 21-year career with RMB, he spent five years in corporate finance, specialising in business valuation methodologies, and then joined RMB Private Equity as one of the founding members.

He served as Chief Financial Officer ("CFO") of RMB from 1999 to 2003 and was appointed as Chief Investment Officer in 2003 to oversee the various principal investment activities of RMB. He held this position until 2009, when he moved back to RMB Private Equity to head the division, which included sitting on the Boards of Directors of Ethos and RMB Corvest Proprietary Limited.

During his tenure as CIO, he served on the RMB Divisional Board and chaired the RMB Proprietary Management Board, the RMB Investment Committee and the Boards of RMB Australia Holdings and RMB International Dublin Limited. He was also a member of various Group Governance Committees.

He left RMB at the end of 2010 and joined Michael Pfaff in a private company, 4 Decades Capital, pursuing long-term investment opportunities that typically fall outside the scope of traditional private equity.

He holds Bachelor of Commerce and Accounting degrees from the University of the Witwatersrand and is a member of the South African Institute of Chartered Accountants ("SAICA").

Kevin Allagapen (42)

BCom (SA), Executive MBA (UK)

Appointed 26 May 2016

Independent non-executive Director

Kevin started his career at Deloitte Mauritius in 2000 and has 19 years' experience in the financial services sector in Mauritius. He is the Managing Director at Ocorian (Mauritius) Limited and an executive director of Ocorian Corporate Services (Mauritius) Ltd (formerly known as "Abax Corporate Services (Mauritius) Limited"), both management companies regulated by the Mauritius Financial Services Commission.

His areas of expertise span corporate and fund structuring, formation, management and administration services, private wealth, tax planning and compliance, accounting, regulatory and compliance matters. He also serves as a Director on the Boards of numerous global business companies and funds operating in diverse economic sectors such as agriculture, manufacturing, mining, infrastructure, commerce, engineering, logistics, aviation, shipping and financial services and in that capacity is involved in investment and disinvestment decisions, strategy development, statutory compliance and day-to-day operations.

Kevin also acted as an independent non-executive director of Mauritius Housing Corporation, a public company whose principal activities are granting loans for the construction of houses and to engage in deposits taking and was the Chairman of the Audit Committee in 2014.

He holds a Bachelor of Commerce from the University of KwaZulu-Natal, Pietermaritzburg, South Africa, and an Executive MBA from the University of Birmingham, UK.

Michael Pfaff (58)

BCom, MBA

Appointed 1 June 2016

Independent non-executive Director

Michael began his career in corporate finance at Deloitte & Touche and Standard Merchant Bank after which he spent four years in the United States with NationsBanc Capital Markets (now Bank of America), as a Director of structured capital markets.

In 1997, he joined RMB to help build its Private Equity division. He was instrumental in growing the bank's Private Equity division and led the bank's initiative to spin out Ethos (where he sat as a Director for a number of years). He was a Director of the bank's private equity business, RMB Ventures, responsible for initiating and leading various on-balance-sheet investments. He also sat on the bank's Investment Committee responsible for all private equity and principle investing decisions.

In 2000, he was appointed CEO at RMB and during his tenure (2000 to 2008) pre-tax profits grew eightfold. Throughout this period he continued to be involved in large private equity decisions and served as Chairperson of RMB Corvest Proprietary Limited.

Post-RMB, he has been involved in building a brand business, including a health and beauty business called CaviBrands Proprietary Limited, and turning around a fashion business called New House of Busby. Furthermore, he and Derek Prout-Jones invest through a private company, 4 Decades Capital, into long-term investment opportunities that typically fall outside the scope of traditional private equity.

He remained on the RMB and FNB divisional boards until 2017.

He holds a Bachelor of Commerce from the University of Cape Town and an MBA from Duke University (Duke Fuqua Scholar) and was a member of SAICA.

Report

A report by the Board has been provided on page 67 of the Annual Financial Statements.

Board committees

As provided for in the Constitution, the Board is supported and assisted by four committees with clear mandates and oversight responsibility for various aspects of the business. The responsibilities delegated to each committee are formally documented in the terms of reference for that committee, and have been approved by the Board and are reviewed annually. The current composition and responsibilities of each of the four committees are set out on pages 54 to 56 of this Corporate Governance Report.

Audit and Risk Committee

Responsibilities

The Committee has an independent role with accountability to the Board and shareholders for:

- the safeguarding of assets; financial and internal controls, compliance and reporting;
- financial and other risk management;
- the external audit and assurance and the integrity of the Annual Financial Statements; and
- corporate governance.

Its key responsibilities are noted below.

External audit

Responsible for recommending the appointment of the external auditors and overseeing the external audit process, including:

- evaluating the performance and effectiveness of the external auditors and process, the independence of the external auditors, and considering and pre-approving any material non-audit services;
- considering and making recommendations to the Board and shareholders on the appointment and retention of the external auditors, and ensuring their appointment complies with the Mauritius Companies Act and the Listings Requirements;
- approving the terms of engagement and remuneration for the external audit engagement; and
- discussing, reviewing, considering and agreeing the external audit plan and reports.

Financial reporting

Responsible for examining and reviewing any financial reports, updates or announcements prior to the submission and approval by the Board for publication, focusing on:

- balanced and fair presentation;
- consistency of applicable accounting policies and standards;
- judgemental areas, significant adjustments and going concern; and
- risks relating to financial reporting, fraud risks and information technology ("IT") risks.

Risk management

Responsible for ensuring that Ethos Capital has implemented an effective policy and plan for risk management, to provide assurance and enhance Ethos

Capital's ability to achieve its strategic and business objectives. To achieve that, the committee should:

- oversee the development and annually review a policy and plan for risk management; and
- monitor and oversee the implementation of the policy and plan to ensure they are integrated with the day-to-day activities of Ethos Capital and the activities in terms of the investment services agreement.

Internal audit

Responsible from time to time to consider the need for an internal audit function, or for similar assurance services on an as-needed basis.

Members

The Audit and Risk Committee is chaired by Kevin Allagapen and its other members are Yuvraj Juwaheer and Derek Prout-Jones. All members are independent non-executive Directors of Ethos Capital.

Report

A report by the Audit and Risk Committee has been provided on pages 65 and 66 of the Annual Financial Statements.

During the year, the Audit and Risk Committee considered the effectiveness and appropriateness of the CFO and the finance function and believes that they are suitably qualified and experienced. The Committee also considered the Group's financial reporting systems and procedures and deems them to be effective as a basis for the preparation of reliable financial statements.

Furthermore, the Committee requested and received all relevant information, as required by the Listings Requirements, from the auditor to assess the suitability of the reappointment of Deloitte and the designated individual partner, Dinesh Munu.

Remuneration Committee

Responsibilities

The Committee is responsible for fair and responsible remuneration of the non-executive Directors as well as the disclosure and reporting of relevant remuneration matters in the Integrated Annual Report. Its duties include:

- recommending the remuneration policy of the Company;
- proposing the non-executive Directors' remuneration annually to the Board;
- reviewing the terms of consultancy agreements entered into with the non-executive Directors;
- ensuring relevant, complete and transparent disclosure and reporting on remuneration matters; and
- ensuring annually that the remuneration policy and remuneration implementation report are put to a non-binding advisory vote at the AGM.

Members

The Remuneration Committee is chaired by Yuvraj Juwaheer and its other members are Kevin Allagapen and Michael Pfaff. All members are independent non-executive Directors of Ethos Capital.

Remuneration

The remuneration of the Directors is set out on page 97 of the Annual Financial Statements.

Policy and report

The remuneration policy and implementation report by the Remuneration Committee has been provided on page 59 of this Corporate Governance Report.

Investment Committee

Responsibilities

The Committee is responsible for the investment guidelines and strategy, evaluating and making decisions about investment opportunities on behalf of the Company and monitoring the performance of the investment portfolio. Its duties include:

- considering and proposing any changes to the Investment Guidelines and Strategy;
- overseeing the implementation and adherence to the investment guidelines and strategy;
- analysing and evaluating proposed investments, including Primary Investments, Secondary, Investments, Direct Investments and Temporary Investments;
- interacting regularly with the Senior Advisors regarding the investment portfolio, investment pipeline and Ethos Capital's liquidity profile;
- participating and being a member of the advisory boards of the Ethos Funds in which Ethos Capital is invested in; and
- monitoring, reviewing and advising on the performance of the investment portfolio.

The Committee has no capacity to conclude or bind the Company to any investments but can only recommend proposed investments to the Board for approval.

Members

The Investment Committee is chaired by Derek Prout-Jones and the other member is Michael Pfaff. Both members are independent non-executive Directors of Ethos Capital.

While King IV recommends for each Committee of the Board to have three members, the Board is satisfied that, given the specific levels of private equity experience required and the specialised nature of the Investment Committee's roles and responsibilities, having only two highly experienced, skilled and knowledgeable members of the Investment Committee is for now appropriate for the Investment Committee to execute its duties effectively.

Social and Ethics Committee

Responsibilities

The Committee is responsible for the social and ethical conscience of the Company, sustainability and stakeholder relationships, and to ensure the Company behaves like a responsible corporate citizen. Its duties include:

- reviewing and approving the policies, frameworks and procedures to manage ethics and the avoidance of corruption within the Company;
- reviewing and monitoring progress towards B-BBEE and transformation;
- reviewing and monitoring the policies and procedures to assess compliance with health, safety and environmental laws and regulatory requirements and their impact on investments and stakeholder relations;
- reviewing and monitoring the quality and appropriateness of stakeholder relations; and
- monitoring and assessing the appropriateness of the Company and Ethos' corporate social investment activities.

Members

The Social and Ethics Committee is chaired by Yuvraj Juwaheer and its other members are Yvonne Stillhart and Derek Prout-Jones. All members are independent non-executive Directors of Ethos Capital.

Other committees

The Board has given consideration to the need for the Company to have a nomination committee, which was not deemed necessary at this stage. This will be considered on an annual basis. Board succession management and the appointment of Directors are considered to be matters for the Board as a whole. Appointments will be made via a formal and transparent procedure in terms of Ethos Capital's Constitution. Directors will be nominated based on their calibre, credibility, knowledge, experience, impact they are expected to have and the time, and attention they can devote to the role.

Gender and race diversity at Board level

As stated above, when new or replacement Directors are considered, the Board assesses the skills of the Board as a whole, to identify any areas that need strengthening.

Attendance at Board and Committee meetings

Attendance by the Directors at Board meetings and Board Committee meetings during the financial year is set out below

	Board	Audit and Risk Committee	Remuneration Committee	Social and Ethics Committee	Investment Committee
Number of meetings held	**2**	**3**	**1**	**1**	**2**
Directors' attendance					
Derek Prout-Jones	2	3	N/A	1	2
Kevin Allagapen	2	3	1	N/A	N/A
Michael Pfaff	2	N/A	1	N/A	2
Yuvraj Juwaheer	2	3	1	1	N/A
Yvonne Stillhart	2	N/A	N/A	1	N/A

The Board believes, as a whole, it currently represents an appropriate balance of skills, outlook, experience and knowledge to conduct its roles and responsibilities. The Board also believes that diversity of experience, culture and outlook, including gender and race diversity, amongst Board members is of great importance. It is the Board's policy to give careful consideration to issues of Board balance and diversity when making new appointments and to do so on merit. The Board currently does not have any gender or diversity targets, but the Board has to consist of at least two Directors who are resident in Mauritius.

There were no nominations or appointments of Directors during the year.

Senior Advisors

In order to facilitate Ethos' rendering of services in terms of the investment services agreement and to support the Board, Ethos has provided Senior Advisors to fulfil the roles of Ethos Capital's CEO and CFO.

The Senior Advisors support the Board in managing Ethos Capital's business, in particular the following aspects thereof:

- investment analysis and proposing investment decisions, including Primary Investments, Secondary Investments, Direct Investments and Temporary Investments, to the Investment Committee;
- active involvement in the Portfolio Companies of Direct Investments, including through representation on the Board of Directors of the Portfolio Companies;
- shareholder engagement, including investor roadshows; and
- reporting to shareholders, including quarterly NAV reporting and shareholder feedback.

The Senior Advisors that supported the Board during the financial year were Peter Hayward-Butt (CEO) and Jean-Pierre van Onselen (CFO).

Company Secretary

Ocorian (Mauritius) Limited ("Ocorian") was appointed as Company Secretary on 26 May 2016. Ocorian is a management company and has suitably qualified, competent and experienced staff to discharge its role as Company Secretary and is appropriately empowered to fulfil duties with regard to assistance to the board, in particular, in relation to applicable Mauritian law and regulation.

The Board has considered the individuals at Ocorian who perform the company secretarial functions, as well as the Directors and shareholders of Ocorian, and is satisfied that there is an arm's length relationship between the Company Secretary and the Board, who can remove the Company Secretary from office. The Board considers Ocorian to be independent of the Board and the Company. Ocorian is licensed by the Financial Services Commission of Mauritius to provide a comprehensive range of financial services to international businesses.

For the year under review, the Board assessed Ocorian's competence, qualifications, experience, independence, suitability and performance and found Ocorian to be competent and suitably qualified to act as Company Secretary for the current and next financial year.

The Company Secretary of Ethos Capital is required to provide the Directors, collectively and individually, with guidance as to their duties, responsibilities and powers. The Company Secretary is also required to ensure the Directors are aware of all laws and regulations relevant to or affecting Ethos Capital and to report to any meetings of the shareholders of Ethos Capital or the Directors, any failure on the part of Ethos Capital or a Director to comply with the Constitution or rules of Ethos Capital or the Mauritius Companies Act 2001.

The Company Secretary acts as an advisor to the Board and plays a pivotal role in ensuring compliance with statutory regulations and King IV. The Company Secretary is also responsible for the induction of new Directors, the tabling of information on relevant regulatory and legislative changes, and support to the Directors regarding their duties and responsibilities. The Directors have unlimited access to the advice and services of the Company Secretary.

The Company Secretary provides guidance to the Board regarding Directors' duties and good governance, and ensures that Board and Board Committee charters are kept up to date. The Company Secretary prepares and circulates Board papers and assists with response handling, input and feedback for Board and Board committee meetings. Assistance is also provided with the preparation and finalisation of Board and Board committee agendas based on annual workplan requirements. The Company Secretary assists with the annual review of the performance of the Board, Board committees and individual Directors.

Directors' emoluments

The emoluments paid to the Directors during the year are disclosed in note 19 of the Notes to the Annual Financial Statements.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible and accountable for the implementation of an effective policy and framework for the identification, recognition and management of risk. In addition, it is responsible for the monitoring and oversight of the appropriateness of financial and business processes, systems and controls. The Board is supported by the Audit and Risk Committee in the fulfilment of these responsibilities.

A detailed risk framework and register has been developed and implemented to identify, assess, monitor and manage Ethos Capital's risk. The Board and the Audit and Risk Committee regularly review the above and are of the opinion that the internal controls and risk policies in place during the year were sufficiently effective to manage the risks of the Company.

As an investment holding company, Ethos Capital has no employees and relies upon certain services provided by the Investment Advisor. The Company is therefore largely dependent upon the risk management structures and practices, and the internal control systems of the Investment Advisor. The security of the Company's assets and integrity of its accounting records as well as its compliance with regulatory and legal requirements depend on the effective operation of these systems. The Audit and Risk Committee monitors and discusses the effectiveness of these processes with representatives of the Investment Advisor and has access to internal control reports.

Likewise, the effective management of the Company's investment risk is largely dependent on the Investment Advisor's related structures, practices and systems.

In addition, the governance of IT is largely dependent on the IT-related controls of the Investment Advisor. These controls are reviewed and discussed with the appropriate management levels, largely focusing on business continuity, and the Board is satisfied that the Company's controls and monitoring of IT governance are appropriate.

The Board and the Audit and Risk Committee are satisfied that, given the nature and size of the Company's operations and the extent of and reliance placed on the service providers, the Company does not currently need an internal audit function. This decision will be reviewed on an annual basis.

The Board and the Audit and Risk Committee are satisfied that they have fulfilled their responsibilities in respect of risk management and internal controls during the year.

The key risks facing the Company are set out below.

Financial risks

The main financial risks that Ethos Capital is exposed to and that could result in changes to the NAV or its performance are: capital risk; valuation risk; market risk (comprising currency risk, interest rate risk and price risk); credit risk; and liquidity risk. These risks are fully detailed in note 26 of the Notes to the Annual Financial Statements.

Macroeconomic risks

The Company's investments, which ultimately consist of underlying Portfolio Companies operating in different industries, jurisdictions and sectors, are directly exposed to the macroeconomic risks that can adversely impact the South African and world economies. The current risks associated with the political turmoil and economic uncertainty that adversely impact consumer sentiment and the key drivers of the South African economy, could have a significant impact on the ultimate growth in the NAV of the Company. Whilst the Funds that the Company invests in have a mandate to invest up to 25% outside South Africa into the rest of SSA, which could mitigate some of the above, the Company currently has limited exposure outside South Africa.

Regulatory and reporting risks

Compliance with legislation of the jurisdictions where the Company operates, adherence to financial reporting and the Listings Requirements, and the exercise of good governance are all factors critical to the sustainability of the Company.

Investment risks

Some of the key investment risks the Company faces are: non-compliance with the Company's Investment Guidelines and Strategy; lack of diligence and process in investment decision making by the Board and Investment Committee; lack of investment opportunities and activity; concentration risk; reduced Fund sizes due to challenging fund raising markets and a lack of interest by foreign investors; and conflicts of interest.

Operational and IT risks

The Company has no employees and therefore largely relies on the services provided by the Investment Advisor, under the terms of the investment services agreement, and other service providers and advisors. The lack of business continuity of the above entities/individuals, failure of IT systems and non-performance are key risks created by these external relationships and dependency.

REMUNERATION REPORT

Background

The Board is ultimately responsible for fair and responsible remuneration of the non-executive Directors and ensuring adequate disclosure and reporting of remuneration matters. The Board is supported by the Remuneration Committee in the fulfilment of these responsibilities.

As an investment holding company, Ethos Capital has no employees and has no executive management remuneration, as the Senior Advisors are contracted and paid by the Investment Manager. In accordance with the Listings Requirements, the remuneration policy and implementation report will be submitted to shareholders at the AGM for a non-binding advisory vote.

The Board and the Remuneration Committee are satisfied that they have fulfilled their responsibilities in respect of remuneration during the year.

Remuneration Policy

Responsibility

The Remuneration Committee is responsible for the Remuneration Policy.

The Company's Constitution provides that, notwithstanding anything to the contrary contained in the Constitution or any agreement, understanding or arrangement with a Director, the Company shall not be obliged, entitled or required to pay any remuneration to a Director for their services as Directors (which shall exclude salaries of executive Directors) except such remuneration as has been approved by and in terms of an ordinary resolution.

The Remuneration Committee is responsible for proposing the non-executive Directors' remuneration annually to the Board of Directors for subsequent shareholder approval at the AGM.

General principles

Remuneration is only applicable to the Directors, as the Company has no employees.

The Directors are all independent of the Company and act in the capacity as non-executive Directors.

The aim of the remuneration policy is to support the Company and Board to attract, recruit and retain high-performing and best-in-class Directors with a long and proven track record within the private equity industry; and offer diverse levels of skill, background and outlook to strengthen the Board.

The terms of a Director's appointment are detailed and recorded in standard contracts of employment.

The policy is aligned with Ethos Capital's business objectives and strategy, as well as its Code of Ethics and Conduct Policy.

Directors' remuneration should be reflective of their individual responsibilities and time commitment required.

The remuneration should be fair and responsible in the context of the industry, jurisdiction and market that the Company operates in, and should at all times adhere to any legal or regulatory requirements.

Remuneration mix

Ethos Capital has only one component of remuneration, namely fixed remuneration.

The Directors are paid a fixed annual fee, effective from 1 July of any year until 30 June of the following year, payable quarterly.

Per the Mauritius legislation, a 15% withholding tax is levied on gross fees payable, resulting in a net payment made to the individual Directors.

Any annual increased fees approved will be backdated to 1 July and any shortfall on the amounts paid to that date will be paid to the Directors.

Up to the end of the current 2019 financial year, fees are paid in South African Rand, the Company's functional and reporting currency. From the 2020 financial year and onwards, fees are paid in the currency denominations of the jurisdictions where the Directors reside in recognition of the volatility of the South African Rand to other relevant currency denominations.

The Company does not pay short-term incentives, in line with its long-term business strategy.

No Director is entitled to any pension scheme or other similar benefits that would typically be associated with permanent employment.

Directors are entitled to be reimbursed for expenses reasonably incurred in connection with the performance of their duties and attending Board, general and other related meetings of the Company.

Fixed remuneration review

The fixed fees are reviewed annually by the Remuneration Committee.

The Remuneration Committee appointed the CFO of the Investment Advisor to act as Independent Advisor to the Remuneration Committee.

On an annual basis, the Independent Advisor is responsible for sourcing independent and relevant benchmark information on non-executive Directors' remuneration of other companies that are relevant in respect of:

- the nature and size of the Company's operations;
- the Company's activities and the jurisdictions that it operates in;
- the investment mandate of the Company;
- number of and type of Committees; and
- number of Board and Committee meetings.

In addition and as a secondary benchmark, fees and relevant information will be sourced from the Company's peer group, if available and relevant.

Each individual Director's involvement, roles and responsibilities, and/or change in responsibilities and time commitments, will be considered to make individual assessments of the comparable levels of the benchmark information most relevant to each.

Where limited data is available, or information is not directly comparable, reasonable and fair assumptions will be made in respect of the time and commitment required in fulfilling specific or standalone roles, the level of skills required and where specific private equity skills are required.

An additional premium/fee is also allocated to Chairpersons of the Committees, in recognition of the added responsibility.

The Independent Advisor will consider all factors and information available including fluctuations in the South African Rand compared to other currency denominations that are relevant to where the Directors render their services and where they reside, to determine a recommended fee per Director. He will submit his recommendations to the Committee, and typically would be invited to present his findings and outcomes at a meeting of the Committee.

Approval

The Committee recommends the proposed annual fee per Director to the Board of Directors.

The proposed fees will be reviewed by the Board of Directors and, if in agreement, the fees are submitted for shareholder approval at the Company's AGM.

This remuneration policy and an implementation report are to be tabled annually at the AGM for separate non-binding advisory votes by the shareholders.

In the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised, the Remuneration Committee will engage with the dissenting shareholders to address their respective objections, by:

- issuing invitations to dissenting shareholders to submit written submissions of their objections to the policy and/or the report;
- considering and addressing any objections; and
- reporting back to dissenting shareholders.

The Remuneration Committee may also arrange meetings with dissenting shareholders to discuss and clarify their objections.

Implementation report

The annual remuneration paid to the non-executive Directors, representing the fees paid in respect of the fulfilment of their roles as non-executive directors, for the financial years ended 30 June 2019 and 2018 respectively, is noted below:

	30 June 2019 R'000	30 June 2018 R'000
Fees for services:		
Derek Prout-Jones	1,575	1,500
Kevin Allagapen	336	320
Michael Pfaff	1,240	1,180
Yuvraj Juwaheer	336	320
Yvonne Stillhart	630	600
	4,117	**3,920**

The 2019 fees were approved by the shareholders at the Company's AGM held in November 2018, with the total remuneration representing an increase of 5.0% over the 2018 remuneration.

SUSTAINABILITY AND SOCIAL AND ETHICS REPORT

The Company is an investment holding company governed and directed by a non-executive Board, and has an investment services agreement with the Investment Advisor that sets out the day-to-day responsibilities of the latter, supporting the Board. The Investment Advisor has seconded certain advisors to fulfil the roles of CEO and CFO. The Company has no employees and has a limited direct impact on the environment.

The Company can drive sustainability and its social and ethical footprint indirectly through the activities of its Investment Advisor and the investment into Portfolio Companies. The selection of an Investment Advisor able to demonstrate adherence to sound ethical principles and culture, internally and through its Portfolio Companies, as well as adherence to responsible investing and sustainability, is a critical decision of the Board. The Board has endorsed Ethos' policy of sustainability and responsible investing and monitors its investment activity and management of the Portfolio Companies to ensure they are compatible with these policies to benefit the Company's shareholders and the society at large.

Ethos' sustainability report and ESG philosophy

For the past three years, Ethos has produced a sustainability report documenting the findings of an annual ESG review. The report is compiled in consultation with Portfolio Companies with whom Ethos shares its findings to co-create, implement and adapt sustainability planning and inform ESG-related decision making.

While Ethos' primary objective is to maximise stakeholder value by generating superior returns, Ethos unequivocally recognises its role in the broader South African and SSA community. Moreover, Ethos holds the view that it has a responsibility to address societal and environmental issues – beyond legal requirements – through its activities. As custodians of policyholder, pensioner and shareholder capital, Ethos strives to positively influence and effect change and recognises that its actions today enable the reality of tomorrow.

As forerunners in the private equity field, Ethos has set an example of responsible investment best practice and upholds the principles of ethical leadership. Therefore, from pre-acquisition due diligence through to Portfolio Company exit, ESG parameters are assessed throughout Ethos' investment process.

ESG perspectives present some of the most material risks and opportunities for Portfolio Companies. In acknowledgement of this, Ethos has a dedicated ESG team, supported by investment and Value Add teams, ESG champions, external specialists (when required) and Portfolio Company executives. Together, they ensure ESG issues are effectively managed by deploying Ethos' Social and Environment Management System.

In line with its long-term mission and typical 10-year Fund horizon, Ethos seeks to ensure that Portfolio Companies respond strategically to ESG issues with an enduring value creation lens and avoid short-term fixes that may ultimately destroy long-term value.

Further information is provided in the Review of the Investment Advisor section of this Integrated Annual Report.

The Company has made a commitment to EMMF I, a black-managed, mid-market focused fund in South Africa. Ethos believes the combination of significant empowerment credentials and strong execution capabilities will give this Fund a distinct competitive advantage.

EMMF I heralds a new generation in South African private equity investing, representing a unique combination of proven institutional investing and value-adding insights, coupled with sustainable BEE solutions and transformational impact.

The Investment Advisor issues an annual report on sustainability which is read and considered by the Social and Ethics Committee. Further information on its ESG philosophy, the management thereof and transformation programmes can be found at: http://www.ethos.co.za/our-ethos/

ANNUAL FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY AND APPROVAL

The Directors are responsible for the maintenance of adequate accounting records and for the preparation, integrity and objectivity of the Group's Annual Financial Statements and the other information contained in this Integrated Annual Report.

The Directors are also responsible for the Company's systems of internal financial controls and accounting and information systems to provide reasonable, but not absolute, assurance regarding the safeguarding of assets and to reduce the risk of error, fraud or loss.

The Audit and Risk Committee meets with the external auditor to consider internal controls, the audit process and financial reporting. The external auditor has unrestricted access to all records, related information, Senior Advisors and the Audit and Risk Committee.

The Annual Financial Statements have been prepared in accordance with: International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board; the South African Institute of Chartered Accountants ("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, insofar as they are applicable to Category 1 Global Business Licensed companies.

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

These Annual Financial Statements were compiled under the supervision of the Chief Financial Officer ("CFO"), Jean-Pierre van Onselen, CA(SA). The Directors are satisfied that the information included in the Annual Financial Statements fairly presents the Group and Company's results and financial position at the year-end.

The Annual Financial Statements were audited by the independent auditor, Deloitte. The independent auditor's unmodified report is presented on page 70.

Approval of the Annual Financial Statements

The Directors' report on pages 67 to 69 and the Annual Financial Statements set out on pages 74 to 114, were approved by the Board and are signed on its behalf by:

Yvonne Stillhart
Chairperson of the Board

25 September 2019

Kevin Allagapen
Independent non-executive Director

REPORT FROM THE COMPANY SECRETARY

In accordance with section 166(d) of the Mauritius Companies Act 2001, the Company Secretary certifies, to the best of its knowledge and belief, that the Company has lodged with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act 2001 for the year ended 30 June 2019.

For Ocorian (Mauritius) Limited
Company Secretary

25 September 2019

REPORT OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ("ARC") submits below its report for the financial year ended 30 June 2019.

Responsibilities of the ARC

The responsibilities of the ARC are detailed on page 54 of the Corporate Governance report. In discharging its responsibilities, the ARC, amongst other functions:

- examined and reviewed the Annual Financial Statements and other financial announcements to ensure balanced and fair presentation consistent with the application of appropriate accounting policies and standards;
- reviewed and considered the appropriateness of the going concern basis in preparing the Annual Financial Statements; and
- considered material risks and internal controls to the financial reporting and fraud.

Internal control and accounting systems

The ARC is responsible for assessing the systems of internal controls relating to financial and business processes and accounting systems of the Company. The Investment Advisor provides certain administrative and back-office services to Ethos Capital; hence the Company is largely reliant on its systems and controls. The ARC had discussions with representatives of the Investment Advisor, reviewed their internal control processes and procedures and held discussions with the external auditor on the results of their audit of the Group. The ARC is of the opinion that the systems of internal financial and business controls are effective and form a basis for the preparation of reliable financial statements.

Risk management

The ARC assists the Board to ensure a coordinated approach is applied to provide assurance on the recognition and management of significant risks facing the Company. The ARC is responsible for the development and periodic review and updating of a policy and framework for risk management and integration of the framework into the day-to-day activities of the Company and the activities provided by the Investment Advisor. The ARC believes the Company's systems and risk management processes are sufficiently effective to manage the risks of the Company. The Committee considered the key audit matters that are noted in the report of the external auditor on pages 70 to 73 of the Annual Financial Statements.

Internal audit

The ARC considered the need for an internal audit function and concluded that, given the nature of the Company's business and operations and the services provided by the Investment Advisor, an internal audit function is currently not required. This will be considered again in the next financial year.

Membership and meetings

The members of the ARC who served during the year are all independent non-executive Directors and are noted on page 55 of the Corporate Governance report. The ARC met three times during the year. The CEO, CFO and representatives of the external auditors attended ARC meetings by invitation.

Expertise and experience of the CFO

The ARC has considered and satisfied itself of the appropriateness of the expertise and experience of the CFO, Mr Jean-Pierre van Onselen CA(SA), as well as the adequacy of the resources of Ethos that are involved with the finance function to the extent that it relates to Ethos Capital.

External auditor and its report

The ARC considered and approved the audit fees and engagement of the external auditor, reviewed the external audit plan and subsequent report on the Annual Financial Statements, and considered for approval any non-audit services. There were no non-audit services during the financial year. The ARC received all relevant information, as required by the Listings Requirements, from the auditor to assess the suitability of the reappointment of Deloitte and the designated individual partner, Dinesh Munu. In addition, the ARC discussed the matter of their independence with the external auditors and satisfied itself regarding the independence of Deloitte South Africa and Deloitte Mauritius, respectively.

Deloitte has served as the external auditor of the Company for the past three years. IRBA issued a rule prescribing that auditors of public interest entities in South Africa must comply with mandatory audit firm rotation every 10 years, with effect from 1 April 2023. The ARC has reviewed the tenure of Deloitte and was satisfied that given this is the fourth financial year that Deloitte has been the auditors of the Company, this new rule would not impact the Company for another six years.

Recommendation to the Board

The ARC has reviewed and considered the Integrated Annual Report and the Annual Financial Statements and has recommended it for approval by the Board.

The ARC and the Board are satisfied that they have fulfilled their responsibilities as outlined in the Committee charter, during the year.

Kevin Allagapen
Chairman of the Audit and Risk Committee

25 September 2019

DIRECTORS' REPORT

The Board has pleasure in presenting its report to shareholders, together with the audited Annual Financial Statements for the year ended 30 June 2019.

Nature of business

EPE Capital Partners Ltd ("Ethos Capital" or "the Company") is registered and incorporated in Mauritius as a public company under the Mauritius Companies Act 2001. As an investment holding company, it offers shareholders long-term capital appreciation by indirectly investing in a diversified portfolio of unlisted private equity-type investments managed by Ethos Private Equity (Pty) Limited ("Ethos").

Financial overview

A review of the operational and financial results of Ethos Capital is included in the Chairperson's Report and CEO's Review on pages 7 to 14 of the Integrated Annual Report.

The Group, representing the Company and Black Hawk Private Equity (Proprietary) Limited ("Black Hawk"), which is deemed to be under the control of the Company, had a net asset value ("NAV") of R1.786 billion at 30 June 2019 (2018: R1.773 billion), representing a NAV per share ("NAVPS") of R11.34 (2018: R11.00). Total assets of the Group amounted to R1.929 billion at 30 June 2019 (2018: R1.915 billion).

The auditors assessed that Black Hawk is, in accordance with IFRS 10, under the control of the Company and that it should be treated as a controlled entity of the Company and thereby Group (consolidated) Annual Financial Statements were prepared. The Board, and the Directors of Black Hawk, considered the commercial and legal arrangements and came to a different conclusion that the Company has no power, control or influence on the decisions of Black Hawk.

The Company ended its third operating financial year with a NAV of R1.921 billion (2018: R1.908 billion), which equates to a NAVPS of R11.23 (2018: R10.93). The Group and Company both achieved comprehensive profit over the financial year of R40.9 million (2018: R86.7 million).

Trading statements

Due to the nature of the business conducted by the Company, the Board has decided to adopt the NAVPS as the relevant measure for trading statement and short-form announcement purposes.

The sustainability of the NAVPS and growth thereon over a longer period of time is considered a more appropriate measurement of financial performance, in comparison to headline earnings per share and earnings per share. This approach has been approved by the JSE.

Dividends

No dividend has been declared for the financial year ended 30 June 2019 (2018: Rnil).

Share capital

The Company restructured its share capital on 5 August 2016, and listed its A Ordinary Shares on the JSE. The issued share capital of the Company as at 30 June 2019 is set out in note 28 of the Notes to the Annual Financial Statements.

As at 30 June 2019, the Company had 171,000,000 attributable A Ordinary Shares in issue (net of 9,000,000 treasury shares and 7,500,000 encumbered shares) and 10,000 B Ordinary Shares in issue. On a consolidated basis, the Group had 157,500,000 attributable A Ordinary Shares in issue, net of 22,500,000 treasury shares (including 13,500,000 Black Hawk shares) and 7,500,000 encumbered shares.

Share price and discount to NAV

Ethos Capital's shares trade on the JSE at prices that are independent of the Company's NAV; hence, the share price will not necessarily track the NAV performance. In theory, the share price reflects the market and shareholders' sentiment towards the NAV and future changes in it. During the year, the Company's shares traded at a discount to NAV. The closing share price at 30 June 2019 was R7.80 (30 June 2018: R7.90).

The Board is committed to a policy of enhancing long-term shareholder value and will continue to monitor the Company's share price performance and the discount to NAV and consider further share repurchases. The intention is for any shares acquired by the Company to be held in treasury to enable the Company to reissue these shares should the Board elect to do so. A resolution to that effect will be put to the shareholders for approval at the Annual General Meeting ("AGM").

Repurchase of shares and authority

During the year, Ethos Capital repurchased a further 3,600,000 of its A Ordinary Shares for R28.1 million, bringing the cumulative total of shares held in treasury at 30 June 2019 to 9,000,000, representing 4.8% of the issued A Ordinary Shares of the Company.

The Company has a general authority to repurchase up to 5% of its A Ordinary Shares, in compliance with the applicable provisions of the JSE Listings Requirements and the Mauritius Companies Act 2001. This authority will expire at the AGM on 19 November 2019. At this AGM, shareholders will be requested to approve a new general authority to repurchase up to a further 8,925,000 A Ordinary Shares, until the conclusion of the next AGM. This represents 5% of the A Ordinary Shares in issue, net of treasury shares, at the beginning of the financial year ending 30 June 2020, which would increase the cumulative treasury shares to 10% of the issued A Ordinary Shares of the Company.

A resolution will also be presented for the approval of the authority for the Company to issue the current treasury shares to the market, representing 9,000,000 A Ordinary Shares (5% of the Company's A Ordinary Shares in issue, net of treasury shares, at the date of the notice of the AGM).

Corporate governance

Details regarding the Company's compliance and commitment to corporate governance practices are provided in the Governance report on page 51 and a specific register on the application of King IV is available at https://ethoscapital.mu/investors/governance/.

Risk management and internal controls

The Board believes the Company's systems and risk management processes are sufficiently effective to manage Ethos Capital's risks and the systems of internal financial and business controls are effective and form a basis for the preparation of reliable financial statements. Further information is provided on page 7 of the Integrated Annual Report.

Board of Directors

The Board of Directors consists of five members who are all independent non-executive Directors. There were no changes to the Directors during the year. Further details are provided on pages 51 to 54 of the Corporate Governance report section in the Integrated Annual Report.

Directors' emoluments

The Remuneration Committee is responsible for the emoluments of the non-executive Directors. Details of the emoluments are provided in note 19 of the Notes to the Annual Financial Statements and the Remuneration Report is presented on pages 59 and 60 of the Corporate Governance Report in the Integrated Annual Report.

Subsequent events

There have been no material events after the reporting date that would require disclosure or adjustment to the Annual Financial Statements for the year ended 30 June 2019.

Board evaluation

The Board reviewed the performance of the Directors during the reporting year, the Board as a whole and the Board Committees deemed the individual and collective performances satisfactory and is satisfied that the Board and its Committees have fulfilled their responsibilities in accordance with the respective charters.

Company Secretary

The Company Secretary is Ocorian (Mauritius) Limited ("Ocorian").

The Board assessed Ocorian's competence, qualifications, experience, independence, suitability and performance and found Ocorian to be competent and suitably qualified to act as Company Secretary.

Auditor

The Directors recommend the auditor, Deloitte, and Mr Dinesh Munu, as the designated audit partner, who have expressed their willingness to continue in office, be reappointed at the forthcoming AGM.

Going concern statement

The Board of Directors has a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future and be able to meet its outstanding commitments. Accordingly, the Board adopted the going concern basis in preparing the Annual Financial Statements.

Directors' interests in the Company

The Directors' interests in the share capital of the Company at 30 June 2019 are disclosed in note 28 of the Notes to the Annual Financial Statements.

Spread of shareholders

The shareholder spread and analysis of public and non-public shareholdings in the Company at 30 June 2019 are detailed in note 29 of the Notes to the Annual Financial Statements:

Signed on behalf of the Board of Directors:

Yvonne Stillhart
Chairperson of the Board

25 September 2019

Kevin Allagapen
Independent non-executive Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of EPE Capital Partners Ltd

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of EPE Capital Partners Ltd (the Group and company) set out on pages 74 to 77, which comprise the consolidated and separate statements of financial position as at 30 June 2019, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of EPE Capital Partners Ltd as at 30 June 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and company in accordance with sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018),* parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Valuation of unlisted investments (Consolidated financial statements)	
The Group has indirect interests in a diversified pool of unlisted investments ("Portfolio Companies") by investing into Fund Limited Partnerships ("Funds") managed by Ethos Private Equity (Pty) Limited ("Ethos"). The Group also has co-investments in certain of the Portfolio Companies alongside the Funds. The fair value of these investments are determined using IFRS 13 – *Fair Value Measurement* and International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. These investments are disclosed in note 5 "Unlisted Investments at Fair Value" of the Notes to the consolidated and separate financial statements with a total value of R1,427 million (2018: R712 million). The directors receive year-end Net Asset Value ("NAV") statements of the Funds from Ethos. The NAV amounts are primarily calculated based on the individual fair values of each Fund's underlying Portfolio Companies, which are valued by Ethos. The "Earnings Multiple" methodology employed by Ethos, and described in note 3.9 "Critical Judgements and Accounting Estimates" of the notes to the consolidated and separate financial statements, to value the underlying Portfolio Companies is subject to various judgements. In determining a reasonable valuation multiple, Ethos develops a benchmark multiple with reference to the multiples of comparable companies. The benchmark multiple is adjusted for points of difference between the Portfolio Company and the comparable companies relating to risk profile (geographic, operational, financial and liquidity factors, and growth prospects). We have identified the significant judgements, namely the selection of comparable companies and adjustments made to the earnings multiple, to be a key audit matter due to the sensitivity of the adjustments and the degree of subjectivity involved.	We assessed the valuation methodologies to ensure that they are appropriately applied in terms of IFRS 13 – *Fair Value Measurement* and the IPEV Guidelines and challenged the assumptions used in the valuations as follows: • assessed the design and implementation of the relevant key controls within the Group and Ethos, with a specific focus on those controls mitigating risk of fair value inaccuracies; • assessed the appropriateness of the valuation method applied in determining fair value of the unlisted investments; • reviewed the appropriateness and consistency of the comparable companies used in determining the earnings multiples applied in determining the fair value of the unlisted investments; • critically assessed all discounts or premiums applied to the comparable companies' weighted average multiples to confirm these adjustments were fully supported, of sound business logic and fell within a range of acceptable industry norms; • selected data inputs used in the valuation model of the investments' valuation, including the market capital and elements of earnings to ensure the accuracy, reliability and completeness of these inputs; • independently recalculated the NAV for each Fund and compared this to the NAV recorded by the directors to ensure no material differences were identified; and • reviewed the disclosure of the unlisted investments in the consolidated and separate financial statements to ensure the requirements of IFRS were met. The completion of our audit procedures listed above led us to conclude that the valuation of the unlisted investments and the disclosure of these investments were appropriate.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Report of the Audit and Risk Committee, the Report from the Company Secretary and the Integrated Annual Report, which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or Company to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude

that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and risk committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and risk committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit and risk committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of EPE Capital Partners Ltd and the Group for four years.

Deloitte & Touche
Registered Auditor
Per: Dinesh Munu
Partner
26 September 2019

20 Woodlands Drive, Woodlands
Woodmead
Johannesburg
2128

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2019

	Notes	Group		Company	
		30 June 2019 R'000	30 June 2018 R'000	30 June 2019 R'000	30 June 2018 R'000
Assets					
Non-current assets					
Unlisted investments at fair value	5	1,427,261	711,925	1,427,261	711,925
Total non-current assets		1,427,261	711,925	1,427,261	711,925
Current assets					
Other assets and receivables	6	16,741	993	16,739	991
Money market investments at fair value	7	481,034	1,188,435	481,034	1,188,435
Cash and cash equivalents	8	3,576	13,414	3,097	12,943
Total current assets		501,351	1,202,842	500,870	1,202,369
Total assets		1,928,612	1,914,767	1,928,131	1,914,294
Equity and liabilities					
Capital and reserves					
Issued capital	9	1,555,945	1,584,031	1,690,945	1,719,031
Retained earnings	10	229,604	188,720	229,604	188,720
Total equity		1,785,549	1,772,751	1,920,549	1,907,751
Non-current liabilities					
Borrowings	11	133,093	122,881	–	–
Other financial liabilities	12	2,388	12,592	–	–
Total non-current liabilities		135,481	135,473	–	–
Current liabilities					
Other liabilities and payables	13	7,582	5,504	7,582	5,504
Current tax liabilities	14	–	1,039	–	1,039
Total current liabilities		7,582	6,543	7,582	6,543
Total equity and liabilities		1,928,612	1,914,767	1,928,131	1,914,294
Net asset value		1,785,549	1,772,751	1,920,549	1,907,751
Basic net asset value per share (Rand)	23.2	11.34	11.00	11.23	10.93
Attributable shares in issue at end of the year ('000)	23.2	157,500	161,100	171,000	174,600

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

		Group		Company	
	Notes	Year ended 30 June 2019 R'000	Restated Year ended 30 June 2018 R'000	Year ended 30 June 2019 R'000	Restated Year ended 30 June 2018 R'000
Revenue					
Changes in fair value of investments through profit or loss	15	5,035	5,858	5,035	5,858
Investment income	16	51,895	96,947	51,882	96,934
Net fair value losses	17	(26)	(229)	(26)	(229)
Total revenue		56,904	102,576	56,891	102,563
Expenses					
Management and administration fees	18.1	(1,993)	(3,299)	(1,993)	(3,299)
Legal and consultancy fees	18.2	(982)	(973)	(982)	(973)
Other operating expenses	18.3	(8,902)	(8,182)	(8,897)	(8,180)
Finance costs	18.4	(8)	(11)	–	–
Total expenses		(11,885)	(12,465)	(11,872)	(12,452)
Profit before tax		45,019	90,111	45,019	90,111
Income tax expense	20	(4,135)	(3,458)	(4,135)	(3,458)
Profit for the year		40,884	86,653	40,884	86,653
Other comprehensive income for the year		–	–	–	–
Total comprehensive income for the year		40,884	86,653	40,884	86,653
Earnings per share					
Basic and diluted earnings per share (Rand)	23.1	0.26	0.53	0.24	0.49

The above relates to continuing operations as no operations were acquired or discontinued during the year.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

Group	Notes	Year ended 30 June 2019		
		Share capital R'000	Retained earnings R'000	Total equity R'000
Balance at 1 July 2018		1,584,031	188,720	1,772,751
Buy-back of ordinary shares	9	(28,086)	–	(28,086)
Income for the year	10	–	40,884	40,884
Balance at 30 June 2019		1,555,945	229,604	1,785,549

	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
Buy-back of ordinary shares		(45,981)	–	(45,981)
Income for the year	10	–	86,653	86,653
Balance at 30 June 2018		1,584,031	188,720	1,772,751

Company	Notes	Year ended 30 June 2019		
		Share capital R'000	Retained earnings R'000	Total equity R'000
Balance at 1 July 2018		1,719,031	188,720	1,907,751
Buy-back of ordinary shares	9	(28,086)	–	(28,086)
Income for the year	10	–	40,884	40,884
Balance at 30 June 2019		1,690,945	229,604	1,920,549

	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
Buy-back of ordinary shares		(45,981)	–	(45,981)
Income for the year	10	–	86,653	86,653
Balance at 30 June 2018		1,719,031	188,720	1,907,751

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Group		Company	
		Year ended 30 June 2019 R'000	Restated Year ended 30 June 2018 R'000	Year ended 30 June 2019 R'000	Restated Year ended 30 June 2018 R'000
Cash flows from operating activities					
Cash used in operations	22	(25,188)	(11,035)	(25,183)	(11,033)
Interest income from cash and bank balances	16	440	879	427	866
Income tax paid		(5,533)	(5,587)	(5,533)	(5,587)
Net cash used in operating activities before investing activities		(30,281)	(15,743)	(30,289)	(15,754)
Cash flows from investing activities					
Net cash flow from non-current investments		(710,301)	(398,128)	(710,301)	(398,128)
Payments to acquire non-current investments		(716,928)	(411,571)	(716,928)	(411,571)
Proceeds on disposal of non-current investments		5,888	16,091	5,888	16,091
Interest received from non-current investments		5,060	15,984	5,060	15,984
Dividends received from non-current investments		19,083	78	19,083	78
Investment-related expenses		(23,404)	(18,710)	(23,404)	(18,710)
Net cash flow from current investments		758,808	462,719	758,808	462,719
Payments to acquire money market investments		(1,447,679)	(1,427,228)	(1,447,679)	(1,427,228)
Proceeds on maturities and disposals of money market investments		2,140,026	1,794,860	2,140,026	1,794,860
Interest received from money market investments		66,461	95,087	66,461	95,087
Net cash generated by investing activities		48,507	64,591	48,507	64,591
Cash generated by operating and investing activities		18,226	48,848	18,218	48,837
Cash flows from financing activities					
Payment for buy-back of ordinary shares		(28,086)	(45,981)	(28,086)	(45,981)
Net cash used in financing activities		(28,086)	(45,981)	(28,086)	(45,981)
Net (decrease)/increase in cash and cash equivalents		(9,860)	2,867	(9,868)	2,856
Cash and cash equivalents at the beginning of the year		13,414	10,504	12,943	10,044
Effects of exchange rate changes on the balance of cash held in foreign currencies		22	43	22	43
Total cash and cash equivalents at the end of the year	8	3,576	13,414	3,097	12,943

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1 General information

EPE Capital Partners Ltd ("Ethos Capital", "the Company" or "the Group") was registered and incorporated in Mauritius as a private company on 26 May 2016 under the Mauritian 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.

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 Annual Financial Statements (collectively referred to as "Annual Financial Statements"). Their adoption has not had any significant impact on the amounts reported in these Annual Financial Statements but may have affected the accounting and disclosure of transactions and arrangements, specifically IFRS 9, as noted below. 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
IFRS 15	*Revenue from Contracts with Customers*	1 January 2018
IFRS 9	*Financial Instruments*	1 January 2018
IAS 28	*Investments in Associates and Joint Ventures*	1 January 2018
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*	1 January 2018
IFRS 10	*Consolidated Financial Statements and IAS 28 (amendments)*	1 January 2018

Impact of initial application of IFRS 15 *Revenue from Contracts with Customers*

In the current year, the Group has applied IFRS 15 *Revenue from Contracts with Customers* (as revised in May 2014 and April 2016) that are effective for an annual years on or after 1 January 2018. IFRS 15 specifies how and when revenue is to be recognised and provides a single, principles based five-step model to be applied to contracts with customers. The adoption did not result in any change to the amounts recognised or any disclosures made in the Annual Financial Statements in the current or prior year.

Impact of initial application of IAS 28, IFRIC 22 and IFRS 10

The adoption of these standards had no impact on the amounts recognised or any disclosures made in the Annual Financial Statements in the current or prior year as these changes did not impact any of the Group's transactions or operations.

Impact of initial application of IFRS 9 *Financial Instruments*

In the current year, the Group has applied IFRS 9 *Financial Instruments* (as revised in July 2014) and the related consequential amendments to other IFRS that are effective for an annual years on or after 1 January 2018. In accordance with the transition provisions of IFRS 9, the Group has elected not to restate comparative figures. IFRS 9 introduced new requirements for the classification and measurement of financial assets and details of these new requirements are described below.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

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

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Group has assessed its existing financial assets in terms of the requirements of IFRS 9) is 1 July 2018. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 July 2018 and at this date there were no instruments that had been derecognised.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost; and
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss ("FVTPL").

The Directors of the Group reviewed and assessed the Group's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 had the following impact on the Group's financial assets regarding their classification and measurement:

- There is no change in the measurement of the Group's investments in Fund Limited Partnerships and equity instruments including equity loans (loans to underlying Portfolio Companies) that are held for trading and do not meet the contractual cash flows test. Those instruments were and continue to be measured at FVTPL. There are no adjustments to the carrying amount of investments at the date of transition.

However, there were some changes to the presentation of the financial assets in the Statements of Financial Position, Statements of Comprehensive Income and Notes to the Annual Financial Statements.

On the basis that financial instruments are measured subsequently at FVTPL, the disclosure in the Statements of Financial Position, Statements of Comprehensive Income and Notes to the Annual Financial Statements except as set out above, will not require any changes.

The standards issued but not yet effective for the financial year ended on 30 June 2019 that might be relevant to the Group and not implemented early, are as follows:

Standard	Subject	Effective date
New		
IFRS 16	*Leases*	1 January 2019
IFRIC 23	*Uncertainty over Income Tax Treatments*	1 January 2019
IFRS 17	*Insurance Contracts (not relevant to the Group)*	1 January 2021
Amendments/Improvements		
IFRS 9	*Prepayment Features with Negative Compensation*	1 January 2019
IAS 28	*Long-term Interests in Associates and Joint-venture*	1 January 2019
IAS 19	*Employee Benefits – Plan Amendment, Curtailment or Settlement*	1 January 2019
IFRS 3	*Definition of Business*	1 January 2020
IAS 1 and IAS 28	*Definition of Material* Amendments to references to the conceptual framework in IFRS	1 January 2020 1 January 2020
IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* Annual improvements to IFRS: 2015–2017 cycle	Postponed 1 January 2020

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

(a) Classification and measurement of financial assets (continued)

The Directors have assessed the potential impact post the adoption of these new standards and amendments on the Group's results and reasonably expect (based on the current assets, liabilities and operating business model) there to be no material impact on the measurement or disclosure in the Annual and Interim Financial Statements for the annual periods beginning on or after the respective dates as indicated above , based on the assessment below:

IFRS 16 *Leases*

The Group currently has no leases and it is not expected to have any in the foreseeable future.

IFRIC 23 *Uncertainty over Income Tax Treatments*

The current alignment of the accounting profits and the Mauritian tax legislation suggest that this will have no impact on the Group.

IFRS 9 *Prepayment Features*

The Group does not make prepayments on financial assets and other changes do not impact its current borrowings.

IAS 19 *Employee Benefits*

The Group does not currently have any employees.

IAS 1 and IAS 28, IFRS 3 and IFRS 10 and IAS 28

The Group has already applied the principle of materiality in the preparation and disclosure of financial information in these Annual Financial Statements and furthermore has no associates or joint ventures or other investments that will be impacted but the above amendments or annual improvements.

3 Significant accounting policies

3.1 Basis of preparation

These Annual Financial Statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial 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 One Global Business Licensed companies.

The accounting policies applied in the preparation of these 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, except for the adoption of the IFRS revisions as noted previously. These however have not resulted in material changes to the Group's results and/or disclosures, except for IFRS 9 as noted.

The 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 Annual Financial Statements have been prepared on the going concern basis

These Annual Financial Statements were compiled under the supervision of the Chief Financial Officer, Jean-Pierre van Onselen, CA(SA), and were approved by the Board on 25 September 2019.

3.2 Basis of consolidation

The Group (consolidated) Annual Financial Statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the entity;
- is exposed, or has rights, to variable returns from its involvement with the entity; and
- has the ability to use its power to affect its returns.

3 Significant accounting policies (continued)

3.2 Basis of consolidation (continued)

Controlled 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 controlled entities 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 controlled entity, it has power over the controlled entity when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the controlled entity unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in a controlled entity 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 controlled entities 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 Financial assets

Financial assets relevant to the Group are classified into the following specified categories: financial assets at FVTPL and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised in the Statements of Financial Position when the Group becomes party to the contractual terms of the instruments. The Group's financial assets that are categorised as FVTPL include unlisted investments at fair value and money market investments at fair value. Cash and bank balances, other assets and receivables are categorised as loans and receivables.

3.3.1 Financial assets at FVTPL

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 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 fundraising process.
Secondary	subsequent acquisitions of existing commitments from another Limited Partner.
Direct	acquisition of interests in underlying Portfolio Companies alongside the relevant Funds where the Funds require co-investors. These co-investments will be in addition to the Funds' participation via the Limited Partners' commitments and the Group's participation is structured via either a commitment into a separate Fund, that will then invest directly into the Portfolio Company, or a direct investment 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 Statements of Comprehensive Income.

3 Significant accounting policies (continued)

3.3 Financial assets (continued)

As noted above, the Group's core unlisted investments are made via commitments into Ethos-managed 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 as required. The Fund has an investment period which typically expires five years after the final Fund closing date. 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 Group. Depending on the nature of the realisation proceeds, the receipts will be classified as capital distributions and/or income distributions.

As per note 3.9, the Group determines the fair value of the Funds and co-investments, based on the net asset value ("NAV") of each Fund, and will recognise the unrealised appreciation/depreciation in the Annual Financial Statements. The NAV is derived from the fair value assessment of the Portfolio Companies, cash resources and income (accrued or undistributed) and expenditure (incurred or accrued) of the Fund.

The Group'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	the amount is included in the cost of unlisted investments at fair value.
Expenses capital calls	the amount is included within expenses and 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 Statements of Comprehensive Income.
Income distributions	the amount is recognised as investment income in the Statements of Comprehensive Income, per the revenue recognition policy as stated in note 3.5.
Unrealised fair value appreciation/depreciation	any amount that relates to income or expenses of the Fund will be treated as such in the Statement of Comprehensive Income and any such income or expenses not yet received or paid will be recognised as accrued income (see note 3.5 on revenue recognition) or accrued expenses on the Statements of Financial Position. Any other amount will be treated as a capital unrealised fair value adjustment in the Statements of Comprehensive Income and included within unlisted investments at fair value on the Statements of Financial Position.

3.3.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables include other assets and receivables and cash and bank balances. These are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables where the effect of discounting is immaterial.

The carrying amounts of loans and receivables are assessed at the end of each reporting period for indicators of impairment. Impairment is relevant when there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the asset have been affected. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the Statements of Comprehensive Income.

3 Significant accounting policies (continued)

3.3 Financial assets (continued)

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in the Statements of Comprehensive Income.

3.3.3 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of Comprehensive Income.

3.4 Financial liabilities and equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.4.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of a group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. The Group's equity consists of A and B Ordinary Shares.

3.4.2 Treasury shares

Ordinary Shares that were repurchased by the Group and which are deemed to be under the control of the Group, are classified as treasury shares. The cost of treasury shares is deducted from equity in the Statements of Financial Position and shown as such on the Statements of Changes in Equity. The number of treasury shares is deducted from the issued and weighted average number of shares in issue. No gain or loss is recognised in the Statements of Comprehensive Income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

3.4.3 Financial liabilities

The Group's financial liabilities, classified as other financial liabilities, consist of borrowings, other financial liabilities and other liabilities and payables. The liabilities are measured at amortised cost using the effective interest method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums of discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount of initial recognition.

3.4.4 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statements of Comprehensive Income.

3.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

3.5.1 Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, net of any anticipated impairments. Interest income is included as investment income in the Statements 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.

3.5.2 Dividend income from investments is recognised when the right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Dividend income is included as investment income in the Statements of Comprehensive Income.

3.5.3 Investment gains/losses are recognised if any fair value adjustments relating to investments held at fair value are required and are included as fair value gains/losses in the Statements of Comprehensive Income.

3 Significant accounting policies (continued)

3.6 Foreign currency transactions

3.6.1 Functional and presentation currency

Items included in the Annual Financial Statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Annual Financial Statements are presented in South African Rand ("ZAR"), the Group's functional currency.

3.6.2 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 the 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. At 30 June 2019, the applicable rate used to translate foreign currency balances was US$:ZAR14.14.

3.7 Taxation

Taxation consists of Mauritian income tax, chargeable on income-related items only (capital gains are not taxed), and withholding taxes on foreign investment income earned.

Current income tax is the expected tax payable on the taxable profit for the current financial year, based on rates that have been enacted or substantively enacted by the end of the financial year. To the extent that the Group incurred withholding taxes on foreign investment income, such income is recorded as a gross amount in the Statements of Comprehensive Income and withholding taxes are included in the taxation expense in the Statements of Comprehensive Income.

The Group has no temporary differences between its accounting and taxable profits and hence no deferred tax has been provided.

3.8 Segmental reporting

Since the Group has only one business segment, and all its investments are managed as one segment with the Board making commitments into private equity-type investments, segmental reporting is not applicable. While these private equity-type investments are potentially made in multiple industry sectors, the Board does not make its decisions or monitor investment performance individually as relevant to these sectors.

3.9 Critical judgement and accounting estimates: valuation of unlisted 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. In addition, the Group can also invest directly into a Portfolio Company (co-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 or co-investments. 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 Portfolio Company 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.

At each reporting date after the initial acquisition date, an assessment is made of the fair value of the investment to determine any required changes in the fair value of the investment. An earnings multiple methodology is generally applied, although other methods are available and might be considered more appropriate, e.g. a discounted cash flow ("DCF") method.

3 Significant accounting policies (continued)

3.9 Critical judgement and accounting estimates: valuation of unlisted investments (continued)

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 degeared). 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.

The discounted cash flow method is used to derive the enterprise value of the investment using reasonable assumptions on the estimations of expected future post-taxation cash flows and the terminal value (free cash flows to the firm), and discounting to the present value by applying the appropriate risk-adjusted rate that captures the risk inherent to the projection's weighted average cost of capital ("WACC"). To arrive at an appropriate equity value, an adjustment for net indebtedness will be made. Where appropriate, an adjustment to the valuation would be made for surplus non-operating assets and liabilities in the investment.

In some valuations, the use of free cash flow to equity might be preferred.

The length of period for which it would remain appropriate to use this valuation technique will depend on the specific circumstances of the investment and is subject to the judgement of the General Partner.

Although best judgement is used in determining the fair value of these investments, there are inherent limitations in any valuation technique involving the type of securities in which the Funds invests. Therefore, the fair values presented herein may not be indicative of the amount the Funds could realise in a current transaction.

3.10 Net asset value per share

The Group calculates and presents the Group and Company's net asset value per share ("NAVPS"), which is not required in terms of IFRS. The Board is of the view that given the nature of the Group's business, the sustainability of the NAV and NAVPS, and the growth thereon over a longer period is considered the most appropriate measurement of the Group's financial performance.

In calculating the NAVPS, the Group and Company's NAV, as presented in the Statements of Financial Position, is divided by the number of shares as disclosed in note 9. For the purposes of the NAVPS calculation, the number of shares issued is calculated as the number of shares in issue at year-end, less treasury shares and less the notionally encumbered shares.

3.11 Going concern

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

4 Restatement

As noted in note 3, capital calls issued by the Funds that relate to expenses are included within expenses and allocated to the specific expense category. These expenses were previously recognised and disclosed under expenses in the Statements of Comprehensive Income, alongside other operating expenses of the Group and Company. In order to improve the presentation and alignment of the returns from investments through profit and loss, the Board made a decision to recognise the above Fund and investment-related expenses under the investment returns in the Statements of Comprehensive Income. Such expenses will in future be included alongside the changes in fair value of investments through profit or loss. This resulted in a reclassification and hence restatement of the comparable numbers as at 30 June 2018.

4.1 Restatement impact on Group Statements of Financial Position

The restatement has no effect on the Group Statements of Financial Position

4.2 Restatement impact on Group Statements of Comprehensive Income

The expenses relating to the Funds have been reclassified and included in changes in fair value of investments through profit or loss and added back to the respective expenses categories as noted below:

	Group			Company		
	Restated 30 June 2018 R'000	Restatement adjustment 30 June 2018 R'000	Previously reported at Group level 30 June 2018 R'000	Restated 30 June 2018 R'000	Restatement adjustment 30 June 2018 R'000	Previously reported at Company level 30 June 2018 R'000
Changes in fair value of investments through profit or loss	5,858	(18,710)	24,568	5,858	(18,710)	24,568
Investment-related fees	(3,299)	13,330	(16,629)	(3,299)	13,330	(16,629)
Legal and consultancy fees	(973)	5,291	(6,264)	(973)	5,291	(6,264)
Other operating expenses	(8,182)	89	(8,271)	(8,180)	89	(8,269)
Other unchanged net income	93,249		93,249	93,247	–	93,247
Total comprehensive income for the year	86,653	–	86,653	86,653	–	86,653
Basic and diluted earnings per share (Rand)	0.53	–	0.53	0.49	–	0.49

4 Restatement (continued)

4.3 Restatement impact on Group Statement of Cash flows

The expenses relating to Fund Partnerships that were previously recognised in net cash used in operating activities before investing activities, are now classified under net cash generated by investing activities as noted below:

	Group			Company		
	Restated 30 June 2018 R'000	Restatement adjustment 30 June 2018 R'000	Previously reported at Group level 30 June 2018 R'000	Restated 30 June 2018 R'000	Restatement adjustment 30 June 2018 R'000	Previously reported at Company level 30 June 2018 R'000
Net cash used in operating activities before investing activities	(15,743)	18,710	(34,453)	(15,754)	18,710	(34,464)
Net cash generated by investing activities	64,591	(18,710)	83,301	64,591	(18,710)	83,301
Other unchanged cash flow items	(35,434)	–	(35,434)	(35,894)		(35,894)
Total cash and cash equivalents at the end of the year	13,414	–	13,414	12,943	–	12,943

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 Fund and the investments are made through commitments into the Funds. Alternatively, the Group can also make co-investment commitments to invest into Portfolio Companies alongside the Funds.

At 30 June 2019, the Group had the following investments:

	Group		Company	
	30 June 2019 R'000	30 June 2018 R'000	**30 June 2019 R'000**	30 June 2018 R'000
Investments held at fair value through profit and loss				
Carrying amounts of:				
Unlisted investments	1,427,261	711,925	1,427,261	711,925
	1,427,261	711,925	1,427,261	711,925
Comprising:				
Cost	1,397,427	686,387	1,397,427	686,387
Unrealised capital revaluation movement at the end of the year	(48,366)	(15,483)	(48,366)	(15,483)
Accrued income	78,200	41,021	78,200	41,021
	1,427,261	711,925	1,427,261	711,925

5 Unlisted investments at fair value (continued)

The investments consisted of the following nine investments:

Group and Company	Participation in Ethos Funds/ co-investments 30 June 2019 %	Cost 30 June 2019 R'000	Valuation 30 June 2019 R'000	Income distributions received 30 June 2019 R'000	Devaluation 30 June 2019 R'000
Investments held at fair value through profit and loss:					
Consisting of unlisted investments in:					
EMMF I[1]	38.9	527,182	491,933	2,660	(35,249)
EF VII[2]	61.0	254,322	278,690	11,523	–
Primedia Holdings Pty Ltd[3]	4.4	162,046	182,420	2,004	–
EMM Direct[4]	7.5	97,710	107,029	2,986	–
EAi I[5]	30.6	91,726	95,095	3,469	–
EDI[6]	2.1	85,390	93,572	3,869	–
EF VI[7]	1.4	98,003	92,114	141	(5,889)
EHP[8]	14.0	42,579	44,727	222	–
EMP 3[9]	14.9	38,469	41,681	3,157	–
		1,397,427	1,427,261	30,031	(41,138)

[1] *Ethos Mid Market Fund I (B) Partnership.*
[2] *Ethos Fund VII (B) Partnership.*
[3] *Including the investment in Ster-Kinekor Theatres Pty Ltd.*
[4] *Ethos Mid Market Direct Investment Partnership.*
[5] *Ethos Ai Fund I (B) Partnership.*
[6] *Ethos Direct Investment Partnership.*
[7] *Ethos Fund VI (Jersey) LP.*
[8] *Ethos Healthcare (A) Partnership.*
[9] *Ethos Mezzanine Partners 3.*

The valuation (or NAV) of each investment is representative of its fair value and also represents the net assets of each.

The devaluation results from specific provisions made against certain of the underlying Portfolio Companies within each Fund or co-investment that are currently underperforming relative to its acquisition value, that in aggregate, devalues the NAV of the Group's investments to below its cost.

Group and Company	Participation in Ethos investments 30 June 2018 %	Cost 30 June 2018 R'000	Valuation 30 June 2018 R'000	Income received 30 June 2018 R'000	Devaluation 30 June 2018 R'000
Investments held at fair value through profit and loss:					
Consisting of unlisted investments in:					
EMMF I	38.9	315,171	320,114	19,512	–
Primedia Holdings Pty Ltd	18.3	160,275	175,800	–	–
EMMF Direct	29.9	100,000	105,300	–	–
EF VI	1.4	82,455	82,225	1,800	(230)
EHP	18.0	28,486	28,486	–	–
		686,387	711,925	21,312	(230)

5 Unlisted investments at fair value (continued)

Further details on the Ethos Funds Group invest in or alongside as a co-investor, are provided below:

Fund	Type	Vintage year	Target enterprise value	Target investment size
Ethos Fund VI	Large private equity	2011	R1.5 billion – R7 billion	R350 million – R900 million
Ethos Fund VII	Large private equity	2018	R1.5 billion – R7 billion	R350 million – R900 million
Ethos Mid Market Fund I	Mid-market private equity	2016	R0.5 billion – R1.5 billion	R100 million – R350 million
Ethos Ai Fund I	Co-investment	2018	80% growth/20% early-stage growth equity	R100 million – R200 million
Ethos Healthcare Platform	Co-investment	2018	n/a	n/a
Ethos Mezzanine Partners 3	Mezzanine and quasi-equity financing	2018	n/a	n/a

At 30 June 2019, the underlying investments (Portfolio Companies) of the above Funds constituting 74.0% of the total assets, consisted of the following 19 unlisted companies:

Company				
Name	Fund or type	Economic interest %	Business description/sector	Percentage of total assets 30 June 2019 %
Channel Vas	EF VII/EAiF I/EDI	9.4	FinTech service provider	21.1
Kevro	EMMF I/EMM Direct	15.7	Corporate clothing and gifting	10.5
Primedia	EF VI/Co-invest	4.7	Media	8.5
Synerlytic	EMMF I	38.0	Specialised analytical and testing services	5.5
Gammatek	EMMF I	19.9	TMT accessory distribution	5.1
Twinsaver	EF VI/EMMF I	7.4	Manufacturing (FMCG)	3.8
Vertice	EHP	20.6	MedTech	3.1
TymeBank	EAiF I	2.4	Banking	2.4
Chibuku	EMP 3	n/a	Brewing and distribution	2.2
MTN Zakhele Futhi	EMMF I	0.1	Telecommunications	2.1
Autozone	EF VI/EMMF I	8.2	Automotive parts retailer and wholesaler	2.1
Eazi Access	EF VI/EMMF I	4.8	Industrial support services	1.8
Ster-Kinekor	EF VI/Co-invest	4.7	Media (entertainment)	1.5
Echotel	EMMF I	11.5	Corporate internet service provider	1.4
The Beverage Company	EF VI	1.0	Carbonated drinks manufacturer	0.9
Eaton Towers	EF VI	0.1	Telecoms towers	0.8
RTT	EF VI	0.8	Logistics	0.5
Waco International	EF VI	0.3	Industrial support services	0.4
Neopak	EF VI	1.4	Paper and packaging	0.3
				74.0

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 17 of the Annual Integrated Report as at 30 June 2019.

5 Unlisted investments at fair value (continued)

Reconciliation of movements:

Group and Company	Cost 30 June 2019 R'000	Capital depreciation 30 June 2019 R'000	Accrued income 30 June 2019 R'000	Total 30 June 2019 R'000
Balance at 1 July 2018	686,387	(15,483)	41,021	711,925
Acquisitions	716,928	–	–	716,928
Realisations	(5,888)	–	(1,557)	(7,445)
Proceeds received	(5,888)	–	(24,143)	(30,031)
Current year gains (excess over 1 July 2018 balance)	–	–	22,586	22,586
Revaluation (decrease)/increase at the end of the year	–	(32,883)	38,736	5,853
Balance at 30 June 2019	1,397,427	(48,366)	78,200	1,427,261

Group and Company	Cost 30 June 2018 R'000	Capital appreciation/ (depreciation) 30 June 2018 R'000	Accrued income 30 June 2018 R'000	Total 30 June 2018 R'000
Balance at 1 July 2017	288,505	7,515	11,919	307,939
Acquisitions	411,571	–	–	411,571
Distributions received	(13,689)	(1,336)	(842)	(15,867)
Revaluation increase at the end of the year	–	(21,662)	29,944	8,282
Balance at 30 June 2018	686,387	(15,483)	41,021	711,925

6 Other assets and receivables

	Group		Company	
	30 June 2019 R'000	30 June 2018 R'000	30 June 2019 R'000	30 June 2018 R'000
Prepayments	4,957	614	4,957	614
Income tax receivable	359	–	359	–
Other receivables	11,425	379	11,423	377
	16,741	993	16,739	991

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

7 Money market investments at fair value

	Group		Company	
	30 June 2019 R'000	30 June 2018 R'000	30 June 2019 R'000	30 June 2018 R'000
Investments held at fair value through profit and loss:				
Carrying amounts of:				
Floating rate notes	–	176,185	–	176,185
Negotiable certificates of deposit	473,532	972,958	473,532	972,958
Cash and call accounts	7,502	39,292	7,502	39,292
	481,034	1,188,435	481,034	1,188,435
Consisting of:				
Cost	474,502	1,166,963	474,502	1,166,963
Unrealised capital revaluation movement at the end of the year	313	387	313	387
Accrued income	6,219	21,085	6,219	21,085
	481,034	1,188,435	481,034	1,188,435

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 invested in money market instruments that typically consist of a combination of floating rate notes, negotiable certificates of deposit ("NCD"), treasury bills and cash or call accounts.

7 Money market investments at fair value (continued)

At 30 June 2019, the following range of interest rates was applicable to the respective categories of money market instruments, from which the accrued income at 30 June 2019 was derived:

Group and Company	30 June 2019 Low %	30 June 2019 High %
NCD	6.9000	7.6750
Cash and call accounts	6.2500	6.5000

Reconciliation of movements:

Group and Company	Cost 30 June 2019 R'000	Capital appreciation/ (depreciation) 30 June 2019 R'000	Accrued income 30 June 2019 R'000	Total 30 June 2019 R'000
Balance at 1 July 2018	1,166,963	387	21,085	1,188,435
Acquisitions	1,447,679	–	–	1,447,679
Maturities and disposals	(2,140,000)	–	(21,085)	(2,161,085)
Revaluation (decrease)/increase at the end of the year	–	(74)	6,219	6,145
Amortisation of net discount	(140)	–	–	(140)
Balance at 30 June 2019	474,502	313	6,219	481,034

	Cost 30 June 2018 R'000	Capital appreciation/ (depreciation) 30 June 2018 R'000	Accrued income 30 June 2018 R'000	Total 30 June 2018 R'000
Balance as at 1 July 2017	1,528,622	659	26,077	1,555,358
Acquisitions	1,427,228	–	–	1,427,228
Maturities and disposals	(1,794,860)	–	(26,077)	(1,820,937)
Revaluation (decrease)/increase at the end of the year	–	(272)	21,085	20,813
Amortisation of net discount	5,973	–	–	5,973
Balance at 30 June 2018	1,166,963	387	21,085	1,188,435

8 Cash and cash equivalents

	Group		Company	
	30 June 2019 R'000	30 June 2018 R'000	30 June 2019 R'000	30 June 2018 R'000
Cash and bank balances				
Call account	1,795	8,504	1,795	8,504
Bank balances	1,781	4,910	1,302	4,439
	3,576	13,414	3,097	12,943

The carrying amount of cash and bank balances approximates its fair value.

9 Issued capital

	Group		Company	
	30 June 2019 Number	30 June 2018 Number	30 June 2019 Number	30 June 2018 Number
Authorised, 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 (A Ordinary shares)	(13,500,000)	(13,500,000)	–	–
A Ordinary Shares repurchased	(9,000,000)	(5,400,000)	(9,000,000)	(5,400,000)
Total issued share capital	165,010,000	168,610,000	178,510,000	182,110,000

	Group		Company	
	30 June 2019 R'000	30 June 2018 R'000	30 June 2019 R'000	30 June 2018 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 (A Ordinary shares)	(135,000)	(135,000)	–	–
A Ordinary Shares repurchased	(74,414)	(46,328)	(74,414)	(46,328)
Total issued share capital	1,555,945	1,584,031	1,690,945	1,719,031

On 5 August 2016, 180,000,000 and 7,500,000 A Ordinary Shares, ranking *pari passu*, were issued at an issue price of R10.00 and R0.01 per share respectively. The A Ordinary Shares were admitted to listing and trading on the JSE at that date. Each A Ordinary Share 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.

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.

9 Issued capital (continued)

At the same time, 10,000 B Ordinary 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 Ordinary 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 Ordinary Shares, following the notional encumbrance termination date. The B Ordinary Shares therefore entitle 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 Ordinary Shares and, upon the A Ordinary Shares issued to the EPE Trust at R0.01 per share ceasing to be encumbered (refer to note 23), to receive out of the profits of the Company an annual dividend that collectively represents the annual performance participation.

Further information on the A and B Ordinary Shares is provided in note 23.

During the year, the Company purchased 3,600,000 of its A Ordinary Shares at an average price of R7.80 per share. These shares are currently held in treasury. As set out in note 21, the 13.5 million secured A Ordinary 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 per share.

10 Reserves

	Group		Company	
	30 June 2019 R'000	30 June 2018 R'000	**30 June 2019 R'000**	30 June 2018 R'000
Reserves consist of:				
Retained earnings				
Balance at 1 July	188,720	102,067	188,720	102,067
Income for the year	40,884	86,653	40,884	86,653
Balance at 30 June	229,604	188,720	229,604	188,720

11 Borrowings

	Group		Company	
	30 June 2019 R'000	30 June 2018 R'000	**30 June 2019 R'000**	30 June 2018 R'000
Unsecured – at amortised cost				
Bank loan	133,093	122,881	–	–
	133,093	122,881	–	–
Current	–	–	–	–
Non-current	133,093	122,881	–	–
	133,093	122,881	–	–

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. This amount represents the current outstanding balance on the facility, including any accrued interest charges to 30 June 2019. 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.

The carrying amount of the bank loan approximates its fair value.

12 Other financial liabilities

	Group		Company	
	30 June 2019 R'000	30 June 2018 R'000	30 June 2019 R'000	30 June 2018 R'000
Unsecured – at amortised cost				
Black Hawk shareholders' loans	2,388	12,592	–	–
	2,388	12,592	–	–
Non-current	2,388	12,592	–	–
	2,388	12,592	–	–

At inception, the Group had 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 therefore charged against the loans payable and treated as an unrealised gain to the Group in the Group Statement of Comprehensive Income.

The carrying amount of shareholders' loans approximates its fair value.

13 Other liabilities and payables

	Group		Company	
	30 June 2019 R'000	30 June 2018 R'000	30 June 2019 R'000	30 June 2018 R'000
Administration fees payable	211	448	211	448
Advisory fees payable	4,847	2,728	4,847	2,728
Other payables	2,524	2,328	2,524	2,328
	7,582	5,504	7,582	5,504

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

14 Current tax liabilities

	Group		Company	
	30 June 2019 R'000	30 June 2018 R'000	30 June 2019 R'000	30 June 2018 R'000
Provision for current year income tax	2,203	3,415	2,203	3,415
Less: Provisional payments	(2,562)	(2,376)	(2,562)	(2,376)
Transfer to other assets and receivables	359	–	359	–
	–	1,039	–	1,039

The carrying amount of income tax payable approximates its fair value.

15 Changes in fair value of investments through profit or loss

	Group		Company	
	Year ended 30 June 2019 R'000	Restated Year ended 30 June 2018 R'000	Year ended 30 June 2019 R'000	Restated Year ended 30 June 2018 R'000
Income:				
Interest accrued and received on unlisted investments	43,184	40,099	43,184	40,099
Dividends accrued and received on unlisted investments	18,138	5,065	18,138	5,065
	61,322	45,164	61,322	45,164
Net loss arising on changes in the fair value of unlisted investments	(32,883)	(22,998)	(32,883)	(22,998)
Gain on realisation of unlisted investments	–	2,402	–	2,402
	(32,883)	(20,596)	(32,883)	(20,596)
Expenses:				
Ethos fees	(15,343)	(13,330)	(15,343)	(13,330)
Fund formation fees	(1,934)	(894)	(1,934)	(894)
Expenses relating to the acquisition of investments	(2,988)	(4,397)	(2,988)	(4,397)
Other Fund operating expenses	(3,139)	(89)	(3,139)	(89)
	(23,404)	(18,710)	(23,404)	(18,710)
	5,035	5,858	5,035	5,858

16 Investment income

	Group		Company	
	Year ended 30 June 2019 R'000	Year ended 30 June 2018 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2018 R'000
Income:				
Interest from money market investments	51,595	90,095	51,595	90,095
Interest from cash and bank balances	440	879	427	866
Amortisation of net (premium)/discount	(140)	5,973	(140)	5,973
	51,895	96,947	51,882	96,934
Analysis of investment income by category of asset:				
Interest earned from fair value through profit and loss assets	51,455	96,068	51,455	96,068
Loans and receivables (including cash and bank balances)	440	879	427	866
	51,895	96,947	51,882	96,934

17 Net fair value losses

	Group		Company	
	Year ended 30 June 2019 R'000	Year ended 30 June 2018 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2018 R'000
Unrealised:				
Net loss arising on changes in the fair value of money market instruments	(74)	(272)	(74)	(272)
Net foreign exchange gain on conversion of cash and cash equivalents	22	43	22	43
	(52)	(229)	(52)	(229)
Realised				
Gain on realisation of money market instruments	26	–	26	–
	26	–	26	–
Net fair value losses	(26)	(229)	(26)	(229)

18 Profit before tax

Profit before tax has been arrived at after charging:

18.1 Administration fees

	Group		Company	
	Year ended 30 June 2019 R'000	Restated Year ended 30 June 2018 R'000	Year ended 30 June 2019 R'000	Restated Year ended 30 June 2018 R'000
Administration fee – Ethos	966	1,417	966	1,417
Administration fee – Ashburton	1,027	1,882	1,027	1,882
	1,993	3,299	1,993	3,299

Refer to note 24 for information on how the fees are calculated.

18.2 Legal and consultancy fees

	Group		Company	
	Year ended 30 June 2019 R'000	Restated Year ended 30 June 2018 R'000	Year ended 30 June 2019 R'000	Restated Year ended 30 June 2018 R'000
Professional advisors' fees	982	973	982	973
	982	973	982	973

18 Profit before tax (continued)

18.3 Other operating expenses

	Group		Company	
	Year ended 30 June 2019 R'000	Restated Year ended 30 June 2018 R'000	Year ended 30 June 2019 R'000	Restated Year ended 30 June 2018 R'000
Company secretarial, accounting and other administration fees	1,037	1,244	1,037	1,244
Directors' emoluments	4,117	3,920	4,117	3,920
Auditors' remuneration	1,204	797	1,204	797
Insurance costs	481	466	481	466
Sponsor and listing-related fees	694	717	694	717
Other expenses	1,369	1,038	1,364	1,036
	8,902	8,182	8,897	8,180

18.4 Finance costs

	Group		Company	
	Year ended 30 June 2019 R'000	Restated Year ended 30 June 2018 R'000	Year ended 30 June 2019 R'000	Restated Year ended 30 June 2018 R'000
Other interest expense	10,212	9,457	–	–
Less: Reimbursement by Black Hawk shareholders	(10,204)	(9,446)		
	8	11	–	–

19 Directors' emoluments

The following emoluments were paid to the Directors during the year for their services as a Director:

	Group		Company	
	Year ended 30 June 2019 R'000	Year ended 30 June 2018 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2018 R'000
Derek Prout-Jones	1,575	1,500	1,575	1,500
Kevin Allagapen	336	320	336	320
Michael Pfaff	1,240	1,180	1,240	1,180
Yuvraj Juwaheer	336	320	336	320
Yvonne Stillhart	630	600	630	600
	4,117	3,920	4,117	3,920

20 Income tax expense

	Group		Company	
	Year ended 30 June 2019 R'000	Year ended 30 June 2018 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2018 R'000
Current tax				
In respect of the current year	2,203	3,415	2,203	3,415
Withholding tax on foreign sourced income received	1,932	43	1,932	43
Total income tax expense	4,135	3,458	4,135	3,458

The Group is liable for income tax at a rate of 15%. However, 80% of the Group's foreign sourced income, subject to certain requirements, is exempt from income tax , thus resulting in an effective tax rate of 3%. In addition to income tax, and where applicable, the Group incurs withholding tax on foreign sourced income received.

The income tax expense for the year can be reconciled to the accounting profit as follows:

Group and Company	Year ended 30 June 2019 R'000	Year ended 30 June 2018 R'000
Profit before tax	45,019	90,111
Income tax calculated at 15%	6,753	13,517
Adjustments for the effect of:		
Mauritian interest income exempt from taxation	(32)	(51)
Expenses that are not deductible in determining taxable profit	646	487
– Expenses relating to Fund formations	525	144
– Expenses relating to failed or aborted investment transactions	16	295
– Legal and consultancy fees deemed of a capital nature	105	48
Realised fair value gains not taxable	(4)	(360)
Unrealised fair value losses not deductible	4,941	3,484
Tax exemption on foreign investment income	(10,101)	(13,662)
Total adjustments	(4,550)	(10,102)
Withholding tax on foreign sourced income received	1,932	43
Income tax expense recognised in current year	4,135	3,458

21 Capital commitments and contingent liabilities

	Group		Company	
	30 June 2019 R'000	30 June 2018 R'000	30 June 2019 R'000	30 June 2018 R'000
Undrawn capital commitments:				
Consisting of unlisted investments in:				
EF VII[1]	997,678	–	997,678	–
EMMF I[2]	400,879	626,192	400,879	626,192
EMP 3[3]	211,454	276,150	211,454	276,150
EAiF I[4]	58,528	–	58,528	–
EF VI[5]	19,993	44,946	19,993	44,946
EDI[6]	14,560	–	14,560	
EHP[7]	4,784	1,514	4,784	1,514
Primedia Holdings Pty Ltd[8]	1,605	7,535	1,605	7,535
EMM Direct[9]	–	–	–	–
	1,709,481	956,337	1,709,481	956,337
Contingent liabilities				
RMB Bank loan	–	–	133,093	122,881
	–	–	133,093	122,881
Total commitments and contingent liabilities	1,709,481	956,337	1,842,574	1,079,218

[1] *First close commitment of R1.25 billion to Ethos Fund VII (B) Partnership on 1 October 2018*
[2] *Final commitment of R950 million to Ethos Mid Market Fund I (B) Partnership on 7 June 2018*
[3] *First close commitment of R250 million to Ethos Mezzanine Partners 3 (B) Partnership on 16 May 2018*
[4] *First close commitment of R150 million to Ethos Ai Fund I (B) Partnership on 1 October 2018*
[5] *Commitment of $10 million (R142 million) to Ethos Fund VI (Jersey) LP on 18 November 2016*
[6] *Final commitment of R100 million to Ethos Direct Investment Partnership on 2 October 2018*
[7] *R48 million commitment to Ethos Healthcare (A) Partnership; first commitment made on 16 May 2018*
[8] *R171 million commitment to invest in Primedia Holdings Pty Ltd on 20 September 2017*
[9] *R100 million commitment to Ethos Mid Market Direct Investment Partnership on 2 August 2017*

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. This amount represents the current outstanding balance on the facility, including any accrued interest charges to 30 June 2019. 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 R105,300,000 at 30 June 2019. 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 R27,793,000, a decrease in the NAVPS of R0.16. The guarantee has been recognised as a contingent liability in the Annual Financial Statements of the Company and the above contingent loss has not been recognised in the Annual Financial Statements of the Company.

22 Notes to the Statements of Cash Flows

	Group		Company	
	Year ended 30 June 2019 R'000	Year ended 30 June 2018 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2018 R'000
Cash flows from operating activities before investing activities:				
Profit for the year	40,884	86,653	40,884	86,653
Adjustments for:				
Investment income recognised in profit	(113,217)	(142,111)	(113,204)	(142,098)
Investment-related expenses	23,404	18,710	23,404	18,710
Loss from fair value adjustments	32,957	23,270	32,957	23,270
Net foreign exchange gain	(22)	(43)	(22)	(43)
Gain on disposal of investments	(26)	(2,402)	(26)	(2,402)
Finance costs recognised in profit	8	11	–	–
Income tax expense recognised in profit	4,135	3,458	4,135	3,458
	(11,877)	(12,454)	(11,872)	(12,452)
Movements in working capital	(13,311)	1,419	(13,311)	1,419
Increase in trade and other receivables	(15,389)	(310)	(15,389)	(310)
Increase in trade and other payables	2,078	1,729	2,078	1,729
Cash used in operations	(25,188)	(11,035)	(25,183)	(11,033)

23 Earnings and NAVPS

As detailed in note 9, 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 NAV respectively. The calculations below therefore reflect the earnings, headline earnings and NAV attributable to the unrestricted A ordinary shareholders.

23 Earnings and net asset value per share (continued)

23.1 Earnings and headline earnings per share

	Group		Company	
	Year ended 30 June 2019 R'000	Year ended 30 June 2018 R'000	Year ended 30 June 2019 R'000	Year ended 30 June 2018 R'000
Total comprehensive profit attributable to ordinary shareholders	40,884	86,653	40,884	86,653
Reconciliation of basic earnings to headline earnings:				
Total comprehensive profit attributable to ordinary shareholders	40,884	86,653	40,884	86,653
Items attributable to headline earnings	–	–	–	–
Headline earnings for the year	40,884	86,653	40,884	86,653
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of earnings per share	158,256	163,628	171,756	177,128
Basic and diluted earnings per share (Rand)	0.26	0.53	0.24	0.49
Basic and diluted headline earnings per share (Rand)	0.26	0.53	0.24	0.49

23.2 Basic net asset value per share

	Group		Company	
	30 June 2019 R'000	30 June 2018 R'000	30 June 2019 R'000	30 June 2018 R'000
Net assets	1,785,549	1,772,751	1,920,549	1,907,751
	'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	(22,500)	(18,900)	(9,000)	(5,400)
Less: Notionally encumbered shares	(7,500)	(7,500)	(7,500)	(7,500)
Number of attributable shares in issue at end of the year	157,500	161,100	171,000	174,600
Basic net asset value per share (Rand)	11.34	11.00	11.23	10.93

24 Key agreements

The Company has entered into an investment services agreement with Ethos, the terms of which stipulate that 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 investment services, management and administration fees that are calculated and paid quarterly.

Founded in 1984, Ethos manages investments in private equity and credit strategies in South Africa and the rest of sub-Saharan Africa. With assets under management of c. R14 billion, Ethos targets control buyouts and selected expansion capital investments in companies with strong growth potential. Ethos manages investments on behalf of public and corporate retirement funds, sovereign wealth funds, fund-of-funds, development financial institutions, insurance companies and Ethos Capital. Investors are based in South Africa, Europe, North America and Asia.

Ethos has an unparalleled 35-year record of successful, sustainable investing across multiple economic and political cycles. To date, Ethos' Large Equity Funds have invested in 108 transactions, delivering 96 realised investments. Further information on Ethos is disclosed in the Investment Advisor's Report on page 45 of the Integrated Annual Report.

The investment services fee is 1.5% of the average of the opening invested NAV and closing invested NAV for Direct Investments, unless specifically agreed between the Group and Ethos to be exempt from any fee; and the management fee is 1.5% of 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 were 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, charged at 0.15%.

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 the EPE Trust subscribed for, as well as the annual performance participation 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 of 10%. The performance is also measured over a cumulative three-year measurement period to ensure 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 three-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.

25 Related parties

Related parties are entities with the ability to control the other party or exercise significant influence over such party in making financial and operating decisions, or anyone that is part of the key management personnel (including Directors) of the Group. The Board of Directors considered the key agreements, transactions and relationships between the Group and other entities and has classified the entities listed below as a related party. Where applicable, any transaction with a related party is disclosed below.

Key management personnel (including Directors)

Non-executive Directors

Senior Advisors

Entity is a provider of key management personnel to the Group

Ethos

Entity controlled or jointly controlled by an identified related part of the Group and/or Company

Enoha GmbH (controlled by the Chairperson)

Black Hawk

25 Related parties (continued)

25.1 Investment-related fees

The fees, as detailed in note 24, that were payable to the Ethos Group during the year and any outstanding balances at 30 June 2019, are listed below:

Group and Company	Year ended 30 June 2019 R'000	Year ended 30 June 2018 R'000
Fees payable		
Management fees	1,235	5,018
Advisory fees	14,108	8,312
Administration fee	966	1,417
	16,309	14,747

	30 June 2019 R'000	30 June 2018 R'000
Outstanding balances		
Advisory fees	4,847	2,728
Administration fee	152	302
	4,999	3,030

25.2 Remuneration of Directors

The individual remuneration of the Directors, who are classified as "key management personnel" and therefore as related parties of the Group, is disclosed in note 19.

Included in the above remuneration is an amount of R630,000 (2018: R600,000) paid to Enoha GmbH in respect of the Director's remuneration of Yvonne Stillhart.

There was no outstanding remuneration due at 30 June 2019.

25.3 Other

As set out in note 21, the Company provided a guarantee on a R105 million loan facility (including any accrued interest) in favour of Black Hawk. Black Hawk subscribed to the A Ordinary Shares of the Company (see notes 9 and 21) for the benefit of the two Directors and/or their associates.

26 Financial risk factors and instruments

26.1 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.

26 Financial risk factors and instruments (continued)

26.1 Overview (continued)

The financial instruments of the Group and Company are categorised and measured at FVTPL or at amortised cost, as set out in note 3, and the financial risks are managed according to these categories. The analysis below sets out the carrying amounts of the financial assets and liabilities according to the categories as required by IFRS 7 Financial Instruments: Disclosures.

	Group		Company	
At 30 June 2019	**Financial asset at FVTPL R'000**	**At amortised cost R'000**	**Financial asset at FVTPL R'000**	**At amortised cost R'000**
Financial assets:				
Unlisted investments at fair value	1,427,261	–	1,427,261	–
Other assets and receivables	–	16,741	–	16,739
Money market investments at fair value	481,034	–	481,034	–
Cash and cash equivalents	–	3,576	–	3,097
Financial liabilities:				
Borrowings	–	133,093	–	–
Other financial liabilities	–	2,388	–	–
Other liabilities and payables	–	7,582	–	7,582

At 30 June 2018	**Financial asset at FVTPL R'000**	**At amortised cost R'000**	**Financial asset at FVTPL R'000**	**At amortised cost R'000**
Financial assets:				
Unlisted investments at fair value	711,925	–	711,925	–
Other assets and receivables	–	993	–	991
Money market investments at fair value	1,188,435	–	1,188,435	–
Cash and cash equivalents	–	13,414	–	12,943
Financial liabilities:				
Borrowings	–	122,881	–	–
Other financial liabilities	–	12,592	–	–
Other liabilities and payables	–	5,504	–	5,504
Current tax liabilities	–	1,039	–	1,039

26 Financial risk factors and instruments (continued)

26.2 Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of its Statement of Financial Position.

The capital structure of the Group consists of equity attributable to ordinary shareholders, comprising share capital, and retained earnings. The Group is in the process of finalising the legal documents of a committed bank facility to fund its core unlisted investments (if needed) in addition to the available Temporary Investments.

The Group's liquidity profile, current and forecast, is monitored on a continuous basis by the Board and is considered before investments are approved.

26.3 Valuation risk

26.3.1 Risk, policies and procedures

The Group'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 Funds' NAV and portfolio companies are valued in accordance with the IPEV Valuation Guidelines and their valuations are largely derived from unobservable inputs. In addition, movements in the money market investments of the Group are valued by using observable inputs other than quoted prices, also provide valuation risk exposure.

As noted earlier, the General Partners of the 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 financial year-end Directors' valuation at 30 June has been audited by the Group's auditor. As noted below, by being a limited partner in the Funds and where applicable, having a representative on the Advisory Committee of the Funds, the Board of Directors has access to summary information on the performance and valuations of the underlying Portfolio Companies 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 address any concerns 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 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 issue the quarterly NAV statements and summary information on the valuations to each Fund's Advisory Committee and its limited partners. In addition, the December valuations are reviewed and audited by the Funds' auditor, before being issued to the General Partner, and the June Funds' NAV valuations are audited by the Group's auditor.

26 Financial risk factors and instruments (continued)

26.4 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 Funds and co-investments are within this level.

The financial assets and liabilities measured at fair value in the 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
Assets				
Unlisted investments	–	–	1,427,261	1,427,261
Money market investments	–	481,034	–	481,034
At 30 June 2019	–	481,034	1,427,261	1,908,295

Group and Company	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
Unlisted investments	–	–	711,925	711,925
Money market investments	–	1,188,435	–	1,188,435
At 30 June 2018	–	1,188,435	711,925	1,900,360

During the year, 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:

	Unlisted investments	
Group and Company	30 June 2019 R'000	30 June 2018 R'000
Non-current assets		
Opening balance	711,925	307,939
Acquisitions	716,928	411,571
Realisations at 30 June 2018 carrying value	(7,445)	(15,867)
Net gains included in the Statements of Comprehensive Income	5,853	8,282
	1,427,261	711,925

26 Financial risk factors and instruments (continued)

26.4 Fair value classification of investments (continued)

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 3. 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, the 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 payment 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, controlled and updated by the Investment Advisor. The Board of Directors does not have direct access to or control over or provide input to these valuation models or the subjective assessments that were considered in deriving at the fair value and is not reasonably available to the Board. The Board however receives summary output of the valuation outcomes and drivers from the Investment Advisor, which the Board can then review to assess the reasonableness of the Fund NAVs provided in determining the valuation of the Company's investment portfolio and its NAV. However, the Board does not currently maintain or develop its own independent quantitative unobservable inputs. 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.

The categories of unlisted assets that are valued based on different level 3 unobservable inputs and valuation methodologies, are as follows:

		Unlisted investments	
Methodology	**Category**	**30 June 2019 R'000**	**30 June 2018 R'000**
Earnings based	Unlisted private equity	1,339,660	711,925
Earnings based	Unlisted mezzanine	41,681	–
Price of recent investment	Unlisted private equity – early stage growth	45,920	–
		1,427,261	711,925

The analysis on page 108 aims to demonstrate, at an aggregate level of investments, the impact that a potential change in a level 3 unobservable input (maintainable EBITDA, maintainable net debt or the EBITDA valuation multiple) might have on the aggregate fair value of the Investment Portfolio and the NAVPS, if all other inputs remain unchanged, and absent any changes in any other subjective inputs. The Board believes that it is more useful to provide this information in aggregate by category, as opposed to at each Fund investment level, given the overlap of some of the underlying Portfolio Companies across multiple Funds, and hence the Board does not necessarily monitor the individual Fund's performance in isolation but the investment portfolio as a whole.

26 Financial risk factors and instruments (continued)

26.4 Fair value classification of investments (continued)

The attributable EBITDA and Net Debt presented in the table, represent the aggregate of the maintainable EBITDA and Net Debt by Portfolio Company, as used in the underlying valuations, multiplied by the Group's implied effective economic participation held via the Funds in each Portfolio Company. The implied multiples were then calculated in relation to the aggregate fair value of the investment portfolio.

At 30 June 2019

Earnings based – unlisted private equity

	Group and Company		Group	Company	Group and Company
		Change	Per share impact		Fair value adjustment
	R'000	%	Rand	Rand	R'000
Attributable EBITDA	269,000	± 5	± 0.59	± 0.54	± 92,883
Attributable net debt	518,000	± 5	∓ 0.16	∓ 0.15	∓ 25,900
Implied portfolio EBITDA valuation multiple	6.9x	± 5	± 0.59	± 0.54	± 92,883

Included in the above analysis, is the impact of the Group's co-investment in Primedia Holdings Pty Ltd, representing the direct shareholdings in the equity of Primedia and Ster-Kinekor Theatres. The below information aims to demonstrate the potential change in a level 3 unobservable input might have on the fair value of the investment on a standalone basis, if all other inputs remain unchanged, and absent any changes in any other subjective inputs.

At 30 June 2019

Earnings based – unlisted investment in Primedia

	Group and Company		Group	Company	Group and Company
		Change	Per share impact		Fair value adjustment
	R'000	%	Rand	Rand	R'000
Attributable EBITDA	36,000	±5	± 0.09	± 0.08	± 14,021
Attributable Net debt	98,000	±5	∓ 0.03	∓ 0.03	∓ 4,900
Implied investment EBITDA valuation multiple	7.8x	±5	± 0.09	± 0.08	± 14,021

At 30 June 2019

Earnings based – unlisted mezzanine

	Group and Company	Group	Company	Group and Company
	Change	Per share impact		Fair value adjustment
	%	Rand	Rand	R'000
Attributable EBITDA/EBITDA valuation multiple	+5	+<0.01	+<0.01	243
Attributable EBITDA/EBITDA valuation multiple	-5	-<0.01	-<0.01	(41)

The fair value of the loan component of the underlying investment is based on the outstanding principal plus any accrued interest; less any impairments that are deemed required. The equity component of the underlying investment is, if applicable, based on an earnings multiple methodology. The below information aims to demonstrate the potential change in a level 3 unobservable input might have on the fair value of the investment, if all other inputs remain unchanged, and absent any changes in any other subjective inputs. Any upside change, from a certain level of equity value, will result in an increase in the equity component of the investment, whereas any downside change, would firstly reduce the equity component up to a nil value, and thereafter could result in the impairment of the outstanding principal and accrued interest.

26 Financial risk factors and instruments (continued)

26.4 Fair value classification of investments (continued)

Price of recent investment – unlisted private equity

The valuation technique adopted for this investment is the price of recent investment, which is a direct observable input. Therefore, no sensitivity analysis is required.

Given the potential impact of changes to the subjective considerations in the event that any unobservable inputs change and different capital structures and participation ratios that might change at different valuation levels (e.g. earn-out payments triggered), the Board believes it is not reasonable, and potentially misleading, for it to accurately determine and present to the shareholders of the Group the sensitivity analysis of the potential impact on changes to one or more of the underlying inputs to fair value. Therefore, shareholders need to be careful when considering the above indicative fair value adjustments.

26.5 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.

26.5.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's unlisted investments are currently all held in ZAR denominated Funds. In turn, the majority (67%) of the Funds' investments and co-investments are ZAR denominated with the balance (33%) US$ denominated. 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, and therefore they could be exposed to more currencies than ZAR and US$. The Board actively monitors the Group's currency exposure and will consider hedging strategies if required and as appropriate. In addition, relatively small amounts of cash and cash equivalents are held in US$ to fund operating expenses, which will not be materially impacted by changes in foreign exchange rates. All other financial assets and liabilities are ZAR denominated.

The table below demonstrates the implied sensitivity in the fair value at 30 June 2019 of the non-ZAR denominated Portfolio Companies held at 30 June 2019 based on assumed changes to the ZAR:US$ exchange rate (14.14 at 30 June 2019).

		Group	Company	Group and Company
		Per share impact		Fair value adjustment
ZAR:US$ Change %	ZAR:US$ Implied rate	Rand	Rand	R'000
+5.0%	13.43	(0.15)	(0.14)	(23,219)
+10.0%	12.73	(0.29)	(0.27)	(46,437)
-5.0%	14.85	0.15	0.14	23,219
-10.0%	15.55	0.29	0.27	46,437

Any changes in the ZAR:US$ or any other exchange rates, might also have an impact on the underlying valuation inputs and subjective considerations in determining the valuation of the Portfolio Companies (e.g. maintainable EBITDA and net debt) that make up the NAV of the Funds and therefore the Board believes it is not reasonable, and potentially misleading, for it to accurately determine and present to the shareholders of the Group the sensitivity analysis of the potential impact on changes to foreign exchange rates. Therefore, shareholders need to be careful when considering the indicative fair value adjustments.

26.5.2 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 Group 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 repricing 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.

26 Financial risk factors and instruments (continued)

26.5 Market risk (continued)

26.5.2 Interest rate risk (continued)

The performance, maturity profile and sensitivity analysis of Temporary Investments are reviewed regularly and Ashburton aims to match the liquidity profile with the Group's liquidity requirements to optimise the returns. The Temporary Investments are managed by Ashburton under an investment management agreement that sets certain permitted securities and limits within which they have to manage the portfolio to provide a balance of risk and returns that the Board is comfortable with.

The table below demonstrates the sensitivity in the fair value at 30 June 2019 of the Temporary Investments held at 30 June 2019 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.

	Group	Company	
	Per share impact		Fair value adjustment
Change in market interest rates assumed	Rand	Rand	R'000
-75 bp	+< 0.01	+< 0.01	511
-50 bp	+< 0.01	+< 0.01	340
-25 bp	+< 0.01	+< 0.01	170
+25 bp	-< 0.01	-< 0.01	(170)
+50 bp	-< 0.01	-< 0.01	(339)
+75 bp	-< 0.01	-< 0.01	(507)

In addition, the Group has exposure to a bank loan, expiring on 29 July 2021. Interest accrues at a rate that is based on JIBAR plus a 1% margin.

26.5.3 Equity price risk

The Group is indirectly exposed to equity price risk through the valuation of the underlying portfolio investments held by its investments in Funds. The fair value of these companies is largely derived from comparable market ratings, which are derived from public companies' quoted market prices and 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 – also refer to note 26.4.

The table below illustrates the sensitivity in the fair value of the unlisted investments held at 30 June 2019 based on fluctuations in the price of its unlisted investments.

At 30 June 2019

	Group	Company	Group and Company
	Per share impact		Fair value adjustment
	Rand	Rand	R'000
Change in equity prices assumed			
+5%	0.45	0.42	71,363
-5%	(0.45)	(0.42)	(71,363)

26 Financial risk factors and instruments (continued)

26.6 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The financial assets that expose the Group to credit risk consist of unlisted investments, money market investments (Temporary Investments) and other assets and receivables. The Group's credit risk is limited to the carrying amount of these financial assets at the reporting date.

The Group believes that, through investing in Funds and co-investments managed by an experienced Investment Advisor with a proven track record, given the diverse number of Portfolio Companies each Fund invests in and by managing concentration risk in its portfolio, the risk is reduced. In addition, the Group has an Investment Committee with experienced members who enforce 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. No Collateral is taken against the credit risk exposures of the unlisted investments.

Other assets and receivables largely consist of prepayments, income tax receivable and balances that are receivable from the Funds with limited risk of a credit loss. At year-end, no balances were overdue or impaired and the majority of the balances have been settled or utilised post year-end.

Furthermore, the Group's Temporary Investments are managed by Ashburton, which 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 and the investment management agreement has certain restrictions and limits, set by the Board, to manage the Group's credit risk exposure. The weighted average maturity period of these investments is less than 75 days. Cash and cash equivalents are held with FirstRand Bank Limited (South Africa) and Investec Mauritius.

The Group has exposure to a bank loan with RMB which the Company has guaranteed in favour of RMB. The Company holds collateral in the form of pledged Ethos Capital A Ordinary shares. The guarantee issued is the maximum exposure of the Group in respect of this financial liability. Further details are provided in note 11 and 21. The Company has recognised the loan exposure via the guarantee as a contingent liability and the contingent loss has not been recognised in the Annual Financial Statements of the Company.

The below analysis sets-out the Group's assessment of its aggregate credit risk for the current financial assets, which is considered in relation to assets that can be assessed based on available market ratings or where no ratings are available. Based on the analysis, no provision has been made for any credit losses.

		Group		Company	
At 30 June 2019	**Risk assessment**	**Rated R'000**	**Non-rated R'000**	**Rated R'000**	**Non-rated R'000**
Other assets and receivables	Low	–	16,741	–	16,739
Money market investments at fair value	Low	481,034		481,034	
Cash and cash equivalents	Low	3,576		3,097	
At 30 June 2018	**Risk assessment**	**Rated R'000**	**Non-rated R'000**	**Rated R'000**	**Non-rated R'000**
Other assets and receivables	Low	–	993	–	991
Money market investments at fair value	Low	1,188,435		1,188,435	
Cash and cash equivalents	Low	13,414		12,943	

26 Financial risk factors and instruments (continued)

26.7 Liquidity risk

This risk occurs when the Group is unable to meet its short-term obligations, largely due to its inability to convert its financial assets into cash and cash equivalents. The Group'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 Group might struggle to generate 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 maturity profile of Temporary Investments are reviewed regularly and Ashburton aims to match the liquidity profile with the Group's liquidity requirements to ensure the availability of resources when required. The Group currently has a proportion of its net assets invested in such liquid resources.

The below analysis sets out the maturity profile of the Group's financial assets and financial liabilities.

	Group			Company		
At 30 June 2019	**0 – 3 months R'000**	**>3 months to 1 year R'000**	**> 1 year R'000**	**0 – 3 months R'000**	**>3 months to 1 year R'000**	**> 1 year R'000**
Unlisted investments at fair value	–	–	1 427,261	-	–	1,427,261
Other assets and receivables	16,741	–	–	16,739	–	–
Money market investments at fair value	279,540	201,494		279,540	201,494	–
Cash and cash equivalents	3,576	-	–	3,097	–	–
Borrowings	–	–	133,093	–	–	–
Other financial liabilities	–	–	2,388	–	–	–
Other liabilities and payables	7,582	–	–	7,582	–	–
At 30 June 2018	**0 – 3 months R'000**	**>3 months to 1 year R'000**	**> 1 year R'000**	**0 – 3 months R'000**	**>3 months to 1 year R'000**	**> 1 year R'000**
Unlisted investments at fair value	–	–	711,925	–	–	711,925
Other assets and receivables	993	–	–	991	–	–
Money market investments at fair value	676,431	512,004	–	676,431	512,004	–
Cash and cash equivalents	13,414	–	–	12,943	–	–
Borrowings	–	–	122,881	–	–	–
Other financial liabilities	–	–	12,592	–	–	–
Other liabilities and payables	5,504	–	–	5,504	–	–
Current tax liabilities	1,039	–	–	1,039	–	–

27 Events after the reporting period

There have been no material events after the reporting date that would require disclosure or adjustment to the Annual Financial Statements for the year ended 30 June 2019.

28 Directors' interests

The table below sets out the beneficial interests in the share capital of the Company directly or indirectly held by Directors at 30 June:

	A Ordinary Shares			
Company	**30 June 2019 Number**	**30 June 2019 %**	**30 June 2018 Number**	**30 June 2018 %**
Direct beneficial				
Yvonne Stillhart	610,000	0.33	610,000	0.33
Indirect beneficial via associates				
Derek Prout-Jones[1]	7,057,075	3.76	7,057,075	3.76
Michael Pfaff[1]	9,639,492	5.14	7,364,151	3.93
	17,306,567	9.23	15,031,226	8.02

[1] *Including 6,750,000 shares held through Black Hawk.*

There have been no changes to the beneficial interests since 30 June 2019 to the approval date of these Annual Financial Statements.

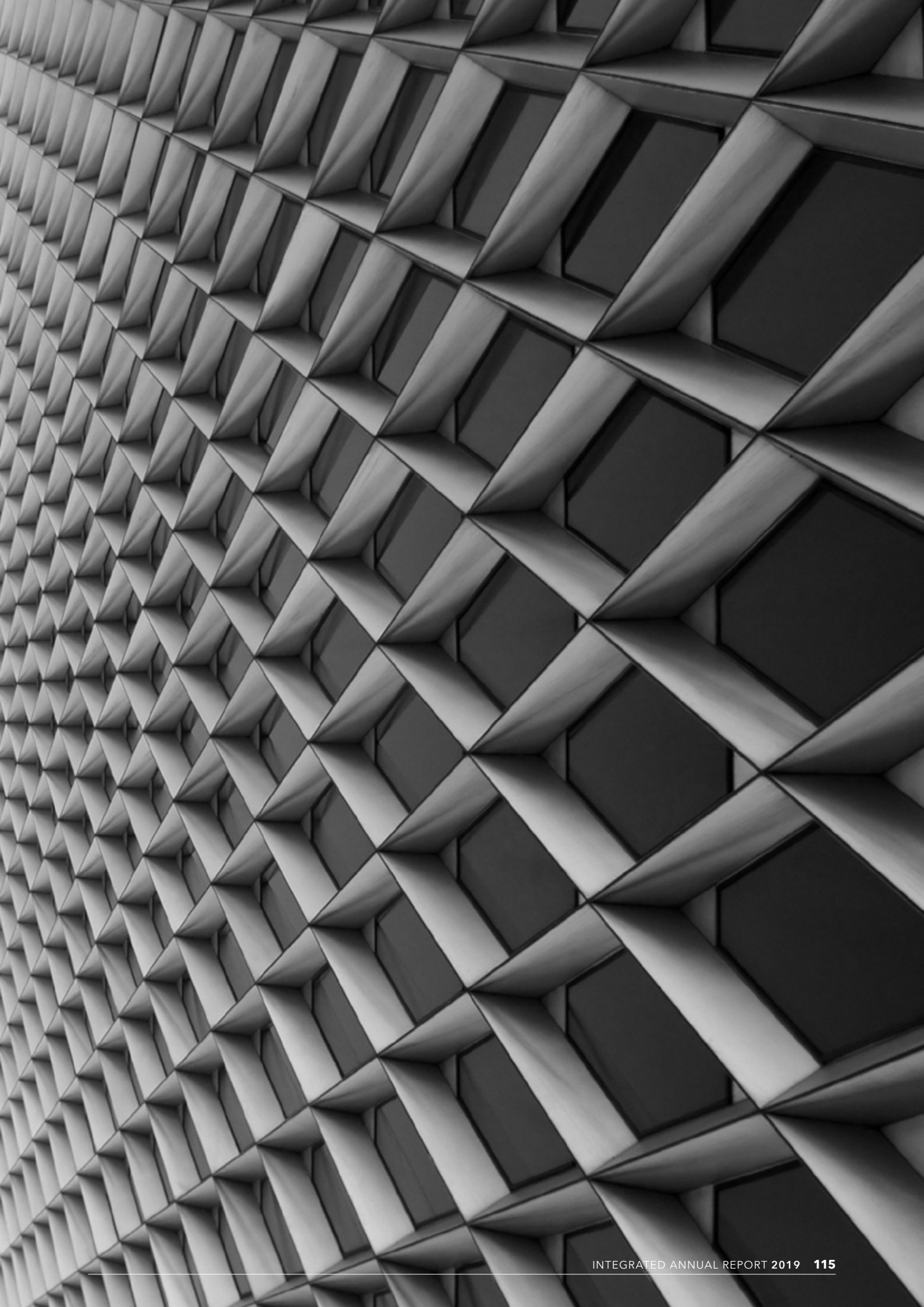
29 Spread of shareholders

The shareholder spread and analysis of public and non-public shareholdings in the Company at 30 June 2019 are as follows:

Company	**Number of shareholders 30 June 2019**	**% of shareholders 30 June 2019**	**Number of A Ordinary Shares 30 June 2019**	**% of total A Ordinary Shares 30 June 2019**
Shareholder spread				
1 – 50,000 shares	1,344	85.61	11,425,220	6.09
50,001 – 500,000 shares	159	10.13	28,010,058	14.94
500,001 – 1,000,000 shares	25	1.59	18,471,865	9.85
1,000,001 – 5,000,000 shares	35	2.23	70,808,735	37.77
5,000,001 – 10,000,000 shares	6	0.38	45,284,122	24.15
More than 10,000,000 shares	1	0.06	13,500,000	7.20
	1,570	100.00	187,500,000	100.00

	Number of A Ordinary Shares 30 June 2019	**% of total A Ordinary Shares 30 June 2019**	**Number of A Ordinary Shares 30 June 2018**	**% of total A Ordinary Shares 30 June 2018**
Public shareholders	156,372,433	83.40	159,718,774	85.18
Non-public shareholders	31,127,567	16.60	27,781,226	14.82
Directors	17,306,567	9.23	15,031,226	8.02
Ethos and associates	13,821,000	7.37	12,750,000	6.80
	187,500,000	100.00	187,500,00	100.00

There is only one shareholder, Black Hawk, with a shareholding of more than 5%. This shareholding is on behalf of two non-executive Directors as set out in note 28.



ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting ("AGM") of shareholders of EPE Capital Partners Ltd ("Ethos Capital" or "the Company") will be held at RMB, Portside Building, 5 Buitengracht Street, Cape Town, South Africa on Tuesday, 19 November 2019, at 14:00.

Purpose

The purpose of the AGM is to pass the ordinary and special resolutions, if approved, with or without amendment, as noted below:

Agenda

Presentation of the audited Annual Financial Statements of the Group and Company, including the Directors' Report, the Report of the Audit and Risk Committee and the Independent Auditor's Report for the financial year ended 30 June 2019. The Integrated Annual Report, of which this notice forms part, contains the Group and Company's Annual Financial Statements and the above-mentioned reports. The Annual Financial Statements, including the unmodified opinion of the auditor, are available on the Company's website at https://ethoscapital.mu/investors/reports-results/, or may be requested and obtained in person, at no charge, at the registered office of the Company during office hours.

To consider and, if deemed fit, approve with or without modification, the following ordinary and special resolutions:

1 Consideration and approval of the Annual Financial Statements and consideration of the Integrated Annual Report

Ordinary resolution number 1

"**Resolved that** the audited Annual Financial Statements of the Group and Company, including the Directors' Report, the Report of the Audit and Risk Committee and the Independent Auditor's Report, for the financial year ended 30 June 2019, be considered and approved and the Integrated Annual Report be considered."

Reason for and effect of ordinary resolution number 1

The reason for the passing of this resolution is that sections 5.4.1 to 5.4.3 of Schedule 2 of the Company's Constitution provide that at each AGM the Company's Annual Financial Statements be considered and approved, the Independent Auditor's Report be received and the Integrated Annual Report be considered.

The effect of each of these resolutions is to receive the Annual Financial Statements, including the Independent Auditor's Report, and the Integrated Annual Report, both for the year ended 30 June 2019, as provided for by the Constitution.

2 Reappointment of the South African Auditor

Ordinary resolution number 2

"**Resolved that** the auditor, Deloitte South Africa, as the independent registered auditor of the Company, with Dinesh Munu as the individual registered auditor and partner of the firm who will undertake the audit of the Company in relation to its South African matters, be reappointed upon the recommendation of the Audit and Risk Committee and the Board of Directors."

Reason for and effect of ordinary resolution number 2

The reason for the passing of this resolution is that section 2.5.1 of the Company's Constitution provides that at each AGM the Company must appoint an auditor.

The firm Deloitte South Africa is an accredited auditor appearing as such on the list of accredited auditors of the JSE in South Africa.

The independence of Deloitte South Africa was confirmed to be untainted.

Dinesh Munu is a registered auditor and partner with Deloitte South Africa and is, *inter alia*, registered with the South African Institute of Chartered Accountants. In terms of the prescribed auditor rotation requirements, he is eligible to serve as the individual auditor to lead the audit of the Company.

Deloitte South Africa and Dinesh Munu qualify for appointment as the Company's external auditor in terms of prescribed legislation and applicable ethical codes.

The effect of this resolution is that the reappointment of Deloitte South Africa, as the auditing firm of the Company, and Dinesh Munu, as the individual designated auditor responsible for leading any audit in respect of the Company, is confirmed and endorsed by the shareholders.

3 Reappointment of the Mauritian Auditor

Ordinary resolution number 3

"**Resolved that** the auditor, Deloitte Mauritius, as the independent registered auditor of the Company, with Twaleb Butonkee as the individual registered auditor and partner of the firm who will undertake the audit of the Company in relation to its Mauritian matters, be reappointed upon the recommendation of the Audit and Risk Committee and the Board of Directors."

Reason for and effect of ordinary resolution number 3

The reason for the passing of this resolution is that section 2.5.1 of the Company's Constitution provides that at each AGM the Company must appoint an auditor.

The independence of Deloitte Mauritius was confirmed to be untainted.

Deloitte Mauritius and Twaleb Butonkee qualify for appointment as the Company's external auditor in terms of prescribed legislation and applicable ethical codes.

The effect of this resolution is that the reappointment of Deloitte Mauritius, as the auditing firm of the Company, and Twaleb Butonkee, as the individual designated auditor responsible for leading any audit in respect of the Company, is confirmed and endorsed by the shareholders.

4 Re-election of Directors

4.1 Ordinary resolution number 4

"Resolved that Mr Kevin Allagapen, who retires at the AGM and is eligible, and who has made himself available for re-election, be re-elected as a Director of the Company."

4.2 Ordinary resolution number 5

"Resolved that Mr Michael Pfaff, who retires at the AGM and is eligible, and who has made himself available for re-election, be re-elected as a Director of the Company."

Reason for and effect of ordinary resolutions numbers 4 and 5

The reason for the passing of these resolution is that section 18.6.1 of the Company's Constitution provides that at each AGM, at least one-third of the Directors shall retire from office and they may stand for re-election, provided that such Director is eligible.

The reason for each of these resolutions is to authorise the appointment of the above stated persons to the Board of Directors as allowed by the Constitution.

An abbreviated *curriculum vitae* of each person standing for re-election is set out on page 52 of the Integrated Annual Report, and for purposes of these resolutions, is regarded as forming an integral part of these resolutions.

The effect of each of these resolutions is to authorise the appointment of the above-stated persons to the Board of Directors as allowed by the Constitution.

5 Re-election of members of the Audit and Risk Committee

5.1 Ordinary resolution number 6

"Resolved that Mr Derek Prout-Jones be re-elected as a member of the Audit and Risk Committee."

5.2 Ordinary resolution number 7

"Resolved that Mr Kevin Allagapen, who retires at the AGM and has made himself available for re-election, be re-elected as Chairperson of the Audit and Risk Committee, subject to the approval of ordinary resolution number 4 above."

5.3 Ordinary resolution number 8

"Resolved that Mr Yuvraj Juwaheer be re-elected as a member of the Audit and Risk Committee."

Reason for and effect of ordinary resolution numbers 6 to 8

The reason for the passing of these resolutions is that section 2.6.2 of the Company's Constitution provides that at each AGM the Company must elect the members of the Audit and Risk Committee.

The reason for each of these resolutions is to authorise the appointment of the above-stated persons to the Audit and Risk Committee as allowed by the Constitution.

The Board is satisfied that the above-mentioned persons possess the appropriate qualifications, skills and experience to fulfil their Audit and Risk Committee obligations allowed by the Constitution.

An abbreviated *curriculum vitae* of each person standing for re-election is set out on page 52 of the Integrated Annual Report, and for purposes of these resolutions, is regarded as forming an integral part of these resolutions.

The effect of each of these resolutions is to authorise the appointment of the above-stated persons to the Audit and Risk Committee as allowed by the Constitution.

6 Approval of Directors' remuneration

Ordinary resolution number 9

"**Resolved that** the all-inclusive gross remuneration to be paid to the non-executive Directors for their services as Directors for the year 1 July 2019 to 30 June 2020, as set out below, is hereby approved."

Directors' remuneration	Year to 30 June 2020
Derek Prout-Jones	ZAR 1,640,000
Kevin Allagapen	US$ 25,000
Michael Pfaff	ZAR 1,290,000
Yuvraj Juwaheer	US$ 25,000
Yvonne Stillhart	CHF 45,000

The above amounts are based on increases from the 2019 base amounts in the respective currencies of c.4% (South African Directors), c.2% (Mauritian Directors) and c.1% (Swiss Director). These increases are below the average increases of other JSE listed companies, based on market statistics as researched and issued by independent parties.

Reason for and effect of ordinary resolution number 9

The reason for the passing of the resolution is that section 18.5.1 of the Company's Constitution provides that, notwithstanding anything to the contrary contained in the Constitution or any agreement, understanding or arrangement with a Director, the Company shall not be obliged or entitled or required to pay any remuneration to a Director for their services as Directors (which shall exclude salaries of executive Directors) except such remuneration as has been approved by and in terms of an ordinary resolution.

Accordingly, the reason for this resolution is, *inter alia*, to approve the remuneration and basis for compensation of the non-executive Directors for the ensuing year.

The effect of this resolution is that the non-executive Directors' remuneration and basis for compensation will be authorised for the period 1 July 2019 until 30 June 2020.

7 Non-binding endorsement of the remuneration policy

Ordinary resolution number 10

"Resolved that the shareholders, by way of a non-binding advisory vote, endorse the Company's remuneration policy as detailed on page 59 of the Integrated Annual Report."

Reason for and effect of ordinary resolution number 10

The reason for the passing of the resolution is that it is a requirement of the JSE Listings Requirements to table the remuneration policy for a non-binding advisory vote by shareholders at each AGM, as suggested by King IV.

Accordingly, the reason for this resolution is to endorse the remuneration policy of the Company.

The effect of this resolution will be for the shareholders to endorse the Company's remuneration policy. This is an advisory vote only, and the failure to pass this resolution will not impact the current remuneration agreements; however, the Board will take the outcome of the vote and any views raised in consideration when making or considering changes to the current remuneration policy.

8 Non-binding endorsement of the implementation report of the Company's remuneration policy

Ordinary resolution number 11

"Resolved that the shareholders, by way of a non-binding advisory vote, endorse the Company's implementation report in relation to the remuneration policy as detailed on page 59 of the Integrated Annual Report."

Reason for and effect of ordinary resolution number 11

The reason for the passing of the resolution is that it is a requirement of the JSE Listings Requirements to table the implementation report for a non-binding advisory vote by shareholders at each AGM, as suggested by King IV.

Accordingly, the reason for this resolution is to endorse the implementation report in relation to the Company's remuneration policy.

The effect of this resolution will be for the shareholders to endorse the Company's implementation report in relation to the remuneration policy. This is an advisory vote only, and the failure to pass this resolution will not impact the current remuneration agreements; however, the Board will take the outcome of the vote and any views raised into consideration when making or considering changes to the current remuneration policy and its implementation.

9 Approval of general authority to the Board to issue A Ordinary Shares of the Company and/or convertible securities for cash

Ordinary resolution number 12

"**Resolved that** the Directors of the Company be and they are hereby authorised by way of a general authority to issue A Ordinary Shares and/or any options/convertible securities that are convertible into A Ordinary Shares of the Company for cash, as and when they in their discretion deem fit, subject to the Company's Constitution, the provisions of the Mauritius Companies Act 2001, the JSE Listings Requirements, when applicable, and the following limitations, namely that:

- the equity securities that are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue will only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties;
- in respect of securities which are the subject of the general issue of shares for cash, it may not exceed the cumulative number of the current shares of the Company that were repurchased and held in treasury, which are limited to 9,000,000 A Ordinary Shares, representing 5.0% of the Company's A Ordinary Shares in issue at the date of the notice of the AGM, (excluding current treasury shares held) and, provided that:
  - › any equity securities issued under this authority during the period must be deducted from the number above;
  - › in the event of a sub-division or consolidation of issued equity securities during the period contemplated above, the existing authority must be adjusted accordingly to represent the same allocation ratio; and
  - › the calculation of the listed equity securities is a factual assessment of the listed equity securities as at the date of the notice of AGM, excluding treasury shares;
- the authority is valid until the Company's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
- any such general issues are subject to exchange control regulations and approval at that point in time;
- an announcement giving full details will be published at the time of any issue representing, on a cumulative basis within the period of this authority, 5% (five percent) or more of the number of shares in issue prior to the issue, in accordance with section 11.22 of the JSE Listings Requirements;

- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities. The JSE should be consulted for a ruling if the applicant's securities have not traded in such 30 business-day period; and
- approval of the general issue for cash resolution achieving 75% majority of the votes cast in favour of such resolutions by all equity securities present or represented by proxy at the AGM convened to approve such resolution."

Reason and effect of ordinary resolution number 12

The reason for this resolution is to authorise the Board to issue for cash A Ordinary Shares and/or any options/convertible securities that are convertible into A Ordinary Shares, up to a maximum of the number of the current shares of the Company that were repurchased and held in treasury, which are limited to 9,000,000 A Ordinary Shares, representing c.5% of the Company's A Ordinary Shares in issue at the date of the notice of the AGM, (excluding current treasury shares held)

10 Approval of general authority to acquire or repurchase the A Ordinary Shares in the Company

Special resolution number 1

"**Resolved that** the general authority of the Company to repurchase its A Ordinary Shares, upon such terms and conditions and in such amounts as the Directors may from time to time decide at their discretion, but subject to the Company's Constitution, the provisions of the Mauritius Companies Act 2001, ("the Mauritius Companies Act") and the JSE Listings Requirements, is hereby approved, provided that:

- any repurchase of securities must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between Ethos Capital and the counterparty (reported trades are prohibited);
- authorisation for the repurchase is given by the Company's Constitution;
- at any point in time, Ethos Capital may only appoint one agent to effect any repurchase(s) on Ethos Capital's behalf;
- this general authority will be valid until Ethos Capital's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date of passing this resolution;
- an announcement will be published on the Stock Exchange News Service ("SENS") as soon as Ethos Capital has acquired any of its securities of a relevant class constituting, on a cumulative basis, 3% (three percent) of the initial number of securities of that relevant class in issue at the time that the general authority was granted, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, containing full details of such repurchases, such announcement to be published as soon as possible and not later than 08:30 (South African standard time) on the second business day in South Africa and Mauritius following the day on which the relevant threshold is reached or exceeded, and the announcement shall comply with the requirements of the JSE Listings Requirements in this regard;
- repurchases by Ethos Capital of its securities may not, in aggregate in any one financial year, exceed 5% (five percent) (8,925,000 A Ordinary Shares) of Ethos Capital's issued share capital of that class as at the beginning of the financial year ending 30 June 2020 (excluding treasury shares);
- in determining the price at which the Company's securities are acquired by the Company in terms of this general authority, the maximum premium at which such securities may be acquired will be 10% (ten percent) of the weighted average of the market value at which such securities are traded on the JSE as determined over the 5 (five) business days immediately preceding the date of repurchase of such securities by Ethos Capital. The JSE will be consulted for a ruling if such securities have not been traded during the course of such five business-day period;

- Ethos Capital may not repurchase any of its securities in terms of this authority during a "prohibited period" (as such term is defined in the JSE Listings Requirements), unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and have been submitted to the JSE in writing prior to the commencement of the prohibited period. Ethos Capital must instruct an independent third party, which makes its investment decisions in relation to Ethos Capital's securities independently of, and uninfluenced by, Ethos Capital, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- any such repurchase may be subject to exchange control regulations and approval at that time; and
- a resolution has been passed by the Board authorising the repurchase and confirming that Ethos Capital passed the solvency and liquidity test in terms of the Mauritius Companies Act and that, from the time the test was done there have been no material changes to the financial position of the Company."

Reason for and effect of special resolution number 1

The reason for the passing of this resolution is to grant the Company a general authority in terms of the JSE Listings Requirements for the acquisition by the Company of its securities, which authority shall be valid until the next AGM, provided that the general authority shall not extend beyond 15 months from the date of this special resolution number 1.

The effect of special resolution number 1 is to enable Ethos Capital, by way of a general authority, to acquire its securities from the holders of such securities.

Information in respect of major shareholders, share capital and material changes is contained in the Notes to the Annual Financial Statements, which information is required by the JSE Listings Requirements with regard to the resolution granting a general authority to Ethos Capital to repurchase its securities.

The Directors collectively and individually accept full responsibility for the accuracy of the information pertaining to this resolution, to the extent required by law, and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the above special resolution contains all relevant information required by the JSE Listings Requirements.

Statement by the Directors

The Directors will not commence a general repurchase of shares, as allowed for in this resolution, unless the following can be met:

- Ethos Capital will be able in the ordinary course of business, to pay its debts for a period of 12 months following the date of the general repurchases.
- Ethos Capital's assets will be in excess of the liabilities of Ethos Capital for a period of 12 months following the date of the general repurchase. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited Annual Financial Statements which comply with the Mauritius Companies Act.
- Ethos Capital will have adequate share capital and reserves for ordinary business purposes for a period of 12 months following the date of the general repurchase.
- The working capital of Ethos Capital will be adequate for ordinary business purposes for a period of 12 months following the date of the general repurchase.
- The Board will pass a resolution authorising the repurchase, confirming that Ethos Capital has passed the solvency and liquidity test in terms of the Mauritius Companies Act 2001 and further confirming that, since the test was performed, there have been no material changes to the financial position of Ethos Capital and its subsidiaries.
- The intention of the general authority sought is to provide the Directors with the ability to, when they deem it appropriate, to repurchase the Company's A Ordinary Shares for the purpose of, but not limited to, holding such shares in treasury.
- In the event that the repurchase was made during a prohibited period through a repurchase programme pursuant to paragraph 5.69(h) and/or 14.9(e) of Schedule 14 of the JSE Listings Requirements, a statement will be issued confirming that the repurchase was put in place pursuant to a repurchase programme prior to a prohibited period in accordance with the JSE Listings Requirements.

Approvals required for resolutions

Ordinary resolutions numbers 1 to 11 contained in this Notice of AGM require the approval by more than 50% of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM convened to approve these resolutions, subject to the provisions of the Company's Constitution, the Mauritius Companies Act 2001 and the JSE Listings Requirements.

Ordinary resolution number 12 and Special resolution number 1 contained in this Notice of AGM require the approval of at least 75% of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM convened to approve these resolutions, subject to the provisions of the Company's Constitution, the Mauritius Companies Act 2001 and the JSE Listings Requirements.

Equity securities held by a share trust or scheme, and unlisted securities will not have their votes taken into account at the AGM for the purposes of resolutions proposed in terms of the JSE Listings Requirements.

Proof of identification required

Any shareholder or proxy who intends to attend or participate at the AGM must be able to present reasonably satisfactory identification at the meeting for such shareholder or proxy to attend and participate at the AGM. A green bar-coded identification document or identification card issued by the South African Department of Home Affairs, a driver's licence or a valid passport will be accepted at the AGM as sufficient identification.

Record dates

The record date for shareholders to be recorded on the securities register of the Company in order to receive this Notice of the AGM is 11 October 2019.

The record date for shareholders to be recorded on the securities register of the Company in order to be able to attend, participate and vote at the AGM is 8 November 2019, and the last date to trade in the Company's shares in order to be recorded on the securities register of the Company in order to be able to attend, participate in and vote at the AGM is 5 November 2019.

FORM OF PROXY

EPE Capital Partners Ltd
(The "Company" or "Ethos Capital")
(Incorporated in the Republic of Mauritius)
(Registration number: C138883 C1/GBL)
JSE Share Code: EPE ISIN: MU0522S00005

Annual General Meeting to be held at 14:00 on 19 November 2019

Dear Sir/madam

I/We _____ (please print) of _____ _____ (address), being a shareholder of EPE Capital Partners Ltd, hereby appoint:

1. _____ of _____ or failing him/her,

2. _____ of _____ or failing him/her, the Chairperson

of the Annual General Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, 19 November 2019, at 14:00 at RMB, Portside Building, 5 Buitengracht Street, Cape Town, South Africa, and at any adjournment thereof in the manner indicated below.

I/We desire my/our vote(s) to be cast on the resolutions as follows:	FOR	AGAINST	ABSTAIN
Ordinary resolutions			
1. **RESOLVED THAT** the audited Annual Financial Statements of the Group and Company, including the Auditor's Report for the year ended 30 June 2019, be hereby considered and approved and the Integrated Annual Report for the year ended 30 June 2019 be considered.			
2. **RESOLVED THAT** Deloitte South Africa be reappointed as independent auditor of the Company and Mr Dinesh Munu as the designated auditor partner, to hold office until the conclusion of the next Annual General Meeting.			
3. **RESOLVED THAT** Deloitte Mauritius be reappointed as independent auditor of the Company and Mr Twaleb Butonkee as the designated auditor partner, to hold office until the conclusion of the next Annual General Meeting.			
4. **RESOLVED TO** re-elect Mr Kevin Allagapen as Director.			
5. **RESOLVED TO** re-elect Mr Michael Pfaff as Director.			
6. **RESOLVED TO** re-elect Mr Derek Prout-Jones as a member of the Audit and Risk Committee.			
7. **RESOLVED TO** re-elect Mr Kevin Allagapen as a member and chairperson of the Audit and Risk Committee, subject to the approval of ordinary resolution number 4 above.			
8. **RESOLVED TO** re-elect Mr Yuvraj Juwaheer as a member of the Audit and Risk Committee.			
9. **RESOLVED THAT** the Directors' remuneration for the year ending 30 June 2020 be hereby approved.			
10. **RESOLVED THAT** the remuneration policy of the Company be hereby endorsed.			
11. **RESOLVED THAT** the implementation report on the Company's remuneration policy be hereby endorsed.			
12. **RESOLVED THAT** the general authority of the Company to issue A Ordinary Shares of the Company and/or other convertible securities for cash be hereby approved. The issue is limited to 9,000,000 (5.0% of the A Ordinary Shares in issue at the date of the notice of the AGM, excluding treasury shares).			
Special resolution			
1. **RESOLVED THAT** the general authority of the Company to acquire or repurchase up to 5.0% (8,925,000) of the A Ordinary Shares of the Company in issue at the beginning of the June 2020 financial year (excluding treasury shares), be hereby approved.			

Dated this _____ day of _____ 2019.

Name: _____

Designation: _____

For and on behalf of: _____

NOTES TO FORM OF PROXY

1. Shareholders who have not dematerialised their shares, or who have dematerialised their shares with "own name" registration, are entitled to attend and vote at this meeting, and are entitled to appoint a proxy or proxies to attend, speak and vote on their behalf.
2. Every person entitled to vote who is present at the AGM shall be entitled to:
   a. one vote on a show of hands irrespective of the number of shares such person holds or represents, provided that a proxy shall, irrespective of the number of shareholders she/he represents, have only one vote; or
   b. that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by the shareholder bears to the aggregate amount of the nominal value of all shares issued by the Company in respect of every matter that may be decided by polling.
3. Any alteration to this form of proxy, other than a deletion of alternatives, must be initialled by the signatory/ies.
4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company or Computershare Investor Services (Pty) Ltd or waived by the Chairperson of the AGM.
5. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by Computershare Investor Services (Pty) Ltd.
6. This form of proxy may be used at any adjournment or postponement of the AGM, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
7. Forms of proxy must be lodged at or posted to Computershare Investor Services (Pty) Ltd or Ocorian (Mauritius) Limited, to be received not later 14:00 on 15 November 2019. Any forms of proxy not lodged by this time must be handed to the Chairperson of the AGM immediately prior to the AGM.
8. Completing and lodging this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person to the exclusion of any appointed proxy.
9. If any shares are jointly held, all joint shareholders must sign this form of proxy. If more than one of those shareholders is present at the AGM, either in person or by proxy, the person whose name first appears in the register will be entitled to vote.
10. Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, must contact their CSDP or broker in the manner and time stipulated in their agreement to furnish them with their voting instructions and, in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

CORPORATE INFORMATION

Directors

Yvonne Stillhart (Chairperson)
Derek Prout-Jones
Kevin Allagapen
Michael Pfaff
Yuvraj Juwaheer

Senior Advisors (Officers)

Jean-Pierre van Onselen (CFO)
Peter Hayward-Butt (CEO)

Investment Advisor

Ethos Private Equity (Pty) Limited
35 Fricker Road
Illovo
Johannesburg, 2196

Company Secretary and registered office

Ocorian (Mauritius) Ltd
6th Floor, Tower A
1 Cybercity
Ebene
Mauritius

Auditors

Deloitte
Level 7, Standard Chartered Tower
19 Cybercity
Ebene
Mauritius

Deloitte
20 Woodlands Drive
Woodmead
Sandton
Johannesburg, 2196

Listing

JSE Ltd
Abbreviated name: ETHOSCAP
JSE code: EPE
Sector: Financials – Speciality Finance

Transfer Secretary

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196

Sponsor

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

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

GREYMATTER & FINCH # 13257

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