ETHOS CAPITAL

FINANCIAL RESULTS

for the year ended 30 June 2019

EPE CAPITAL PARTNERS LTD
("ETHOS CAPITAL" OR "THE COMPANY")

INCORPORATED IN THE REPUBLIC OF MAURITIUS

REGISTRATION NUMBER: C138883 C1/GBL

ISIN: MU0522S00005

SHARE CODE: EPE

RESULTS FOR THE YEAR ENDED 30 JUNE 2019, AVAILABILITY OF AUDITED AFS AND NOTICE OF AGM

Introduction

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

A. RESULTS ANNOUNCEMENT

Key highlights

- Total assets increased to R1.9 billion with NAV of R1.8 billion at 30 June 2019.
- R0.7 billion invested during the year in 5 new Portfolio Companies.
- At 30 June 2019, invested capital increased to R1.4 billion or 74% of total assets; will increase to R1.6 billion and 82% respectively post the imminent completion of a further transaction.
- Exposure to 19 Portfolio Companies with a value-weighted average age of 1.5 years

Overview

Ethos Capital ended the year with total assets of R1.9 billion and increased its NAVPS to R11.34. This represents the 12th successive quarter since listing that the Group has increased its NAVPS although the increase during the year was muted largely as a result of the macroeconomic headwinds and the fact that Ethos Capital invested c. 50% (R0.7bn) of its invested capital during the year. Ethos had a very active year on the investment front acquiring or investing in seven assets.

Ethos Capital increased its invested capital to R1.4 billion or 74% of total assets as at year-end and a further transaction is due to complete imminently that will increase the invested capital to R1.6 billion (82% of total assets). The Group currently has indirect exposure to 19 Portfolio Companies, operating in a number of industries/ sectors and geographies, that are managed by a Manager with strong sector expertise, domain knowledge and with Value Add abilities. Given the uncertain economic outlook, Ethos has focused much of its efforts on improving the fundamentals and outlook for its Portfolio Companies through financial and operational restructuring and positioning these businesses to benefit from an improved macroeconomic outlook.

Many of the Portfolio Companies are at the early stages of their investment cycle (average holding-period of 1.5 years) and the portfolio is valued at 6.9x EBITDA. The Company has also invested in some exciting non-South African business which are showing good growth and all the Portfolio Companies continue to benefit from Ethos' transformational interventions which should deliver strong growth in the coming years.

Presentation

Ethos Capital will host a webcast presentation at 10h00 am on Thursday 26 September 2019 covering the results relating to the year ended 30 June 2019, and outlook. A copy of the presentation is available for download on the Company's website at http://www.ethoscapital.mu/investors1/reports-results/

Participants should please register for the webcast in advance by navigating to this website:
https://themediaframe.net/ethosltd190926

B. 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

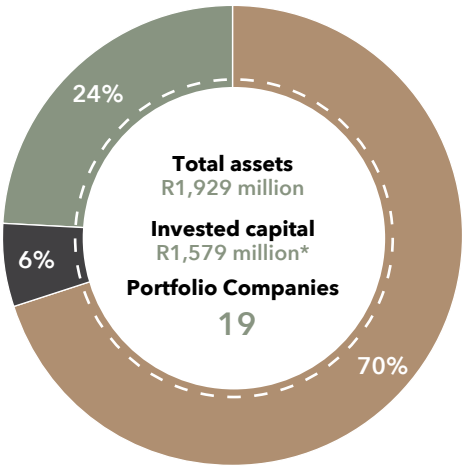
Company strategy

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:

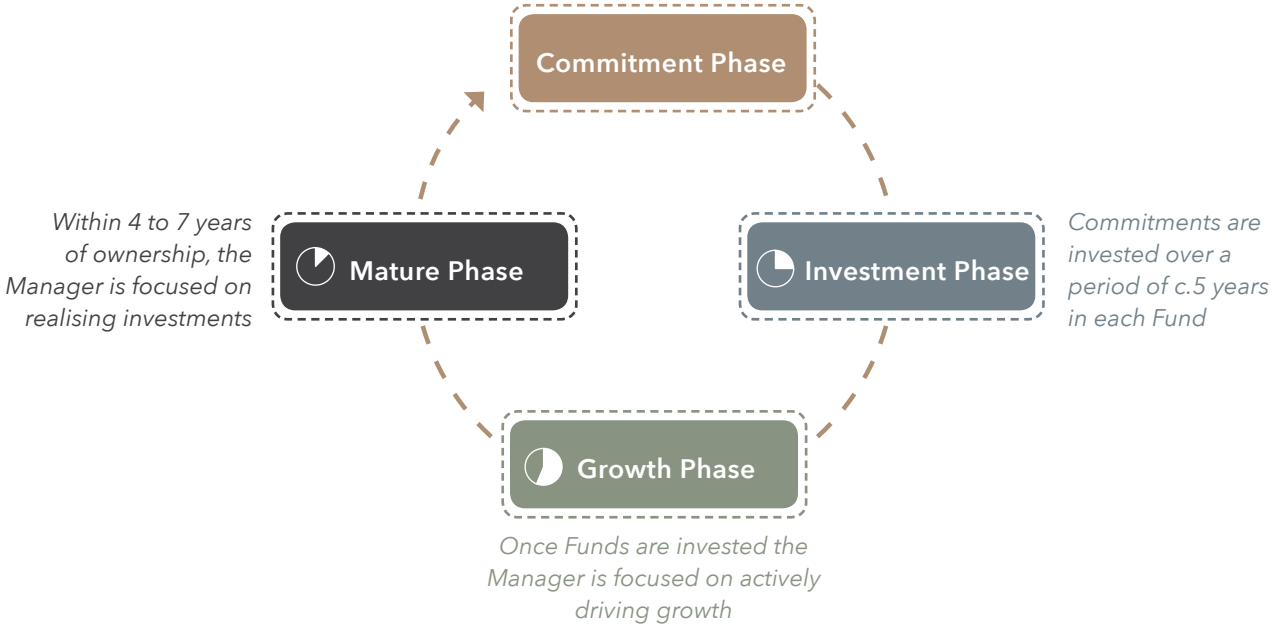
1. **Primary Investment –** *Invest in new Ethos Funds when they are established*
2. **Secondary Investment –** *Replace Fund investors in Ethos Funds late into or post the Investment Phase*
3. **Co-investment –** *Invest into Portfolio Companies directly alongside the Ethos Funds*



** 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:

Chibuku

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

gammaTEK PTY LIMITED

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

channel VAS

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

SYNERLYTIC GROUP HOLDINGS

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.

TymeBank

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

Vertice MedTechGroup

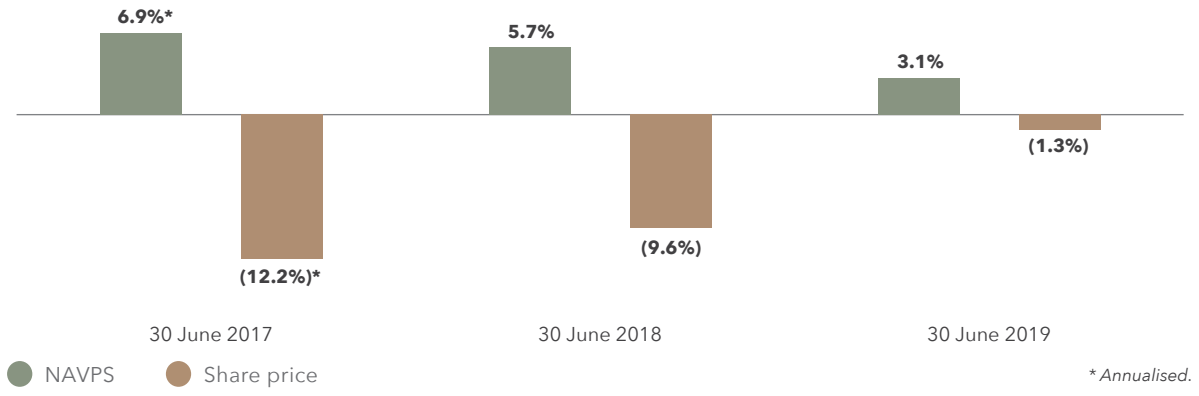
A provider of high-quality, state-of-the-art surgical products and instruments, personalised service and technical support to the southern African healthcare sector, that completed two acquisitions during the year.

The BEVERAGE Company

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.

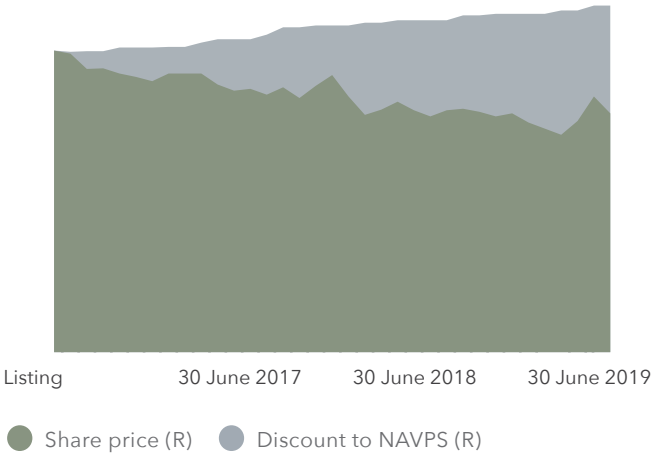
Ethos Capital has committed R150 million as a first close investor to EAiF I.

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



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

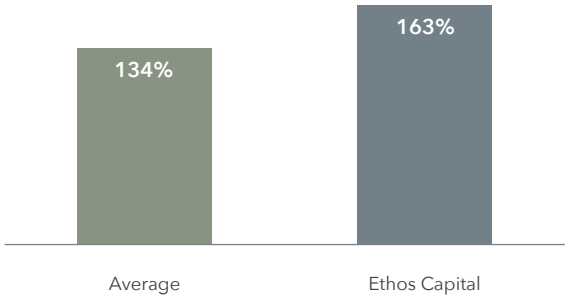
As at 30 June 2019, Ethos Capital had invested 74% of its total assets. The completion of the binding conditional agreement for Echo to acquire Gondwana (subject only to regulatory approval), will result in 82% of the total assets having been invested.

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).

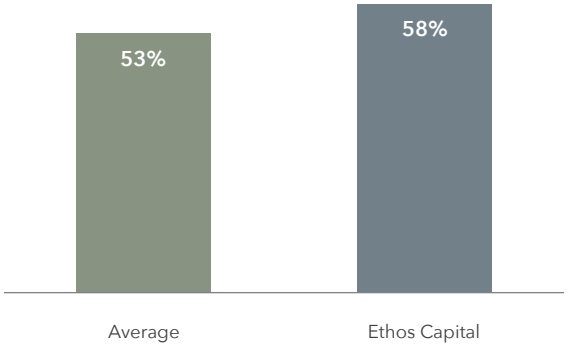
Ethos Capital, like its local and global listed private equity peers, follows an "overcommitment" strategy. Ethos Capital makes commitments to funds, secondaries and co-investment transactions that exceed the current cash and debt facilities available to the Company. The Board closely monitors the liquidity 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

C. REVIEW OF THE INVESTMENT PORTFOLIO AND RETURNS

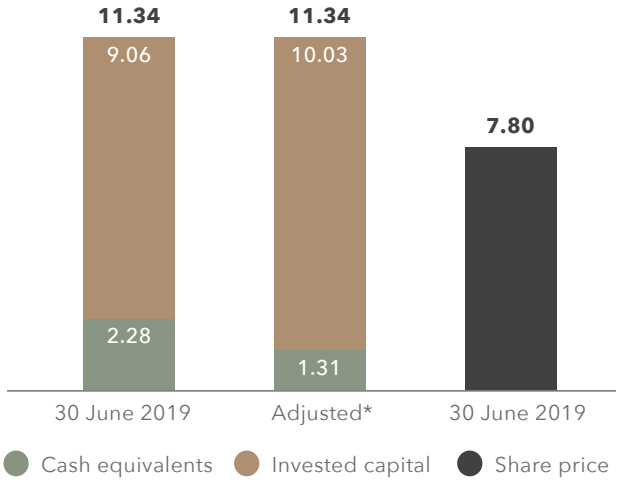
Performance

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 the past 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.

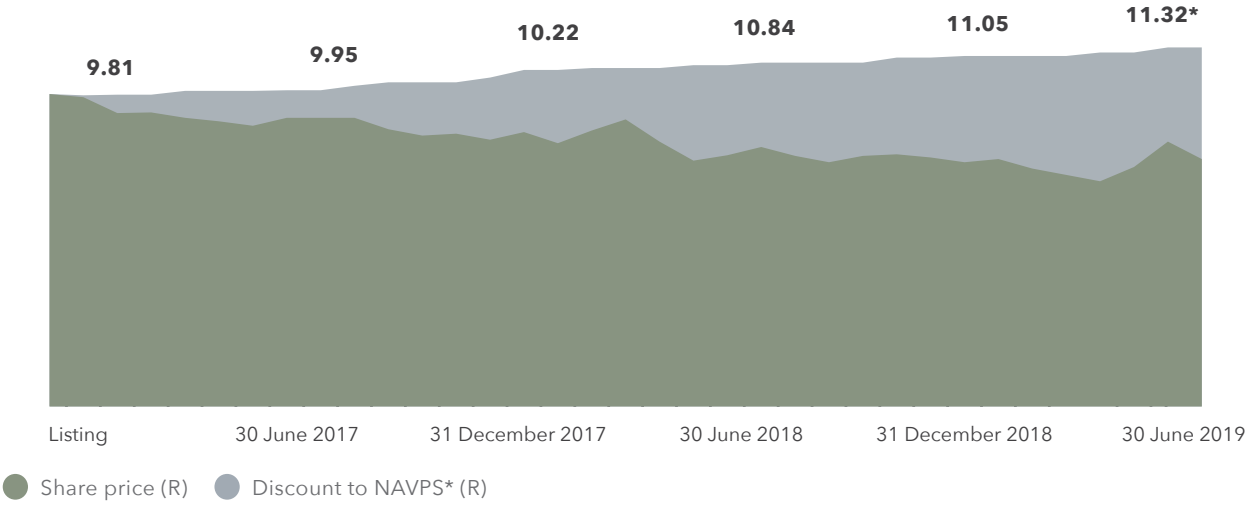
Further details on expenses are provided in notes 10 and 13 of the Notes to the Summarised Annual Financial Statements.

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%.

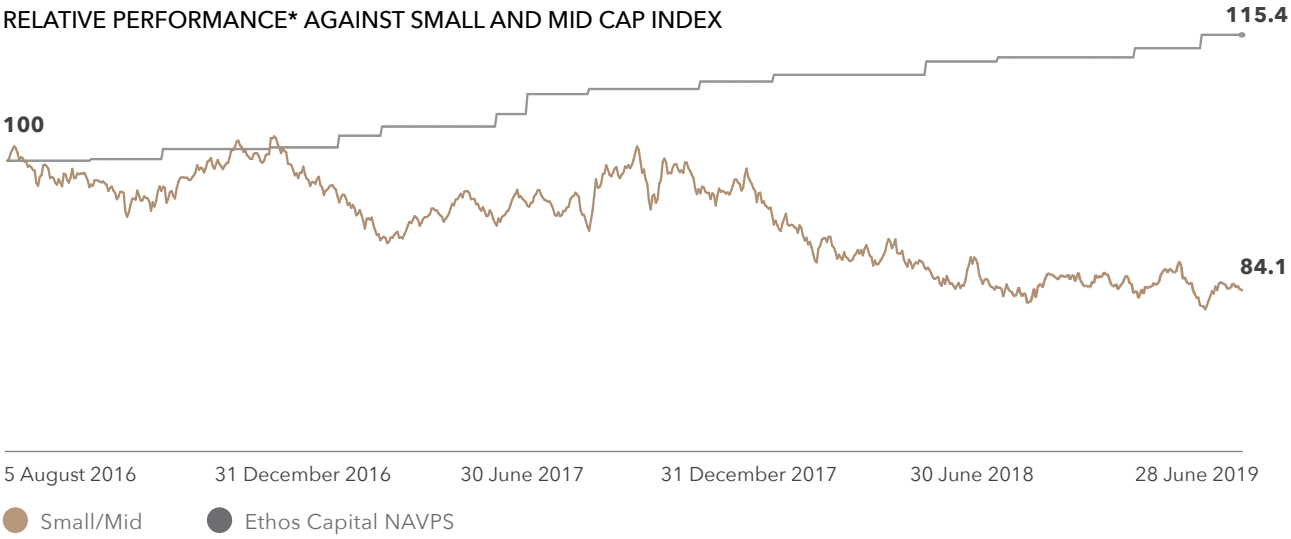
Despite the difficult macroeconomic conditions, the Group has shown growth in NAV in every quarter since it was listed. The share price however, has continued to trade at a significant discount to NAV. As part of its strategy to enhance shareholder value, the Company has continued to repurchase shares 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

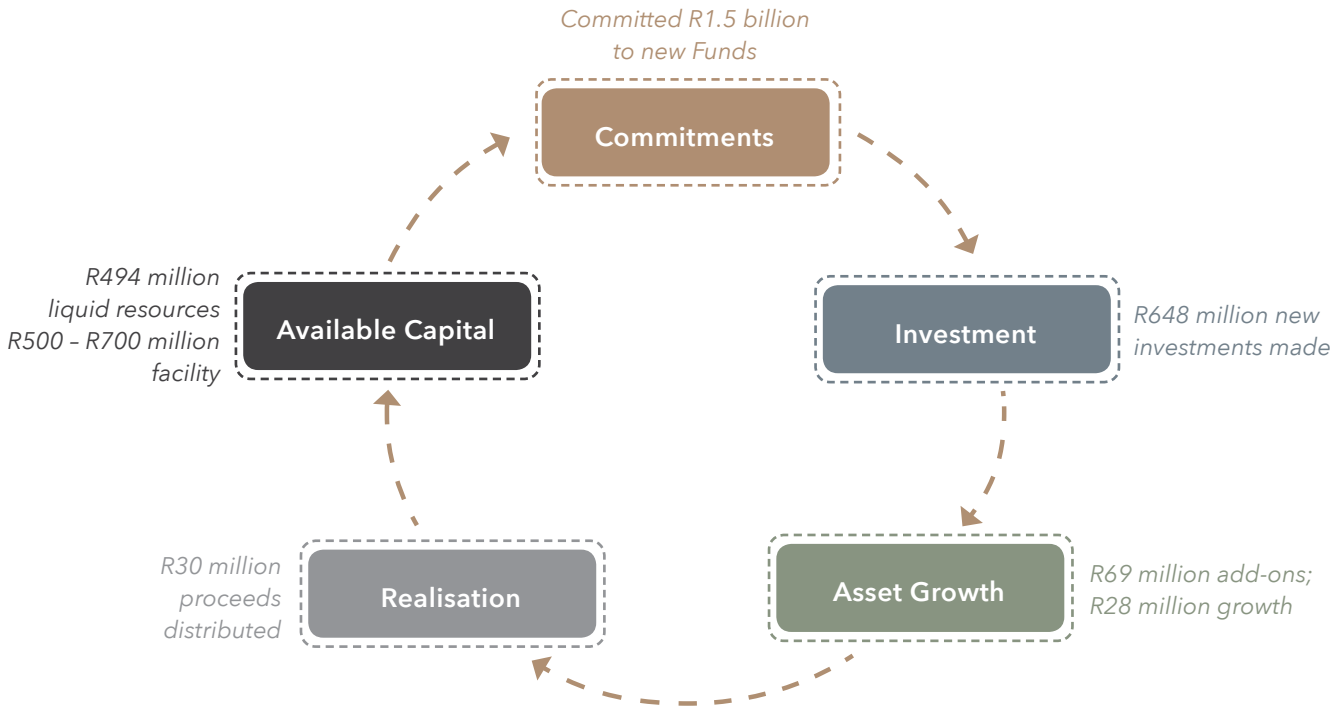


** Performance data rebased to 100 at 5 August 2016.*

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

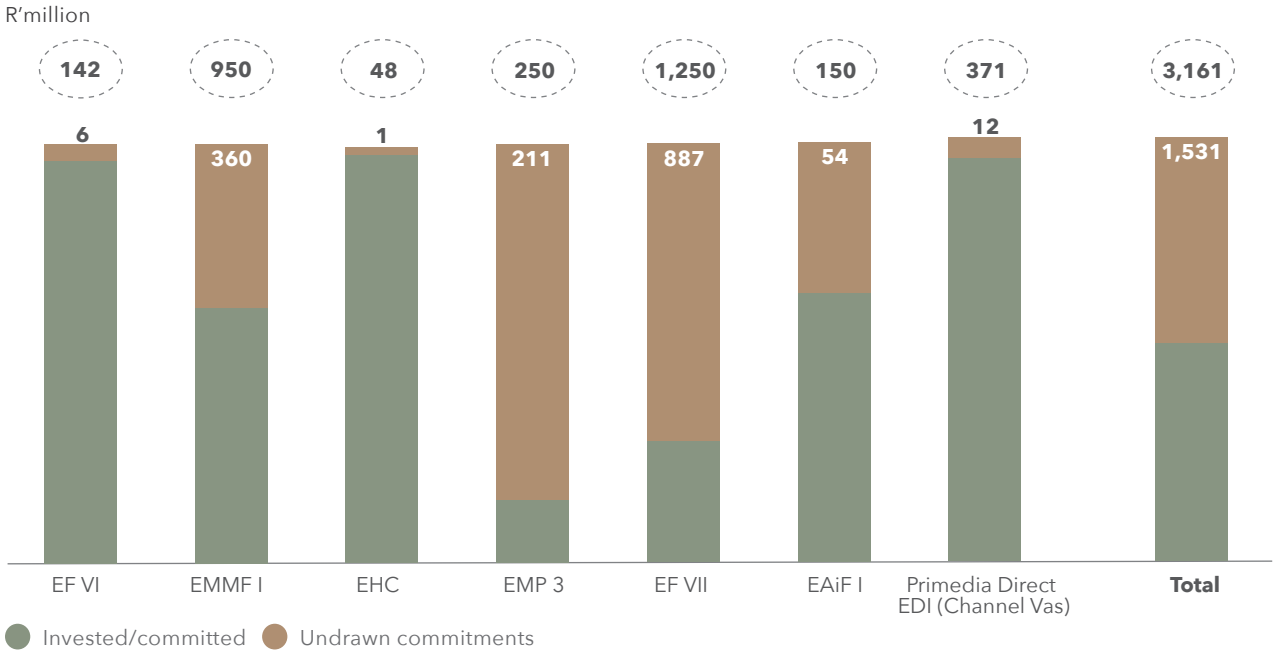
The Group follows the life-cycle of a private equity Fund. The Board is responsible for making commitments either to existing or new Ethos Funds or to co-invests (Direct Investments) alongside the Funds. Once these commitments are made, Ethos (the Investment Manager) takes responsibility for deploying 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**

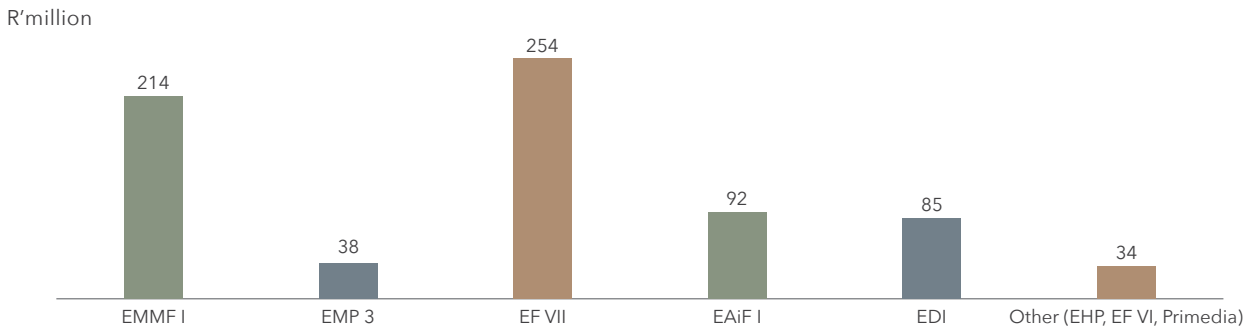
[1] *Investment in Primedia Group (Proprietary) Ltd and Ster-Kinekor Theatres Pty Ltd.*

[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.

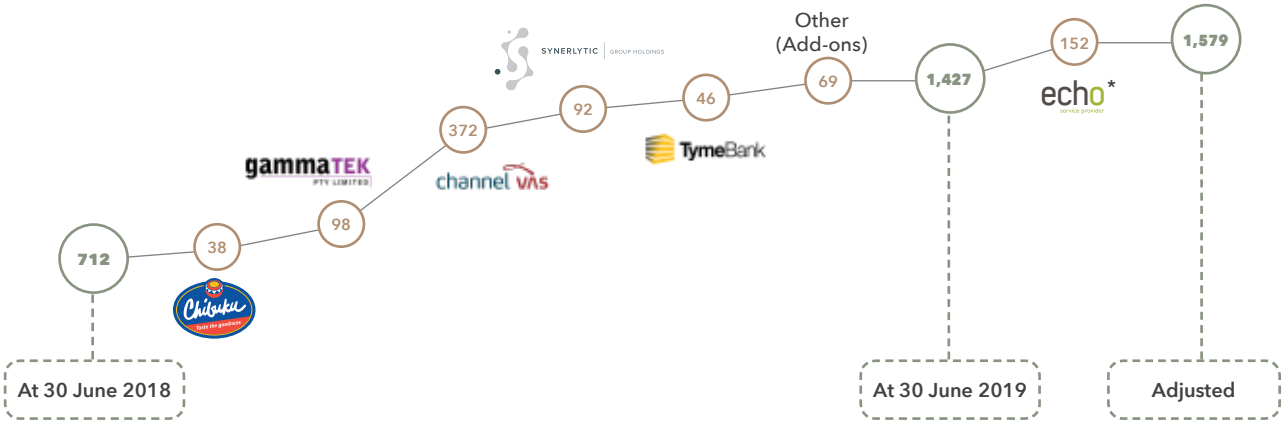
The largest investment completed during the year, was Channel VAS, an airtime credit service provider with extensive sub-Saharan business in October 2018. As a first-close investor in EF VII and EAiF I, and through a co-investment commitment in EDI, Ethos Capital has invested R372 million into Channel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

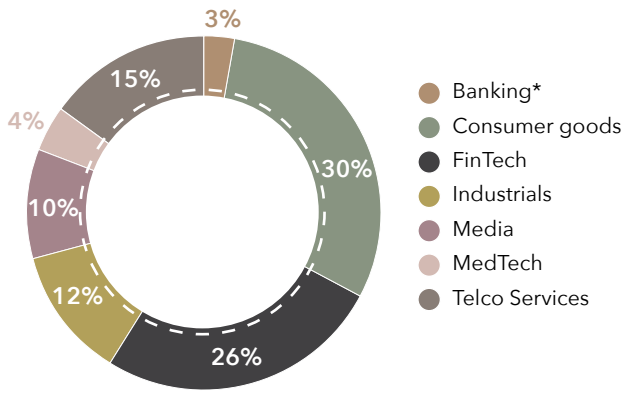
An agreement was signed in September 2018 to facilitate the acquisition by Echotel of Gondwana, a pan sub-Saharan African ISP, which will provide Echotel with a broad coverage and product-offering in nine key sub-Saharan countries. The transaction is subject only to regulatory approvals and upon completion, 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).

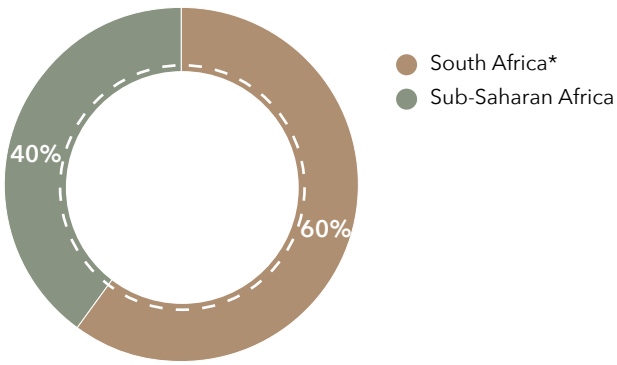
Ethos Capital's adjusted invested capital, taking into account the above transaction, will increase to R1.6 billion, 82% of the Group's total assets, further diversifying the portfolio and expanding its geographical exposure.

Asset growth

Portfolio Company performance

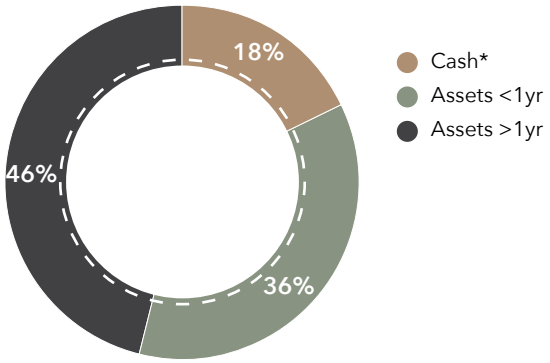
Ethos Capital's investment portfolio at 30 June 2019 has exposure to 19 Portfolio Companies that in aggregate (excluding the results of the MTN Group and Chibuku Products) have sales of over R28 billion and EBITDA of more than R5 billion. The Portfolio Companies span a number of sectors and geographies,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





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

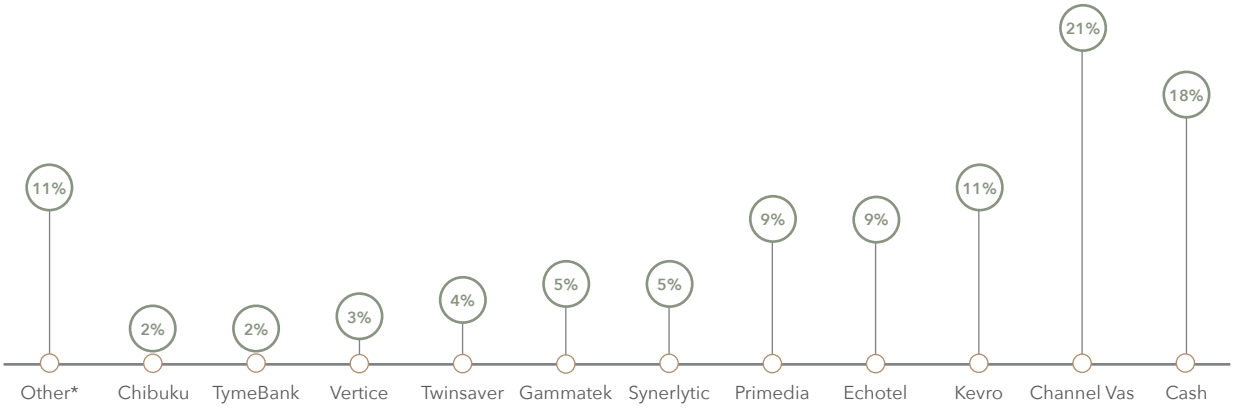
The investment portfolio has an (value-weighted) average holding-period of only 1.5 years with many of the Portfolio Companies in the early stages of their investment cycle. These assets can be expected to begin to benefit from the strategic and operational interventions that the management teams are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

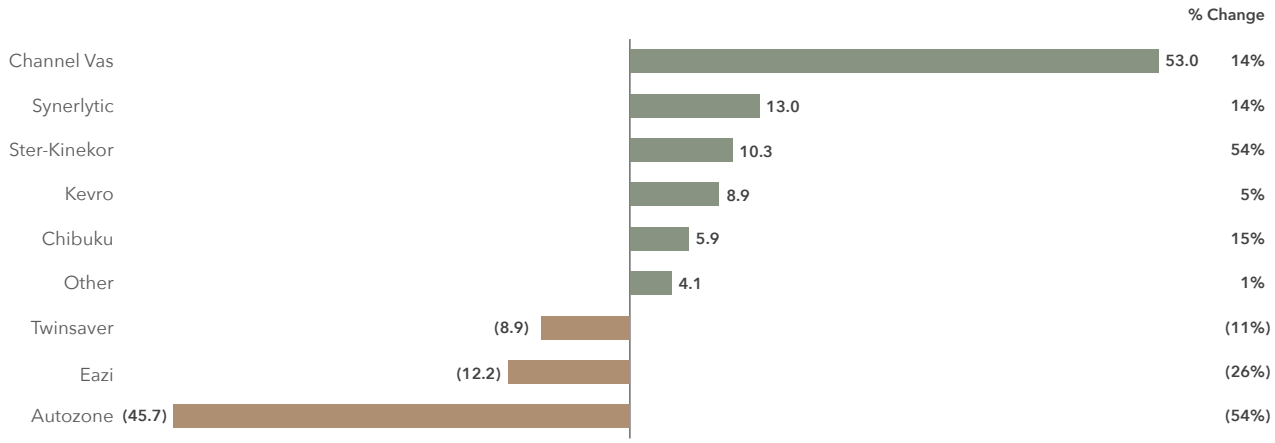
TOTAL ASSETS CONTRIBUTION – R1.9 BILLION UPDATED FOR POST YEAR-END TRANSACTIONS



** 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



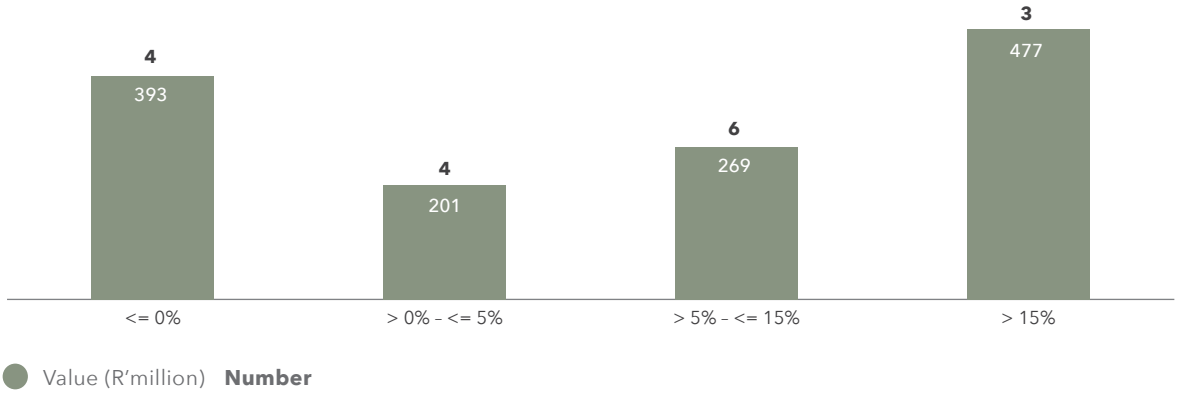
Channel VAS achieved strong growth in earnings from its airtime credit services, with some encouraging signs on the potential for mobile financial services. EMMF I has completed its acquisition of the analytics businesses out of the Torre Group to form the Synerlytic Group. Synerlytic has benefited from 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.

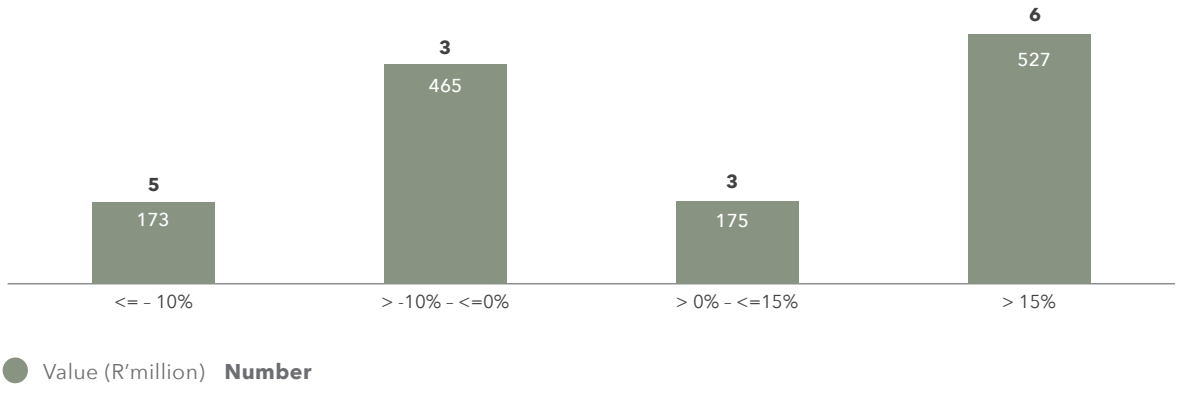
Despite the difficult macro conditions, the Company's attributable share of Portfolio Companies' sales increased by 6.7% (in aggregate) and 15.0% (on a value weighted basis) – both on a like-for-like basis to account for new acquisitions – over the last 12 months ("LTM"). Similarly, the growth in the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



EBITDA GROWTH % RANGE



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 18 of the Notes to the Summarised 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.

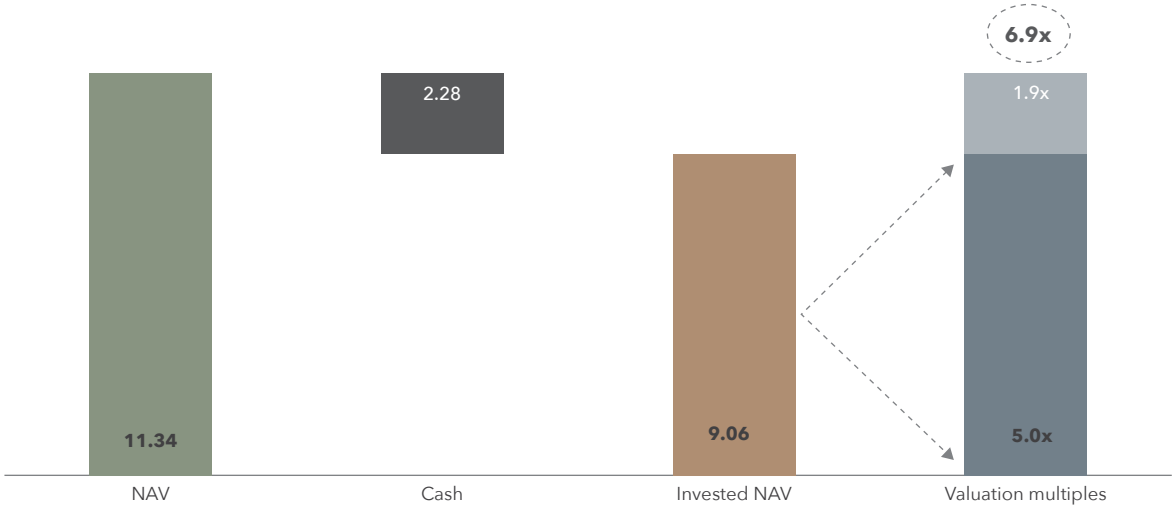
The portfolio continued to deleverage during the year and the attributable Net Debt/EBITDA was 1.9x (30 June 2018: 1.9x).

	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**

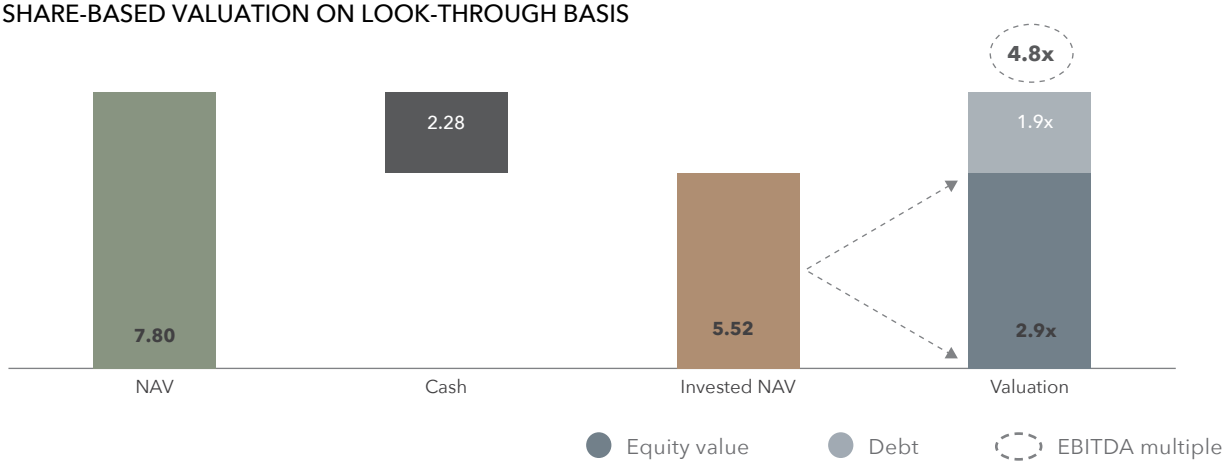
Based on the Company's share price of R7.80 as at 30 June 2019, the market implied EV/EBITDA was 4.8x and the EV/EBIAT was 8.2x.

	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

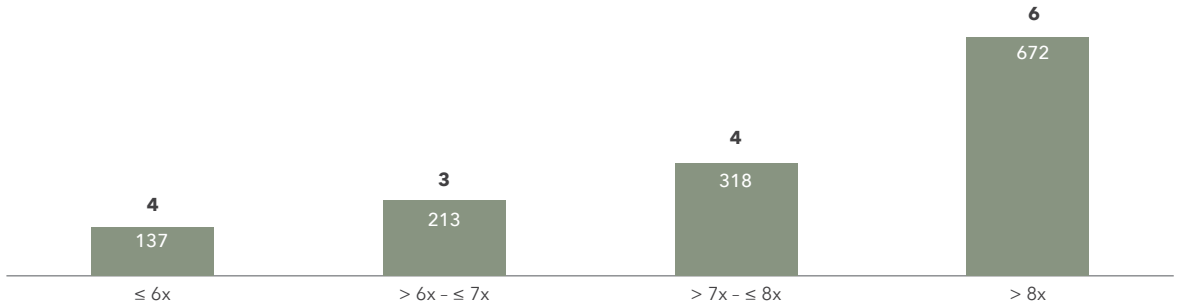


SHARE-BASED VALUATION ON LOOK-THROUGH BASIS



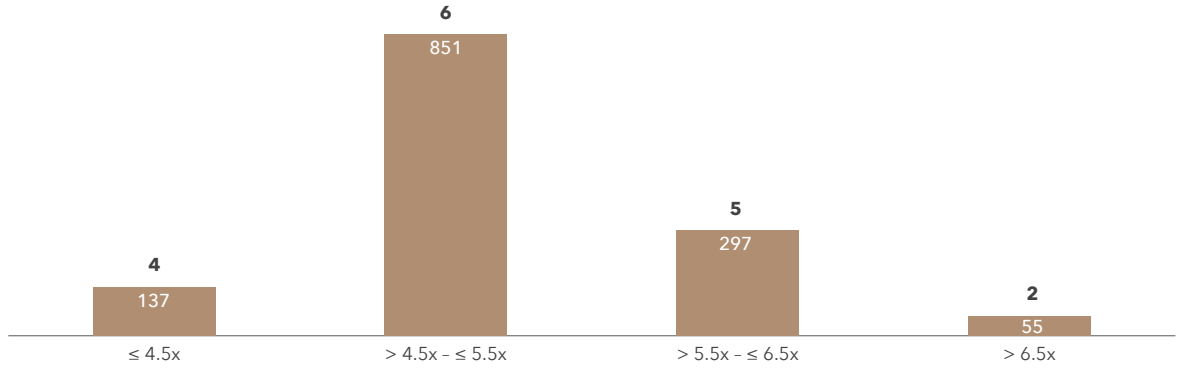
The analysis below sets-out, for the Portfolio Companies that are valued on an earnings multiple method, the ranges of their EBITDA and Net Debt/EBITDA valuation multiples. In addition, the number of Portfolio Companies, and aggregate valuation, for each range are detailed to reflect the relevant portfolio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

EBITDA VALUATION MULTIPLE RANGE



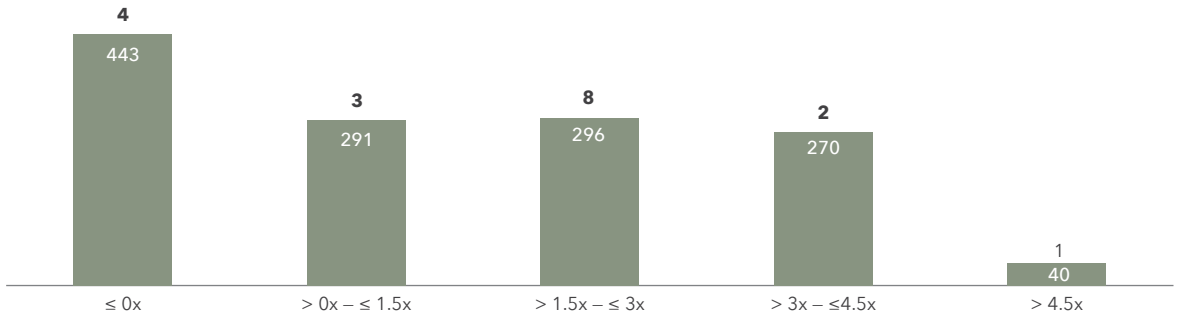
Value (R'million) **Number**

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

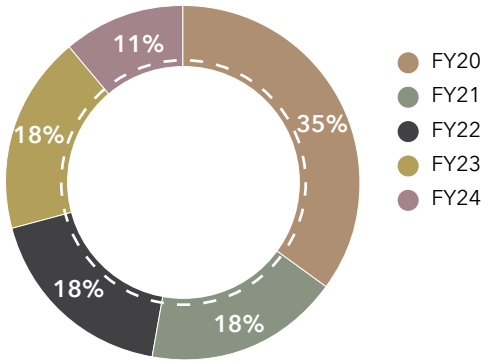
Liquid resources and balance sheet management

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.

D. AVAILABILITY OF ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements for the year ended 30 June 2019, the Integrated Annual Report and the Notice of Annual General Meeting have been published on the Company's website and the document is available at https://ethoscapital.mu/investors/reports-results/ or can be obtained or requested from the Company's registered office.

The Integrated Annual Report, Annual Financial Statements and the Notice of the Annual General Meeting will be distributed on 22 October 2019.

E. NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Ethos Capital shareholders will be held at RMB, Portside Building, 5 Buitengracht Street, Cape Town, on Tuesday 19 November 2019 at 14h00, to transact the business as stated in the Annual General Meeting Notice forming part of the Integrated Annual Report.

The Notice of Annual General Meeting and proxy forms will also be available on the Company's website at http://www.ethoscapital.mu/investors1/governance/

Salient dates

	2019
Record date to determine which shareholders are entitled to receive the notice of annual general meeting	Friday 11 October
Last day to trade in order to be eligible to attend and vote at the annual general meeting	Tuesday 5 November
Record date to determine which shareholders are entitled to attend and vote at the annual general meeting	Friday 8 November
Forms of proxy for the Annual General Meeting to be lodged by 14h00* (for administrative purposes) on	Friday 15 November

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

F. SUMMARISED ANNUAL FINANCIAL STATEMENTS

Responsibility

The Summarised Annual Financial Statements are extracted from audited Financial Statements but are themselves not audited. The Board of Directors take full responsibility for the preparation of the Summarised Annual Financial Statements and all financial information has been correctly extracted from the audited Financial Statements for the year ended 30 June 2019.

Independent report of the auditors

The Summarised Annual Financial Statements for the year ended 30 June 2019 have not been audited, but have been extracted from the complete audited Financial Statements, on which the Auditors of the Company, Deloitte South Africa, have expressed an unqualified audit opinion.

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

Summarised annual financial statements for the year ended 30 June 2019

These Summarised Annual Financial Statements comprise a summary of the complete audited Financial Statements for the year ended 30 June 2019 that were approved by the Board of Ethos Capital on 25 September 2019. The Summarised Annual Financial Statements do not contain sufficient information to allow for a complete understanding of the results of the Company, as would be provided in the complete audited Financial Statements.

The information required pursuant to paragraph 16A(j) of IAS 34 has not been included in these Summarised Annual Financial Statements as they are available in the full Annual Financial Statements that were published on the Company's website.

The complete audited Financial Statements are available at https://ethoscapital.mu/investors/reports-results/, and can be obtained from the Company's registered office or upon request.

The Summarised Annual Financial Statements comprise of:

- Summarised Statements of Financial Position
- Summarised Statements of Comprehensive Income
- Summarised Statements of Changes in Equity
- Summarised Statements of Cash Flows
- Notes to the Summarised Annual Financial Statements

SUMMARISED STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 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		16,741	993	16,739	991
Money market investments at fair value	6	481,034	1,188,435	481,034	1,188,435
Cash and cash equivalents		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	7	1,555,945	1,584,031	1,690,945	1,719,031
Retained earnings		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	8	133,093	122,881	–	–
Other financial liabilities	9	2,388	12,592	–	–
Total non-current liabilities		135,481	135,473	–	–
Current liabilities					
Other liabilities and payables		7,582	5,504	7,582	5,504
Current tax liabilities		–	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)	16.2	11.34	11.00	11.23	10.93
Attributable shares in issue at end of the year ('000)	16.2	157,500	161,100	171,000	174,600

SUMMARISED STATEMENTS OF COMPREHENSIVE INCOME

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
Revenue					
Changes in fair value of investments through profit or loss	10	5,035	5,858	5,035	5,858
Investment income	11	51,895	96,947	51,882	96,934
Net fair value losses	12	(26)	(229)	(26)	(229)
Total revenue		56,904	102,576	56,891	102,563
Expenses					
Management and administration fees	13.1	(1,993)	(3,299)	(1,993)	(3,299)
Legal and consultancy fees	13.2	(982)	(973)	(982)	(973)
Other operating expenses	13.3	(8,902)	(8,182)	(8,897)	(8,180)
Finance costs	13.4	(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		(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)	16.1	0.26	0.53	0.24	0.49

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

SUMMARISED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Year ended 30 June 2019		
Group	**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	(28,086)	–	(28,086)
Income for the year	–	40,884	40,884
Balance at 30 June 2019	1,555,945	229,604	1,785,549

	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	–	86,653	86,653
Balance at 30 June 2018	1,584,031	188,720	1,772,751

	Year ended 30 June 2019		
Company	**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	(28,086)	–	(28,086)
Income for the year	–	40,884	40,884
Balance at 30 June 2019	1,690,945	229,604	1,920,549

	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	–	86,653	86,653
Balance at 30 June 2018	1,719,031	188,720	1,907,751

SUMMARISED 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	15	(25,188)	(11,035)	(25,183)	(11,033)
Interest income from cash and bank balances		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		3,576	13,414	3,097	12,943

NOTES TO THE SUMMARISED 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 Summarised Annual Financial Statements (collectively referred to as "Summarised Annual Financial Statements"). Their adoption has not had any significant impact on the amounts reported in these Summarised Annual Financial Statements but may have affected the accounting and disclosure of transactions and arrangements, 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 Summarised 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 Summarised Statements Financial Position, Summarised Statements Comprehensive Income and Notes to the Summarised Annual Financial Statements.

On the basis that financial instruments are measured subsequently at FVTPL, the disclosure in the Summarised Statements Financial Position, Summarised Statements Comprehensive Income and Notes to the Summarised 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 Summarised 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 Summarised Annual Financial Statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS as issued by the International Accounting Standards Board; the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; the Financial Pronouncements as issued by the Financial Reporting Standards Council; as a minimum, the information required by IAS 34; the Listings Requirements of the JSE; and the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licensed companies.

The information required pursuant to paragraph 16A(j) of IAS 34 has not been included in these Summarised Annual Financial Statements as they are available in the full Annual Financial Statements that were published on the Company's website.

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

The accounting policies applied in the preparation of these Summarised Annual Financial Statements are, where applicable to the prior financial year, consistent in all material respects with those used in the prior financial year and with IFRS, 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 Summarised Annual Financial Statements have been prepared under the historical cost basis except for financial instruments and investments which are measured at fair value.

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

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

3 Significant accounting policies (continued)

3.2 Basis of consolidation

The Group (consolidated) Summarised 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.

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 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.

3.4 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.

3 Significant accounting policies (continued)

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

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. 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.

3.5 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 Summarised Statements Financial Position, is divided by the number of shares as disclosed in note 7. 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.

3.6 Going concern

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

4 Restatement

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 Summarised Statements 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 Summarised Statements 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 Summarised Statements Financial Position

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

4.2 Restatement impact on Group Summarised Statements 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.

6 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.

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:

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

7 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.

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, to receive out of the profits of the Company an annual dividend that collectively represents the annual performance participation.

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 14, 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.

8 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.

9 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.

10 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

11 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

12 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)

13 Profit before tax

Profit before tax has been arrived at after charging:

13.1 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

13.2 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

13 Profit before tax (continued)

13.3 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

13.4 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	–	–

14 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 Summarised Annual Financial Statements of the Company and the above contingent loss has not been recognised in the Summarised Annual Financial Statements of the Company.

15 Notes to the Summarised Statements 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)

16 Earnings and NAVPS

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

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

16 Earnings and net asset value per share (continued)

16.1 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

16.2 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

17 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

17.1 Investment-related fees

The fees 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

17.2 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 of the Annual Financial Statements at 30 June 2019.

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.

17.3 Other

As set out in note 14, 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 for the benefit of the two Directors and/or their associates.

18 Financial risk factors and instruments

18.1 Overview

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

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the products offered.

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

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

These risks are detailed in note 26 of the Notes to the Annual Financial Statements as at 30 June 2019.

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

18 Financial risk factors and instruments (continued)

18.2 Fair value classification of investments

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

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

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

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

The financial assets and liabilities measured at fair value in the Summarised Statements 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 Summarised Statements Comprehensive Income	5,853	8,282
	1,427,261	711,925

18 Financial risk factors and instruments (continued)

18.2 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.

19 Events after the reporting period

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

CORPORATE INFORMATION

Directors
Yvonne Stillhart (Chairperson)
Derek Prout-Jones
Kevin Allagapen
Michael Pfaff
Yuvraj Juwaheer

Senior Advisors (Officers)
Jean-Pierre van Onselen (CFO)
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Disclaimer

The financial information in this announcement is itself not audited, but is extracted from the audited Annual Financial Statements

Ebene, Mauritius (with simultaneous circulation in Johannesburg)

26 September 2019

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)