

African Rainbow Capital Investments Limited
(Incorporated in the Republic of Mauritius)
(Registration number C148420)
JSE share code: AIL ISIN code: MU0553800000
("ARC Investments" or "the Company")

CONDENSED UNAUDITED INTERIM RESULTS
for the six-month period ended 31 December 2018

KEY COMMENTS

AFRICAN RAINBOW CAPITAL
INVESTMENTS LIMITED
(ARC INVESTMENTS)

INVESTMENT IN RAND MUTUAL HOLDINGS
R289 million

INTRINSIC NET ASSET VALUE (INAV)
Up 1.0x
TO R9 626 MILLION
(30 June 2018: R9 529 million)

DILUTED INAV PER SHARE
Up R9.21
(30 June 2018: R9.12)

INCREASED SHAREHOLDING IN TYMEBANK
Up 31.7% TO 36.7%
(30 June 2018: 5.0%)

PROFIT FOR THE SIX-MONTH PERIOD 31 DECEMBER 2018
Down R385 million
TO R77 MILLION (31 DECEMBER 2017: R462 MILLION)
(30 June 2018: R675 million)

INTRINSIC PORTFOLIO VALUE (IPV)
R8 567 million
(30 June 2018: R7 917 million)

CASH IN THE ARC FUND AT END OF PERIOD
R1 099 million

FAIR VALUE WRITE UP OF RAIN
Up R186 million

SUCCESSFUL LAUNCH OF
TymeBank

KROPE PLC LISTED ON AIM IN NOVEMBER 2018

PROFIT ON DISPOSAL OF BKB
R189 million

COMMENTARY
for the six-month period ended 31 December 2018

NATURE OF BUSINESS

African Rainbow Capital Investments Limited (ARC Investments/ the Company/ ARCI) is a public company which is incorporated in the Republic of Mauritius and holds a Category One Global Business License under the Mauritian Financial Services Act, 2007. It is regulated by the Mauritian Financial Services Commission.

The Company is listed on the Johannesburg Stock Exchange Limited (JSE) and is 50.1% (30 June 2018: 51.7%) owned by African Rainbow Capital Proprietary Limited (ARC) which is in turn 100% owned by Ubuntu-Botho Investments Proprietary Limited (UBI).

The principal activities of the Company are that of an investment holding company which offers shareholders long-term capital appreciation by indirectly investing in a diversified portfolio of unlisted and listed investments.

ARC Investments is the Limited Partner with a 99.95% interest in the ARC Fund Partnership (the ARC Fund), an en commandite partnership which is South African based. Full details of the structure of the group were disclosed in the Pre-Listing Statement issued on 28 August 2017 and published on the Company's website. The underlying investments of the ARC Fund are managed by UBI General Partner Proprietary Limited (the General Partner).

STRATEGY

The main purpose of the establishment of ARC Investments and the listing was to:

- create a Broad-Based Black-controlled investment vehicle of significant scale with an exposure to a diversified portfolio of investments;
- enable investors to invest in the Company and obtain indirect exposure to a diversified pool of unlisted and listed Broad-Based Black Economic Empowerment (B-BBEE) assets through a listed investment vehicle; and
- enable ARC Investments to access capital markets, if required, to fund future expansion.

The most significant benefit in this regard is access to high quality companies, some of which would otherwise not be available to normal investors on the JSE. In addition, investments are typically acquired at an appropriate B-BBEE discount where the investment carries a B-BBEE lock-in for a contractually agreed period which results in attractive prospective yields.

The UBI Group seeks to utilise its empowerment credentials, its financial strength, its strong and well experienced leadership team as well as its strong brand to achieve superior capital appreciation for investors in ARC Investments.

INVESTMENT STRATEGY

As stated above, the Company effectively invests through its interest in the ARC Fund. By investing in a broad range of sectors and through a variety of unlisted and listed entities, the ARC Fund generally seeks to gain exposure to growth and early-maturity stage businesses in which management teams are appropriately incentivised. The ARC Fund primarily acquires significant minority equity interests in established and start-up businesses that meet one or more of the following criteria:

- Experienced, qualified and capable management.
- A demonstrable track record.
- Strong cash flow generation.
- Solid growth prospects.
- Established market position.
- The opportunity to consolidate their respective markets and/or existing businesses within the ARC Fund portfolio.
- Commercial prospects which can be enhanced by having strong B-BBEE credentials.

Where the ARC Fund holds majority or significant minority interests in portfolio companies, the General Partner, where appropriate, seeks to provide broad strategic guidance through representation and participation on the board of directors of such companies.

The ARC Fund has the flexibility to participate in opportunistic investments as and when they arise and seeks to focus on transactions in South Africa and other select countries in Africa but may also invest in companies with interests

and/or operations elsewhere in the world.

The ARC Fund does not have a target size and may be geared, as appropriate, to meet its investment strategy.

ARC Investments' medium- to long-term objective is to grow its Intrinsic Net Asset Value (INAV) by at least 16% per annum. Each investment opportunity is expected to exceed a return on a standalone basis which is appropriate considering the 16% hurdle as well as specific risk factors related to the investment.

The ARC Fund seeks to derive synergies among portfolio companies for investments in the Diversified Financial Services Portfolio. Its exposure to financial services entities is through a single investment in African Rainbow Capital Financial Services Holdings Proprietary Limited (ARC FinHoldCo) in which the ARC Fund holds a 49.9% interest.

For investments in non-financial services businesses within the Diversified Investments Portfolio, the approach is to invest in sound stand-alone businesses and to back a strong and effective management team to deliver on the required return on investment for the business.

In the period under review the ARC Fund established ARCH Emerging Markets Partners Limited (ARCH EM) to geographically expand its reach outside South Africa into the rest of the African continent. ARCH EM is a specialist firm focusing on private market opportunities in renewable energy, cold chain solutions and financial services in developing countries. The company is a joint venture between JCH 4 Partners LIP and African Rainbow Capital. The ARCH EM team has extensive experience managing and investing in high-growth businesses in emerging markets, with strong in-country networks and a focus on early-life cycle development aimed at unlocking growth and creating sustainable returns to investors.

Operating environment

The period under review has been characterised by strained economic conditions which adversely impacted most of the companies in our portfolio. The poor performance of the economy resulted from several factors and is expected to remain as such for the remainder of the financial year. Confidence levels are a key factor negatively impacting overall economic growth. Our investee companies experienced low consumer, business and investor confidence, which was exacerbated by political and policy uncertainty.

Performance highlights

The INAV of the Company decreased from R9.23 per share at 30 June 2018 to R9.21 per share at 31 December 2018. The diluted INAV per share increased from R9.12 per share at 30 June 2018 to R9.21 per share at 31 December 2018, which amounts to an increase of 1.0% (2.0% on an annualised basis). This is significantly below the medium to long-term expectation of 16% per annum. The net asset value (NAV) per share decreased from R9.31 per share at 30 June 2018 to R9.28 per share at 31 December 2018 whilst the diluted NAV per share increased from R9.20 per share at 30 June 2018 to R9.28 per share at 31 December 2018.

The ARC Fund's Intrinsic Portfolio Value (IPV) amounted to R8 688 million for the period under review. Additional investments, predominantly in unlisted companies, amounted to R497 million, with R43 million in fair value adjustments. Cash resources available for investments amounted to R1 099 million at 31 December 2018.

The main drivers of performance are largely explained by:

Economy

The poor performance of the economy negatively impacted most of the investee companies in our portfolio.

In the listed share portfolio, the share prices decreased substantially in the period under review and the ARC Fund devalued its interest in these investments by R83 million (31 December 2017: R197 million).

Early lifecycle stage businesses

One of the unique offerings of the portfolio within the ARC Fund is rare inaccessible unlisted investments which we access by leveraging our network. This often presents the opportunity to invest in early stage businesses in need of a self-funding B-BBEE partner to further unlock their disruptive business edge and potential within their respective sectors. These businesses are typically start-up by their nature and still in the early stage of their growth cycle, and thus characteristically the ARC Fund takes a long-term view on them and consistently commits to ensure they are supported strategically to deliver on their value proposition. Approximately 50% of the ARC Fund's Intrinsic Portfolio Value of R8 688 million includes early stage businesses such as Rain, TymeBank, Kropz Plc and Kropz Elandsfontein.

Whilst developments and the progress made is promising, it will take some time for these initiatives to mature.

Acquisitions and divestitures during the period

Growth in Intrinsic Portfolio Value

Deal flow remained healthy in the period under review, and the ARC Fund concluded additional net acquisitions which increased the Intrinsic Portfolio Value by R497 million. These acquisitions were largely driven by further investment in early stage businesses in the existing portfolio.

Detailed commentary on specific investments is provided in note 5. Significant developments during the period under review and were as follows:

Rand Mutual Holdings

The ARC Fund acquired an effective 15% equity interest in Rand Mutual Holdings (RMH) during the period under review. The acquisition is an excellent fit within the financial services portfolio and was concluded at a consideration of R289 million with R118 million thereof still subject to performance hurdles over the next two years. The direct interest is held by ARC FinHoldCo.

RMH is a subsidiary of Rand Mutual Assurance (RMA) which was founded in 1894 as a mutual assurance company with the purpose of administering workers' compensation for mining industry employees injured in the course and scope of their employment. The core of RMA's administration business is the receipt, adjudication and administration of workers' compensation claims, including the payment of medical costs, once-off disability payments and the ongoing payment of pensions in the case of severe disability and death.

TymeBank

ARC FinHoldCo also acquired control of TymeBank on 1 November 2018. The founders and staff trust also form part of the current shareholding structure. The cumulative amount invested by the ARC Fund for the acquisition of TymeBank amounted to R278 million at 31 December 2018. The investment in TymeBank represents a critical component of the ARC Fund's financial services strategy and this investment completes the banking pillar.

Kropz Elandsfontein

At 30 June 2018, the ARC Fund owned an effective interest of 26% in Kropz Elandsfontein, a phosphate mine and processing plant in the West Coast. The 74% interest was previously held by Kropz International.

This interest as well as the largest remaining undeveloped phosphate ore reserve on the African continent was acquired by Kropz Plc which was listed on the London Alternative Investment Market in November 2018. The ARC Fund subscribed for an amount of US\$32 million in the initial public offering and acquired a 47.2% economic interest in Kropz Plc. The ARC Fund, however, has 50.5% of the voting rights in Kropz Plc.

The proceeds of the capital raise will predominantly be utilised to reconfigure and commission the processing plant and mining operation at Kropz Elandsfontein.

BKB

Following the arbitration regarding the potential disposal of the ARC Fund's interest in BKB to Acorn Agri and Food which was heard and concluded during September 2018, BKB re-acquired the 20% interest held by the ARC Fund for a consideration of R410 million in December 2018. The 20% interest was originally acquired with the listing of ARCI on 7 September 2017 for R220 million.

Performance Review for the period

PORTFOLIO REVIEW

Below is a summarized review of the portfolio performance for the Diversified Investments and Diversified Financial Services segments.

DIVERSIFIED INVESTMENTS PORTFOLIO MOVEMENTS

Telecommunications (28.4% of IPV)

The ARC Fund's investment in Rain (26.8% of IPV) increased from R2 144 million at 30 June 2018 to R2 330 million at 31 December 2018, mainly as a result of revaluations of R186 million. Overall, the growth prospects for Rain remain optimistic. Revenue growth has been encouraging and significant progress has been made to further improve on network performance and stability. Rain recently announced at the World Mobile Congress that they are in advanced talks with the Chinese electronics manufacturer Huawei to launch 5G technology. The company is therefore well positioned to become a significant player in the 5G data market in the foreseeable future.

Mining, Construction and Energy (20.8% of IPV)

The IPV of the investments in Mining, Construction and Energy increased from R1 284 million at 30 June 2018 to R1 803 million at 31 December 2018. The increase is mainly attributable to the investment in Kropz Plc of R510 million.

Business Process Outsourcing (12.8% of IPV)

The IPV of the investments in Business Process Outsourcing decreased from R1 245 million at 30 June 2018 to R1 114 million at 31 December 2018. This included a net loss of R157 million, mainly as a result of a fair value write down in Bluespec of R209 million.

The business of Bluespec is focused on the short-term insurance value chain and luxury/exotic vehicle sales. The motor industry has experienced challenging trading conditions because of the economic downturn.

Insurance companies have over the past year generally experienced favourable claims ratios on their motor insurance business. This had a significant impact on the motor body repair shops and tow trucking businesses owned by Bluespec.

Whilst corrective measures have been implemented by the management of Bluespec to address the challenges, it was concluded that it was appropriate to record a fair value write down of R209 million at 31 December 2018. The carrying value has thus been reduced to R300 million.

Agriculture (5.2% of IPV)

The IPV of the investments in Agriculture decreased to R449 million as a result of the disposal of the investment in BKB for an amount of R410 million.

Property (6.2% of IPV)

The IPV of the investments in Property increased from R523 million at 30 June 2018 to R535 million at 31 December 2018. The increase is mainly attributable to the revaluation of Majik Holdings Limited of R15 million in the six-month period ended 31 December 2018.

Other (5.3% of IPV)

The Other investments consist mainly of a 51% equity interest in Fledge Capital which was valued at R342 million at 30 June 2018 and currently valued at R400 million as a result of further equity acquisition in Fledge of R21 million and a revaluation of R37 million largely attributed to the value realised by Fledge in the conclusion of the "We Buy Cars" deal with Naspers.

Diversified Financial Services (21.4% of IPV)

The IPV of Diversified Financial Services increased from R1 567 million at 30 June 2018 and to R1 859 million at 31 December 2018. The increase is mainly attributable to the acquisitions of R289 million for Rand Mutual Holdings and R117 million for TymeBank discussed above.

Governance & Leadership

ARC Investments is managed and controlled in Mauritius by an experienced, multinational and majority independent Board of Directors (the Board) that has final oversight and responsibility in respect of ARC Investments' business, strategy and key policies. This includes the investment in the ARC Fund. There are no executive directors on the Board of ARC Investments.

ARC Investments is the only Limited Partner in the ARC Fund, an en commandite partnership established in South Africa. It thus plays no role in the management or investment decisions of the ARC Fund.

All the investment decisions of the ARC Fund are taken by the General Partner through its Board or its Investment Committee or, subject to the terms of any delegations in place, its Investment Advisory Committee. The ARC Fund's relationship with the General Partner is governed through a partnership agreement. The Company's Investment Guidelines have been adopted by the General Partner's Investment Committee in its charter.

The General Partner has, in turn, entered into the Investment Services Agreement with African Rainbow Capital Proprietary Limited (ARC). In terms of this agreement, ARC assists the General Partner to source investment opportunities and also provides certain administrative and back office support to the General Partner.

The Board of the General Partner is responsible for the general investment decisions and reviews of the ARC Fund and management of the pipeline and liquidity of the ARC Fund. It will provide representation on the Boards of portfolio companies (where appropriate), prepare valuation reports to ARC Investments and provide general feedback to ARC Investments on relevant matters relating to the ARC Fund. Mr Anil Currimjee was appointed as an Independent Non-executive Director to the Board of Directors of ARC Investments on 11 March 2019. Refer to detailed SENS announcement issued on 11 March 2019.

Events post December 2018

The following investments were concluded in the ARC Fund post the reporting period:

TymeBank

ARC FinHoldCo has agreed to subscribe for an additional R346 million capital in TymeBank which will be injected over a four-month period from February 2019. The ARC Fund will contribute its 49.9% share through share subscriptions of R172 million in ARC FinHoldCo. In addition, ARC FinHoldCo invested US\$2 million in Tyme Global Limited, a Hong Kong based company, to follow its rights to maintain its interest of 33% in the company. Tyme Global Limited owns the intellectual property that is used by TymeBank.

The ARC Fund further made various investments aggregating less than R100 million.

Other than the investment activities post the reporting period detailed above, the Company and the ARC Fund had no other subsequent events that required adjustment or disclosure in the reported results.

BASIS OF PREPARATION

Statement of compliance

The condensed unaudited interim financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for condensed unaudited interim financial statements and the requirements of the Mauritian Companies Act, 2001 in so far as applicable to a Category One Global Business Licensed company under the Mauritian Financial Services Act, 2007 which is regulated by the Mauritian Financial Services Commission.

The Listings Requirements require condensed interim results to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SICRA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 "Interim Financial Reporting".

The accounting policies applied in the preparation of the condensed unaudited interim results are consistent with those applied in the Company's 30 June 2018 audited annual financial statements.

STATEMENT OF RESPONSIBILITY

The Directors are responsible for the preparation of these condensed unaudited interim results.

These condensed unaudited interim results were compiled under the supervision of the Chief Financial Officer, Ms Karen Bodenstein, BCompt.

APPROVAL

The condensed unaudited interim results for the period ended 31 December 2018 were approved by the Board of Directors of the Company on 11 March 2019 in Mauritius.

Mark Cyril Olivier
Chairman of the Board

Clive Msiha
Chairman of the Audit and Risk Committee

Karen Bodenstein
Chief Financial Officer

CONDENSED STATEMENT OF FINANCIAL POSITION as at 31 December 2018

R million		Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018
ASSETS	Notes			
Non-current assets				
Investment in the ARC Fund at FVTPL*	4	9 661	9 297	9 582
Current assets				
Trade and other receivables		2	2	1
Cash and cash equivalents		27	44	28
Total assets		9 690	9 343	9 611
EQUITY				
Stated capital	6.1	8 903	8 832	8 832
Accumulated (loss)/profit		(89)	16	(131)
Performance participation reserve	8	-	44	115
Fair value reserve	5.3	874	435	795
LIABILITIES				
Current liabilities				
Trade and other payables		2	16	-
Total equity and liabilities		9 690	9 343	9 611
Per share information				
Number of ordinary shares in issue at the end of the period (million)	6.2.2	1 045	1 032	1 032
Net asset value per share (cents)	4.2	928	904	931
Number of diluted ordinary shares at the end of the period (million)	6.2.2	1 045	467	1 045
Diluted net asset value per share	4.2	928	893	920

* FVTPL: Fair value through profit or loss.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME for the six-month period ended 31 December 2018

R million		Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018
Fair value movements on the investment in the ARC Fund at FVTPL*	5.1	79	510	795
Other income		1	1	2
Other expenses		(3)	(5)	(7)
Performance Participation expense	8	-	(44)	(115)
Profit before taxation		77	462	675
Taxation	9	-	-	-
Profit for the period		77	462	675
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		77	462	675
Earnings per share:				
Basic earnings per ordinary share (cents)	6.2	7	96	81
Diluted earnings per ordinary share (cents)	6.2	7	95	79

* FVTPL: Fair value through profit or loss.

CONDENSED STATEMENT OF CHANGES IN EQUITY for the six-month period ended 31 December 2018

R million	Notes	Stated capital	Accumulated loss	Performance participation reserve	Fair value reserve	Total equity
Audited balance at incorporation 30 June 2017		-	(11)	-	-	(11)
Issue of shares:						
Acquisition of portfolio assets settled with equity	6.1	4 563	-	-	-	4 563
- Issue of shares	6.1	4 300	-	-	-	4 300
- Share issue costs	6.1	(31)	-	-	-	(31)
Total comprehensive income for the six-month period		-	462	-	-	462
Transfer to fair value reserve	5.3	-	(435)	-	435	-
Performance Participation	8	-	-	44	-	44
Unaudited balance at 31 December 2017		8 832	16	44	435	9 327
Total comprehensive income for the six-month period		-	213	-	-	213
Transfer to fair value reserve	5.3	-	(360)	-	360	-
Performance Participation	8	-	-	71	-	71
Audited balance at 30 June 2018		8 832	(131)	115	795	9 611
Total comprehensive income for the six-month period		-	77	-	-	77
Conversion of C shares	6.1	71	-	(71)	-	-
Transfer to retained earnings		-	-	(44)	-	-
Transfer to fair value reserve	5.3	-	(79)	-	79	-
Performance Participation	8	-	-	-	-	-
Unaudited balance at 31 December 2018		8 903	(89)	-	874	9 688

CONDENSED STATEMENT OF CASH FLOWS for the six-month period ended 31 December 2018

R million		Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018
CASH FLOWS FROM OPERATING ACTIVITIES	Notes			
Cash utilised in operations before investment activities	10	(1)	(2)	(17)

Cash capital contribution to the investment in FVTPL	4	-	(4 224)	(4 224)
Net cash outflows from operating activities		(1)	(4 226)	(4 241)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of shares	6.1	-	4 300	4 300
Share issue costs	6.1	-	(31)	(31)
Net cash inflows from financing activities		-	4 269	4 269
Net increase in cash and cash equivalents		(1)	43	28
Cash and cash equivalents at the beginning of the period		28	-	-
Total cash and cash equivalents		27	43	28

ACCOUNTING POLICIES

for the six-month period ended 31 December 2018

1. DEFINITIONS

The following definitions are key to the understanding of the Company's condensed unaudited interim financial statements:

1.1 IFRS Portfolio Value

Investments in the ARC Fund are reported in compliance with IFRS.

1.2 Intrinsic Portfolio Value (IPV)

The Intrinsic Portfolio Value is determined by the Directors at every reporting period. The Intrinsic Portfolio Value is the IFRS Portfolio Value adjusted for non-IFRS measures as set out in note 4.2. The significant non-IFRS measurement differences comprise:

- valuing underlying listed investments on a 30-day volume weighted average price (VWAP) basis (compared to closing spot price), net after taxation; and
- valuing underlying listed investments after recognising B-BBEE discounts on a 30-day VWAP basis (compared to closing spot price), net after taxation.

1.3 Intrinsic Net Asset Value (INAV)

Intrinsic Portfolio Value of ARC Investments plus cash and other net assets in the Company and the ARC Fund.

1.4 NAV

The net asset value of ARC Investments as reported on the statement of financial position.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed unaudited interim financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for condensed unaudited interim financial statements and the requirements of the Mauritian Companies Act, 2001 in so far as applicable to a Category One Global Business Licensed company under the Mauritian Financial Services Act, 2007 which is regulated by the Mauritian Financial Services Commission.

The Listings Requirements require financial statements to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 "Interim Financial Reporting".

The accounting policies applied in the preparation of the condensed unaudited interim financial statements are consistent with those applied in the Company's 30 June 2018 audited annual financial statements other than the adoption of new standards as disclosed in note 15.

2.2 Functional currency and presentation currency

The Company's condensed unaudited interim financial statements are presented in South African Rand (Rand), which is the Company's functional and presentation currency. All financial information presented in Rand has been rounded to the nearest million (R million) except where otherwise indicated.

All other accounting policies are consistent with IFRS, inter alia, financial instruments; expected taxation cashflows; taxation; Performance Participation and cash and cash equivalents where IFRS offers no accounting policy choice.

2.3 Basis of measurement

The condensed unaudited interim financial statements have been prepared on the historical-cost basis, except for the measurement of financial instruments at fair value.

The going-concern basis has been used in preparing the condensed unaudited interim financial statements as the Directors have a reasonable expectation that the Company will continue as a going concern for the foreseeable future.

3. KEY AREAS OF JUDGEMENT

3.1 Fair value measurement of the investment in the ARC Fund

The basis of valuation of the investment in the ARC Fund is dependent on the basis of valuation of all investments in the ARC Fund Portfolio. The basis of valuation of all investments in the ARC Fund Portfolio and consequently the investment at fair value through profit or loss (FVTPL), is fair value. Fair value is determined at the end of each quarter. All investments are valued in accordance with the valuation policy outlined below.

The sum of the individual instruments plus the cash and net assets in the ARC Fund make up the investment in the ARC Fund. The valuation of the individual assets is in line with IFRS 13, therefore the sum of these approximates the IFRS 13 fair value of the investment in the ARC Fund.

The General Partner values the investment portfolio in accordance with its valuation policy. The valuation policy considers the International Private Equity and Venture Capital Valuation Guidelines (IPEV Guidelines) and is consistent with the below detailed valuation approach, which will be consistent year on year except where there have been changes in circumstances in relation to an investment, and therefore the impact of such change would be disclosed.

3.1.1 Basis of valuation and approach

The fair value approach of the investments in the ARC Fund was determined as at the measurement date in accordance with the principles of IFRS 13, Fair Value Measurement. Fair value is defined as the price that would be received for an asset in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that a hypothetical transaction to sell an asset takes place in the principal market or in its absence, the most advantageous market for the asset.

For listed investments which are suitably liquid investments, the available market prices (calculated at spot on reporting date) will be the basis for the measurement of the IFRS Portfolio Value for identical instruments.

For unlisted investments, the primary valuation methodologies applied are the income approach (IA) and discounted cash flow (DCF), compared against a market approach (MA), where appropriate.

The General Partner uses its judgement to select the valuation technique most appropriate for an investment. The use of multiple valuation approaches on an investment is encouraged. On a specific investment, a single valuation technique or approach may be appropriate (e.g. when valuing an asset using quoted prices in an active market for identical assets).

If multiple valuation techniques or approaches are used to measure fair value, the results of the various valuation

methods are evaluated considering the reasonableness of the range of values indicated by those results. A fair value measurement is the point within that range that is most representative of fair value in the circumstances.

In determining the fair value of an investment, the General Partner uses its judgement. This includes consideration of those specific terms of the investment which may impact its fair value. In this regard, the General Partner would consider the economic substance of the investment, which may take precedence over the strict legal form. The General Partner would take the results of each of the valuation methods applied into account in concluding the final value of an investment.

Foreign investments are those considered to be in jurisdictions outside of South Africa. These are valued in the local currency of the country of investment and translated to Rand at the spot rate at the valuation date.

Lack of control/minority interest: To the extent that an investment is a minority interest and is not able to be easily realised, an appropriate minority discount would be considered. However, to the extent that the ARC Fund has certain rights in respect of an investment (such as minority protections or Board representations) these rights would be considered in the IFRS Portfolio Value of the investment in arriving at a control premium adjustment.

Restriction on trading: To the extent that the ARC Fund is restricted from disposing of the investment for a period of time, this restriction would be considered in the IFRS Portfolio Value of the investment in arriving at a marketability discount adjustment.

3.1.2 Income approach methodology

When applying the income approach, the General Partner will consider the appropriateness of any sensitivity and/or scenario analyses.

3.1.3 Discounted cash flow methodology

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 projections 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 (for example, insurance and banking 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.

3.1.4 Market approach methodology

If a multiple approach is used, where appropriate, the General Partner would apply an Enterprise Value (EV)/earnings before interest, taxation, depreciation and amortisation (EBITDA) or price/earnings (P/E) multiple that is appropriate and reasonable, based on comparable companies and taking account of the size, risk profile and earnings prospects of the underlying company. In other cases, where appropriate, EV/EBITDA and price/book value may also be considered.

The General Partner as Fund Manager of the portfolio assets is contractually bound to perform fair valuation of the Portfolio Companies on a quarterly basis and provide quarterly accounts and valuation reports with respect thereto to the partners of the ARC Fund after approval by the Board of Directors of the General Partner on recommendation for such approval by the Audit and Risk Committee of the General Partner with the support, guidance and direction of the Investment Committee. Whilst the best judgement is used in determining the fair value of these investments, there are inherent limitations in any valuation technique involving securities of the type in which the ARC Fund invests. Therefore, the fair values presented herein may not be indicative of the amount which the ARC Fund could realise in a current transaction.

3.2 Control over the ARC Fund

The General Partner directs all the relevant activities of the ARC Fund. The Company does not have a currently exercisable right to remove the General Partner other than for a reasonable cause. Therefore, the Company does not control the ARC Fund. ARC Investments does not have the power to participate in the financial and operating policy decisions of the ARC Fund. Therefore, ARC Investments does not have significant influence over the ARC Fund.

CONDENSED SEGMENTAL INFORMATION for the six-month period ended 31 December 2018

Accounting policies and choices

The Company's operations consist of the investment in the ARC Fund. The Company has only one operating segment in terms of IFRS 8, Operating Segments. The chief operating decision-makers (CODMs), being the Board of Directors, evaluate the investment in the ARC Fund based on Intrinsic Portfolio Value and fair value movement in this Intrinsic Portfolio Value. This is disclosed in note 4 and 5 herein.

Information of the ARC Fund is also reported to the CODMs for the purpose of assessing segment performance. This is specifically focused on the reporting to the Board of the Company by the General Partner in the ARC Fund through its Investment Committee under the adopted ARC Investments Limited Investment Guidelines.

Company context in application of accounting policy choices

Diversified Investments - these are the non-financial services investments acquired by the ARC Fund for purposes of demonstrated growth potential and the potential ability to deliver returns above the cost of capital of 16%. These are a combination of growth assets and businesses about to reach steady state. The key factor around the Diversified Investments' strategy is that the ARC Fund partners with industry leaders in the sub-segments to ensure the right level of monitoring and oversight is achieved with people with the requisite knowledge and experience of the relevant industry. As a consequence of this, the Diversified Investments' segment is further sub-segmented as follows:

- Telecommunications - the most significant investment is in Rain, a company which is aiming to become a full-service mobile network operator.
- Mining, Construction and Energy - the largest investments are in the Kropz Plc Group which focuses on Sub-Saharan phosphate mining and concentration, as well as Afrimat.
- Business Process Outsourcing - the Company is in partnership with and has invested in Gemcap.
- Property - the partnership with the Buffet Group through the ARC Real estate joint venture.
- Agriculture - the most significant investment is in Acorn Agri and Food, a holding company that specialises in agricultural investments.
- Other - mainly Pledge Capital which is well positioned to make smaller investments.

Diversified Financial Services

This is the core industry experience of the executive team within the ARC Fund. The investment strategy is to assemble a portfolio of assets that lends itself to synergistical benefits within its ecosystem. To this end, the segment is organised into the following sub-segments:

- Insurance and Asset Management - a mix of small and large investments with diverse and significant client pools.
- Specialist Financial Services - Companies in financial services with access to significant client pools.
- Banking - TymeBank, a new age digital bank.

IFRS 8 has been applied on a look-through basis of the ARC Fund in identifying the reportable segments, reporting the relevant segment information and the associated disclosure. There are no accounting policy choices afforded by IFRS 8 which have been elected by the Company that require further explanation. A reconciliation between the IFRS Portfolio Values and the Intrinsic Portfolio Values is presented in notes 4.2 and 5.2.

Valuation of Investment Portfolio(1) HY1 FY 2019

R million	IFRS Portfolio Value				Intrinsic Portfolio Value			
	Unaudited		Audited		Unaudited		Audited	
	Audited	IFRS	Unaudited	Audited	Unaudited	Intrinsic	Unaudited	
	as at	Portfolio	as at	as at	Portfolio	as at	as at	
	30 June	Value	31 December	30 June	Value	31 December	30 June	
	2018	(including	2018	2018	(including	2018	2018	
		interest)			interest)			
		adjust-			adjust-			
		ments(2)			ments(2)			

Diversified Investments									
Telecommunications	2 280	-	190	2 470	2 280	-	190	2 470	
Mining, Construction and Energy	1 247	506	84	1 907	1 284	463	56	1 803	
Business Process Outsourcing	1 250	27	(158)	1 119	1 245	26	(157)	1 114	
Property	523	(3)	2	522	523	(3)	15	535	
Agriculture	877	(421)	(12)	444	877	(410)	(18)	449	
Other	373	55	29	457	372	56	21	459	
	6 650	164	105	6 919	6 581	132	117	6 830	
Diversified Financial Services									
Insurance and Asset Management	1 136	269	(96)	1 309	1 147	259	(82)	1 324	
Specialist Financial Services	261	(10)	4	255	262	(11)	8	259	
Banking	158	108	-	266	158	117	-	275	
	1 555	367	(92)	1 830	1 567	365	(74)	1 858	
Total	8 205	531	13	8 749	8 148	497	43	8 688	

- (1) A reconciliation of IFRS Portfolio value to Intrinsic Portfolio value is disclosed in notes 4, 4.2 and 5.2.
(2) The values are stated net of related expected taxation cash flow adjustments for the Portfolio assets held in ARC FinHoldCo.

Valuation of Investment Portfolio(1) HY2 FY 2018

	IFRS Portfolio Value				Intrinsic Portfolio Value			
	Unaudited	Unaudited net	Portfolio Value	Audited	Unaudited	Unaudited net	Portfolio Value	Audited
R million	as at 31 December 2017	as at additions (including interest)	fair value as at 30 June 2018	as at 30 June 2018	as at 31 December 2017	as at additions (including interest)	fair value as at 30 June 2018	as at 30 June 2018
Diversified Investments								
Telecommunications	2 019	76	185	2 280	2 019	76	185	2 280
Mining, Construction and Energy	1 247	3	(84)	1 247	1 201	70	13	1 284
Business Process Outsourcing	1 247	3	-	1 250	1 237	3	5	1 245
Property	445	49	29	523	386	17	120	523
Agriculture	727	66	84	877	727	66	84	877
Other	199	145	29	373	200	145	27	372
	5 995	412	243	6 650	5 770	377	434	6 581
Diversified Financial Services								
Insurance and Asset Management	1 111	71	(46)	1 136	1 086	68	(7)	1 147
Specialist Financial Services	231	26	4	261	232	27	3	262
Banking	-	158	-	158	-	158	-	158
	1 342	255	(42)	1 555	1 318	253	(4)	1 567
Total	7 337	667	201	8 205	7 088	630	430	8 148

- (1) A reconciliation of IFRS Portfolio value to Intrinsic Portfolio value is disclosed in notes 4, 4.2 and 5.2.
(2) The values are stated net of related expected taxation cash flow adjustments for the Portfolio assets held in ARC FinHoldCo.

Return on Investment Portfolio(1) HY1 FY 2019

	IFRS Portfolio Value fair value adjustments			Intrinsic Portfolio Value fair value adjustments		
	Income from investments(2)	IFRS Portfolio Value fair value adjustments(3)	plus income from investments(3)	Income from investments(2)	Intrinsic Portfolio Value fair value adjustments(3)	plus income from investments(3)
R million	Unaudited for the six-month period ended 31 December 2018	Unaudited for the six-month period ended 31 December 2018	Unaudited for the six-month period ended 31 December 2018	Unaudited for the six-month period ended 31 December 2018	Unaudited for the six-month period ended 31 December 2018	Unaudited for the six-month period ended 31 December 2018
Diversified Investments						
Telecommunications	-	190	190	-	190	190
Mining, Construction and Energy	42	54	96	56	56	98
Business Process Outsourcing	25	(158)	(133)	(157)	(157)	(132)
Property	4	2	6	4	5	19
Agriculture	21	(12)	9	(18)	31	3
Other	-	29	29	31	29	31
	92	105	197	117	117	209
Diversified Financial Services						
Insurance and Asset Management	8	(96)	(88)	(82)	(82)	(74)
Specialist Financial Services	5	4	9	8	8	13
Banking	-	-	-	-	-	-
	13	(92)	(79)	(74)	(74)	(61)
Interest income: Cash and cash equivalents	52	-	52	-	-	52
Other income and expenses directly attributable to the ARC Fund	(91)	-	(91)	-	-	(91)
Total	66	13	79	43	43	109

- (1) A reconciliation of IFRS Portfolio value to Intrinsic Portfolio value is disclosed in note 4.2 and 5.2.
(2) Income from investments includes dividend income, interest on loans and Directors' fees pertaining to portfolio entities in the ARC Fund and ARC FinHoldCo; and the interest income and cash and cash equivalents in the ARC Fund and ARC FinHoldCo.
(3) The values are stated net of related expected taxation cash flow adjustments for the Portfolio assets held in ARC FinHoldCo.

Return on Investment Portfolio(1) HY1 FY 2018

	IFRS Portfolio Value fair value adjustments			Intrinsic Portfolio Value fair value adjustments		
	Income from investments(2)	IFRS Portfolio Value fair value adjustments(3)	plus income from investments(3)	Income from investments(2)	Intrinsic Portfolio Value fair value adjustments(3)	plus income from investments(3)
R million	Unaudited for the six-month period ended 31 December 2017	Unaudited for the six-month period ended 31 December 2017	Unaudited for the six-month period ended 31 December 2017	Unaudited for the six-month period ended 31 December 2017	Unaudited for the six-month period ended 31 December 2017	Unaudited for the six-month period ended 31 December 2017
Diversified Investments						
Telecommunications	-	192	192	-	194	194
Mining, Construction and Energy	5	49	54	(26)	(26)	(21)
Business Process Outsourcing	21	(94)	(73)	(189)	(189)	(168)
Property	16	52	68	53	68	69
Agriculture	7	176	183	177	177	184
Other	-	-	-	-	-	-
	49	375	424	209	209	258
Diversified Financial Services						
Insurance and Asset Management	12	55	67	60	60	72
Specialist Financial Services	1	10	11	11	11	12
Banking	-	-	-	-	-	-
	13	65	78	71	71	84
Interest income: Cash and cash equivalents	47	-	47	-	-	47
Expenses directly attributable to the ARC Fund	(39)	-	(39)	-	-	(39)
Total	70	440	510	280	280	350

- (1) A reconciliation of IFRS Portfolio value to Intrinsic Portfolio value is disclosed in note 4.2 and 5.2.
(2) Income from investments includes dividend income, interest on loans and Directors' fees pertaining to portfolio entities in the ARC Fund and ARC FinHoldCo; and

the interest income and cash and cash equivalents in the ARC Fund and ARC FinHoldCo.
(3) The values are stated net of related expected taxation cash flow adjustments for the Portfolio assets held in ARC FinHoldCo.

Return on Investment Portfolio(1) FY 2018

	IFRS Portfolio		IFRS Portfolio		Intrinsic Portfolio		Intrinsic Portfolio	
	Income from investments(2)	Value fair value adjustments(3)	Value fair value adjustments(3)	plus income from investments(3)	Value fair value adjustment(3)	plus income from investments(3)	Value fair value adjustments	plus income from investments(3)
	Audited for the year ended 30 June 2018	Audited for the year ended 30 June 2018	Audited for the year ended 30 June 2018	Audited for the year ended 30 June 2018	Audited for the year ended 30 June 2018	Audited for the year ended 30 June 2018	Audited for the year ended 30 June 2018	Audited for the year ended 30 June 2018
R million								
Diversified Investments	-	377	377		379		379	
Telecommunications		(35)	(18)		(14)		3	
Mining, Construction and Energy	40	(93)	(53)		(181)		(141)	
Business Process Outsourcing	23	81	104		169		192	
Property	10	260	270		261		271	
Agriculture	-	29	29		-		27	
Other	90	619	709		641		731	
Diversified Financial Services	20	9	29		53		73	
Insurance and Asset Management	5	14	14		14		19	
Specialist Financial Services	-	-	-		-		-	
Banking	25	23	48		67		92	
Interest income: Cash and cash equivalents	131	-	131		-		131	
Expenses directly attributable to the ARC Fund	(94)	-	(94)		-		(94)	
Total	152	642	794		708		860	

(1) A reconciliation of IFRS Portfolio value to Intrinsic Portfolio value is disclosed in note 4.2 and 5.2.
(2) Income from investments includes dividend income, interest on loans and Directors' fees pertaining to portfolio entities in the ARC Fund and ARC FinHoldCo; and the interest income and cash and cash equivalents in the ARC Fund and ARC FinHoldCo.
(3) The values are stated net of related expected taxation cash flow adjustments for the Portfolio assets held in ARC FinHoldCo.

Other Valuation of investment portfolio Segment Information(1) HY1 FY 2019

	IFRS Portfolio Value			Intrinsic Portfolio Value			Intrinsic Portfolio Value		
	Unaudited as at 30 June 2018	Unaudited net additions (including interest)	Unaudited Portfolio Value Fair value adjustments(2)	Audited as at 31 December 2018	Unaudited as at 30 June 2018	Unaudited net additions (including interest)	Unaudited Portfolio Value Fair value adjustments(2)	Unaudited as at 31 December 2018	Unaudited as at 31 December 2018
R million									
Profile:									
Listed:	1 465	500	(3)	1 962	1 411	558	(83)	1 886	
- Diversified Investments	921	500	32	1 453	855	558	(14)	1 399	
- Diversified Financial Services	544	-	(35)	509	556	-	(69)	487	
Unlisted:	6 740	31	16	6 787	6 737	(61)	126	6 802	
- Diversified Investments	5 729	(336)	73	5 466	5 726	(426)	131	5 431	
- Diversified Financial Services	1 011	367	(57)	1 321	1 011	365	(5)	1 371	
Total	8 205	531	13	8 749	8 148	497	43	8 688	
Geographic:									
South Africa	7 826	46	(18)	7 854	7 769	(16)	27	7 780	
International	379	485	31	895	379	513	16	908	
Total	8 205	531	13	8 749	8 148	497	43	8 688	

(1) A reconciliation of IFRS Portfolio value to Intrinsic Portfolio value is disclosed in notes 4, 4.2 and 4.3.
(2) The values are stated net of related expected taxation cash flow adjustments for the Portfolio assets held in ARC FinHoldCo.

Other Valuation of investment portfolio Segment Information(1) HY2 FY 2018

	IFRS Portfolio Value			Intrinsic Portfolio Value			Intrinsic Portfolio Value		
	Unaudited as at 31 December 2017	Unaudited net additions (including interest)	Unaudited Portfolio Value Fair value adjustments(2)	Audited as at 30 June 2018	Unaudited as at 31 December 2017	Unaudited net additions (including interest)	Unaudited Portfolio Value Fair value adjustments(2)	Audited as at 30 June 2018	Audited as at 30 June 2018
R million									
Profile:									
Listed:	1 596	87	(218)	1 465	1 403	86	(78)	1 411	
- Diversified Investments	1 035	43	(158)	920	866	43	(54)	855	
- Diversified Financial Services	561	44	(60)	545	537	43	(24)	556	
Unlisted:	5 741	580	419	6 740	5 684	547	506	6 737	
- Diversified Investments	4 959	368	402	5 729	4 904	337	485	5 726	
- Diversified Financial Services	782	212	17	1 011	780	210	21	1 011	
Total	7 337	667	201	8 205	7 087	633	428	8 148	
Geographic:									
South Africa	7 006	638	182	7 826	6 757	623	389	7 769	
International	331	29	19	379	330	10	39	379	
Total	7 337	667	201	8 205	7 087	633	428	8 148	

(1) A reconciliation of IFRS Portfolio value to Intrinsic Portfolio value is disclosed in notes 4, 4.2 and 4.3.
(2) The values are stated net of related expected taxation cash flow adjustments for the Portfolio assets held in ARC FinHoldCo.

Other Return on Investment Portfolio Segment Information(1) H1 FY 2019

	IFRS Portfolio		IFRS Portfolio		Intrinsic Portfolio		Intrinsic Portfolio	
	Income from investments(2)	Value fair value adjustments(3)	Value fair value adjustments(3)	plus income from investments(3)	Value fair value adjustment(3)	plus income from investments(3)	Value fair value adjustments plus income from investments(3)	plus income from investments(3)
	Unaudited for the period ended 31 December 2018	Unaudited for the period ended 31 December 2018	Unaudited for the period ended 31 December 2018	Unaudited for the period ended 31 December 2018	Unaudited for the period ended 31 December 2018	Unaudited for the period ended 31 December 2018	Unaudited for the period ended 31 December 2018	Unaudited for the period ended 31 December 2018
R million								
Profile:								
Listed:	7	(3)		4	(83)		(76)	
- Diversified Investments	7			39	(14)		(7)	
- Diversified Financial Services	-	(35)		(35)	(69)		(69)	
Unlisted:	98	16		114	126		224	
- Diversified Investments	85	73		158	131		216	
- Diversified Financial Services	13	(57)		(44)	(5)		8	
Interest income: Cash and cash equivalents	52	-		52	-		52	
Other income and expenses directly attributable to the ARC Fund	(91)	-		(91)	-		(91)	
Total	66	13		79	43		109	
Geographic:								
South Africa	105	13		118	43		148	
International	101	(18)		83	27		128	
International	4	31		35	16		20	

Interest income: Cash and cash equivalents	52	-	52	-	52
Other income and expenses directly attributable to the ARC Fund	(91)	-	(91)	-	(91)
Total	66	13	79	43	109

- (1) A reconciliation of IFRS Portfolio Value to Intrinsic Portfolio Value is disclosed in notes 4.2 and 5.2.
(2) Income from investments includes dividend income, interest on loans and Directors' fees pertaining to portfolio entities in the ARC Fund and ARC FinHoldCo; and the interest income and cash and cash equivalents in the ARC Fund and ARC FinHoldCo.
(3) The values are stated net of related expected taxation cash flow adjustments for the Portfolio assets held in ARC FinHoldCo.

Other Return on Investment Portfolio Segment Information(1) HY1 FY 2018

R million	Income from investments(2) Unaudited for the period ended 31 December 2017	IFRS Portfolio Value fair value		Intrinsic Portfolio Value fair value	
		IFRS Portfolio Value fair value	adjustments plus income from investments(3)	Intrinsic Portfolio Value fair value	adjustments plus income from investments(3)
		Unaudited for the period ended 31 December 2017	Unaudited for the period ended 31 December 2017	Unaudited for the period ended 31 December 2017	Unaudited for the period ended 31 December 2017
Profile:					
Listed:	12	(28)	(16)	(197)	(185)
- Diversified Investments	12	(42)	(30)	(212)	(200)
- Diversified Financial Services	-	14	14	15	15
Unlisted:	50	468	518	477	527
- Diversified Investments	38	416	454	422	460
- Diversified Financial Services	12	52	64	55	67
Interest income: Cash and cash equivalents	47	-	47	-	47
Expenses directly attributable to the ARC Fund	(39)	-	(39)	-	(39)
Total	70	440	510	280	350
Geographic:					
South Africa	62	440	502	280	342
International	57	422	479	261	318
International	5	18	23	19	24
Interest income: Cash and cash equivalents	47	-	47	-	47
Expenses directly attributable to the ARC Fund	(39)	-	(39)	-	(39)
Total	70	440	510	280	350

- (1) A reconciliation of IFRS Portfolio Value to Intrinsic Portfolio Value is disclosed in notes 4.2 and 5.2.
(2) Income from investments includes dividend income, interest on loans and Directors' fees pertaining to portfolio entities in the ARC Fund and ARC FinHoldCo; and the interest income and cash and cash equivalents in the ARC Fund and ARC FinHoldCo.
(3) The values are stated net of related expected taxation cash flow adjustments for the Portfolio assets held in ARC FinHoldCo.

Other Return on Investment Portfolio Segment Information(1) FY 2018

R million	Income from investments(2) Audited for the period ended 30 June 2018	IFRS Portfolio Value fair value		Intrinsic Portfolio Value fair value	
		IFRS Portfolio Value fair value	adjustments plus income from investments(3)	Intrinsic Portfolio Value fair value	adjustments plus income from investments(3)
		Audited for the period ended 30 June 2018	Audited for the period ended 30 June 2018	Audited for the period ended 30 June 2018	Audited for the period ended 30 June 2018
Profile:					
Listed:	35	(243)	(208)	(275)	(240)
- Diversified Investments	24	(198)	(174)	(266)	(242)
- Diversified Financial Services	11	(45)	(34)	(9)	2
Unlisted:	80	881	965	983	1 063
- Diversified Investments	66	817	883	907	973
- Diversified Financial Services	14	68	82	76	90
Interest income: Cash and cash equivalents	131	-	131	-	131
Expenses directly attributable to the ARC Fund	(94)	-	(94)	-	(94)
Total	152	642	794	708	860
Geographic:					
South Africa	115	642	757	708	823
International	105	604	709	650	755
International	10	38	48	58	68
Interest income: Cash and cash equivalents	131	-	131	-	131
Expenses directly attributable to the ARC Fund	(94)	-	(94)	-	(94)
Total	152	642	794	708	860

- (1) A reconciliation of IFRS Portfolio Value to Intrinsic Portfolio Value is disclosed in notes 4.2 and 5.2.
(2) Income from investments includes dividend income, interest on loans and Directors' fees pertaining to portfolio entities in the ARC Fund and ARC FinHoldCo; and the interest income and cash and cash equivalents in the ARC Fund and ARC FinHoldCo.
(3) The values are stated net of related expected taxation cash flow adjustments for the Portfolio assets held in ARC FinHoldCo.

DIVERSIFIED INVESTMENTS DETAILED INTRINSIC PORTFOLIO VALUE BY REPORTING SEGMENT for the six-month period ended 31 December 2018

Investment (R million)	Opening Cost 30 June 2018	Acquisition/ (Disposal)	Revaluation	Fund Value	Gross Investment Value				Marketability	Discount	Deferred Taxation	Fund Value 31 December 2018	% of Fund Value 31 December 2018
					31 December 2018	Control	Premium	Minority					
Diversified Investments													
Telecommunications	2 280	-	190	2 470	3 199	-	-	(12.5%)	(380)	(349)	-	2 470	28.4%
Metrolife	2 144	-	186	2 330	3 043	-	-	(12.5%)	(380)	(333)	-	2 330	26.8%
MetroFibre	136	-	4	140	156	-	-	(10.0%)	-	(16)	-	140	1.6%
Mining, Construction and Energy	1 284	463	56	1 803	2 067	-	-	(12.5%)	(12)	(252)	-	1 803	20.8%
Afrimat#	641	-	(27)	614	702	-	-	(12.5%)	-	(88)	-	614	7.1%
Kropz PFC#	-	510	-	510	510	-	-	(25.0%)	-	-	-	510	5.9%
Kropz Elandsfontein	454	(60)	60	454	605	-	-	(25.0%)	-	(151)	-	454	5.2%
Last Mile Fund	132	-	4	136	136	-	-	-	-	-	-	136	1.6%
Other Mining, Construction and Energy	57	13	19	89	114	-	-	(12.5%)	(12)	(13)	-	89	1.0%
Business Process Outsourcing	1 245	26	(157)	1 114	1 238	-	7	(46)	-	(85)	-	1 114	12.8%
Gemcap	429	19	42	490	490	-	-	-	-	-	-	490	5.6%
Bluespec	509	-	(209)	300	417	-	-	(10.0%)	(42)	(20.0%)	(75)	300	3.5%
Humanstate	139	2	-	141	141	-	-	-	-	-	-	141	1.6%
Other Business Process Outsourcing	168	5	10	183	190	-	7	(4)	-	(10)	-	183	2.1%
Property	523	(3)	15	535	633	-	-	(42)	-	(56)	-	535	6.2%
Majik	239	-	15	254	268	-	-	(8)	(15.0%)	(7)	-	253	2.9%
Val de Vie	187	-	-	187	251	-	-	(28)	-	(35)	-	188	2.2%
ARC Real Estate	97	(3)	-	94	114	-	-	(10.0%)	(6)	(14)	-	94	1.1%
Agriculture	877	(410)	(18)	449	517	-	-	(31)	-	(37)	-	449	5.2%
Accorn Agri & Food	277	-	(37)	240	240	-	-	-	-	-	-	240	2.8%
RSA	106	-	-	106	138	-	-	(14)	-	(18)	-	105	1.2%
Subtropic	78	-	25	103	139	-	-	(17)	-	(18)	-	104	1.2%
BKB	416	(410)	(6)	-	-	-	-	-	-	-	-	-	0.0%
Other	372	56	31	459	554	-	-	(25)	(70)	(70)	-	459	5.3%
Fledge Capital	342	21	37	400	495	-	-	(5.0%)	(25)	(70)	-	400	4.6%
Other Investments	30	35	(6)	69	59	-	-	-	-	-	-	59	0.7%
Total Diversified Investments	6 581	132	117	6 830	8 208	-	7	(536)	-	(849)	-	6 830	78.6%

(#) Denotes a listed entity.

Diversified Investments Portfolio Analysis

Listed companies

Listed companies report as per the regulated reporting cycles and information on these companies is readily available. As such no additional information other than the information contained in the table on the previous page is disclosed.

Telecommunications

Rain

Rain is aiming to become a full-service Mobile Network Operator, focusing on data as a primary offering. The major assets constitute spectrum licences, including an allocation in the 1 800 MHz band, along with the other major operators, as well as an allocation in the sought after 2 600 MHz band.

Rain intends to build a dedicated national LTE Advanced network and infrastructure that will eventually facilitate an environment where open access to the internet becomes a reality in South Africa, with the best possible quality and internet speed, at affordable rates.

The Rain group consists of three operating business units, namely Networks, Business to Business and Mobile.

The Network business unit builds and manages the Rain LTE Advanced network. The business unit is responsible for the capital expenditure to build a network of LTE sites and expand the network to enable nationwide connectivity for the Business to Business and Direct business units. It has a target of reaching 3 000 LTE sites by 28 February 2019. By the end of January 2019, approximately 2 800 sites were already enabled. In addition to the infrastructure, the network business unit is responsible for roaming agreements with other major telecommunication companies.

The Business to Business unit provides fixed wireless connectivity to end users. Rain has suspended new sales of fixed LTE in October 2018 due to capacity constraints. This comprises a relatively small component of the overall business.

Rain Mobile represents Rain's mobile strategy which has been offered directly to the public since 6 June 2018. Subscriber uptake is meeting targets, with the unlimited off-peak data package being the most popular. Positive media coverage and social media posts are the major drivers in expanding the Mobile customer base.

Overall, the growth prospects for Rain remain positive. Revenue growth has been encouraging and significant progress has been made to further improve on network performance and stability. Rain is well positioned to become a major player in the 5G data market in the near future.

MetroFibre

MetroFibre is an internet infrastructure company that provides managed fibre optic broadband connectivity in South Africa. MetroFibre customers consist of service providers, resellers, residential and business properties. Consumers can take advantage of an array of services that are tailored to meet their business needs. The Company recently launched a new ISP, Gigago, and is performing in line with expectations. The main objective remains to expand its infrastructure roll-out.

Mining, Construction and Energy

Afrimat

Afrimat is a leading Black-empowered supplier to the resources, industrial minerals, mining, road, rail and construction sectors, with a national footprint across Southern Africa. The company specialises in open cast mining, industrial minerals and beneficiated mined products. The group is well positioned to capitalise on its strategic initiatives, and being listed on the JSE, the company's financial results are in the public domain.

Kropz Elandsfontein

Kropz Elandsfontein is a new phosphate mine and processing plant situated on the West Coast. The challenges in respect of the commissioning of the plant were fully covered in the previous annual financial statements. During the period under review, laboratory testing was conducted and pilot plant testing has almost been finalised. Additional capital has been procured (see Kropz Plc below) to augment and reconfigure the plant. The revised designs are currently being done and construction will commence during the second half of 2019. Commissioning is scheduled for the first quarter of 2020.

Recently the phosphate market price has increased further after a prolonged period of decline. This augurs well for the project once it starts commercial production.

Kropz Plc

Kropz Plc listed on London's Alternative Investment Market in November 2018 and raised capital of US\$35 million through an Initial Public Offering ("IPO"). Kropz Plc is an emerging sub-Saharan phosphate rock explorer, developer, miner and marketer, with three main assets, namely:

- A 74% interest in Kropz Elandsfontein in South Africa;
- A 99% interest in Cominco Limited, a company that owns a 90% interest in the Hinda phosphate deposit in the Republic of Congo (the largest undeveloped phosphate ore body in Africa), and
- An early-stage exploration project in Ghana.

During the IPO the ARC Fund acquired 47.2% of Kropz Plc for an equivalent of R464 million:

In addition to its shareholding the ARC Fund has an option to acquire such number of shares to enable it to exercise 50.5% of shareholder votes, thereby giving the ARC Fund outright control.

The shares are restricted from trading for 24 months with the second 12 months being a restriction which can be waived by the Nominated Advisor to the listed company. The investment in Kropz Plc is carried at cost.

Last Mile Fund

The Last Mile Fund is a Black-owned fund incorporated to explore opportunities that exist in the broader resource space created and accelerated by B-BBEE legislation. To date two investments have been made which include a coal mine and an investment in a crane business, the latter being a supplier to the mining industry.

Business Process Outsourcing

GenCap

GenCap remains focused on investments in Knowledge Process Outsourcing (KPO) technologies with specific focus on industry wide platform and portal solutions. Its investments comprise Payprop SA, CSG Holdings Limited, Consumer Friend and Infoslips.

Payprop SA (Payprop) is a well-established, market leading residential letting outsourcing business that offers a unique end-to-end rental property management and compliance software platform. It is an automated payment platform system that offers settlement functionality within the real-time banking environment, enabling automation of the entire letting transaction life cycle according to property-specific payment rules set up by clients. Payprop continues to gain market share and its customers range from small independent letting agencies to large rental agencies.

CSG Holdings Limited is a listed company and is a leading strategic outsource partner of choice for staffing solutions, facility management, security and related services in southern Africa.

Consumer Friend operates a leading debt review technology platform which is used by most major debt counsellors.

Infoslips is a document outsourcing service.

The underlying assets have performed well in terms of yield and cashflow under depressed market conditions and are growing in line with expectations. The pipeline for acquisitions in the KPO space remains strong.

Bluespec

Bluespec is a holding company comprised of several specialist businesses which collectively aim to transform the motor body repair and recovery industry to enable it deliver more effective and efficient propositions to their clients in the most cost-effective manner. Business units include Incident Logistics (FirstGroup), Autobody Repair (Renew-It Group), Salvage (Auction Nation), Motor Retail (Daytona Group), Technology (DreamTec) and StraightThrough. Bluespec is 51% Black-owned with WPHOLD Investment Trust and The ARC Fund as the B-BBEE partners.

The company has been negatively impacted by the economic downturn particularly on motor dealerships and motor body repairers.

Corrective measures have been implemented by the management of Bluespec to address the challenges. However, due to the lack of anticipated growth, coupled with the view that the current conditions will prevail for the foreseeable future, it was concluded that it was appropriate to recognise a fair value write down of R209 million and the carrying value has been reduced to R300 million.

Humanstate

Humanstate is a private technology services group based in the United Kingdom. It provides businesses and non-profit organisations with state-of-the-art web-based software applications, integrated with on-demand payment processing based on their global transactional platform.

Humanstate's primary holdings is Payprop SA. Cash generated from the South African operations is invested in developing Payprop UK and Payprop Canada. Payprop UK is in early development stage while the Canadian initiative is still in a start-up phase but has already gained traction and onboarded customers onto the platform. Payprop SA continues to deliver strong results and dividend flow while the development in UK and Canada is satisfactory. Further initiatives were launched in the North America. Please refer to Gemcap for more information on Payprop SA.

Other

The other portfolio investments include:

Autobobs

ARC Fund has a 51% interest in Autobobs Holdings, a company that is a provider of certified aftermarket automotive parts and has a large market share of glass replacements for the insurance industry. The business has shown excellent growth since its formation in 2017.

DETAILED INTRINSIC PORTFOLIO VALUE BY REPORTING SEGMENT for the six-month period ended 31 December 2018

EOH

The business, including its subsidiaries, is the largest technology services company in Africa and has a wide range of solutions in Industry Consulting, IT Services, Software, IT Infrastructure, Industrial Technologies and Business Process Outsourcing. The business is listed on the JSE. The investment in EOH is held for sale and will be disposed of at an appropriate time.

Capital Appreciation

The business initially started as a Special Purpose Acquisition Company (SPAC). It has since made various acquisitions and is listed on the JSE Limited.

Other

The other portfolio investments include:

Global Asset Management (GAM)

GAM is a JSE AlX listed holding company focused on asset-based financing and development of alternative energy businesses. The directors of the Company believe that the Group has good prospects to expand its operations over the next year based on its current pipeline of recycling energy projects and initiatives supported by the group's strong complement of management skills and strategic partners. The company is in the process of delisting and the disposal of its asset based finance business in order to focus on the renewable energy business.

Property

Majik

Majik is a private equity structure which invests in commercial real estate in the United Kingdom. The investment is held through Majik Property Holdings Limited, which is a Limited Partner in the Squarestone Growth Limited Liability Partnership (Squarestone).

The business of Squarestone involves the acquisition, active management, holding, marketing and sale of secondary commercial real estate in the United Kingdom, with a predominant focus in Scotland and the North of England. The underlying property portfolio is performing well.

Val de Vie

Val de Vie is an established luxury residential estate located in Paarl. After the integration of Pearl Valley Golf Estate, Val de Vie has grown to become a mega estate. Paarl is fast becoming a new node separate from the Cape Town northern suburbs. The development is progressing as planned.

Other

The other portfolio investments include:

ARC Real Estate

ARC Real Estate is a real estate investment platform established in partnership with KLT Holdings and Buffet Investment Services. Its focus is on Black Economic Empowerment themed opportunities. The largest current holding is the Setso Property Fund, a mixed use commercial and retail portfolio with assets throughout South Africa. Other holdings include sale-and-leaseback assets and warehousing. The portfolio is developing in line with expectations and investment opportunities remain strong. The balance sheet is well positioned for further growth.

Agriculture

BKB

The ARC Fund disposed of its investment in BKB in December 2018 for a consideration of R410 million.

Acorn Agri and Food

Acorn Agri & Food is a long-term investor focusing on food and food processing, agricultural processing and the agricultural value chain. Acorn Agri & Food currently has investments: Lesotho Milling, Montagu Dried Fruits and Nuts, BKB, Grassroots and ACC Fruit, Overberg Agri Grain Division, Overberg Agri Retail, Overberg Mechanisation, Overberg Financial Services, Overberg Insurance, Overberg Irrigation, Loxton Irrigation, Agpack (supplier of packaging), Boltfast (large supplier of stainless steel fasteners), Bontebok Lineworks and Bredasdorp Abattoir.

Acorn Agri and Overberg Agri entered into an Amalgamation Agreement whereby the two entities amalgamated their respective businesses into one combined entity. This has created a leading national agriculture and food investment company, with a shared culture and values, a focused and complementary investment portfolio, proven management and track record. It is aiming for a listing over the medium term. The ARC Fund's shareholding has diluted to 7.8% as a result of the merger but at the amalgamated share price significant value has been created for the ARC Fund.

Other

The other portfolio investments include:

The RSA Group

RSA is a horizontally integrated sales organisation which offers a unique value proposition to the suppliers of fresh produce in the agricultural sector across all channels. The company reported robust results under tough trading conditions to 31 December 2018.

Subtropico

Subtropico operates in the food and agricultural sector, focusing mainly on the services segment in these industries. The Group consists of a fresh produce market agent, livestock agent, a packing facility, an equity interest in Farmwise, shareholding in Matsire, and a shareholding in KIK Landbou (an agri-business operating in the Northern Cape).

Other

Fledge Capital

ARC partnered with Fledge Capital to execute smaller investments as there are significant investment opportunities which the ARC Fund is not able to execute due their limited size. Fledge provides funding solutions to private companies within a wide range of industries. Investments include Safari and Outdoor, WeBuyCars and Better Life. Fledge's investment portfolio showed robust performance during the six months under review and net asset value increased by 16.9% (after fees and expenses). A significant portion of the entity's good performance was driven by the earnings achieved by WeBuyCars. Fledge also concluded a transaction to dispose of a portion of its investment in WeBuyCars with the OIX Group in the latter part of 2018. This transaction is still subject to competition commission approval. The investment portfolio totals 11 investee companies. The company is in a strong cash position and has a healthy deal pipeline.

Other Investments

Other investments comprise of the investment in ARC Investments Limited and Moloto Capital.

DIVERSIFIED FINANCIAL SERVICES DETAILED INTRINSIC PORTFOLIO VALUE BY REPORTING SEGMENT
for the six-month period ended 31 December 2018

Investment (R million)	Opening Cost 30 June 2018	Acquisition/ (Disposal)	Revaluation	Gross Investment Value		Control	Premium	Minority	Discount	Marketability	Discount	Deferred Taxation	% of Fund Value	
				Fund Value	31 December 2018								31 December 2018	31 December 2018
Diversified Financial Services														
Insurance and Asset Management	1 147	259	(82)	1 324	1 376	-	77	-	(71)	-	(83)	-	1 324	15.2%
Alexander Forbes Group Holdings(¶)	371	-	(62)	309	291	-	-	-	-	-	-	18	309	3.6%
Rand Mutual Holdings	-	289	-	289	289	-	-	-	-	-	-	-	289	3.3%
Alexander Forbes Limited	321	-	(36)	285	327	20.0%	65	(15.0%)	(59)	(17.5%)	(58)	10	285	3.3%
Afrocentric(¶)	131	-	(7)	124	122	-	-	-	-	-	-	2	124	1.4%
ARC Health	96	(30)	11	77	78	-	-	-	-	-	-	(1)	77	0.9%
Colourfield	80	-	-	80	106	-	-	(7.5%)	(8)	(20.0%)	(18)	-	80	0.9%
Other Insurance and Asset Management	148	-	12	160	163	-	12	-	(4)	-	(7)	(4)	160	1.8%
Specialist Financial Services	262	(11)	8	259	296	-	-	-	(3)	-	(22)	-	259	3.0%
Coba	110	-	3	113	137	-	-	(7.5%)	(10)	(10.0%)	(13)	(1)	113	1.3%
Other Specialist Financial Services	152	(11)	5	146	159	-	-	-	(3)	-	(9)	(1)	146	1.7%
Banking	158	117	-	275	275	-	-	-	-	-	-	-	275	3.2%
TymeDigital	158	117	-	275	275	-	-	-	-	-	-	-	275	3.2%
Total Diversified Financial Services	1 567	365	(74)	1 858	1 947	-	77	-	(84)	-	(105)	-	1 858	21.4%
Gross Intrinsic Portfolio value	8 148	497	43	8 688	10 155	-	84	-	(620)	-	(954)	-	8 688	100.0%
Less: Deferred consideration liability	(231)	110	-	(121)	(121)	-	-	-	-	-	-	-	(121)	-
Net Intrinsic Portfolio value	7 917	607	43	8 567	10 034	-	84	-	(620)	-	(954)	-	8 567	-

(¶) Denotes a listed entity.

Diversified Financial Services Portfolio Analysis

Listed companies

Listed companies report as per the regulated reporting cycles and information on these companies is readily available. As such no additional information other than the information contained in the table on the previous page is disclosed.

Insurance and Asset Management

Alexander Forbes

ARC FinHoldCo owns 10% of the operating company Alexander Forbes Limited and owns 8.9% in the listed company Alexander Forbes Group Holdings Limited. ARC FinHoldCo has the right to convert its shareholding in Alexander Forbes Limited for shares in Alexander Forbes Group Holdings Limited in two years' time. The conversion ratio per the agreement currently translates into a shareholding of 9%. The effective combined shareholding in Alexander Forbes Group Limited on conversion would be 17% (after considering the dilution impact of the flip up on current shareholding in the listed entity). The ARC Fund (through its 49.9% in ARC FinHoldCo) thus has an effective shareholding of 8.5%.

Rand Mutual Holdings

Rand Mutual Assurance(RMA) was founded in 1894 by mining companies with the purpose of administering workmen compensation benefits to employees injured in the scope of their employment and was incorporated as a public company during 1899. RMA is licensed in terms of the Compensation for Occupational Injuries & Diseases Act (COIDA) to provide and administer such benefits for two classes of workers, namely mining and metal workers. Rand Mutual Assurance Holdings (RMA Holdco) is a subsidiary in the RMA Group and has subsidiaries owning the IT platform as well as conducting administration services and long and short-term insurance businesses. ARC FinHoldco acquired a 30% interest in RMA Holdco during September of 2018. The investment is carried at cost.

Afrocentric

Afrocentric is a black-empowered investment holding company with an investment portfolio focused on providing services to the healthcare sector. Through its operating subsidiaries, the businesses provide health administration and health risk management solutions.

ARC Health Group

ARC Health is a private investment company and wholly owned subsidiary of ARC FinHoldCo.

This business primarily consists of two key underlying businesses operating in various parts of the value chain servicing mainly the entry-level market.

Colourfield

Colourfield Liability Solutions is an asset management firm which specialises in Liability Driven Investment (LDI), goals-based investing, the management of inflation linked bonds and "smart beta" equity management solutions.

The core LDI business is stable and continues to perform well.

Other

The other portfolio investments include:

Santam Limited

Indwe Broker Services

Indwe is an independent South African general insurance broker that provides personal insurance, business insurance and specialist risk consulting services to private, commercial and corporate clients.

EBS International

EBS International provides hosted member administration and asset management solution platforms as well as providing technology, consulting, disaster recovery and business continuity services.

LifeCheq

The business is an independent financial advisory company (IFA) that targets the middle market in SA.

Lima Mbeu

The business is a start-up investment management group focusing on asset management for institutional clients and it targets retirement funds in both the private and public-sector market segments.

InFund Holdings and Portfolium

InFund Holdings comprise of InFund Solutions and Sash Consulting. It is positioned to take advantage of amendments to the Pension Fund regulations effective from 1 March 2019. InFund primarily provides education and communication to members of large pension funds on behalf of trustees as well as retirement benefits counsellors to the fund. Portfolium structures off-balance sheet living annuity products for pension fund members on behalf of the fund.

Specialist financial services

Ooba

Ooba is primarily a mortgage originator with a healthy life and general insurance business emanating from the origination. Ooba is one of the leading players in the South African origination landscape. The company is generally performing well despite subdued economic conditions.

Other

The other portfolio investments include:

A2X

A2X is an alternative stock exchange for the secondary listing of companies. The business started during calendar year 2018 with five listed companies with a combined market cap of around R50 billion and ended the year with 16 listed companies with an aggregate market capitalisation of R2 trillion. It notably includes Naspers, Standard Bank, African Rainbow Minerals, Sanlam and Santam. This has resulted in A2X gaining sufficient credibility and momentum as a viable alternative stock exchange.

Constellation Capital

A research and brokering business in the South African equity and currency derivative market. The business is performing well, despite current market conditions.

Edge Growth

A leading enterprise and supplier development firm that focuses on strategic partnerships between business and Small to Medium Enterprise (SME) development, commercial leadership and enterprise development strategy.

Alternative Prosperity

A majority Black-owned company that offers products and services in responsible investment, transformation and sustainability.

Bravura

Bravura offers astute and sound financial solutions underpinned by an independent and flexible approach as well as rigorous risk management practices.

Sinayo Securities

Sinayo Securities specialises in equity sales and trading of listed South African companies. It provides quality services to institutional investors. Sinayo Securities is majority owned by Black women and is a Level 2 B-BBEE company.

Banking

TymeDigital

ARC FinHoldCo acquired control of TymeBank on 1 November 2018, post approval from the Prudential Authority of the South African Reserve Bank and the Competition Commission. The Founders and Staff Trust also form part of the current shareholding structure.

ARC FinHoldCo's investment in TymeBank to 31 December 2018 amounted to R556m. The investment in TymeBank represents a critical component of ARC's financial services strategy and this investment completes the Banking pillar. TymeBank embarked on a soft launch on 5 November and has since been gradually rolling out its footprint in South Africa, as well as focusing on the operational resiliency of its digital model. It was publicly launched on 24 February 2019, at which point, the number of active TymeBank kiosks in Pick n Pay and Boxer stores was approximately 720. This country-wide distribution network, linked with the Pick n Pay Smart Shopper Rewards programme, represent a key value proposition of TymeBank. It is anticipated that TymeBank's digital offering and low-cost model enable scalability and will drive financial inclusion to both the unbanked and underbanked.

NOTES TO THE CONDENSED FINANCIAL RESULTS
for the six-month period ended 31 December 2018

4. INVESTMENT IN THE ARC FUND MANDATORILY AT FVTPL

Accounting policies and choices

The business model applied for the Board of Directors of the Company in its management of the investment in the ARC Fund is the Intrinsic fair value of the fund portfolio as it is held primarily for capital appreciation. The investment in the ARC Fund is thus a financial instrument mandatorily at fair value through profit or loss as recognised and measured in accordance with the principles in IFRS 9, Financial Instruments, with associated disclosures presented in accordance with IFRS 7, Financial Instruments Disclosure and IFRS 13, Fair Value Measurements. There were no accounting policy choices afforded by the aforementioned standards which need to be explained further.

Key judgements relate to the fair value measurement as well as control over the ARC Fund. These are discussed in more detail under Accounting Policies in note 3 above.

The investment in the ARC Fund at FVTPL and the underlying portfolio (which is compiled on a look-through basis in the ARC Fund), need to be classified at the appropriate level of hierarchy on which their fair values are based. Fair value classification within these Condensed Unaudited Interim Financial Statements is as follows:

Level 1 fair value hierarchy - Investments that trade in active markets and derive their fair value from quoted market prices of identical assets are classified within level 1. The quoted market prices provides the most reliable fair value classification and the Company does not need to adjust the quoted prices to measure the fair value of the investments. The quoted market price used for investments held by the Company is the current bid price.

Level 2 fair value hierarchy - Investments that trade in markets not considered to be active and derive their fair value from observable inputs other than quoted prices included within level 1 above. 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.

Level 3 fair value hierarchy - This classification applies to investments where observable inputs are not available for the asset to determine their fair value. Unobservable inputs are used to measure fair value where relevant observable inputs are not available. The unlisted investments, shareholder loans and derivatives in the ARC Fund are typically classified as level 3.

Prior year accounting policy

In the prior year, the investment in the ARC Fund was a financial instrument designated at fair value through profit or loss and recognised and measured in accordance with the principles in IAS 39, Financial Instruments, with associated disclosures presented in accordance with IFRS 7, Financial Instruments Disclosure and IFRS 13, Fair Value Measurements. There were no accounting policy choices afforded by the aforementioned standards which need to be explained further.

Company context in application of accounting policy choices

The Company obtains exposure and has indirect interests in a diversified pool of listed and unlisted investments (Portfolio Companies) by investing as a Limited Partner into an en-commandite partnership established in South Africa known as the ARC Fund. The Fund is managed by a Black-owned and controlled Fund Manager, UBI General Partner Proprietary Limited (UBI GP Co.) as the General Partner.

Investment objective

The Company's medium- to long-term objective is to grow its NAV by at least 16% per annum, risk-adjusted, gross of dividend distributions and any management fees paid to the General Partner of the ARC Fund and any performance participation. Each investment opportunity will be expected to exceed this minimum risk-adjusted return hurdle on a standalone basis (i.e. without considering potential synergy benefits that can be derived from being part of a diversified portfolio).

The Company has a detailed Investment Policy, which has been formulated in compliance with section 15 of the JSE Limited Listings Requirements as well as certain other ancillary matters, which sets out its investment strategy, investment objective, investment focus and investment parameters. The ARC Fund Investment Committee has adopted these Investment Guidelines in its charter to ensure conformance therewith in its investment decision-making in the ARC Fund. The details of the Investment Policy and guidelines of the Company are available on its website www.arcfmu.com. Any material changes to the Investment Policy of the Company must be approved by Shareholders of the Company by way of ordinary resolution. Any future changes to the Investment Guidelines reciprocally adopted in the ARC Fund must be approved by the Company, as an amendment or variation to the Partnership Agreement.

Categorisation of investments

The investment in the ARC Fund is a financial asset that is measured at fair value through profit or loss at initial recognition. The investment is managed and its performance evaluated on a fair value basis, in accordance with the Company's documented risk management and investment strategy, consequently information about the investment is provided internally on that basis. It is stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Investments made by the fund are broadly categorised as:

Equity interests in Portfolio Companies which are a group of financial assets that are designated as fair value through profit or loss upon initial recognition and is managed and its performance evaluated on a fair value basis, and the basis of accounting is the same as the investment in the ARC Fund described above. Investments are initially recognised at fair value. Day one gains, which typically arise in B-BEE transactions which result in an investment at a discount to the fair value at acquisition date, are recognised in profit or loss.

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market. These are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial. Loans and receivables at amortised cost within the ARC Fund approximates fair value per IFRS 13.

R million	Notes	Unaudited as at 31 December 2018	Unaudited as at 31 December 2017	Audited as at 30 June 2018
The movement of the investment in the ARC Fund at FVTPL are as follows:				
Opening balance		9 582	-	-
Contribution of Portfolio Assets	6.1	-	4 563	4 563
Cash capital contribution	6.1	-	4 224	4 224
Fair value movements on the investment in the ARC Fund at FVTPL	5.1	79	510	795
Total		9 661	9 297	9 582
The segmental analysis of the investment is as follows:				
Diversified Investments		6 919	5 995	6 650
Diversified Financial Services		1 830	1 342	1 555
IFRS Portfolio Value		8 749	7 337	8 205
Cash and cash equivalents in the ARC Fund		1 099	2 027	1 577
Other net assets/(liabilities) in the ARC Fund		(187)	(67)	(200)
Total Investment in the ARC Fund at FVTPL		9 661	9 297	9 582
Valuation information:				
IFRS 13 fair value hierarchy		Level 3	Level 3	Level 3
Valuation methodology		Sum of the parts	Sum of the parts	Sum of the parts

4.1 Significant Portfolio Assets in the ARC Fund Investment

The following Portfolio Assets in the ARC Fund are individually material based on Intrinsic Portfolio Value:

R million	Valuation information	Portfolio %	IFRS Portfolio Value			Intrinsic Portfolio Value			Audited as at 30 June 2018
			Unaudited as at 31 December 2018	Unaudited as at 31 December 2017	Audited as at 30 June 2018	Unaudited as at 31 December 2018	Unaudited as at 31 December 2017		
Portfolio Asset									
Rain	Discounted cash flow	26.8%	2 330	1 892	2 144	2 330	1 892	2 144	
Elandsfontein group (1)	Various	11.1%	970	421	454	964	421	454	
Afrimat Limited	Listed share price	7.1%	737	782	726	614	630	641	
Gencap	Sum of the parts	5.6%	501	359	432	490	359	429	
Alexander Forbes Group Holdings Limited(1)	Listed share price	3.6%	324	407	345	309	383	371	
Rand Mutual Holdings	Acquisition cost	3.3%	289	-	-	454	-	-	
Alexander Forbes Limited(2)	Proxy valuation to listed share price	3.3%	256	317	321	284	318	321	
BKB	Sale contract price	0.0%	-	385	416	-	385	416	
		60.8%	5 407	4 563	4 838	5 445	4 388	4 776	
Balance of portfolio		39.2%	3 342	2 774	3 367	3 243	2 698	3 372	
Total portfolio		100%	8 749	7 337	8 205	8 688	7 086	8 148	

(1) The Kropp Elandsfontein group is comprised of Kropp Plc which is valued at cost and Kropp Elandsfontein which is valued based on the discounted cashflow methodology.

(2) Exposure to Alexander Forbes is computed as the combined value of the Investment in Alexander Forbes Group Holdings Limited and Alexander Forbes Limited and amounts to 7%.

The valuations, which have been performed in accordance with the Company's valuation policy as disclosed under Key Areas of Judgement in Accounting Policies note 3, have given rise to the above Intrinsic Portfolio Value. The key valuation inputs are disclosed in note 4.3 below.

4.2 Intrinsic Net Asset Value (INAV(1))

The Directors monitor the performance of the investment in the ARC Fund based on the INAV. A reconciliation between IFRS Portfolio Value and Intrinsic Portfolio Value is presented below:

R million	Notes	Unaudited	Unaudited	Audited	Change in the six-month period to 31 December 2018
		as at 31 December 2018	as at 31 December 2017	as at 30 June 2018	
Reported IFRS Portfolio Value		8 749	7 337	8 205	544
Adjust for non-IFRS measures included in Intrinsic Portfolio Value(2):		(61)	(251)	(57)	(4)
30-day VWAP difference to spot price on listed portfolio assets		76	(85)	67	9
Expected taxation cash flow		(24)	7	(5)	(19)
B-BBEE lock-in discount on listed assets		(113)	(111)	(119)	6
Fair value gain at acquisition of investments		-	(58)	-	-
Other		-	(4)	-	-
Segment reported Intrinsic Portfolio Value		8 688	7 086	8 148	540
Liabilities in the ARC Fund(3)		(122)	-	(262)	262
Cash and other net assets in the ARC Fund		1 033	1 960	1 614	(581)
Cash and other net assets in ARC Investments		27	29	29	(2)
INAV		9 626	9 075	9 529	97
NAV		9 688	9 327	9 610	78
Number of shares at end of reporting period (million)	6.2.2	1 045	1 032	1 032	13
Diluted number of shares at end of reporting period (million)	6.2.2	1 045	1 037	1 045	-
INAV per share (cents)		921	879	923	(2)
Diluted INAV per share (cents)		921	875	912	9
NAV per share (cents)		928	904	931	(3)
Diluted NAV per share (cents)		928	893	920	8
Gross Intrinsic Portfolio Value(4)		10 156	8 167	9 365	791
The following adjustments have been effected to the Gross Intrinsic Portfolio Value in arriving at the reported Intrinsic Portfolio Value.					-
Total discounts recognised		(1 468)	(1 081)	(1 217)	(251)
Minority discounts(5)		(620)	(498)	(554)	(66)
Marketability discounts(6)		(955)	(646)	(739)	(216)
Control premium(7)		84	83	93	(9)
Expected taxation cash flow on Diversified Financial Services Portfolio assets and other adjustments		-	-	-	-
Segment reported Intrinsic Portfolio Value		8 688	7 086	8 148	540

(1) Intrinsic Portfolio Value is defined under the definitions in Accounting Policies.

(2) The adjustments for Non-IFRS measures include:
- listed investments valued on a 30-day VWAP basis (compared to closing spot price), net of expected taxation cash flow; and
- listed investments valued after recognising B-BBEE discounts (compared to closing spot price), net of expected taxation cash flow.

(3) As at 31 December 2018, liabilities included R18 deferred consideration payable to Rand Mutual Holdings.

(4) Gross Intrinsic Portfolio Value is defined as the Intrinsic Portfolio Value before taking into account the control premium, marketability discount, minority discount and consequential expected taxation cash flow.

(5) These are adjustments for lack of control which are applied in the case of a minority interest valuation. In applying the minority discounts, the specific nature and characteristics of the interest being valued in relation to the facts and circumstances surrounding the valuation were considered. This analysis focused on the specific contractual rights arising from subscription and shareholders' agreements granted to the controlling shareholder(s) in the business including, inter alia:

- election of Directors;
- ability to select management;
- control over dividend policy;
- ability to set corporate strategies;
- ability to acquire or liquidate assets;
- ability to affect future earnings; and
- ability to acquire or liquidate the assets.

(6) Marketability discounts, which include B-BBEE lock-in discounts, pertain to the lack of marketability associated with an interest in a privately held company where there is no established market for the active trade of the portfolio entity shares and listed portfolio interests where B-BBEE lock-ins are contractually agreed, and reflect the inability of the ARC Fund to sell its interest.

(7) Control premium for purposes of Intrinsic Portfolio Value valuation is the inverse of minority discount and is applied up to 40%.

4.3 Valuation input disclosures for the ARC Fund at FVTPL

The details of the valuation inputs and methodology applied for the Portfolio assets which are greater than 5% of the ARC Fund Value by Intrinsic Portfolio Value are as follows:

Details of valuation inputs	Rain			TymeBank			Rand Mutual Holdings			Fledge Capital		
	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018	Unaudited 1 December 2018	Unaudited 31 December 2017	Audited 30 June 2018
R million												
Gross Intrinsic Portfolio Value	3 043	656	2 800	275	-	158	289	-	-	495	-	423
Adjustment for:	(713)	-	(656)	-	-	-	-	-	-	(95)	-	(81)
Minority discounts	(380)	-	(350)	-	-	-	-	-	-	(25)	-	(21)
% minority discounts	12.5%	-	12.5%	-	-	-	-	-	-	5.0%	-	10.0%
Marketability discounts	(333)	-	(306)	-	-	-	-	-	-	(70)	-	(60)
% marketability discounts	12.5%	-	12.5%	-	-	-	-	-	-	15.0%	-	20.0%
Control premium	-	-	-	-	-	-	-	-	-	-	-	-
% control premium	-	-	-	-	-	-	-	-	-	-	-	-
Expected taxation cash flow	-	-	-	-	-	-	-	-	-	-	-	-
Segment reported Intrinsic Portfolio Value	2 330	656	2 144	275	-	158	289	-	-	400	-	342
% of Intrinsic Portfolio	27.0%	28.0%	26.3%	3.2%	Not Applicable	1.9%	3.3%	Not Applicable	Not Applicable	4.6%	Not Applicable	4.2%
% of Business Segment	94.0%	84.9%	94.0%	100.0%	Not Applicable	100.0%	21.8%	Not Applicable	Not Applicable	87.1%	Not Applicable	91.9%

Valuation information:
IFRS 13 fair value hierarchy
Valuation methodology

Level 3	Level 3	Level 3	Level 3
Discontinued cash flow	Acquisition cost	Acquisition cost	Sum of the parts

Other details	For Rain, there was an additional acquisition of R1 052 million in October 2017 and a further amount of R70 million during April 2018.	The investment in TymeBank was initially acquired at a cost of R29 million in June 2018 with a vendor financed R129 million. The vendor funding has since been repaid and an additional capital injection of R200 million was concluded in December 2018.	The investment in Rand Mutual Holdings was concluded at a consideration of R171 million and is subject to a deferred consideration of R18 million.	The investment in Fledge Capital occurred in 2017.
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Details of valuation inputs	Rain			TymeBank			Rand Mutual Holdings			Fledge Capital		
	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018
R million												
Key inputs		At the time of listing the agreement for the purchase	WACC 18.7%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Weighted average EBITDA 6.5	Not Applicable	Weighted average EBITDA 6.5

Input 2	Terminal growth rate 3.00%	of Rain had recently been concluded at a 20% equity interest for a consideration of R1 708 million. Due to it being a recent, the agreed price was indicative of the fair value of the investment and thus was not revalued upon listing.	Terminal growth rate 3.0%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Input 1	WACC R220 million per 1% change		WACC R204 million per 1% change	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Weighted average PE R4 million per 1% change	Not Applicable	Weighted average PE R3 million per 1% change
Input 2	Terminal growth rate R118 million per 1% change		Terminal growth rate R103 million per 1% change	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Portfolio entity disclosures	Transfer restrictions and pre-emptives apply to the ARC Fund's interest. Unlisted			None Unlisted			Three years from February 2017. Three months remaining at 31 December 2018. Unlisted			None Unlisted		
B-BBEE lock-in Listed/unlisted	20.6%			36.7% (30 June 2018: 5.0%)			30.0%			51.0%		
Reported period	The entity is in an early stage of its life cycle and thus the financial information will be disclosed after a year or two of trade for meaningful comparison.											
Share of comprehensive income	-											
Dividends received	-											

Details of valuation inputs	Bluespec			Gemcap			Kropz Elandsfontein			Kropz Plc		
	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018	Unaudited 2018	Unaudited 2017	Audited 2018	Unaudited 2018	Unaudited 2017	Audited 2018	Unaudited 2018	Unaudited 2017	Audited 2018
R million	417	-	509	491	324	429	605	489	512	510	-	-
Gross Intrinsic Portfolio Value	(117)	-	-	-	-	-	(151)	(68)	(58)	-	-	-
Adjustment for:	(42)	-	-	-	-	-	(22)	(19)	-	-	-	-
Minority discounts	(10%)	-	-	-	-	-	-	12.5%	-	-	-	-
Marketability discounts	(75)	-	-	-	-	-	(151)	(46)	(39)	-	-	-
% marketability discounts	(20%)	-	-	-	-	-	(25.0%)	30.0%	-	-	-	-
Control premium	-	-	-	-	-	-	-	-	-	-	-	-
% control premium	-	-	-	-	-	-	-	-	-	-	-	-
Expected taxation cash flow	-	-	-	-	-	-	-	-	-	-	-	-
Segment reported Intrinsic Portfolio Value	300	-	509	491	324	429	454	421	454	510	-	-
% of Intrinsic Portfolio	3.0%	-	6.2%	6.0%	7.2%	5.3%	5.0%	9.4%	5.6%	5.9%	N/A	N/A
% of Business Segment	27.0%	-	40.9%	44.0%	37.4%	34.5%	26.0%	37.6%	35.4%	28.3%	N/A	N/A

Valuation information:	Level 3											
IFRS 13 fair value hierarchy	Level 3			Level 3			Level 3			Level 3		
Valuation methodology	Sum of the parts.			14-year life of mine discounted cash flow.			Cost price			The investment in Kropz Plc was concluded in November 2018. Owing to the shares being thinly traded, the provisions of IFRS 13 have been applied in accounting for the investment at cost.		
Other details	Bluespec was acquired in October 2017.						The increase in the life of the mine is because of increased proven ore body.					

Details of valuation inputs	Bluespec			Gemcap			Kropz Elandsfontein			Kropz Plc		
	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018	Unaudited 2018	Unaudited 2017	Audited 2018	Unaudited 2018	Unaudited 2017	Audited 2018	Unaudited 2018	Unaudited 2017	Audited 2018
R million	-	-	-	-	-	-	-	-	-	-	-	-
Key inputs:	PE Multiple			EBITDA multiple (average)			Commodity price			Commodity price		
Input 1	7	-	Not applicable.	6.9 x	-	6.5 x	6.5 x	-	Not applicable.	Not applicable.	Not applicable.	Not applicable.
Input 2	Not applicable.	-	Not applicable.	Growth rate	-	Growth rate	-	USD : ZAR rate R/5 forward rate based on 2.6% inflation differential	USD : ZAR rate R/5 forward rate based on 2.6% inflation differential	-	Not applicable.	Not applicable.
Input 2 variable	-	-	-	6.0%	-	6.0%	-	-	-	-	-	-
Input 3	-	-	-	-	-	-	-	-	-	-	-	-
Input 3 variable	-	-	-	-	-	-	-	-	-	-	-	-
Sensitivity of key inputs:	PE Multiple R3 million per 1% change			EBITDA multiple R4 million per 1% change			Commodity price R8 million per 1% change			Commodity price R8 million per 1% change		
Input 1	-	-	Not applicable.	6.9 x	-	6.5 x	6.5 x	-	Not applicable.	Not applicable.	Not applicable.	Not applicable.
Input 2	-	-	Not applicable.	Growth rate	-	Growth rate	-	USD : ZAR rate R8 million per 1% change	USD : ZAR rate R8 million per 1% change	-	Not applicable.	Not applicable.
Input 2 variable	-	-	Not applicable.	R17.5 million per 1% change	-	R13.2 million per 1% change	-	WACC R21 million per % change	WACC R21 million per % change	-	Not applicable.	Not applicable.
Input 3	-	-	Not applicable.	-	-	-	-	-	-	-	-	-
Input 3 variable	-	-	Not applicable.	-	-	-	-	-	-	-	-	-
Portfolio entity disclosures:	Transfer restrictions apply for Consumer Friend for five years from April 2017. Five years from April 2017. Three years and four months remaining at 31 December 2018. Unlisted											
B-BBEE lock-in Listed/unlisted	Five years from September 2017. Three years and nine months remaining at 31 December 2018. Unlisted			Five years from September 2017. Four years and three months remaining at 30 June 2018. Unlisted			Transfer restrictions apply for Consumer Friend for five years from April 2017. Unlisted			Transfer restrictions apply for Consumer Friend for five years from April 2017. Three years and ten months remaining at 30 June 2018. Unlisted		
Summarised financial information	25.0%			51.0%			51.0%			51.0%		
ARC Fund effective interest	25.0%			51.0%			51.0%			26.3%		
Reported period	31 August 2017 31 August 2016			-			-			-		

The group has been restructured and Kropz Elandsfontein has yet to become

			The entity has yet to become operational and to commission its plant, and thus the financial information will be disclosed after a year or two of trade for meaningful comparison.	The entity has yet to become operational and to commission its plant, and thus the financial information will be disclosed after a year or two of trade for meaningful comparison.	The entity has yet to become operational and to commission its plant, and thus the financial information will be disclosed after a year or two of trade for meaningful comparison.	operational and commission its plant, and thus the financial information will be disclosed after a year or two of trade for meaningful comparison.	Not Applicable	Not Applicable
Share of comprehensive income	55	24						
Dividends received	17	-	-	-	-	-	-	-

5. REALISATION AND DERECOGNITION

Accounting Policies and Choices

The Company applies the derecognition principle in IFRS 9, Financial Instruments. The Company performs an assessment of whether an asset has been transferred or not, to determine whether the financial asset should be derecognised or not. A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, it recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, it continues to recognise the financial asset and also recognises a secured borrowing for the proceeds received.

Consistent with the Accounting Policy indicated in note 3, the Investment in the ARC Fund is a financial asset at fair value through profit or loss, all the fair value movements are recognised and included in profit or loss.

Company Context in Application of Accounting Policy Choices

Per the Dividend and Dividend Policy in note 7, the strategic objective and policy of the Company as it relates to dividend, is not to declare any dividends in the short- to medium-term as it is dependent on return of capital from the ARC Fund.

As such, the Company's partnership profit share in the reporting period is not as a result of a return of capital but rather the fair value movements of the Portfolio Companies in the ARC Fund and are therefore unrealised. The Company has thus adopted a policy whereby unrealised profits of this nature are transferred to the fair value reserve. In the event of a return of capital by the ARC Fund, these would be realised and accordingly transferred from the fair value reserve to retained earnings.

Per the segment report accounting policy the below information of the ARC Fund is also reported to the CODMs for the purpose of assessing segment performance.

5.1 Fair value movements on the investment in the ARC Fund at FVTPL

	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018
R million			
Income:	170	549	918
Fair value movements on Diversified Investments	105	375	620
Day-one gain at acquisition of investments	-	-	-
Fair value movements on Diversified Financial Services	(92)	65	23
Income from Diversified Investments	92	50	119
Income from Diversified Financial Services	13	12	25
Interest income on cash and cash equivalents	52	47	131
Expenses:	(91)	(39)	(123)
Fees paid to the Fund Manager	(74)	(34)	(94)
Net foreign exchange gains/(losses) on mark-to-market of foreign denominated loans and receivables in the portfolio	-	(4)	13
Audit fees	-	-	(1)
Loss on disposal of investments	(1)	-	-
Other net expenses	(16)	(1)	(41)
Total	79	510	795

5.2 Reconciliation of reported IFRS Portfolio fair value adjustment to Intrinsic Portfolio fair value adjustment

	Notes	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018
R million				
Fair value adjustments in the reporting period amounted to R467 million compared to the intrinsic reported fair value adjustments per the segment report of R43 million. A reconciliation to the reported intrinsic value is as follows:				
Segment reported IFRS Portfolio fair value adjustment		13	440	642
Adjust for non-IFRS measures included in Intrinsic Portfolio fair value adjustment		30	(160)	66
30-day VWAP difference to spot price on listed portfolio assets		9	(84)	(21)
B-BBEE lock-in discount on listed portfolio assets		6	(111)	(4)
Deferred taxation on B-BBEE lock-in discounts	(19)	6	(12)	(12)
Equity day one gains(1)	-	-	-	103
Other(2)	34	29	-	-
Segment reported Intrinsic Portfolio fair value adjustment		43	280	708

(1) Gains on transfer of the portfolio assets from ARC where the transfer value was lower than the fair value at date of transfer have been recognised as a capital contribution in equity for IFRS Portfolio Value. These have not been adjusted for in the Intrinsic Portfolio Value.

At 31 December 2018, day one capital gains were recognised on the acquisition of Kropz Plc.

(2) Other adjustment include interest income on loans and forex adjustments capitalised against the investment under IFRS.

5.3 Fair value reserve

	Notes	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018
R million				
Opening balance		795	-	435
Fair value movements on the Investment in the ARC Fund at FVTPL		79	435	360
Segment reported IFRS Portfolio fair value adjustment		874	435	795

6. CAPITAL AND RETURN ON CAPITAL

6.1 Stated capital

	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018
R million			
ARC Investments has the following categories of share capital:			
Category			
Ordinary shares			
B shares			
C shares			
Ordinary shares			
Issued share capital			
Ordinary shares			
- 100 Ordinary shares of no par value issued at incorporation at USD1 per share (translated at R12.91) (1).	-	-	-
- 526 588 235 shares issued to ARC Proprietary Limited under an asset-for-share sale transaction.	4 563	4 563	4 563
- 505 882 353 shares issued at listing date at R8.50 per share.	4 300	4 300	4 300

- Share issue costs.	(31)	(31)	(31)
- Conversion of 12 577 126 C shares for FY 2018 Performance Participation	71	-	-
Total issued share capital at the end of the period	8 903	8 832	8 832
B share			
1 share issued to ARC Proprietary Limited at a nominal value of R1.	-	-	-
C shares			
5 billion shares were issued to UBI Proprietary Limited at listing at a nominal value of R1 for the Performance Participation. On 11 December 2018, 12 577 126 were converted into A ordinary shares, thus 4 987 422 874 C shares were outstanding at 31 December 2018.	-	-	-

(1) The amount is less than R1 million and is rounded to Rnil.

6.2 Earnings per share

	Notes	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018
R million				
Basic earnings per ordinary share (cents)		7	96	81
Diluted earnings per ordinary share (cents)		7	95	79
Headline earnings per ordinary share (cents)		7	96	81
Diluted headline earnings per ordinary share (cents)		7	95	79

6.2.1 Reconciliation of reported earnings to headline earnings:

Earnings/headline earnings of the Company	77	462	675
There were no items that require adjustment from the reported earnings in terms of SAICA Circular 4/2018, Headline Earnings.			

6.2.2 Number of ordinary shares (million):

Number of shares in issue at end of reporting period		1 045	1 032	1 032
Weighted average number of shares at end of reporting period (million)		1 034	484	836
Diluted weighted average number of shares at end of reporting period (million)		1 034	5	849
Diluted number of shares at end of reporting period (million)		1 045	467	1 045
On 7 September 2017, the Company issued 1 032 470 588 shares upon listing on the JSE initially through an asset-for-share transfer transaction with ARC Proprietary Limited (as discussed above in note 6.1) and thereafter a private placement including cornerstone investors Public Investment Corporation Limited (PIC), GIC Private Limited and Sanlam Private Wealth Proprietary Limited. On 11 December 2018, 12 577 126 C shares were converted into A ordinary shares. As the issued number of shares at the beginning of the period was 1 032, the impact of the new issue has been weighted for the 20 days they were in issue at 31 December 2018 over the 184-day reporting period resulting in a weighted average number of shares of 1 103 million for the period.				
AS at 31 December 2018, the Company did not achieved the participation hurdle of 10%. No dilutive shares have been recognised.	8			
Diluted weighted average number of shares at end of reporting period (million)	8	1 034	489	849
Diluted number of shares at end of reporting period (million)	8	1 045	1 037	1 045

7. DIVIDENDS AND DIVIDEND POLICY

Company Context in Application of Accounting Policy Choices

Company strategic objective

The Company is a capital-raising and investment entity structured to offer its shareholders long-term capital appreciation through the growth in the NAV of its underlying investment in the ARC Fund. As such, ARC Investments does not currently intend to pay dividends on the ordinary shares but may choose to pay dividends, including special dividends, at some time in the future when it is appropriate to do so.

Dividends

The Company's ability to pay dividends is a function of the return of capital by the ARC Fund, which is not anticipated in the short term and over which the Company has no direct control. Furthermore, the current intention of the General Partner is that cash raised by the ARC Fund through realisations and distributions received from Portfolio Companies will generally be utilised for new investment opportunities.

If the Company receives the proceeds of realisations or distributions by underlying Portfolio Companies from the ARC Fund and chooses to pay dividends, the Board anticipates declaring and paying a final dividend only. The Board may, however, resolve to declare and pay interim dividends on the ordinary shares. The payment of a dividend will be subject to the Company's constitutional documents and applicable laws and regulations and the reasonably foreseeable obligations of the Company and will require the approval of the Board. The dividends that are envisaged would primarily be paid from distributions received by the ARC Fund from the Portfolio Companies and proceeds arising from the disposal of underlying investments by the ARC Fund, that are distributed to the Company as returns of capital by the ARC Fund.

Unclaimed dividend

All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed, provided that dividends unclaimed for a period of three years from the date they were declared may be forfeited for the benefit of the Company. There is no fixed date on which entitlement to dividends arises and the date of payment will be determined by the Board at the time of declaration, subject to the JSE Listings Requirements. There are no current arrangements under which future dividends are waived or agreed to be waived.

8. PERFORMANCE PARTICIPATION

Accounting Policies and Choices

The Performance Participation is an equity-settled share-based payment accounted for in accordance with the provisions of IFRS 2, Share-based Payments. The share-based payment expense is recognised in profit or loss and the reserve in the statement of changes in equity as a separate reserve.

Company Context in Application of Accounting Policy Choices

As detailed in note 6.1, the Company has issued 5 billion C shares to UBI through a subscription agreement signed on 14 August 2017 for purposes of the Performance Participation, which in accordance with their rights and terms, are convertible into ordinary shares at no consideration.

Grant date:	14 August 2017
Grant price:	R1 for the full 5 billion shares.
Performance hurdle:	10%
Participation percentage:	16%, provided the IPV NAV at the beginning of the measurement period not being less than the previous highest IPV NAV.
Performance period:	Each annual financial year of the Company commencing 1 July and ending 30 June.(1)
Conversion date:	No more than 10 business days (excluding weekends) from the date the Board approves the calculation of the Performance Participation which will normally be the date of approval of the Audited Annual Financial Statements of the Company.
C shares conversion formula:	The number of C shares that will automatically convert into ordinary shares is determined by dividing the Performance Participation for the relevant annual measurement period by the INAV per ordinary share at the end of that measurement period. The conversion is calculated based on the growth in the IPV plus cash returns (of interest and dividends) on the IPV for the performance period percentage exceeding the performance hurdle rate of 10% per annum compounded annually at each financial year-end during each performance period.

(1) The performance period in the year of listing commenced at listing date of 7 September 2017 and ended 30 June 2018.

	Unaudited 31 December 2018	Unaudited 2017	Audited 30 June 2018
R million			
The annualised growth in Intrinsic Portfolio Value for the reporting period amounted to 1.3%, no Performance Participation has been recognised.			

5 billion shares were issued to UBI Proprietary Limited at listing on at a nominal value of R1 for the Performance Participation. On 11 December 2018, 12 577 126 were converted into A ordinary shares, thus 4 987 422 874 C shares were outstanding at 31 December 2018.

Performance Participation expense for the performance period - (44) (125)

9. TAXATION

Accounting Policies and Choices

Normal income taxation and deferred taxation are recognised using the taxation rates and taxation laws that have been enacted or substantively enacted by the end of the reporting period in accordance with the recognition and measurement principles in IAS 12, Taxes.

Company Context in Application of Accounting Policy Choices

The Company holds a Category one Global Business License, for the purpose of the Mauritian Financial Services Act 2007. It was registered in Mauritius as a private company limited by shares on 30 June 2017 and converted to a public Company on 2 August 2017. It is liable for income taxation at a rate of 15%. However, the Company is entitled to a taxation credit equivalent to the higher of the actual foreign taxation incurred and 80% of the Mauritian taxation on its foreign source income, thus having a standard taxation rate of 3%.

The foregoing is based on current interpretation and practice and is subject to any future changes in Mauritian taxation laws.

	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018
R million			
No provision has been made for taxation as the Company incurred an estimated taxation loss carried forward amounting to R21 million (at 30 June 2018: R17 million loss). Mauritian taxation Regulations permit the carryforward of unused taxation losses for a maximum period of 5 year from the date they arose. The accumulated taxation losses are available for set-off against future taxable income as follows:			
Arising in FY 2019, carry forward up to 2024 financial year	3		7
Arising in FY 2018, carry forward up to 2023 financial year		11	
Arising in FY 2017, carry forward up to 2022 financial year			
Reconciliation of loss before income taxation:			
Profit before taxation	77	462	675
Taxation at a statutory effective rate of 3% after foreign taxation credit			
Taxation consequences in the year:			
Non-deductible expenditure	-	1	4
Performance Participation expense	-	1	4
Other (incorporation fees and realised foreign exchange losses) (1)	-	-	-
Non-taxable income	16	15	24
Fair value movements on the investment in the ARC Fund at FVTPL	16	15	24
Interest earned on local bank account(1)	-	-	-
Deferred taxation asset not raised	-	-	-
Taxation expense for the year	-	-	-

(1) The amount is less than R1 million and is rounded to Rnil.

	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018
R million			
A deferred taxation asset amounting to R0,6 million (at 30 June 2018: R0,5 million) has not been raised as the Directors have uncertainty about the Company's ability to generate sufficient taxable profits in the foreseeable future against which the deferred taxation asset can be utilised.			
Reconciliation of taxation rate:			
Mauritian standard income taxation rate for a company with a Category one Global Business License	15	15	15
Foreign taxation credit	(12)	(12)	(12)
Non-deductible expenditure	-	-	1
Non-taxable income	(3)	-	(4)
Deferred taxation asset not raised	-	(3)	-
Effective taxation rate	-	-	-

10. RECONCILIATION OF CASH UTILISED IN OPERATIONS BEFORE INVESTMENT ACTIVITIES

	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018
R million			
Profit/(loss) before taxation	77	462	675
Adjustment for non-cash items	(79)	(466)	(680)
Fair value movements on the investment in the ARC Fund at FVTPL	5.1	(510)	(795)
Performance Participation expense	8	-	115
Unrealised foreign exchange gains/(losses)	-	-	-
Working capital movements	1	2	(12)
(Increase)/decrease in trade and other receivables	(1)	(2)	(1)
Increase/(decrease) in trade and other payables	2	4	(11)
Cash utilised in operations before investment activities	(1)	(2)	(17)

11. FINANCIAL INSTRUMENTS

11.1 Risk management

The Company's exposure to market risks is predominantly through its investment in the ARC Fund. To this end, the Board of the General Partner, through its Investment Committee, agrees and reviews the ARC Fund policies for managing all market risks that the financial instruments within the ARC Fund are exposed to. The Directors of the Company manage the Company's exposure to market risks as indicated below.

11.1.1 Equity price risk

Most of the Company's interest in the ARC Fund is deployed in equity instruments (92% at 31 December 2018; 91% at 30 June 2018; 88% as at 7 September 2017), the Company is thus exposed to equity price risk through the valuation of the underlying Portfolio Investments held by the ARC Fund. The fair value of these investments is derived through the valuations disclosed in note 4.4. The underlying Portfolio Companies are valued quarterly and the Board has access to the valuation information to monitor and review the fair value of the investments and, where impairment indicators have been identified, consider any possible impairment adjustments.

	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018
R million			
Change in portfolio equity prices			
+5%	8 393	6 880	7 840
Equity component being 92% (30 June 2018: 91%) of Reported IFRS Portfolio Value	7 993	6 552	7 467
-5%	7 594	6 225	7 094

11.1.2 Interest rate risk

The Company is mainly exposed to interest rate risk through its investment in the ARC Fund which has interest bearing loan assets and cash of R1 670 million (as at 30 June 2018: R 2 200 million) in its portfolio.

Change in portfolio loan receivable interest rates - annualised

+ 100 basis points	17	27	22
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11.1.3 Credit risk

The cash and cash equivalents of the Company and the ARC Fund balance are held with the four largest banks in South Africa.

The Company is exposed to credit risk through the ARC Fund Portfolio and the counter parties of the financial instruments in the portfolio. The diversity of the portfolio mitigates concentration of credit risk. Rigorous assessments, adherence by the Fund Manager to the Investment Guidelines and reviews and due diligence with each investment decision made by the General Partner Investment Committee, which consists of strong and well experienced members, ensure that the Company effectively manages exposure to credit risk. On a quarterly basis, the Board receives detailed reports and updates from the Fund Manager to enable it to monitor the performance of the underlying investments.

11.1.4 Currency risk

The Company's exposure to currency risk is primarily through its Investment in the ARC Fund. The portfolio interests of the ARC Fund are predominantly denominated in ZAR with 9.7% denominated in foreign currency. The exposure to currency risk is thus low; however, the Board continuously monitors the exposure to currency risk through the Investment Committee of the Fund Manager.

11.1.5 Liquidity risk

The Company is exposed to the risk relating to the payment of trade and other payables which at the reporting date were not significant. At listing the Company retained sufficient funds from the listing proceeds for working capital requirements. The adequacy of the working capital of the Company is Audited by the Board bi-annually.

12. COMMITMENTS

As at six-month period ended 31 December 2018, the Company did not have any commitments. The commitments in the ARC Fund were as follows:

	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018
Contracted (R million)			
Contingent consideration on existing portfolio investments	-	-	140
Other contractual commitments arising from signed investment agreements(1)	977	-	400
Total contracted	977	-	540

(1) The Investment Committee of the ARC Fund has approved, and management have concluded contractual commitments to investment of R976 million over the next five years. The most significant relate to investments in the ARCH Renewal Energy capital fund, the Barloworld project and ARC Real Estate and Sanlam Asset Management.

	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018
Approved not yet contracted (R million)			
Other contractual commitments arising from signed memoranda of understanding (MOU) (3)	-	-	1 594
Total approved not yet contracted	543	-	1 594
Total commitments	1 520	-	2 109

(3) A number of prospective investments approved by the Investment Committee of the ARC Fund are currently under negotiation and still subject to signed contracts.

The aging profile of commitments in accordance with the financial year-ends of the Company and the ARC Fund are as follows:

Unaudited 31 December 2018 Year (R million)	2019	2020	2021	2023	Total contracted	Total approved	Total commitments
Contracted	591	136	-	250	977	-	977
Approved	258	71	214	-	-	543	543
Total	849	207	464	-	977	543	1 520

The cash and cash equivalents of the ARC Fund at 31 December 2018 amounted to R1.1 billion and would be utilised to fund the contracted commitments in the 2019 financial year of R977 million.

Unaudited 30 June 2018 Year (R million)	2019	2020	2021	2023	Total contracted	Total approved	Total commitments
Contracted	260	140	115	-	515	-	515
Approved	1 026	568	-	-	-	1 594	1 594
Total	1 286	708	115	-	515	1 594	2 109

The cash and cash equivalents of the ARC Fund at 30 June 2018 amounted to R1.6 billion and would be utilised to fund the commitments in the 2019 financial year.

13. RELATED PARTY DISCLOSURES

Accounting Policies and Choices

Related party transactions are transfers of resources, services or obligations between the Company and a related party (as identified below), regardless of whether a price is charged or not. They include commitments to do something if a particular event occurs (or does not occur) in the future and executory contracts (recognised or unrecognised). The Company has complied with the provisions of IAS 24, Related Party Transactions, in identifying, quantifying and disclosing the information below.

Company Context in Application of Accounting Policy Choices

The Company has identified the following related party relationships and related transactional terms which are relevant to the current period's condensed interim financial statements:

Name	Relationship	Nature of transaction/terms
Companies:		
- UBI	- Ultimate parent	- None.
	- Holder of the C shares for the Performance Participation	- Issue of the C shares (note 6.1).
	- Controlling shareholder	- The Performance Participation (note 8).
- ARC	- Holder of the B share	- Asset-for-share transaction prior to listing (note 6.1).
	- Incorporation loan	- Issue of the B share (note 6.1).
		- Loan advanced per the loan agreement signed on 14 August 2017 for the payment of incorporation and listing related expenses incurred prior to the listing date and effective 18 August 2017 for an amount of up to R60 million. The loan is unsecured, bore no interest and repayments were to be financed from the listing proceeds.
- The ARC Fund	- South African en-commandite Partnership at a partnership interest of 99.95%.	- Contribution of Portfolio Assets (note 4).
- General Partner	- General Partner in the ARC Fund	- Cash capital contribution (note 4).
		- 0.05% in the ARC Fund capital and partnership profit share.
		- Fund management fees (note 5.1).
Name	Relationship	Nature of transaction/terms
Key management personnel:		
- MC Olivier	- Non-executive Director and Chairman	- Directors fees.
- T Lo Seen Chong	- Non-executive Director	- Directors fees.
- C Msipha	- Non-executive Director	- Directors fees.
- R Mokate	- Non-executive Director	- Directors fees.
- NB Radebe	- Non-executive Director	- Rnil.
- K Bodenstein	- Chief Financial Officer	- Executive salary.

Transactions with related parties in the year under review are as follows:

R million	Unaudited balance due transactions from/(to) as at during the period	Unaudited balance due from/(to) as at '31 December 2018	Unaudited balance due transactions from/(to) as at during the period	Unaudited balance due from/(to) as at '31 December 2017	Audited balance due transactions from/(to) as during the year	Audited balance due from/(to) as at 30 June 2018
UBI		71	-	44	115	-
Issue of C shares (note 6.1)(1)		71	-	-	-	-
Issue of A shares (note 6.1)(1)		-	-	-	-	-
Performance Participation		-	-	-	-	-

(note 8)	-	-	-	44	115	-
ARC	-	-	-	-	4 574	-
Issue of B-share (note 6.1)(1)	-	-	-	-	-	-
Accrual of listing expenses	-	-	-	-	-	-
Recovery of expenses payable by ARC	-	-	-	-	3	-
Settlement of incorporation loan	-	-	-	-	8	-
Asset-for-share transaction prior to listing (note 6.1)	-	-	-	-	4 563	-
The ARC Fund	533	-	-	9 297	9 582	9 582
Contribution of Portfolio Assets (note 4)	-	-	-	4 563	4 563	4 563
Cash capital contribution (note 4)	-	-	-	4 224	4 224	4 224
Partnership profit share for the year (note 4)	533	-	-	510	795	795
General Partner Fund management fees accrued for the year (note 5.1)	74	74	-	34	(31)	(31)
Fund management fees paid for the year	-	-	-	-	63	63
Directors' interest	-	-	-	-	-	-
MC Olivier - 305 382 shares in the Company at a 0.005% interest	n/a	n/a	n/a	n/a	n/a	n/a
Key management personnel(2)	(0.3)	(0.3)	-	0.1	(0.3)	(0.3)
MC Olivier fees accrued	(0.2)	(0.2)	-	(0.2)	(0.3)	(0.3)
- fees paid to MC Olivier	0.1	0.1	-	0.2	0.2	0.2
T Lo Seen Chong fees accrued	-	-	-	-	(0.1)	(0.1)
- fees paid to T Lo Seen Chong	-	-	-	0.1	0.1	0.1
C Msiha fees accrued	(0.2)	(0.2)	-	(0.1)	(0.3)	(0.3)
- fees paid to C Msiha	0.1	0.1	-	0.1	0.2	0.2
R Mokate fees accrued	(0.2)	(0.2)	-	(0.1)	(0.3)	(0.3)
- fees paid to R Mokate	0.1	0.1	-	0.1	0.2	0.2
NE Radaba	-	-	-	-	-	-
K Bodenstein executive salary accrued*	-	-	-	-	(0.1)	(0.1)
- salary paid to K Bodenstein(1)	-	-	-	-	0.1	0.1

(1) Amount is less than R1 million and is rounded to Rnil.

(2) Amount is less than R 1 million and is rounded to a million and 1 decimal place. The amounts are disclosed as they are material in nature.

14. SUBSEQUENT EVENTS

Other than the investment activities post the reporting period detailed below, the Company had no other subsequent events that required adjustment to or disclosure in the reported results.

The following investments were concluded in the ARC Fund post the reporting period:

TymeBank

ARC FinHoldCo has agreed to subscribe for an additional R346 million capital in TymeBank which will be injected over a four-month period from February 2019. The ARC Fund will contribute its 49.9% share through share subscriptions of R172 million in ARC FinHoldCo. In addition, ARC FinHoldCo invested US\$2 million in Tyme Global Limited, a Hong Kong based company, to follow its rights to maintain its interest of 33% in the company. Tyme Global Limited owns the intellectual property that is used by TymeBank.

The ARC Fund further made various investments aggregating less than R100 million.

15. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

New standards adopted in the current reporting period:

The following new standards became effective for the Company in the current reporting period and have been adopted:

Standard, amendment or interpretation	Summary of expected impact	Effective for financial periods beginning on or after 1 January 2018
IFRS 9 - Financial Instruments	Summary of amendment This standard replaced the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. Summary impact on the Company The amendments have been applied in the financial results for the six month period ended 31 December 2018. The business model of the Company as clarified under the provisions and guiding principles of IFRS 9, specifically, to its main financial instrument - the investment in the ARC Fund has remained unchanged from the prior financial year. Since under IFRS 9, the investment in the fund is mandatorily a fair value through profit and loss investment as it is managed on its intrinsic fair value performance, the adoption of the new standard has not changed the basis of recognition and measurement of the financial instruments of the Company. Under IAS 39, the investment was designated as fair value through profit and loss, and thus it indicates minimal impact of the adoption of the new standard.	

New standards in issue but not yet effective or early adopted:

The following standard has been published and is deemed relevant to the Company but is not yet effective and has also not been early adopted:

Standard, amendment or interpretation	Summary of expected impact	Effective for financial periods beginning on or after 01 January 2020
Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material.	Summary of amendment These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: - use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; - clarify the explanation of the definition of material; and - incorporate some of the guidance in IAS 1 about immaterial information. Summary impact on the Company The Directors anticipate that these amendments will be applied in the financial statements for the annual period beginning 1 July 2020. The company has applied the principle of materiality in the preparation and disclosure of financial information. The amendments will have a minimal impact.	

Amendments to IFRS 9 - 'Financial Instruments' on

01 January 2019

prepayment features with negative compensation and modification of financial liabilities.

Summary of amendment

The narrow-scope amendment covers two issues:

- The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met-instead of at fair value through profit or loss. It is likely to have the biggest impact on banks and other financial services entities.
- How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings.

Summary impact on the Company

The Directors anticipate that these amendments will be applied in the financial statements for the annual period beginning 1 July 2019. The company does not make prepayments on investments and financial liabilities consist mainly of deferred consideration, which is 1.3% of the total investment portfolio. The amendments are thus expected to have a minimal impact.

I - SHAREHOLDERS' DIARY

The key dates to be noted by shareholders are as follows:

Details	Date
Interim Results Announcement	14 March 2019
Financial year end	30 June 2019
Year end results announcement	12 September 2019
Integrated Annual Report	September 2019
Annual General Meeting	November 2019

II - CORPORATE INFORMATION

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(A Company registered and domiciled in the Republic of Mauritius)
www.arci.mu

Registration number C148430

JSE share code AIL

ISIN code MU0553900000

Directors Mark Cyril Olivier (Chairman)

Deans Tommy Lo Seen Chong

Clive Msipha

Renosai Mokate

Anil Currimjee (Appointed: 11 March 2019)

Bridget Ntombenhle Radebe

Karen Bodenstein

(Chief Financial Officer)

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Ebène, 72201

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Registered and incorporated as a private Company in Mauritius on 30 June 2017 and

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(Registration number 1929/001225/06)

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