

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

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

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. INTERIM RESULTS ANNOUNCEMENT

KEY HIGHLIGHTS

- R0.6 billion invested during the period into three new Portfolio Companies, increasing invested capital at 31 December 2018 to R1.3 billion (c.69% of total assets)
- A further two transactions were signed pre 31 December 2018, which, upon completion, will increase invested capital to c.81% of total assets and the underlying exposure to 17 Portfolio Companies
- Group NAVPS increased to R11.16 with total assets at R1.9 billion
- Commitments to Ethos Funds and Direct Investments increased significantly to R3.2 billion

PERFORMANCE REVIEW

Overview

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

South Africa's GDP growth has remained muted along with consumer confidence and spending. Whilst there appears to be wide-spread support for the policy initiatives established by Cyril Ramaphosa and the ANC government, there is a recognition that the structural reforms required will take time to bear fruit and positively impact the growth trajectory of the economy.

In 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 the economy. Enhanced policy certainty has been a key focus for many of these countries, which has resulted in above-average direct foreign investment and corresponding economic growth.

Across its Funds, Ethos has focused on investments in those regions, sectors and companies that have the propensity to benefit from geographic and sector tailwinds.

Despite (or as a result of) the volatility and outlook uncertainty, the number of investable opportunities across the region at reasonable valuations 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 twelve months. This has resulted in seven transactions across its managed funds totalling R4.1 billion. We believe 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 has 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.

In addition, 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.

Three transactions were completed in the period between 30 June and 31 December 2018. Another two transactions have been signed pre December 2018 and are expected to complete in April and May 2019 respectively. Upon completion, Ethos Capital's invested capital will increase to 81% of the Company's total assets across 17 portfolio companies. This is a significant milestone for the business and, with a value-weighted average age of the portfolio of only 0.9 years, investors should start to see the benefit of the value-accretive strategies that have been deployed behind the portfolio.

Ethos Mid Market Fund I

Ethos Capital has a R950 million commitment to Ethos Mid Market Fund I ("EMMF I"), which has a committed capital base of R2.5 billion. The Fund has a relatively unique position as a B-BBEE entity and the Fund's pipeline of transactions continues to be very pleasing.

Since 30 June 2018, EMMF I completed an investment in Gammatek, the largest distributor of mobile device accessories and low-technology consumer products in sub-Saharan Africa, and signed a conditional agreement for a sizeable bolt-on acquisition for Echotel. EMMF I also announced the acquisition of the analytics businesses Wearcheck, Amis and Set Point out of Torre Industries Limited ("Torre") in November 2018; this acquisition is expected to complete in April 2019. EMMF I's equity requirement for the transaction was R235 million, of which Ethos Capital contributed R93 million.

Valuations in the mid market space have remained reasonable and the Fund's B-BBEE credentials have provided a competitive advantage in sourcing such opportunities.

Ethos Mezzanine Partners Fund 3

The pipeline of opportunities for Ethos Mezzanine Partners Fund 3 ("EMP 3") remains very 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 SAB Miller. The Fund has a number of potential transactions at an advanced stage of due diligence.

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 period to complete the Fund's investment programme.

Whilst Ethos Capital's commitment to Ethos Fund VI is relatively small (US\$10m), the Company has added to their exposure by making a number of Direct Investments alongside the Fund, including Primedia and Vertice.

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 market-leading, scaled supplier of high-end medical devices. Ethos Capital has invested R37 million into the platform to date.

Ethos Fund VII

Ethos Fund VII ("EF VII") is the successor growth buy-out 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. In addition, Ethos Capital participated further in Channel Vas, through its investment into the Ethos Direct Investment Partnership ("EDI").

EF VII also signed an agreement to acquire an investment (alongside EMMF I) into Echotel, to facilitate the company's acquisition of Gondwana. Gondwana will provide in-country presence and a platform across 9 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. This investment is expected to close in May 2019.

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.

The Fund is exploring a number of interesting data-driven transactions, some of which are at advanced stages.

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

Invested NAV

As at 31 December 2018, Ethos Capital had invested 69% of its net asset value ("NAV").

In addition, binding conditional agreements for two further transactions have been entered into which will result in 81% of the Company's NAV having been invested.

Post the completion of these transactions, Ethos Capital will have invested in excess of R1.5 billion across a portfolio of 17 private companies with a combined EBITDA of more than R5 billion (excluding the results of the MTN Group).

Underlying NAV performance

At a Group level, the NAVPS increased to R11.16 as at 31 December 2018.

The underlying growth in the portfolio on a consolidated basis has been relatively muted. This has been driven by the underperformance of a number of assets, including MTN Zahkele Futhi, Eazi Access and Twinsaver - which have offset relatively strong performances from the likes of Primedia, Kevro, Eaton Towers and RTT.

The operating environment in South Africa remains challenging. EBITDA across the portfolio remained relatively flat, with the inflationary impact negating many of the cost-optimisation initiatives undertaken by the Portfolio Companies. Subdued investment and construction activity negatively impacted industrial services companies such as Eazi Access and Waco, which managed to maintain and grow market share, albeit in a shrinking construction sector. Subdued consumer demand and pressure on retailers had an adverse impact on Twinsaver's business; however, the acquisitions made by the company over the past two years have continued to perform well.

Strong growth was seen across the Portfolio Companies with exposure to sub-Saharan Africa's growth markets, including Eaton Towers and Channel Vas. The outlook for these companies remains positive and a number of the acquisition opportunities currently being assessed by the various Funds have strong sub-Saharan African presence and opportunities.

Maximising long-term shareholder returns

The objective of the Board of Ethos Capital is to maximise long-term, sustainable returns for investors. As part of that strategy, the Company repurchased to date a total of 9 000 000 shares, representing 5.0% of the Company's unencumbered issued 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.

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 - through the cycle - for its investors.

B. PRESENTATION

Ethos Capital will host a webcast presentation at 10h00 am on Tuesday 26 March 2019 covering the results relating to the six months ended 31 December 2018 and the current outlook. A copy of the presentation will be available for download on the Company's website at <http://www.ethoscapiat.mu/investors1/reports-results/>

Participants should please register in advance for the webcast by clicking on this link:
<https://services.choruscall.eu/links/ethos190326.html>

Participants who rather want to join telephonically need to click on this link:

http://www.diamondpass.net/2454008

C. REVIEW OF THE INVESTMENT PORTFOLIO AND RETURNS

Group NAV

At 31 December 2018, the Group increased its NAVPS to R11.16. The Group NAV remained largely unchanged at R1.8 billion, with a further R28 million of share buy-backs completed; these shares are held as treasury shares.

The Group's unlisted investment portfolio increased significantly from R0.7 billion at 30 June 2018 to R1.3 billion at 31 December 2018, representing 69% of the Group's total assets. Including transactions that are signed but not yet completed, invested capital constitutes 81% of the Group's total assets.

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

	NAV R'000	NAVPS Cent
At 30 June 2018	1,772,751	11.00
Net return on Temporary Investments	31,457	0.20
Return on investment portfolio	2,179	0.01
Share buy-backs	(28,086)	0.08
Operating expenses	(4,951)	(0.03)
Legal and professional fees	(6,069)	(0.04)
Fees paid to Ethos	(7,305)	(0.05)
Taxation	(2,346)	(0.01)
At 31 December 2018	1,757,630	11.16

The investment portfolio has a value-weighted average hold-period of only 0.9 years with many of the Portfolio Companies in the early stages of their investment period. It is anticipated that growth of the portfolio should increase as the underlying Portfolio Companies start to benefit from the strategic and operational interventions that the management teams are implementing into this relatively "young" portfolio.

Temporary Investments (largely a portfolio of government bonds and liquid NCDs) delivered a net return of 7.1%.

Legal and professional fees of R6.1 million were incurred during the year, predominantly on direct transaction related fees and some Fund establishment fees. Other expenses totalled R5.0 million which included Directors' emoluments (R2.1 million) and other operating expenses such as audit, listing and administrative costs. The fees payable to Ethos totalled R7.3 million. These include advisory fees on Primary and Direct Investments (R6.7 million), and management fees on Temporary Investments. In addition, R0.7 million was payable to Ashburton Fund Managers Proprietary Limited ("Ashburton") for managing the portfolio of Temporary Investments; this was offset against the return on Temporary Investments. Further details on expenses are provided in note 13 of the Notes to the Condensed Interim Financial Statements.

Investment Portfolio

At 31 December 2018, the investment portfolio and invested capital of the Company consisted of the following Fund and Direct Investments:

Investments	Cost R'000	Valuation R'000	% of Group total assets
Primary/Secondary Investments			
EMMF I	434,797	407,195	21.4
EF VII	254,322	257,659	13.6
EF VI	97,722	100,223	5.3
EAI FI	62,559	63,535	3.3
EMP 3	44,235	49,144	2.6
EHP	36,833	38,971	2.1
Direct Investments			
Primedia (1)	162,046	190,511	10.0
Kevro (2)	97,710	107,483	5.7
Channel Vas (3)	85,390	86,510	4.5
Total invested capital	1,275,614	1,301,231	68.5

(1) Investment in Primedia Group (Proprietary) Ltd

(2) Investment in Kevro Holdings (Proprietary) Limited, held through the Ethos Mid Market Direct Investment Partnership ("EMMF D")

(3) Investment in Channel Vas Investments Ltd BVI, held through EDI

During a very active first six months of the financial year, the Company invested R0.6 billion into three new underlying Portfolio Companies and participated in further capital calls of existing Funds and Direct Investments.

EMP 3 invested in Chibuku Products, a FMCG company previously owned by SAB Miller and based in Malawi, in August 2018; Ethos Capital's contribution was R44 million. In October 2018, EMMF I completed its seventh investment, Gammatek, the largest distributor of mobile phone accessories and low-technology components in South Africa. As one of the larger investors in the Fund, Ethos Capital contributed R98 million to this investment.

In addition, Ethos Capital invested a further R24 million into the existing Portfolio Companies of EMMF I and R15 million into EF VI, which included the SoftBev acquisition by The Beverage Company.

The EHP completed a bolt-on acquisition of Haemotec, a complementary business for Vertice in the MedTech space which consolidated its position in this new market. Through its investment in EHP, EF VI and EAI F I, Ethos Capital has to date invested R37 million into the platform.

The largest investment completed during the six-month period, was Channel Vas, an airtime credit service provider with extensive sub-Saharan business. As a first-close investor in EF VII and EAI F I, and through its Direct Investment in EDI, Ethos Capital invested R386 million into this exciting investment opportunity.

Post period-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. Upon completion, which is expected in May 2019, EMMF I and EF VII will invest a combined R270 million (Ethos Capital's share of invested capital will be R151 million).

In November 2018, it was announced that a consortium, consisting of EMMF I and Apex Partners, has made an offer to acquire and delist Torre. EMMF I is expected to acquire the Torre Analytical Services businesses within the Torre group, including Wearcheck, Set Point and Amis for c.R235 million (Ethos Capital's contribution will be R93 million).

Including the above two transactions and other further investments into Funds, Ethos Capital's updated invested capital is over R1.5 billion, c.81% of the Group's total assets.

Realisations

During the six months to 31 December 2018, the Company received interest and dividend distributions of R8 million, from the underlying investments in Kevro and Primedia.

Underlying Portfolio Companies

The Ethos Funds - making up Ethos Capital's investment portfolio - invest in a diversified pool of unquoted investments (Portfolio Companies) and provide the Company with largely indirect exposure to the Fund's underlying investments. At 31 December 2018, the investments, constituting 68.5% of the Group's total assets, consisted of the following 16 companies:

Name	Fund	Business description	Year*	% of NAV
Channel Vas	EF VII / EAI F I / EDI	FinTech service provider	2018	20.6
Kevro	EMMF I / EMMF D	Corporate clothing and gifting	2017	10.7
Primedia	EF VI / Direct	Media	2017	10.7
Gammatek	EMMF I	TMT accessory distribution	2018	5.2
Autozone	EF VI / EMMF I	Automotive parts retailer & wholesaler	2014	4.5
Twinsaver	EF VI / EMMF I	Manufacturing (FMCG)	2015	3.9
Vertice	EHP	MedTech	2018	3.0
Chibuku	EMP 3	Brewing and distribution	2018	2.6
Eazi Access	EF VI / EMMF I	Industrial support services	2016	1.9
Echotel	EMMF I	Corporate ISP	2018	1.4
MTN Zakhele Futhi	EMMF I	Telecommunications	2017	1.1
The Beverage Company	EF VI	Carbonated drinks manufacturer	2017	0.9
Eaton Towers	EF VI	Telecoms towers	2015	0.7
Waco International	EF VI	Industrial support services	2012	0.6
RTT	EF VI	Logistics	2014	0.4
Neopak	EF VI	Paper and packaging	2015	0.3
				68.5

* Initial acquisition date by Ethos Fund

Portfolio Company contribution and performance

Ethos Capital's investment portfolio at 31 December 2018 provides exposure to 16 Portfolio Companies that in aggregate (excluding the results of the MTN Group) have sales of over R26 billion and EBITDA of more than R5 billion. The Portfolio Companies span a number of sectors providing diversified portfolio exposure.

Including the acquisitions entered into but not yet completed at 31 December 2018, the contribution of each underlying Portfolio Company and net Temporary Investments to the Company NAV of R1.9 billion is as follows:

Other (*)	3%
MTN Zakhele Futhi	1%
Eazi Access	2%
Chibuku	3%
Vertice	3%
Twinsaver	4%
Autozone	4%
Torre	5%
Gammatek	5%
Echotel	9%
Primedia	11%
Kevro	11%
Channel Vas	20%
Temporary Investments	19%
	100%

* Representing exposure to five smaller Portfolio Companies in EF VI

Commitments

Ethos Capital's Investment Strategy is to make investment commitments into Funds managed by Ethos, through a combination of Primary, Direct and Secondary Investments, or making commitments to Direct Investments. Ethos Capital made commitments to Ethos Funds during the past six months, thereby almost doubling its commitments by 31 December 2018.

In September 2018, it made respective first close commitments to the core Ethos buy-out Fund, EF VII, of R1.25 billion, and R150 million to EAI F I. In addition, it made a Direct Investment of R100 million into Channel Vas.

At 31 December 2018, the Company's initial and undrawn commitments respectively, were as follows:

Name	Vintage	Original R'000	Undrawn R'000
Primary/Secondary Investments			
EF VII	2018	1,250,000	994,060
EMMF I	2016	950,000	500,506
EMP 3	2018	250,000	204,718

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EaI FI	2018	150,000	87,050
EF VI	2016	141,825	20,333
EHP	2018	38,000	1,167
Direct Investments			
Primedia	2017	171,105	3,663
Kevro	2017	100,000	-
Channel Vas	2018	100,000	13,939
Commitments at 31 December 2018		3,150,930	1,825,436

As at 31 December 2018, Ethos Capital had liquid resources of R0.6 billion to meet its outstanding commitments. In addition, the Company has agreed the terms of a four-year revolving credit facility with Rand Merchant Bank ("RMB") that, if activated, will provide access to c. R0.6 billion of additional resources for the Company.

Share price analysis
Ethos Capital's share price as at 31 December 2018 was R7.80 which represented a 30% discount to the 31 December 2018 Group NAV. On average over the six-month period, 3.0% of the issued A Ordinary Shares traded per month and the average discount to NAV was c.29%.

As part of its strategy to enhance shareholder value, the Company has continued to repurchase shares which are held in treasury. During the six-months to 31 December 2018, 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. The Board will continue to monitor the Company's share price performance and the discount to NAV and assess ways to optimise long term shareholder value.

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

As at 31 December 2018, the Ethos Capital portfolio of investments was valued at a value-weighted average EV/EBITDA multiple of 7.6x. This average EV/EBITDA multiple was at an average discount of 27% compared to the equivalent multiple of the Portfolio Companies' peer groups. The value-weighted average Net Debt/EBITDA of the portfolio was 1.3x. Including the impact of the post year-end transactions, the EV/EBITDA multiple decreased to 7.5x and the Net Debt/EBITDA multiple increased to 1.5x.

D. UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

RESPONSIBILITY
The Board of Directors take full responsibility for the preparation of the unaudited Condensed Interim Financial Statements for the six months ended 31 December 2018 and which were approved by the Board on 25 March 2019.

BASIS OF PREPARATION
These Condensed Interim Financial Statements have been prepared in accordance with and contains the information required by: IAS 34: Interim Financial Reporting; the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; the Financial Pronouncements as issued by the Financial Reporting Standards Council; the Listings Requirements of the JSE; and the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licensed companies.

The accounting policies applied in the preparation of these Condensed Interim 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.

These Condensed Interim Financial Statements were compiled under the supervision of the Chief Financial Officer, Mr Jean-Pierre van Onselen, CA (SA).

CONDENSED INTERIM FINANCIAL STATEMENTS

CONDENSED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2018

Notes	Group			Company		
	31 Dec 2018	31 Dec 2017	30 June 2018	31 Dec 2018	31 Dec 2017	30 June 2018
	Unaudited R'000	Unaudited R'000	Audited R'000	Unaudited R'000	Unaudited R'000	Audited R'000
Assets						
Non-current assets						
Unlisted investments at fair value	5	1 301 231	729 690	711 925	1 301 231	729 690
Total non-current assets		1 301 231	729 690	711 925	1 301 231	729 690
Current assets						
Other assets and receivables		461	2 588	993	460	2 586
Money market investments at fair value	6	594 307	1 160 271	1 188 435	594 307	1 160 271
Cash and cash equivalents		3 673	26 249	13 414	3 198	25 782
Total current assets		598 441	1 189 108	1 202 842	597 965	1 188 639
Total assets		1 899 672	1 918 798	1 914 767	1 899 196	1 918 329
Equity and liabilities						
Capital and reserves						
Issued capital	7	1 555 945	1 612 668	1 584 031	1 690 945	1 747 668
Retained earnings		201 685	166 341	188 720	201 685	166 341
Total equity		1 757 630	1 779 009	1 772 751	1 892 630	1 914 009
Non-current liabilities						
Borrowings	8	127 873	122 326	122 881	-	-
Other financial liabilities	9	7 604	13 143	12 592	-	-
Total non-current liabilities		135 477	135 469	135 473	-	-
Current liabilities						
Other liabilities and payables		5 249	3 657	5 504	5 250	3 657
Current tax liabilities		1 316	663	1 039	1 316	663
Total current liabilities		6 565	4 320	6 543	6 566	4 320
Total equity and liabilities		1 899 672	1 918 798	1 914 767	1 899 196	1 918 329
Net asset value		1 757 630	1 779 009	1 772 751	1 892 630	1 914 009
Net asset value per share (Rand)	15.2	11.16	10.82	11.00	11.07	10.76

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

Notes	Group			Company		
	Six months ended 31 Dec 2018	Six months ended 31 Dec 2017	Year ended 30 June 2018	Six months ended 31 Dec 2018	Six months ended 31 Dec 2017	Year ended 30 June 2018
	Unaudited R'000	Unaudited R'000	Audited R'000	Unaudited R'000	Unaudited R'000	Audited R'000
Income						
Changes in fair value of investments through profit and loss	10	2 179	28 511	24 568	2 179	28 511
Investment income	11	32 384	53 669	96 947	32 378	53 661
Net fair value losses	12	(289)	(201)	(229)	(289)	(201)
Total income		34 274	81 979	121 286	34 268	81 971
Expenses						
Investment-related fees	13.1	(7 937)	(7 240)	(16 629)	(7 937)	(7 240)
Legal and consultancy fees	13.2	(6 069)	(4 641)	(6 264)	(6 069)	(4 641)
Other operating expenses	13.3	(4 953)	(4 362)	(8 271)	(4 951)	(4 361)
Finance costs	13.4	(4)	(7)	(11)	-	-
Total expenses		(18 963)	(16 250)	(31 175)	(18 957)	(16 242)
Profit before tax		15 311	65 729	90 111	15 311	65 729
Income tax expense		(2 346)	(1 455)	(3 458)	(2 346)	(1 455)
Profit for the period/year		12 965	64 274	86 653	12 965	64 274
Other comprehensive income for the period/year						
Total comprehensive income for the period/year		12 965	64 274	86 653	12 965	64 274
Earnings per share						
Basic and diluted earnings per share (Rand)	15.1	0.08	0.39	0.53	0.08	0.36

The above relate to continuing operations as no operations were acquired or discontinued during the period/year.

CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

Notes	Group			Company		
	Six months ended 31 Dec 2018	Retained earnings 31 Dec 2017	Total equity 31 Dec 2018	Six months ended 31 Dec 2018	Retained earnings 31 Dec 2017	Total equity 31 Dec 2018
	Share capital R'000	Retained earnings R'000	Total equity R'000	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	1 719 031	188 720	1 907 751
Movements in treasury shares	7	(28 086)	(28 086)	(28 086)	-	(28 086)
Profit for the period		12 965	12 965		12 965	12 965
Balance at 31 December 2018	1 555 945	201 685	1 757 630	1 690 945	201 685	1 892 630
	Share capital R'000	Retained earnings R'000	Total equity R'000	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	1 765 012	102 067	1 867 079
Movements in treasury shares	7	(17 344)	(17 344)	(17 344)	-	(17 344)
Profit for the period		64 274	64 274		64 274	64 274
Balance at 31 December 2017	1 612 668	166 341	1 779 009	1 747 668	166 341	1 914 009

Notes	Group			Company		
	Year ended 30 June 2018	Retained earnings 30 June 2018	Total equity 30 June 2018	Year ended 30 June 2018	Retained earnings 30 June 2018	Total equity 30 June 2018
	Share capital	Retained earnings	Total equity	Share capital	Retained earnings	Total equity

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	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 1 July 2017	1 630 012	102 067	1 732 079	1 765 012	102 067	1 867 079	
Movements in treasury shares	7 (45 981)	-	(45 981)	(45 981)	-	(45 981)	
Profit for the year	-	86 653	86 653	-	86 653	86 653	
Balance at 30 June 2018	1 584 031	188 720	1 772 751	1 719 031	188 720	1 907 751	

CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	Six months ended 31 Dec 2018	Six months ended 31 Dec 2017	Year ended 30 June 2018	Six months ended 31 Dec 2018	Six months ended 31 Dec 2017	Year ended 30 June 2018
Net cash used in operating activities before investment-related activities	(20 441)	(21 836)	(34 453)	(20 445)	(21 843)	(34 464)
Net cash generated by investment-related activities	38 763	55 019	83 301	38 763	55 019	83 301
Cash generated by operating activities	18 322	33 183	48 848	18 318	33 176	48 837
Net cash used in financing activities	(28 086)	(17 344)	(45 981)	(28 086)	(17 344)	(45 981)
Net (decrease)/increase in cash and cash equivalents	(9 764)	15 839	2 867	(9 768)	15 832	2 856
Cash and cash equivalents at the beginning of the period/year	13 414	10 504	10 504	12 943	10 044	10 044
Effects of exchange rate changes on the balance of cash held in foreign currencies	23	(94)	43	23	(94)	43
Total cash and cash equivalents at the end of the period/year	3 673	26 249	13 414	3 198	25 782	12 943

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

1 General information

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

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 Condensed Interim Financial Statements (collectively referred to as "Condensed Interim Financial Statements"). Their adoption has not had any significant impact on the amounts reported in these Condensed Interim 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 & 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 9 Financial Instruments

In the current period, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins 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.

(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;
- 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 has had the following impact on the Group's financial assets as regards 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 Condensed Statements of Financial Position, Condensed Statements of Comprehensive Income and Notes to the Condensed Interim Financial Statements.

On the basis that financial instruments are measured subsequently at fair value through profit and loss, the disclosure in the Condensed Statements of Financial Position, Condensed Statements of Comprehensive Income and Notes to the Condensed Interim Financial Statements except as set out above, will not require any changes.

The standards issued but not yet effective for the financial year ending on 30 June 2019 that are relevant to the Group and not implemented early, are the following:

Standard	Description/name of standard	Effective date
IFRS 16	Leases	1 January 2019

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

3 Significant accounting policies

3.1 Basis of preparation

These Condensed Interim Financial Statements have been prepared in accordance with, and contain the information required by: IAS 34: Interim Financial Reporting; the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; the Financial Pronouncements as issued by the Financial Reporting Standards Council; the Listings Requirements of the JSE; and the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licensed companies.

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

The Condensed Interim 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 Condensed Interim Financial Statements have been prepared on the going concern basis.

These Condensed Interim 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 March 2019.

3.2 Basis of consolidation

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

The Group (consolidated) Condensed Interim 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.

Subsidiaries are entities, including unincorporated entities, controlled by the Group. The Group controls an entity when it has power over and is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are consolidated from the date on which the Group acquires control, up to the date that control ceases.

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. There were no intercompany transactions and/or balances between the group companies that otherwise needed to be eliminated on consolidation.

3.3 Critical judgement and accounting estimates: valuation of investments

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

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

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

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

Initially, and for a limited period after the acquisition date of an investment, the "Price of Recent Investment" method is generally used. At each reporting date after the initial acquisition date, an assessment is made as to whether subsequent changes or events necessitate a change in the fair value of the investment. If so, an "Earnings multiple" methodology is generally applied, although other methods are available and might be considered more appropriate.

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 de-gearred). The benchmark multiple is further adjusted for points of difference relating to risk profile (geographic, operational, financial, liquidity factors, and growth prospects).

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

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

3.4 Net asset value per share

The Group calculates and presents the Group and Company's NAV per share ("NAVPS"), which is not required in terms of IFRS or the JSE Listings Requirements. 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 of time is considered the most appropriate measurement of the Group's financial performance.

In calculating the NAVPS, the Group and Company's NAV, as presented on the Statements of Financial Position, is divided by the number of shares as disclosed in note 15.2. For the purposes of the NAVPS calculation, the number of shares issued is calculated as the number of shares in issue at the end of the period/year less treasury shares and less the notionally encumbered shares.

4 Restatement

The auditors assessed that Black Hawk Private Equity (Proprietary) Limited ("Black Hawk") is, in accordance with IFRS10, under the control of the Company and that it should be treated as a subsidiary of the Company and thereby Group (consolidated) financial statements need to be prepared. This assessment was only made in the June 2018 financial year, resulting in the restatement of the 31 December 2017 Group comparative numbers as none were previously prepared. The 30 June 2018 comparative numbers have previously been restated. The Company's potential exposure in respect of the guarantee provided is already recognised as a contingent liability in the Condensed Interim Financial Statements and its comparative numbers are therefore unchanged.

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

Further details in respect of the restatement are provided in note 4 of the Notes to the Annual Financial Statements as at 30 June 2018.

The impact of the restatement on the respective statements as at 31 December 2017 is detailed below:

4.1 Restatement impact on Group Statements of Financial Position

	Restated Group 31 Dec 2017 R'000	Consolidation adjustment 31 Dec 2017 R'000	Previously reported at Company level 31 Dec 2017 R'000
Total assets			
Other unchanged total assets	1 889 961	-	1 889 961
Other assets and receivables	2 588	2	2 586
Cash and cash equivalents	26 249	467	25 782
Total equity			
Issued capital	1 612 668	(135 000)	1 747 668
Unchanged retained earnings	166 341	-	166 341
Total liabilities			
Non-current liabilities	135 469	135 469	-
Unchanged current liabilities	4 320	-	4 320
Net asset value	1 779 009	(135 000)	1 914 009
Net asset value per share (Rand)	10.82	0.06	10.76
Attributable shares in issue at the end of the period ('000)	164 426	(13 500)	177 926

4.2 Restatement impact on Group Statements of Comprehensive Income

	Restated Group 31 Dec 2017 R'000	Consolidation adjustment 31 Dec 2017 R'000	Previously reported at Company level 31 Dec 2017 R'000
Investment income	53 669	8	53 661
Other operating expenses	(4 362)	(1)	(4 361)
Finance costs	(7)	(7)	-
Other unchanged net income	14 974	-	14 974
Total comprehensive income for the period	64 274	-	64 274
Basic and diluted earnings per share (Rand)	0.39	0.03	0.36
Weighted average number of ordinary shares for the purpose of earnings per share	165 131	(13 500)	178 631

4.3 Restatement impact on Group Statements of Cash flows

	Restated Group 31 Dec 2017 R'000	Consolidation adjustment 31 Dec 2017 R'000	Previously reported at Company level 31 Dec 2017 R'000
Net cash used in operating activities before investment activities	(21 836)	7	(21 843)
Other unchanged cash flow items	37 581	-	37 581
Cash and cash equivalents at the beginning of the period	10 504	460	10 044
Total cash and cash equivalents at the end of the period	26 249	467	25 782

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 ten-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 direct commitments to invest into Portfolio Companies alongside the Funds.

At 31 December 2018, the Group had the following investments:

	Group			Company		
	Unaudited 31 Dec 2018 R'000	Unaudited 31 Dec 2017 R'000	Audited 30 June 2018 R'000	Unaudited 31 Dec 2018 R'000	Unaudited 31 Dec 2017 R'000	Audited 30 June 2018 R'000
Investments held at fair value through profit and loss						
Carrying amounts of:						
Unlisted investment in EMMF I (1)	407 195	403 957	320 114	407 195	403 957	320 114
Unlisted investment in EF VII (2)	257 659	-	-	257 659	-	-
Unlisted investment in Primedia Holdings Pty Ltd	190 511	160 275	175 800	190 511	160 275	175 800
Unlisted investment in EMMF D (3)	107 483	100 000	105 300	107 483	100 000	105 300
Unlisted investment in EF VI (4)	100 223	65 458	82 225	100 223	65 458	82 225
Unlisted investment in EDI (5)	86 510	-	-	86 510	-	-
Unlisted investment in EAIF I (6)	63 535	-	-	63 535	-	-
Unlisted investment in EMP 3 (7)	49 144	-	-	49 144	-	-
Unlisted investment in EHP (8)	38 971	-	28 486	38 971	-	28 486
	1 301 231	729 690	711 925	1 301 231	729 690	711 925
Consisting of:						
Cost	1 275 575	687 942	686 387	1 275 575	687 942	686 387
Unrealised capital revaluation movement at end of period/year	(34 674)	27 340	(15 483)	(34 674)	27 340	(15 483)
Accrued income	60 330	14 408	41 021	60 330	14 408	41 021
	1 301 231	729 690	711 925	1 301 231	729 690	711 925

- (1) Ethos Mid Market Fund I (B) Partnership
- (2) Ethos Fund VII (B) Partnership
- (3) Ethos Mid Market Direct Investment Partnership
- (4) Ethos Fund VI (Jersey) LP
- (5) Ethos Direct Investment Partnership
- (6) Ethos AI Fund I (B) Partnership
- (7) Ethos Mezzanine Partners 3 (B) Partnership
- (8) Ethos Healthcare (A) Partnership

At 31 December 2018, the underlying investments of the above Funds (Portfolio Companies) constituting 68.5% of the total assets consisted of the following 16 unlisted companies:

Name	Fund or type	Business description/sector	% of total assets 31 Dec 2018
Channel Vas	EF VII/EAIF I/EDI	FinTech service provider	20.4
Kevro	EMMF I/EMMF D	Corporate clothing and gifting	10.7
Primedia	EF VI/Direct	Media	10.6
Gammatek	EMMF I	TMT accessory distribution	5.1
Autozone	EF VI/EMMF I	Automotive parts retailer & wholesaler	4.5
Twinsaver	EF VI/EMMF I	Manufacturing (FMCG)	4.3
Vertice	EHP	MedTech	2.9

Ethos Interim Results SENS 20190326			
Chibuku	EMP 3	Brewing and distribution	2.6
Eazi Access	EF VI/EMMF I	Industrial support services	1.9
Echotel	EMMF I	Corporate ISP	1.4
MTN Zakhele Futhi	EMMF I	Telecommunications	1.3
The Beverage Company	EF VI	Carbonated drinks manufacturer	0.9
Eaton Towers	EF VI	Telecoms towers	0.7
Waco International	EF VI	Industrial support services	0.6
RTT	EF VI	Logistics	0.3
Neopak	EF VI	Paper and packaging	0.3
			68.5

Further details on the investment portfolio and the underlying Portfolio Companies are provided in the 'Performance Review' section on page 4 of the Interim Report as at 31 December 2018.

6 Money market investments at fair value

	Group			Company		
	31 Dec 2018 R'000	31 Dec 2017 R'000	30 June 2018 R'000	31 Dec 2018 R'000	31 Dec 2017 R'000	30 June 2018 R'000
Investments held at fair value through profit and loss						
Carrying amounts of:						
Floating rate notes	-	507 174	176 185	-	507 174	176 185
Negotiable certificates of deposit	589 271	581 337	972 958	589 271	581 337	972 958
Treasury bills	-	69 241	-	-	69 241	-
Cash and call accounts	5 036	2 519	39 292	5 036	2 519	39 292
	594 307	1 160 271	1 188 435	594 307	1 160 271	1 188 435
Consisting of:						
Cost	576 102	1 140 684	1 166 963	576 102	1 140 684	1 166 963
Unrealised capital revaluation movement at end of period/year	75	552	387	75	552	387
Accrued income	18 130	19 035	21 085	18 130	19 035	21 085
	594 307	1 160 271	1 188 435	594 307	1 160 271	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 currently invested in money market instruments that consist of a combination of floating rate notes, negotiable certificates of deposit ("NCD") and treasury bills.

At 31 December 2018, the following range of interest rates was applicable to the respective categories of money market instruments, from which the accrued income at 31 December 2018 was derived:

Group and Company

	31 Dec 2018	
	Low %	High %
Floating rate notes	n/a	n/a
NCD	6.9500	7.9500
Treasury bills	n/a	n/a

7 Issued capital

	Group			Company		
	31 Dec 2018 Number	31 Dec 2017 Number	30 June 2018 Number	31 Dec 2018 Number	31 Dec 2017 Number	30 June 2018 Number
Issued and fully paid						
A Ordinary shares issued at R10.00 per share	180 000 000	180 000 000	180 000 000	180 000 000	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	7 500 000	7 500 000
B Ordinary shares issued at R0.01 per share	10 000	10 000	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	187 510 000	187 510 000
Black Hawk treasury shares	(13 500 000)	(13 500 000)	(13 500 000)	-	-	-
A Ordinary shares repurchased	(9 000 000)	(2 074 140)	(5 400 000)	(9 000 000)	(2 074 140)	(5 400 000)
Total issued share capital	165 010 000	171 935 860	168 610 000	178 510 000	185 435 860	182 110 000
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	1 800 000	1 800 000
A Ordinary shares issued at R0.01 per share	75	75	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)	(34 716)	(34 716)
Total issued at time of listing	1 765 359	1 765 359	1 765 359	1 765 359	1 765 359	1 765 359
Black Hawk treasury shares	(135 000)	(135 000)	(135 000)	-	-	-
A Ordinary shares repurchased	(74 414)	(17 691)	(46 328)	(74 414)	(17 691)	(46 328)
Total issued share capital	1 555 945	1 612 668	1 584 031	1 690 945	1 747 668	1 719 031

During the period, 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 4 of the Notes to the Annual Financial Statements as at 30 June 2018, the 13.5 million secured shares that are legally owned by Black Hawk and pledged as security are treated as treasury shares of the Group at their par value of R10 per share.

8 Borrowings

	Group			Company		
	31 Dec 2018 R'000	31 Dec 2017 R'000	30 June 2018 R'000	31 Dec 2018 R'000	31 Dec 2017 R'000	30 June 2018 R'000
Unsecured - at amortised cost						
Bank loan	127 873	122 326	122 881	-	-	-
	127 873	122 326	122 881	-	-	-
Non-current	127 873	122 326	122 881	-	-	-
	127 873	122 326	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. The above amount represents the current outstanding balance on the facility, including any accrued interest charges to 31 December 2018. Interest currently accrues at a rate that is based on JIBAR plus a 1% margin, and the interest is intended to be rolled-up and settled with the capital amount outstanding upon the maturity of the loan or an earlier repayment event.

9 Other financial liabilities

	Group			Company		
	31 Dec 2018 R'000	31 Dec 2017 R'000	30 June 2018 R'000	31 Dec 2018 R'000	31 Dec 2017 R'000	30 June 2018 R'000
Unsecured - at amortised cost						
Black Hawk shareholders' loans	7 604	13 143	12 592	-	-	-
	7 604	13 143	12 592	-	-	-
Non-current	7 604	13 143	12 592	-	-	-
	7 604	13 143	12 592	-	-	-

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

10 Changes in fair value of investments through profit and loss

	Group			Company		
	Six months ended 31 Dec 2018 R'000	Six months ended 31 Dec 2017 R'000	Year ended 30 June 2018 R'000	Six months ended 31 Dec 2018 R'000	Six months ended 31 Dec 2017 R'000	Year ended 30 June 2018 R'000
Interest accrued and received on unlisted investments	23 986	6 359	40 099	23 986	6 359	40 099
Dividends (reversed)/accrued and received on unlisted investments	(2 616)	101	5 065	(2 616)	101	5 065
Net (loss)/gain arising on changes in the fair value of unlisted investments	21 370	6 460	45 164	21 370	6 460	45 164
Gain on realisation of unlisted investments	(19 191)	19 825	(22 998)	(19 191)	19 825	(22 998)
	-	2 226	2 402	-	2 226	2 402
	(19 191)	22 051	(20 596)	(19 191)	22 051	(20 596)
	2 179	28 511	24 568	2 179	28 511	24 568

11 Investment income

	Group			Company		
	Six months ended 31 Dec 2018 R'000	Six months ended 31 Dec 2017 R'000	Year ended 30 June 2018 R'000	Six months ended 31 Dec 2018 R'000	Six months ended 31 Dec 2017 R'000	Year ended 30 June 2018 R'000
Interest from money market investments	32 148	47 988	90 095	32 148	47 988	90 095
Interest from bank and call deposits	310	390	879	304	382	866
	32 458	48 378	90 974	32 452	48 370	90 961
Amortisation of net (premium)/discount	(74)	5 291	5 973	(74)	5 291	5 973
	(74)	5 291	5 973	(74)	5 291	5 973
	32 384	53 669	96 947	32 378	53 661	96 934

12 Net fair value losses

	Group			Company		
	Six months ended 31 Dec 2018 R'000	Six months ended 31 Dec 2017 R'000	Year ended 30 June 2018 R'000	Six months ended 31 Dec 2018 R'000	Six months ended 31 Dec 2017 R'000	Year ended 30 June 2018 R'000
Unrealised						
Net loss arising on changes in the fair value of money market instruments	(312)	(107)	(272)	(312)	(107)	(272)
Net foreign exchange gain/(loss) on conversion of cash and cash equivalents	23	(94)	43	23	(94)	43
Net fair value losses	(289)	(201)	(229)	(289)	(201)	(229)

13 Profit before tax

Profit before tax has been arrived at after charging:

13.1 Investment-related fees

Group	Audited	Company	Audited
Unaudited		Unaudited	

	Ethos_Interim_Results_SENS_20190326					
	Six months ended 31 Dec 2018 R'000	Six months ended 31 Dec 2017 R'000	Year ended 30 June 2018 R'000	Six months ended 31 Dec 2018 R'000	Six months ended 31 Dec 2017 R'000	Year ended 30 June 2018 R'000
Management fees - Ethos	573	2 513	5 018	573	2 513	5 018
Investment service fees - Ethos	6 079	2 821	8 312	6 079	2 821	8 312
Administration fee - Ethos	653	873	1 417	653	873	1 417
Administration fee - Ashburton	632	1 033	1 882	632	1 033	1 882
	7 937	7 240	16 629	7 937	7 240	16 629

13.2 Legal and consultancy fees

Legal and consultancy fees	252	73	45	252	73	45
Fund formation fees	1 009	255	894	1 009	255	894
Expenses relating to the acquisition of investments	4 808	4 313	5 325	4 808	4 313	5 325
	6 069	4 641	6 264	6 069	4 641	6 264

13.3 Other operating expenses

Company secretarial, accounting and other administration fees	569	758	1 244	569	758	1 244
Directors' emoluments	2 058	1 960	3 920	2 058	1 960	3 920
Auditors' remuneration	536	419	824	536	419	824
Insurance costs	240	321	533	240	321	533
Sponsor and listing related fees	350	377	717	350	377	717
Other expenses	1 200	527	1 033	1 198	526	1 031
	4 953	4 362	8 271	4 951	4 361	8 269

13.4 Finance costs

Other interest expense	4 992	4 719	9 457	-	-	-
Less: Reimbursement by Black Hawk shareholders	(4 988)	(4 712)	(9 446)	-	-	-
	4	7	11	-	-	-

14 Capital commitments and contingent liabilities

	Group			Company		
	Unaudited 31 Dec 2018 R'000	Unaudited 31 Dec 2017 R'000	Audited 30 June 2018 R'000	Unaudited 31 Dec 2018 R'000	Unaudited 31 Dec 2017 R'000	Audited 30 June 2018 R'000
Undrawn commitments						
Unlisted investment in EF VII (1)	994 060	-	-	994 060	-	-
Unlisted investment in EMMF I (2)	500 506	532 085	626 192	500 506	532 085	626 192
Unlisted investment in EMP 3 (3)	204 718	-	276 150	204 718	-	276 150
Unlisted investment in EAIF I (4)	87 050	-	-	87 050	-	-
Unlisted investment in EF VI (5)	20 333	17 670	44 946	20 333	17 670	44 946
Unlisted investment in EDI (6)	13 939	-	-	13 939	-	-
Unlisted investment in Primedia Holdings Pty Ltd (7)	3 663	8 199	7 535	3 663	8 199	7 535
Unlisted investment in EHP (8)	1 167	-	1 514	1 167	-	1 514
	1 825 436	557 954	956 337	1 825 436	557 954	956 337
Contingent liabilities						
RBM Bank loan	-	-	-	127 873	118 143	122 881
	-	-	-	127 873	118 143	122 881
Total commitments and contingent liabilities	1 825 436	557 954	956 337	1 953 309	676 097	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 (R138 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) R171 million commitment to invest in Primedia Holdings Pty Ltd on 20 September 2017
(8) R38 million commitment to Ethos Healthcare (A) Partnership; first commitment made on 16 May 2018

As detailed in note 4 of the Notes to the Annual Financial Statements as at 30 June 2018, the Company has provided a guarantee against a R105 million five year non-recourse loan facility (plus any outstanding interest thereon) issued by RMB to Black Hawk, expiring on 29 July 2021. The above amount represents the current outstanding balance on the facility, including any accrued interest charges to 31 December 2018. Interest currently accrues at a rate that is based on JIBAR plus a 1% margin, and the interest is intended to be rolled-up and settled with the capital amount outstanding upon the maturity of the loan or an earlier repayment event.

As security against the above guarantee, Black Hawk has pledged 13.5 million shares in favour of the Company, which was valued at R105,300,000 at 31 December 2018. In the event that a mandatory repayment under the RMB facility was triggered at 30 June 2018, an implied shortfall would have resulted in a loss to the Company of R22,573,000 a decrease in the NAVPS of 13.0 cents. The guarantee has been recognised as a contingent liability in the Condensed Interim Financial Statements of the Company and the above implied contingent loss has not been recognised in the Condensed Interim Financial Statements of the Company.

15 Earnings and net asset value per share

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

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

15.1 Earnings and headline earnings per share

	Group			Company		
	Unaudited Six months ended 31 Dec 2018 R'000	Unaudited Six months ended 31 Dec 2017 R'000	Audited Year ended 30 June 2018 R'000	Unaudited Six months ended 31 Dec 2018 R'000	Unaudited Six months ended 31 Dec 2017 R'000	Audited Year ended 30 June 2018 R'000
Total comprehensive profit attributable to ordinary shareholders	12 965	64 274	86 653	12 965	64 274	86 653
Reconciliation of basic earnings to headline earnings:						
Total comprehensive profit attributable to ordinary shareholders	12 965	64 274	86 653	12 965	64 274	86 653
Items attributable to headline earnings	-	-	-	-	-	-
Headline earnings for the period/year	12 965	64 274	86 653	12 965	64 274	86 653
	'000	'000	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of earnings per share	159 000	165 131	163 628	172 500	178 631	177 128
Basic and diluted earnings per share (Rand)	0.08	0.39	0.53	0.08	0.36	0.49
Basic and diluted headline earnings per share (Rand)	0.08	0.39	0.53	0.08	0.36	0.49

15.2 Basic Net Asset Value per share

	Group			Company		
	Unaudited 31 Dec 2018 R'000	Unaudited 31 Dec 2017 R'000	Audited 30 June 2018 R'000	Unaudited 31 Dec 2018 R'000	Unaudited 31 Dec 2017 R'000	Audited 30 June 2018 R'000
Net asset value	1 757 630	1 779 009	1 772 751	1 892 630	1 914 009	1 907 751
	'000	'000	'000	'000	'000	'000
Number of shares in issue during the period/year	187 500	187 500	187 500	187 500	187 500	187 500
Less: Shares held in treasury	(22 500)	(15 574)	(18 900)	(9 000)	(2 074)	(5 400)
Less: Notionally encumbered shares	(7 500)	(7 500)	(7 500)	(7 500)	(7 500)	(7 500)
Number of shares in issue for the purpose of net asset value per share	157 500	164 426	161 100	171 000	177 926	174 600
Basic net asset value per share (Rand)	11.16	10.82	11.00	11.07	10.76	10.93

16 Financial risk factors and instruments

16.1 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 net asset value or its performance.

The main risks the Group is exposed to which could result in changes to the net asset value or its performance are: capital risk; valuation risk; market risk (comprising currency risk, interest rate risk and 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 2018.

16.2 Fair value classification of investments

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

Investments trading in active markets and deriving their fair value from quoted market prices of identical assets are classified within level 1. These prices provide the most reliable fair value classification and the Group does not need to

adjust the quoted prices to measure the fair value of investments. The quoted market price used for investments held by the Group is the current bid price.

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

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

The financial assets and liabilities measured at fair value in the Statements of Financial Position can be condensed 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	-	-	1 301 231	1 301 231
Money market investments	-	594 307	-	594 307
At 31 December 2018	-	594 307	1 301 231	1 895 538
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
Unlisted investments	-	-	729 690	729 690
Money market investments	-	1 160 271	-	1 160 271
At 31 December 2017	-	1 160 271	729 690	1 889 961
	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 period/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:

	Unaudited		Audited
	Six months ended 31 Dec 2018 R'000	Six months ended 31 Dec 2017 R'000	Year ended 30 June 2018 R'000
Non-current assets			
Opening balance	711 925	307 939	307 939
Acquisitions	595 116	408 396	411 571
Realisations at carrying value of acquisitions	(7 377)	(11 120)	(15 867)
Net gains included in the Statements of Comprehensive Income	1 567	24 475	8 282
	1 301 231	729 690	711 925

The Board of Directors has approved the valuation method for level 3 investments as set out in the accounting policies. The valuation techniques used and the inputs available to determine the fair value of each investment, are detailed in note 5 of the Notes to the Annual Financial Statements as at 30 June 2018. The inputs available to the Investment Advisor to determine the valuation of the underlying portfolio companies, from which the NAV of the Funds are 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 are derived, are: maintainable earnings, trading multiples and capital structures. Earnings, for instance EBITDA, can be based on budgeted EBITDA, most recent or historic reported EBITDA, last-twelve-months EBITDA or EBITDA adjusted to a normalised earnings level.

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

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

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

17 Events after the reporting period

There have been no material events after the reporting date that would require disclosure or adjustment to the Interim Financial Statements for the six months ended 31 December 2018.

CORPORATE INFORMATION

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

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Jean-Pierre van Onselen (CFO)
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JSE code: EPE
Sector: Financials - Speciality Finance

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Sandton
Johannesburg, 2196

Ebene, Mauritius (with simultaneous circulation in Johannesburg)
26 March 2019

Sponsor
RAND MERCHANT BANK (A division of FirstRand Bank Limited)