



**ARC**  
**INVESTMENTS**

Incorporated in the Republic  
of Mauritius  
Company number: C148 430  
JSE share code: AIL  
ISIN code: MU0553S00000

NOTICE OF ANNUAL  
GENERAL MEETING  
for the year ended 30 June **2018**



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In addition to receiving the enclosed Notice to 1st Annual General Meeting (AGM) of African Rainbow Capital Investments Limited (ARC Investments), we are also please to inform you that our inaugural Integrated Annual Report for the year ended 30 June 2018 is now available on our website [www.arci.mu](http://www.arci.mu).

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 1st (first) Annual General Meeting of the shareholders of African Rainbow Capital Investments Limited (the "Company") will be held (subject to any adjournment, postponement or cancellation) at the Intercontinental Trust Limited, New York boardroom, Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius, at 15:00 (UTC/GMT+4 hours) on Tuesday, 13 November 2018. A South African satellite venue will be made available for all shareholders wishing to attend in South Africa via live video and audio link up to the Mauritius venue. The venue details are The Auditorium Sanlam Offices 11 Alice Lane Sandton, Johannesburg, South Africa commencing at 13:00 (GMT +2 hours)]. The details of the video/audio link will be made available by the Company's Transfer Secretaries to all shareholders recorded on the notice record date.

## AGENDA

As indicated in section 5.4 of Schedule 3 (Shareholders' Meetings) of the Company's Constitution, the business to be transacted at an Annual General Meeting shall include the following Special and Ordinary Resolutions with or without modification:

### Special Resolution 1:

- General Authority to acquire or repurchase shares in the Company.

### Special Resolution 2:

- General Authority of the Board to issue A Ordinary shares for cash.

### Ordinary Resolution 1:

- Consideration and approval of the Audited Annual Financial Statements.
- The receiving of the Independent Auditor's Report.
- The consideration of the Annual Integrated Report.

### Ordinary Resolution 2:

- Appointment and re-appointment of Directors.

### Ordinary Resolution 3:

- Appointment and re-appointment of members of the Audit and Risk Committee.

### Ordinary Resolution 4:

- Endorsement of Remuneration Policy and Implementation Report.

### Ordinary Resolution 5:

- Approval of Non-Executive Directors' remuneration.

### Ordinary Resolution 6:

- Re-appointment of the Independent Auditor.

### Ordinary Resolution 7:

- General Authority of the Company.

## RECORD DATES

The Board of Directors of the Company (the "Board") has determined, in accordance with section 3 of Schedule 3 of the Company's Constitution, that the Record Date for the purposes of determining Shareholder rights shall be determined in accordance with the Johannesburg Stock Exchange Limited ("JSE") Listings Requirements ("Listings Requirements"), that:

The **notice record date** being the record date to determine which shareholders are entitled to receive the notice of the Annual General Meeting is:

**Friday, 5 October 2018**

Therefore, the **last day to trade** in the Company's shares on the JSE to be recorded in the share register on the voting record date is:

**Tuesday, 23 October 2018**

The **voting record date** being the record date for shareholders to be recorded as such in the shareholders' register, maintained by the Transfer Secretaries of the Company, to be able to attend, participate in and vote at the Annual General Meeting is:

**Friday, 2 November 2018**

**Forms of proxy** for the Annual General Meeting to be lodged by 15:00 (UTC/GMT+4 hours), for the shareholders wishing to attend in South Africa by 13:00 (GMT+2 hours) on:

**Friday, 9 November 2018**

# NOTICE OF ANNUAL GENERAL MEETING (continued)

## RESOLUTIONS FOR CONSIDERATION AND ADOPTION

### Special resolution number 1:

#### **General Authority to acquire or repurchase shares in the Company**

ARC Investments requires a General Authority in terms of the Listings Requirements for the acquisition by ARC Investments of its securities, which authority shall be valid until the earlier of the first annual meeting, or the variation or revocation of such General Authority by special resolution by any subsequent General Meeting of ARC Investments; provided that the General Authority shall not extend beyond 15 (fifteen) months from the date of this meeting.

This resolution will enable ARC Investments, by way of a General Authority, to acquire the Company's issued shares on the terms and conditions and in such amounts to be determined from time to time by the Board of Directors of the Company, subject to the limitations set out below.

**“Resolved that** as contemplated in paragraph 5.72 of the Listings Requirements, read with the Mauritius Companies Act 2001, by way of General Authority, that the Company may, repurchase the Company's securities, upon such terms and conditions and in such amounts as the Board may from time to time decide in their discretion, but subject to the Constitution, the applicable provisions of the Mauritius Companies Act 2001 and the Listings Requirements (each as presently constituted and as amended from time to time), provided that:

- any repurchase of securities must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between ARC Investments and the counter-party (reported trades are prohibited);
- authorisation for the repurchase is given by the Constitution;
- at any point in time, the Company may only appoint one agent to effect any repurchase(s) on the Company's behalf;
- this General Authority will be valid until the next Annual General Meeting;
- an announcement will be published on SENS as soon as the Company has acquired any of its securities of a relevant class constituting, on a cumulative basis, 3% (three per cent) of the number of securities of that relevant class in issue prior to the acquisition to which the aforesaid 3% (three per cent) threshold is reached, and for 3% (three per cent) in aggregate acquired thereafter, containing full such repurchases, such announcement to be published as soon as possible and not later 10:30 (UTC/GMT +4 hours), 08:30 (GMT +2 hours ) on the second business day following the day on which the relevant threshold is

reached or exceeded in South Africa and Mauritius following the day on relevant threshold is reached or exceeded, and the announcement comply with the requirements of the Listings Requirements;

- repurchases by the Company of its securities may not, in aggregate in any one financial year, exceed 20% (twenty per cent) of the Company's issued share capital of that class as at the beginning of the financial year;
- in determining the price at which securities issued by the Company are acquired by it in terms of this General Authority, the maximum premium at which such securities may be acquired will be 10% (ten per cent) of the weighted average of the market value at which such securities are traded on the Johannesburg Stock Exchange as determined over the five business days immediately preceding the date of repurchase of such securities by the Company. The JSE should be consulted for a ruling if such securities have not been traded during the course of such five business day period;
- the Company may not repurchase any of its securities in terms of this Authority during a “prohibited period” (as such term is defined in the Listings Requirements), unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The Company must instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- any such repurchase may be subject to Exchange Control Regulations and approval at that time; and
- a resolution has been passed by the Board authorising the repurchase and confirming that the Company passed the solvency and liquidity test in terms of the Mauritius Companies Act 2001 and that from the time that the test was done there have been no material changes to the financial position of the Company.

#### **Statement of Board of Directors' intention**

The Directors of the Company have no specific intention to effect the provisions of this special resolution but will continually review the group's position. Any consideration to effect the provisions of the special resolution will take into account the prevailing circumstances and market conditions

## Statement of Directors

As at the date of this notice, the Company's Directors undertake that, having considered the effect of repurchasing the maximum number of shares (as contemplated in special resolution 1), they will not implement any such repurchase unless the following can be met:

- ARC Investments will be able in the ordinary course of business, to pay its debts for a period of 12 (twelve) months following the date of the general repurchase;
- ARC Investments' assets will be in excess of the liabilities of ARC Investments for a period of 12 (twelve) months following the date of the general repurchase. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements which comply with the Mauritian Companies Act;
- ARC Investments will have adequate capital and reserves for ordinary business purposes for a period of 12 (twelve) months following the date of the general repurchase; and
- the working capital of ARC Investments, from time to time, will be adequate for ordinary business purposes for a period of 12 (twelve) months following the date of the general repurchase; and
- the Board passing a resolution authorising the repurchase, confirming that ARC Investments and its subsidiaries have passed the solvency test in terms of the Mauritian Companies Act and further confirming that since the test was performed, there have been no material changes to the financial position of ARC Investments.

## Additional disclosure in terms of paragraph 11.26 of the Listings Requirements

The Listings Requirements require the following disclosures, which are provided elsewhere in the Integrated Annual Report of which this notice forms part, as set out below:

- Major shareholders of the Company are disclosed in Section 7, Shareholder Information on page 130; and
- Stated capital of the Company in the Summarised Audited Annual Financial Statements note 6 on page 46.

## Directors' responsibility statement

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

## Material change

There have been no material changes in the financial position of the Company and the group since the date of signature of the audit report and the date of this notice.

## Special resolution number 2:

### General Authority of the Board to issue A Ordinary Shares for cash

The Board of the Company wishes to issue A-Ordinary Shares, of up to a maximum of 15% (fifteen per cent) of the issued A-Ordinary Shares for cash. This is envisaged to be a general issue concluded in contemplation of paragraph 5.52 of the Listings Requirements. The Board of Directors confirm that the Securities (Preferential Offer) Rules 2017 made by the Mauritian Financial Services Commission under section 93 of the Financial Services Act, 2007 and sections 70 and 155 of the Securities Act, 2005 is not applicable owing to the fact that this is a general issue to the public and not a preferential offer as envisaged by the aforementioned regulations.

**"Resolved that** the Board be and is hereby authorised, by way of a General Authority, as contemplated in paragraph 5.52 of the Listings Requirements read with the Mauritius Companies Act 2001, to issue for cash, as and when the Board deem fit, up to a maximum of 15% (fifteen per cent) of the issued A Ordinary shares, or options in A Ordinary shares or securities convertible into A Ordinary shares, subject to provisions of the Mauritius Companies Act 2001, the Constitution and the Listings Requirements, when applicable, and the following limitations, namely that:

- the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue will only be made to "public shareholders" as defined in the Listings Requirements of the JSE and not to related parties
- in respect of securities which are the subject of the general issue of shares for cash, this may not exceed 15% (fifteen per cent) of the number of listed equity securities as at the date of the notice of Annual General Meeting being 15 487 058 shares, provided that:
  - any equity securities issued under this Authority during the period will be deducted from the number above;
  - in the event of a sub-division or consolidation of issued equity securities during the period contemplated above, the existing Authority will be adjusted accordingly to represent the same allocation ratio;
  - the calculation of the listed equity securities is a factual assessment of the listed equity securities as at the date of the notice of Annual General Meeting, excluding treasury shares;

# NOTICE OF ANNUAL GENERAL MEETING (continued)

- this Authority is valid until the company's next Annual General Meeting, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
- any such general issues are subject to exchange control regulations and approval at that point in time;
- an announcement giving full details will be published at the time of any issue representing, on a cumulative basis within the period of this authority, 5% (five per cent) or more of the number of shares in issue prior to the issue, in accordance with section 11.22 of the JSE Listings Requirements;
- in determining the price at which an issue of shares may be made in terms of this Authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities. The JSE will be consulted for a ruling if the Company's securities have not traded in such 30 (thirty) business-day period; and
- approval of the general issue for cash resolution achieving 75% (seventy five per cent) majority of the votes cast in favour of such resolutions by all equity securities present or represented by proxy at the General Meeting convened to approve such resolution."

## Ordinary resolution number 1:

### *Consideration and approval of the Audited Annual Financial Statements*

The Audited Annual Financial Statements (AFS) of the Company, including the Reports by the Board of Directors, Report of the Audit and Risk Committee and the Report of the Independent Auditor for the year ended 30 June 2018, will be presented to shareholders as required in terms of sections 211 of the Mauritius Companies Act 2001 and the Company's constitution in section 2.3. A summarised version of the Audited Annual Financial Statements has been included in this publication, with the full Audited Annual Financial Statements made available on the Company's website at [www.arci.mu](http://www.arci.mu), or may be requested and obtained in person, at no charge, at the registered office of the Company during office hours.

**"Resolved that** the Audited Annual Financial Statements of the Company, including the Directors' Report, the Report of the Audit and Risk Committee and the Independent Auditor's Report for the financial year ended 30 June 2018, and the Integrated Annual Report be received and adopted."

## Ordinary resolution number 2:

### *Appointment and re-appointment of Directors*

Clause 18.3 of the Company's Constitution requires the Directors of the Company that were appointed at the time of listing to retire at the Company first Annual General Meeting and, where

such Directors make themselves available for re-appointment, be considered for re-appointment. In addition, section 18.3.3 of the Company's constitution requires where the Board of Directors has exercised its powers in appointing any new Directors, such appointment must be confirmed by the shareholders at the next Annual General Meeting in accordance with paragraph 10.16(c) of schedule 10 of the Listings Requirements.

**"Resolved to** re-appoint by ordinary resolution 2.1 Dr R Mokate with effect from 13 November 2018, who, in accordance with the provisions of clause 8.3.1 of the Company's Constitution, is obliged to retire at this Annual General Meeting and, being eligible, has offered himself for re-appointment."

**"Resolved to** re-appoint by ordinary resolution 2.2 Mr M Olivier with effect from 13 November 2018, who, in accordance with the provisions of clause 8.3.1 of the Company's Constitution, is obliged to retire at this Annual General Meeting and, being eligible, has offered himself for re-appointment."

**"Resolved to** re-appoint by ordinary resolution 2.3 Mr C Msipha with effect from 13 November 2018, who, in accordance with the provisions of clause 8.3.1 of the Company's Constitution, is obliged to retire at this Annual General meeting and, being eligible, has offered himself for re-appointment."

**"Resolved to** re-appoint by ordinary resolution 2.4 Mr T Lo-Seen Chong with effect from 13 November 2018, who, in accordance with the provisions of clause 8.3.1 of the Company's Constitution, is obliged to retire at this Annual General meeting and, being eligible, has offered himself for re-appointment."

**"Resolved to** re-appoint by ordinary resolution 2.5 Ms B Radebe with effect from 13 November 2018, who, in accordance with the provisions of clause 8.3.1 of the Company's Constitution, is obliged to retire at this Annual General meeting and, being eligible, has offered herself for re-appointment."

The Board of Directors of the Company has assessed the performance of the Directors standing for appointment and re-appointment and has found them suitable for appointment and re-appointment.

Brief curriculum vitae for each of these Directors appear as an annexure to the notice.

## Ordinary resolution number 3:

### *Appointment and re-appointments of members of the Audit and Risk Committee*

Clause 2.6.2 of the Company's Constitution requires that the members of the Company's Audit and Risk Committee be re-appointed at each Annual General Meeting.

**“Resolved to** re-appoint by ordinary resolution 3.1 Mr C Msipha, who retires at this Annual General Meeting and, being eligible, has offered himself for re-appointment, as a member of the Audit and Risk Committee with effect from 13 November 2018, subject to the approval of ordinary resolution 2.3 above.”

**“Resolved to** re-appoint by ordinary resolution 3.2 Mr T Lo-Seen Chong who retires at this Annual General Meeting and, being eligible, has offered himself for re-appointment, as a member of the Audit and Risk Committee with effect from 13 November 2018, subject to the approval of ordinary resolution 2.4 above.”

**“Resolved to** re-appoint by ordinary resolution 3.3 Dr R Mokate who retires at this Annual General Meeting and, being eligible, has offered herself for re-appointment, as a member of the Audit and Risk Committee with effect from 13 November 2018, subject to the approval of ordinary resolution 2.1 above”.

The Board of Directors of the Company has assessed the performance of the Company's Audit and Risk Committee members standing for re-appointment and is satisfied that the abovementioned persons possess the appropriate qualifications, skills and experience to fulfil their Audit and Risk Committee obligations and has thus found them suitable for re-appointment.

Brief curriculum vitae for each of these Committee Members appear as Annexure II to this notice.

#### Ordinary resolution number 4:

##### **Endorsement of Remuneration Policy and Implementation Report**

Effective 19 June 2017, the JSE requires a mandatory ordinary resolution to ascertain shareholders' views on an advisory non-binding vote in respect of the Company's Remuneration Policy and Implementation Report.

**“Resolved that** the shareholders endorse, by ordinary resolution 4.1 through a non-binding advisory vote required by King IV and the Listings Requirements to ascertain the shareholders' view, the Company's Remuneration Policy. The Company's Remuneration Report is set out on page 46 of the Company's Integrated Annual Report for the year ended 30 June 2018.”

**“Resolved that** the shareholders endorse, by ordinary resolution 4.2 through a non-binding advisory vote required by King IV and the Listings Requirements, the Implementation Report in relation to the Company's Remuneration Policy. The Company's Implementation Report is set out on page 47 of the Company's Integrated Annual Report for the year ended 30 June 2018.”

#### Ordinary resolution number 5:

##### **Approval of Non-executive Directors' remuneration**

Approval in terms of section 66(9) of the Mauritius Companies Act 2001 and section 18.5.1 of the Company's Constitution provides that, notwithstanding anything to the contrary contained in the

Constitution or any agreement, understanding or arrangement with a Director, the Company shall not be obliged or entitled or required to pay any remuneration to a Director for his/her service as a Director (which shall exclude salaries of Executive Directors) except where such remuneration has been approved by and is in terms of an ordinary resolution of the shareholders of the Company.

**“Resolved that** the all-inclusive gross remuneration to be paid to the Non-executive Directors for their services as Directors for the year 1 July 2018 to the next Annual General Meeting as set out below, be approved.”

Director	Amount (USD)
M Olivier	20 800
C Msipha	20 800
T Lo-Seen Chong	7 500
R Mokate	20 800
B Radebe	Nil

#### Ordinary resolution number 6:

##### **Re-appointment of the Independent Auditor**

Clause 2.5.1 of the Company's Constitution provides that at each Annual General Meeting the Company must appoint an Independent Auditor. Having performed its duties in assessing the appropriateness of the Audit Firm and the nominated audit individual registered auditors, the Company's Audit and Risk Committee has recommended and the Board has approved the proposal for re-appointment of PricewaterhouseCoopers Inc. as the JSE registered Independent Auditor of the Company and PricewaterhouseCoopers Limited as the Mauritian registered Independent Auditor of the Company.

**“Resolved that** the auditor, PricewaterhouseCoopers Inc. be re-appointed by ordinary resolution 6.1 as the Independent Registered Auditor of the Company, and Chantel van den Heever, as the individual registered auditor and partner of the firm who will undertake the audit of the Company in relation to its JSE regulatory matters, upon the recommendation of the Audit and Risk Committee and the Board of Directors of the Company.”

**“Resolved that** the auditor, PricewaterhouseCoopers Limited, be re-appointed by ordinary resolution 6.2 as the Independent Registered Auditor of the Company, and Gilles Beesoo, as the individual registered auditor and partner of the firm who will undertake the audit of the Company in relation to its Mauritian regulatory matters, upon the recommendation of the Audit and Risk Committee and the Board of Directors of the Company.”

**“Resolved that** the directors be and are hereby authorised to determine the remuneration of the Company's independent auditors.”

# NOTICE OF ANNUAL GENERAL MEETING (continued)

## Ordinary resolution number 7:

### General Authority of the Company

This resolution is to authorise any Director of the Company or Company Secretary to take all actions necessary or desirable and sign all documents required to give effect to all of the resolutions adopted at the Annual General Meeting of the Company.

**“Resolved that** any one of the Directors or the Company Secretary of the Company, be and is hereby authorised, on behalf of the Company to do or cause to be done all such things and to sign all such documents, file all such documents with any applicable regulatory body (including the JSE, the FSC and the Mauritius Revenue Authority) to, and procure the doing of all such things necessary or desirable to give effect to the above resolutions, and that the Board be authorised to delegate its powers (to the extent required) to give effect to all of the above resolutions, and any acts duly done in this regard are hereby confirmed and ratified to the full extent permitted in law.”

## RESOLUTIONS REQUIRED FOR APPROVAL

The percentage of voting rights required for the adoption of the Special Resolutions 1 and 2 above is at least 75% (seventy five per cent) of the voting rights exercised on this resolution.

Ordinary resolutions numbers 1 to 6 contained in this Notice of the Annual General Meeting require the approval by more than 50% (fifty per cent) of the votes exercised on the resolutions by shareholders present or represented by proxy at the Annual General Meeting convened to approve these resolutions, subject to the provisions of the Company's Constitution, the Mauritius Companies Act 2001 and the Listings Requirements.

On a show of hands every holder of A Ordinary shares, who is present in person or represented by proxy or, in the case of a company, the representative appointed in terms of section 63 of the Mauritius Companies Act 2001, shall have one vote. On a poll the holders of A Ordinary shares present in person or by proxy will each be entitled to one vote for every share held.

The form of proxy for the Annual General Meeting, which sets out the relevant instructions for its completion, is attached hereto for the convenience of any certificated shareholder and 'own name' registered dematerialised shareholder who cannot attend the Annual General Meeting but who wishes to be represented thereat. Additional forms may be obtained on request from the Transfer Secretaries of the Company or from the Company's registered office.

Shareholders who have dematerialised their shares through a central securities depository participant (CSDP) or broker, other than 'own name' registered dematerialised shareholders, who wish

to attend the Annual General Meeting, must request their CSDP or broker to issue them with a letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement/mandate entered into between them and the CSDP or broker.

In the interest of efficiency, shareholders are kindly requested to submit completed forms of proxy at the office of the Transfer Secretaries of the Company, whose details appear below, by 09:30 on Friday, 9 November 2018 at 14:00 (UTC/GMT+ 4 hours). Any forms of proxy not lodged by this time must be handed to the Transfer Secretaries or chairman of the Annual General Meeting immediately prior to the proxy exercising a shareholder's right at the Annual General Meeting.

Please note that a proxy may delegate his/her authority to act on a shareholder's behalf to another person, subject to the restrictions set out in the attached form of proxy as stipulated in section 58(3) (b) of the Mauritius Companies Act 2001.

Unless revoked before then, a signed proxy form shall remain valid at any adjournment or postponement of the Annual General Meeting and the proxy so appointed shall be entitled to vote, as indicated on the proxy form, on any resolution (including any resolution which is amended).

CSDPs, brokers or their nominees, as the case may be, recorded in the Company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of Stare, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the Company, may vote by either appointing a duly authorised representative to attend and vote at the Annual General Meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the Company's Transfer Secretaries, provided that, should a CSDP, broker or their nominee return such form of proxy to the Company's Transfer Secretaries less than 48 hours before the Annual General Meeting, they will also be required to furnish a copy of such form of proxy to the chairman of the Annual General Meeting or his nominee before the appointed proxy exercises any shareholder rights at the Annual General Meeting (or any postponement or adjournment of the Annual General Meeting).

## PROOF OF IDENTIFICATION REQUIRED

Any shareholder or proxy who intends to attend or participate at the Annual General Meeting must be able to present reasonably satisfactory identification at the meeting for such shareholder or proxy to attend and participate at the Annual General Meeting. An identification document or identification card issued by the Shareholder's Country of Residence's Department of Home Affairs, a driver's licence or a valid passport will be accepted at the Annual General Meeting as sufficient identification.



## ELECTRONIC PARTICIPATION

Shareholders wishing to participate electronically at the Annual General Meeting are required to deliver written notice to the Company Secretary of the Company, with a copy to the Transfer Secretaries of the Company, at the applicable addresses as set out in this notice, by no later than Friday, 9 November 2018, stating that they wish to participate via electronic communication at the Annual General Meeting (the electronic notice). Any reference to shareholder in this paragraph includes a reference to that shareholder's proxy.

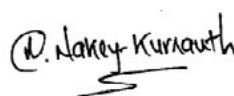
Note that shareholders will merely be able to participate, but not vote, via electronic communication. In order for the electronic notice to be valid it must contain:

- (a) if the shareholder is an individual, a certified copy of his/ her identity document and/or passport;
- (b) if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution and the relevant resolution must set out who from the relevant entity is authorised to represent the relevant entity at the Annual General Meeting via electronic communication;
- (c) in the case of (a) and (b) above the shareholder should indicate that their shareholding has been voted and the manner in which it has been cast, so as to provide the Company with comfort that they have understood that their participation is not in order to vote; and
- (d) a valid e-mail address and telephone number of the participant.

By no later than 48 hours prior to the time of the Annual General Meeting, the company shall use its reasonable endeavours to communicate with each shareholder who has delivered a valid electronic participation notice, by notifying such shareholder at its contact address and/or number of the relevant details through which the shareholder can participate via electronic communication.

Where the Company is required to provide for electronic participation at the Annual General Meeting, the costs of accessing any means of electronic participation provided by the Company will be borne by the shareholder so accessing the electronic participation.

By order of the Board



**Toorisha Nakey-Kurnauth**  
For and on behalf of  
**Intercontinental Trust Limited**  
**Company Secretary**

Ebene, Mauritius  
12 October 2018

**Registered office:**

Level 3, Alexander House, 35 Cybercity, Ebène, 72201, Mauritius

**Transfer Secretaries:**

Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107)

## ANNEXURE I

# BRIEF CURRICULUM VITAE OF DIRECTORS STANDING FOR APPOINTMENT/ RE-APPOINTMENT AS DIRECTORS OR AUDIT AND RISK COMMITTEE MEMBERS

### **MARK CYRIL OLIVIER – CA(SA) – Independent Non-executive Director (Chairperson)**

Mark has over 25 years' experience in managing debt, property and private equity assets and providing corporate finance and strategic advice, predominantly to public companies in the United Kingdom. Prior to founding Hibridge Capital UK Limited (a London-based, boutique private equity and advisory business) in 2003, he was a shareholder and employee of Hawkpoint Partners UK Limited, which was previously the corporate finance division of NatWest Markets Limited. He worked for BoE Limited, where he served on the executive committee of the group's international business headquartered in London, and worked at KPMG as a manager in their London offices.

He is the chairman of Trellidor Holdings Limited and is an independent Non-executive Director of Greenbay Properties. He was previously chairman of Rockcastle Global Real Estate Company Limited since inception and prior to its merger with NEPI and of a China- and retail-focused real estate company managed by Blackstone Inc. and Macquarie Asset Management prior to its disposal.

### **CLIVE MSIPHA – CFA, CA (Z), MBA – Independent Non-executive Director**

Clive serves as a Director of Untu Holdings Limited, a Botswana registered investment holding company. He is the current Chief Executive Officer of Untu Capital Limited, a Zimbabwean SME financier. He spent six years with PricewaterhouseCoopers in Zimbabwe, the United States and the United Kingdom in Audit and Corporate Finance. He has experience in the financial services industry having done a number of Corporate Finance deals in the sector.

Prior to founding the Untu group, he was with an emerging market private equity firm, Actis Capital. He is a chartered accountant by training and won the National Prize for the best qualifying student in his final qualifying exams. He is a CFA charter-holder and also holds a Masters of Business Administration from the University of Oxford.

### **DR R MOKATE – PhD (UNIVERSITY OF DELAWARE) – Independent Non-executive Director**

Renosi has held several leadership positions in the public sector and academia. She was the Deputy Governor of the South African

Reserve Bank in August 2005 to July 2010 and Executive Director of the World Bank in 2010 to 2012. She has also served as the Executive Dean of the Graduate School of Business Leadership, UNISA, and as a senior policy analyst at the Development Bank of Southern Africa. She is currently the Executive Chairperson of Concentric Alliance. She holds non-executive directorships at Bidvest Bank Limited, GEPF and Vukile Property Fund amongst others. Her committee membership includes Remuneration, Governance, Audit and Social and Ethics.

### **DEANS TOMMY LO SEEN CHONG – BSC, FCA, TEP – Independent Non-executive Director**

Tommy is the Chief Operating Officer of Intercontinental Trust Limited, and has previously worked in the United Kingdom for several years specialising in auditing and taxation. Previously, he was the Finance Director of a major Mauritian group involved in various activities, including property, financial services, trading and leisure. He is a stockbroker (Investment Dealer Type 1) licensed by the Stock Exchange of Mauritius and a Director of Capital Market Brothers Limited. He is also a member of the Society of Trust and Estate Practitioners as well as a member of the International Fiscal Association. He holds a bachelor's degree in Economics and is a fellow of the Institute of Chartered Accountants in England and Wales.

### **BRIDGET NTOMBENHLE RADEBE – BCOM, BCOM (HONS), CA(SA) – Non-Independent Non-Executive Director**

Bridget is the Chief Financial Officer of Ubuntu-Botho Investments Proprietary Limited and African Rainbow Capital Proprietary Limited. She is also a Board member of Alexander Forbes Group Holdings Limited, A2X Proprietary Limited and Colourfield Liability Solutions Proprietary Limited. Bridget grounded her experience at Deloitte & Touche where she served as a Partner on top JSE listed clients, including, *inter alia*, Imperial Holdings Limited, PPC LTD, and Iliad Africa Limited. This gave her a thorough understanding of the JSE Regulations and Listings Requirements.

Bridget leverages her multidisciplinary leadership style, strategic leadership and a solid, practical understanding of both private and listed client environments in a variety of industries to deliver results.

# FORM OF PROXY



**African Rainbow Capital Investments Limited**  
 (the Company or ARC Investments)  
 Incorporated in the Republic of Mauritius  
 Company number: C148 430  
 JSE share code: AIL  
 ISIN code: MU0553S00000

For use by the ordinary shareholders in respect of the Annual General Meeting of shareholders of the Company, to be held in the Intercontinental Trust Limited, New York boardroom, Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius, at 15:00 (UTC/GMT+4 hours) on Tuesday, 13 November 2018.

Each shareholder is entitled to appoint one or more proxies (none of whom needs to be a shareholder of the Company) to attend, speak and, on a poll, vote in place of that shareholder at the Annual General Meeting.

I/We

Telephone number

Cellphone number

E-mail address

of (address)

being the holder/holders of  (number) A Ordinary Shares in the share capital of the Company,

do hereby appoint (see note 1):

1. \_\_\_\_\_ or failing him/her,

2. \_\_\_\_\_ or failing him/her,

3. the chairman of the Annual General Meeting,

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting which will be held at 15:00 (UTC/GMT+4 hours) on Tuesday, 13 November 2018 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, at each adjournment thereof and to vote on the resolutions in respect of the A Ordinary shares registered in my/our name/s in accordance with the following instructions (see note 2):

	Number of votes (one vote as per A Ordinary share)		
	In favour	Against	Abstain
<b>Special resolutions</b>			
1. General Authority to acquire or repurchase shares in the Company.			
2. General Authority of the Board to issue A Ordinary shares for cash			
<b>Ordinary resolutions</b>			
<b>1. Consideration and approval of the Audited Annual Financial Statements</b>			
<b>2. Appointment and re-appointment of Directors</b>			
2.1 Appointment of Dr R Mokate as a Director			
2.2 Appointment of Mr M Olivier as a Director			
2.3 Appointment of Mr C Msipha as a Director			
2.4 Appointment of Mr T Lo Seen Chong as a Director			
2.5 Appointment of Ms BN Radebe as a Director			
<b>3. Appointment and re-appointment of members of the Audit and Risk Committee</b>			
3.1 Appointment of Mr C Msipha as a member of the Audit and Risk Committee			
3.2 Appointment of Mr T Lo Seen Chong as a member of the Audit and Risk Committee			
3.3 Appointment of Dr R Mokate as a member of the Audit and Risk Committee			
<b>4. Endorsement of Remuneration Policy and Implementation Report</b>			
4.1 Endorsement of Remuneration Policy			
4.2 Endorsement of Implementation Report			
<b>5. Approve Non-executive Directors' remuneration</b>			
<b>6. Re-appointment of the Independent Auditor</b>			
6.1 Re-appointment of PricewaterhouseCoopers Inc as Registered Independent Auditor, and Chantel van den Heever as designated audit partner for JSE regulator Matters until the next Annual General Meeting			
6.2 Re-appointment of PricewaterhouseCoopers Limited as Registered Independent Auditor, and Gilles Beesoo as designated audit partner for Mauritian regulatory matters until the next Annual General Meeting			
<b>7. General Authority of the Company</b>			

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2018.

Signature

Assisted by me (where applicable)

**Please read the notes on the reverse side.**



# NOTES TO FORM OF PROXY

## Instructions on signing and lodging the Annual General Meeting proxy form

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting 'the chairman of the Annual General Meeting', but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an X in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of A Ordinary shares than you own in the Company, insert the number of A Ordinary shares in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by the proxy.
3. Forms of proxy must ideally, for administrative purposes, be received at the office of the Transfer Secretaries by 14:00 on Friday, 9 November 2018 failing which they may be handed to the chairman of the Annual General Meeting immediately prior to the proxies exercising any shareholder rights at the Annual General Meeting.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting, and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company or waived by the chairman of the Annual General Meeting.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries of the Company.
8. The chairman of the Annual General Meeting may reject or accept a form of proxy which is completed and/or received other than in accordance with these notes if he is satisfied as to the manner in which the shareholder wishes to vote.



SUMMARISED AUDITED  
ANNUAL FINANCIAL  
STATEMENTS  
for the year ended 30 June **2018**



## KEY HIGHLIGHTS

AFRICAN RAINBOW CAPITAL  
INVESTMENTS LIMITED  
(ARC INVESTMENTS)  
LISTED ON THE JSE ON  
7 SEPTEMBER 2017

**296** DAYS OF TRADE SINCE LISTING  
IN THE YEAR UNDER REVIEW

INTRINSIC NET ASSET VALUE  
(INAV)

▲ **9.1%**

TO R9 527 MILLION

(7 September 2017: R8 734 million)

INAV PER SHARE

▲ **R9.23**

R9.12 ON A DILUTED BASIS

(7 September 2017: R8.46)

INTRINSIC PORTFOLIO VALUE (IPV)

▲ **R8 147 million**

(7 September 2017: R4 473 million)

DEAL PIPELINE LED TO CONVERSION  
OF AVAILABLE CASH INTO  
INVESTMENTS

NET INVESTMENTS MADE OF

**R2 735 million**

INCLUDING AN ADDITIONAL  
INVESTMENT IN RAIN OF

**R1 122 million**

CASH IN THE ARC FUND  
AT YEAR-END OF

**R1 576 million**

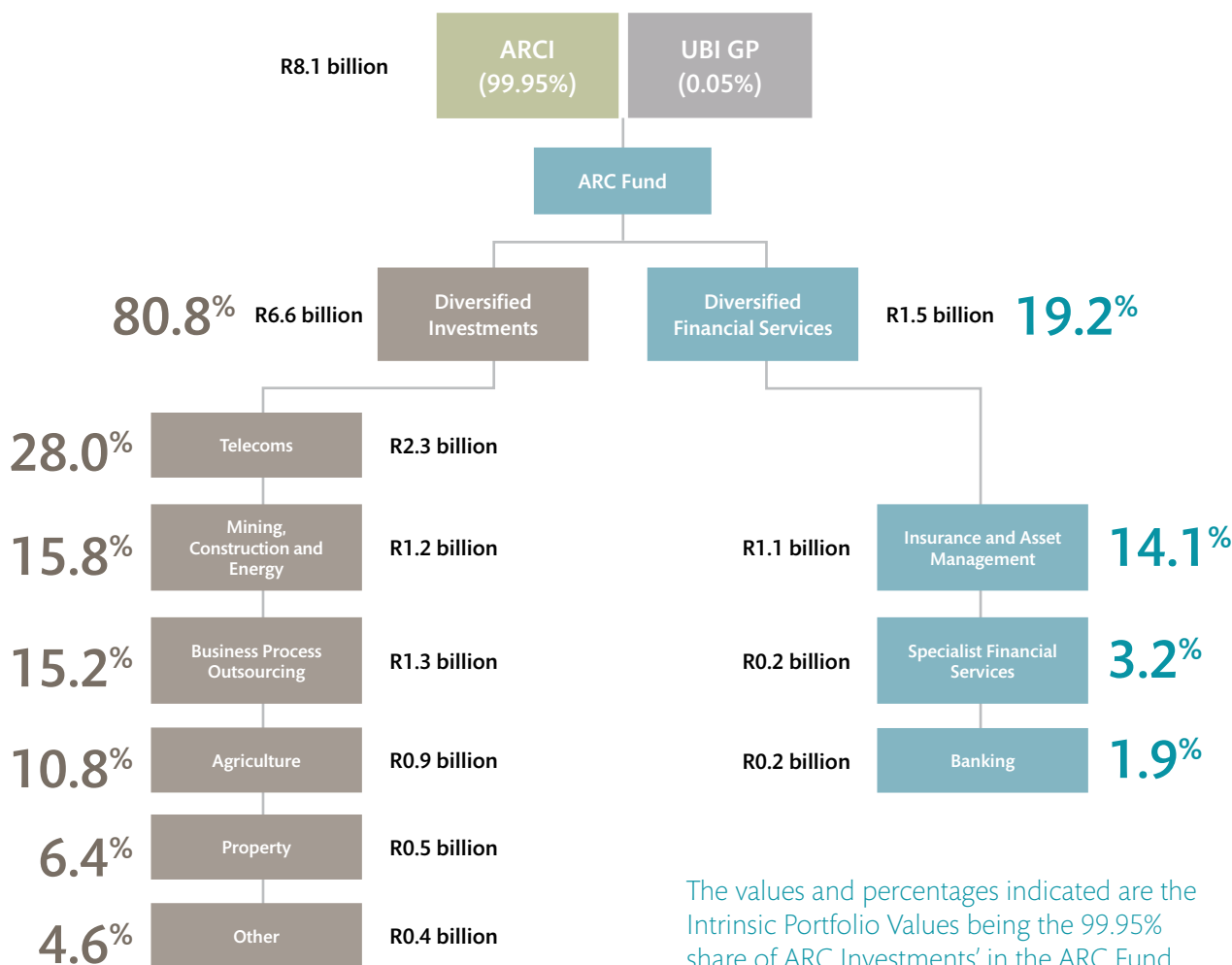
# COMMENTARY

## INVESTMENT PORTFOLIO

Per the Segment Information on pages 26 to 31, on an Intrinsic Portfolio Value (IPV) basis the initial underlying Investment Portfolio in the Company through its investment in the ARC Fund comprised of:

- 100% of interests in the non-financial services Portfolio Companies (within the Diversified Investments segment); and
- 49.9% of interests in the financial services Portfolio Companies of ARC FinHoldCo (within the Diversified Financial Services segment).

The investments are categorised as follows:



The values and percentages indicated are the Intrinsic Portfolio Values being the 99.95% share of ARC Investments' in the ARC Fund as at 30 June 2018. Please refer to Detailed Intrinsic Portfolio Value by Reporting Segment for further details.

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

For investments in the **Diversified Financial Services** portfolio, the ARC Fund seeks to drive synergies among portfolio companies. This allows the ARC Fund to build a holistic financial services business.

# COMMENTARY (continued)

## OPERATING ENVIRONMENT

The spectrum of businesses in the ARC Fund is diverse, which is strategically important for the overall performance of the ARC Fund. Since most of the businesses in the ARC Fund are exposed to the South African economy, the low economic growth in South Africa, which has been estimated at between less than 1.0% to about 1.5% across the various industries in the period under review, has negatively impacted the trading environments of many of our portfolio businesses with a consequential knock-on effect on our reported performance. It is expected that the performance of these investments will improve over the short- to medium-term.

## OVERVIEW OF RESULTS

### Intrinsic net asset value (INAV)

For the period since listing INAV increased from R8 734 million to R9 527 million. The ordinary shares in issue remained constant throughout the period at 1 032 million. The INAV per ordinary share of R9.23 on 30 June 2018 represents a 9.1% growth in INAV per share for the period. On an annualised basis the growth in INAV per share is 11.2%.

The diluted INAV per share after fees for the period increased by 7.8% from R8.46 at listing to R9.12 at 30 June 2018 after performance participation. This represents an annualised growth of 9.6% in diluted INAV per share.

There were no reconciling items between earnings per share and headline earnings per share and both measures thus increased to 81 cents at 30 June 2018 from (11 165 769 cents) at 30 June 2017. NAV per share increased to 931 cents at 30 June 2018 from (11 165 769 cents) at 30 June 2017.

### Intrinsic Portfolio Value (IPV)

The IPV amounted to R4 473 million at listing on 7 September 2017. IPV increased to R8 147 million at 30 June 2018 as a result of acquisitions, fair value adjustments and income earned. During the period under review, the ARC Fund made net cash acquisitions of R2 735 million while Intrinsic Portfolio Value (IPV) increased by R708 million being, net fair value adjustments and interest on loans to Portfolio Companies.

### Cash balances

ARC Investments raised R4 300 million during the listing process on 7 September 2017. The ARC Fund utilised R2 735 million of the contributed cash capital by the Company of R4 224 million during the period under review to fund its acquisitions. Cash balances increased by a net amount R246 million due to interest and dividends earned, less expenses and fees paid, resulting in a cash balance of R1 577 million at 30 June 2018.

### Fees

The ARC Fund incurred R94 million in fees charged by the General Partner since listing comprising of portfolio management fees (R88 million) and cash management fees (R6 million).

### Performance participation

The ARC Fund achieved an annualised IPV growth in excess of the 10% hurdle rate for the period under review which resulted in a Performance Participation expense of R115 million in the Company. The Performance Participation results in the conversion of 12.6 million C shares into ordinary shares.

## PORTFOLIO REVIEW

Below is a summarised review of the portfolio performance. For detailed commentary on the portfolio.

### Telecommunications (28.0% of IPV)

The ARC Fund investment in Rain (26.3% of IPV) increased from R656 million at listing to R2 144 million at 30 June 2018. The increase is mainly attributable to further investment of R1 122 million and revaluations of R366 million.

### Mining, Construction and Energy (15.8% of IPV)

The IPV of the investments in Mining, Construction and Energy increased from R1 121 million at listing to R1 285 million at 30 June 2018. The increase is mainly attributable to an investment in the Last Mile Fund of R132 million.

### Business Process Outsourcing (15.2% of IPV)

The IPV of the investments in Business Process Outsourcing increased from R867 million at listing to R1 245 million at 30 June 2018. The increase is mainly attributable to an investment in Bluespec of R509 million and a decrease in the fair value of the investment in EOH of R236 million.

### Agriculture (10.8% of IPV)

The IPV of the investments in Agriculture increased from R432 million at listing to R877 million at 30 June 2018. The increase is mainly attributable to:

- investments made in Subtropico and RSA totalling R184 million; and
- revaluation of the investment in BKB by R196 million to the agreed contract sale price to Acorn Agri and Food of R416 million.

### Property (6.4% of IPV)

The IPV of the investments in Property increased from R314 million at listing to R523 million at 30 June 2018. The increase is mainly attributable to the revaluation of ARC Real Estate of R90 million; Majik of R57 million and Val de Vie of R22 million.

### Other (4.6% of IPV)

The Other investments consist mainly of a 51% equity interest in Fledge Capital acquired for R315 million during the period under review.

### Diversified Financial Services (19.2% of IPV)

The IPV of Diversified Financial Services increased from R967 million at listing to R1 567 million at 30 June 2018. The increase is mainly attributable to acquisitions of R533 million of which the majority consists of an investment in TymeDigital of R158 million and increases in the shareholding in Alexander Forbes (R266 million) and Afrocentric (R43 million).



## LEADERSHIP AND GOVERNANCE

### ARC Investments

The Company 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.

ARC Investments is a 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. The Board consists of five Non-executive Directors, four of whom are independent. There are no executive Directors on the Board of ARC Investments. As an investment holding company, ARC Investments will not appoint a Chief Executive Officer. Ms Karen Bodenstein is the Chief Financial Officer of ARC Investments but not a Director. Ms Bridget Radebe is the Chief Financial Officer of Ubuntu-Botho Investments Proprietary Limited (UBI) and a member of the Investment Advisory Committee of the General Partner.

Name (age)	Nationality	Function	Amount (USD)
<b>Mark Olivier (49)<sup>1</sup></b>	British	Independent Non-executive Director (Chairperson)	20 000
<b>Deans Tommy Lo Seen Chong (58)<sup>1</sup></b>	Mauritian	Independent Non-executive Director	7 500
<b>Renosi Mokate (60)</b>	South African	Independent Non-executive Director	20 000
<b>Clive Msipha (36)</b>	Zimbabwean	Independent Non-executive Director (Chairperson of the Audit and Risk Committee)	20 000
<b>Bridget Radebe (38)</b>	South African	Non-executive Director	-

The amounts above are the Directors' fees paid to the Directors for the current financial year.

During the year under review, Siphon Nkosi resigned as a Director and was replaced by Renosi Mokate as an independent Non-executive Director on the Board of ARC Investments effective 23 November 2017.

All the investment decisions of the ARC Fund are taken by the General Partner through 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. This includes governance oversight to ensure that the Investment in the ARC Fund adheres to the Company's Investment Guidelines. This ensures conformance therewith in all investment decisions made in the ARC Fund by the General Partner. The General Partner has, in turn, entered into the Investment Services Agreement with ARC. In terms of this agreement, ARC assists the General Partner to source investment opportunities for the ARC Fund and provides certain administrative and back office support to the General Partner.

### UBI General Partner

The Board of Directors 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 Directors 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.

### The General Partner Board members are:

Name	Designation <sup>#</sup>
<b>Dr Patrice Motsepe</b> (Chairman) <i>BA (Legal), LLB, DCom (Honoris Causa)</i>	Non-executive Director
<b>Alexander Maditsi</b> <i>BProc, LLB, LLM, Dip Company Law</i>	Non-executive Director
<b>Johan van der Merwe</b> <i>MCom, MPhil (Cantab), CA(SA), AMP (Harvard), COL (Insead)</i>	Executive Director
<b>Dr Johan van Zyl</b> <i>Phd (Economics), DSc. (Agric)</i>	Non-executive Director
<b>Michael Arnold</b> <i>BCompt (Hons), BSc Mining Geology, CA(SA)</i>	Non-executive Director Appointed 7 June 2018
<b>Abigail Mukhuba</b> <i>BCompt (ACC), BCom (Hons), CA(SA) MCom (SA International Tax), MBA</i>	Non-executive Director Appointed 19 July 2018
<b>Boipelo Lekubo</b> <i>BCom CA(SA)</i>	Non-executive Director Appointed 20 July 2018

<sup>1</sup> These Directors are Mauritian residents and thus the composition of the Board meets the Mauritian regulatory requirements.

<sup>#</sup> Other than where indicated, all Directors were appointed at the time of ARC Investments' listing on 7 September 2017.

## COMMENTARY (continued)

All investment decisions of the ARC Fund are made by the Investment Committee of the General Partner which is a subcommittee of the Board of Directors. Members of the investment committee are:

Name	Designation*
<b>Tom Boardman</b> (Chairman) BCom CA(SA)	Non-executive Director
<b>Dr Patrice Motsepe</b> BA (Legal), LLB, DCom (Honoris Causa)	Non-executive Director
<b>Alexander Maditsi</b> BProc, LLB, LLM, Dip Company Law	Non-executive Director
<b>Michael Arnold</b> BCompt (Hons), BSc Mining Geology, CA(SA)	Non-executive Director Appointed 7 June 2018
<b>Abigail Mukhuba</b> BCompt (ACC), BCom (Hons), CA(SA), MCom (SA International Tax), MBA	Non-executive Director Appointed 19 July 2018
<b>Boipelo Lekubo</b> BCom CA(SA)	Non-executive Director Appointed 20 July 2018

# Other than where indicated, all Directors were appointed at the time of ARC Investments' listing on 7 September 2017.

Karabo Nondumo resigned as a Board member of the General Partner effective 12 December 2017. The following directors were appointed to the Board of Directors of the General Partner, Michael Arnold on 7 June 2018, Abigail Mukhuba on 19 July 2018 and Boipelo Lekubo on 20 July 2018. They were simultaneously also appointed as members of the Investment Committee and Audit and Risk Committee of the General Partner at the aforementioned dates.

The General Partner's Investment Advisory Committee supports the Investment Committee by sourcing and recommending investments to the ARC Fund. Members of the Investment Advisory Committee are:

Name	Qualifications
Johan van der Merwe (Chairman)	MCom, MPhil (Cantab), CA(SA), AMP (Harvard), COL (Insead)
Charmaine Padayachy	BCom, BCom (Hons), CA(SA)
Bridget Ntombenhle Radebe	BCom, BCom (Hons), CA(SA)

## BASIS OF PREPARATION

### Statement of compliance

The Summarised Audited Annual Financial Statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for Summarised Annual 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 Summarised Audited Annual Financial Statement 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 Summarised Audited Annual Financial Statements are in terms of IFRS.

The Summarised Audited Annual Financial Statements do not include all the information required by IFRS for full financial statements and should be read in conjunction with the Company's 30 June 2018 Summarised Audited Annual Financial Statements available on the Company's website at [www.arci.mu](http://www.arci.mu).

## STATEMENT OF RESPONSIBILITY

The Directors take full responsibility for the preparation of these Summarised Audited Annual Financial Statements.

These Summarised Audited Annual Financial Statements were compiled under the supervision of the Chief Financial Officer, Ms Karen Bodenstein, BCompt.

## LEVEL OF ASSURANCE

These Summarised Audited Annual Financial Statements have been audited by the independent external auditors of the Company, PricewaterhouseCoopers Inc. and their unmodified audited report is presented on page 17.

The review was performed in accordance with ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

## APPROVAL

The Summarised Audited Annual Financial Statements for the year ended 30 June 2018 were approved by the Board of Directors of the Company on 12 October 2018 in Mauritius.



**Mark Cyril Olivier**  
Chairman of  
the Board



**Clive Msipha**  
Chairman of the  
Audit and Risk  
Committee



**Karen Bodenstein**  
Chief Financial  
Officer

# INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS

## To the Shareholders of African Rainbow Capital Investments Limited

### OPINION

The Summary Financial Statements of African Rainbow Capital Investments Limited, set out on pages 18 to 55 of the Summarised Audited Annual Financial Statements, which comprise the summarised statement of financial position as at 30 June 2018, the summarised statement of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited financial statements of African Rainbow Capital Investments Limited for the year ended 30 June 2018.

In our opinion, the accompanying Summary Financial Statements are consistent, in all material respects, with the Audited Annual Financial Statements, in accordance with the JSE Limited's (JSE) requirements for Summary Financial Statements, as set out in note 2 to the Summary Financial Statements, and the requirements of the Companies Act of Mauritius as applicable to Summary Financial Statements.

### SUMMARY FINANCIAL STATEMENTS

The Summary Financial Statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of Mauritius as applicable to Annual Financial Statements. Reading the Summary Financial Statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

### THE AUDITED ANNUAL FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the Audited Annual Financial Statements in our report dated 13 October 2018. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

### DIRECTOR'S RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the Summary Financial Statements in accordance with the JSE's requirements for Summary Financial Statements, set out in note 2 to the Summary Financial Statements, and the requirements of the Companies Act of Mauritius as applicable to Summary Financial Statements.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the Summary Financial Statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.

**PricewaterhouseCoopers Inc.**

Director: Chantel van den Heever

**Registered Auditor**

5 Silo Square, V&A Waterfront, Cape Town, 8002  
12 October 2018

# SUMMARISED STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

R million	Notes	Audited as at 30 June 2018	Audited at incorporation 30 June 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in the ARC Fund at FVTPL*	4	9 581.7	-
<b>Current assets</b>			
Trade and other receivables		0.9	-
Cash and cash equivalents		28.5	-
<b>Total assets</b>		<b>9 611.1</b>	<b>-</b>
<b>EQUITY</b>			
Stated capital	6.1	8 831.8	-
Accumulated loss		(131.4)	(11.2)
Performance Participation reserve	8	115.1	-
Fair value reserve	5.3	794.7	-
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		0.9	11.2
<b>Total equity and liabilities</b>		<b>9 611.1</b>	<b>-</b>
* FVTPL: Fair value through profit or loss.			
<b>Per share performance</b>			
Number of ordinary shares in issue (million)	6.2.2	1 032.0	-
Net asset value per share (cents)	4.3	931	(11 165 769) <sup>1</sup>
Number of diluted ordinary shares (million)	6.2.2	1 045.0	
Diluted net asset value per share	4.3	920	(11 165 769) <sup>1</sup>

<sup>1</sup> The net asset value per share was derived from the (R11.2 million) net asset value divided by 100 shares at incorporation.

# SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2018

R million	Notes	Audited for the year ended 30 June 2018	Audited at incorporation 30 June 2017
Fair value movements on the investment in the ARC Fund at FVTPL*	5.1	794.7	-
Other income		2.1	-
Other expenses		(7.2)	(11.2)
Performance Participation expense	8	(115.1)	-
<b>Profit/(loss) before taxation</b>		<b>674.5</b>	<b>(11.2)</b>
Taxation	9	-	-
<b>Profit/(loss) for the period</b>		<b>674.5</b>	<b>(11.2)</b>
Other comprehensive income/(loss)		-	-
<b>Total comprehensive income/(loss)</b>		<b>674.5</b>	<b>(11.2)</b>
Earnings per share:			
Basic earnings per ordinary share (cents)	6.2	81	(11 165 769)
Diluted earnings per ordinary share (cents)	6.2	79	(11 165 769)

\* FVTPL: Fair value through profit or loss.

# SUMMARISED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

R million	Notes	Stated Capital	Accumulated Loss	Performance Participation Reserve	Fair value Reserve	Total Equity
Audited balance at the beginning of the period		-	-	-	-	-
Issue of shares <sup>1</sup>	6.1	-	-	-	-	-
Total comprehensive loss for the period		-	(11.2)	-	-	(11.2)
<b>Audited balance at incorporation 30 June 2017</b>		-	(11.2)	-	-	(11.2)
<i>Issue of shares:</i>						
- Acquisition of portfolio assets settled with equity	6.1	4 563.3	-	-	-	4 563.3
- Issue of shares	6.1	4 300.0	-	-	-	4 300.0
- Share issue costs	6.1	(31.5)	-	-	-	(31.5)
Total comprehensive income for the year		-	674.5	-	-	674.5
Transfer to fair value reserve	5.3	-	(794.7)	-	794.7	-
Performance Participation	8	-	-	115.1	-	115.1
<b>Audited balance at 30 June 2018</b>		<b>8 831.8</b>	<b>(131.4)</b>	<b>115.1</b>	<b>794.7</b>	<b>9 610.2</b>

<sup>1</sup> The amount is less than R1 million and is rounded to Rnil.

# SUMMARISED STATEMENT OF CASH FLOWS

for the year ended 30 June 2018

R million	Notes	Audited for the year ended 30 June 2018	Audited at incorporation 30 June 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash utilised in operations before investment activities	10	(16.0)	-
Cash capital contribution to the investment in FVTPL	4	(4 224.0)	-
<i>Net cash outflows from operating activities</i>		(4 240.0)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issue of shares	6.1	4 300.0	-
Share issue costs	6.1	(31.5)	-
<i>Net cash inflows from financing activities</i>		4 268.5	-
Net increase in cash and cash equivalents		28.5	-
Cash and cash equivalents at the beginning of the period		-	-
<b>Total cash and cash equivalents</b>		<b>28.5</b>	<b>-</b>

# ACCOUNTING POLICIES

for the year ended 30 June 2018

## 1. DEFINITIONS

The following definitions are key to the understanding of the Company's Summarised Audited Summarised 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 4.3. 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.

### 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 summarised annual audited financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for summarised annual audited 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 audited Summarised Annual 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 Audited Summarised financial statements are in terms of IFRS.

The Summarised Audited Annual Financial Statements do not include all the information required by IFRS for full Audited Annual Financial Statements and should be read in conjunction with the Company's 30 June 2018 Audited Annual Financial Statements available on the Company's website at [www.arci.mu](http://www.arci.mu).

### 2.2 Functional currency and presentation currency

The Company's summarised annual audited 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) to one decimal place except for when otherwise indicated.

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

### 2.3 Basis of measurement

The summarised annual audited 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 summarised annual audited financial statements as the Directors have a reasonable expectation that the Company will continue as a going concern for the foreseeable future.

# ACCOUNTING POLICIES *(continued)*

for the year ended 30 June 2018

## 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 represents 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. KEY AREAS OF JUDGEMENT (continued)

#### 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 do 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.

# SEGMENTAL INFORMATION

for the year ended 30 June 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 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 asset in this cluster is Rain, and the Rain team is the partner on all telecommunications related investment decisions.
- **Mining, Construction and Energy** – Afrimat team, an experienced and highly effective team in the industry are the consultants on industry matters.
- **Business Process Outsourcing** – With the acquisition of Gemcap, the management team advises on the BPO cluster of investments for the ARC Fund.
- **Agriculture** – With the consolidation of Overberg Agri and Acorn Agri, this team will be looked to for Agri Industry insights leveraging Dr Johan van Zyl's experience.
- **Property** – Through the ARC Real Estate joint venture with the Buffet Group, property related matters are dealt with through that joint venture. Some other opportunities which have arisen include the joint venture with Barloworld and Atterbury which saw the implementation of an additional extension to the cluster.
- **Other** – Smaller investment opportunities are referred to the Fledge Capital team.

Diversified Financial Services, is the core industry experience of the executive management team within the ARC Fund. As such, the investment strategy is that of portfolio assets that demonstrate synergistic benefits to delivering on the greater UBI strategy of a Black-owned and controlled financial services company. To this end, the segment is organised into the following sub-segments:

- **Insurance and Asset Management** – A mix of small and large clients with diverse and significant client pools.
- **Specialist Financial Services** – These comprise unique investment opportunities with a disruptive edge in the current environment.
- **Banking** – TymeDigital Bank.

IFRS 8 has thus 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 4.3 and 5.2.

## Valuation of Investment Portfolio<sup>1</sup>

R million	IFRS Portfolio Value				Intrinsic Portfolio Value			
	Audited at listing 7 Sept 2017	Audited net additions (including interest)	Audited IFRS Portfolio Value fair value adjustments <sup>2</sup>	Audited as at 30 June 2018	Audited at listing 7 Sept 2017	Audited net additions (including interest)	Audited Intrinsic Portfolio Value fair value adjustments <sup>2</sup>	Audited as at 30 June 2018
<b>Diversified Investments</b>								
Telecommunications	774.5	1 128.2	377.2	<b>2 279.9</b>	772.6	1 128.3	379.0	<b>2 279.9</b>
Business Process Outsourcing	783.9	559.0	(92.5)	<b>1 250.4</b>	866.6	559.0	(180.6)	<b>1 245.0</b>
Mining, Construction and Energy	1 203.9	177.6	(35.5)	<b>1 346.0</b>	1 121.4	177.6	(14.3)	<b>1 284.7</b>
Agriculture	432.9	184.2	259.9	<b>877.0</b>	431.8	184.2	261.0	<b>877.0</b>
Property	370.5	71.1	81.5	<b>523.1</b>	313.8	39.8	169.4	<b>523.0</b>
Other	-	344.9	28.6	<b>373.5</b>	-	344.6	26.7	<b>371.3</b>
	3 565.7	2 465.0	619.2	<b>6 649.9</b>	3 506.2	2 433.5	641.2	<b>6 580.9</b>
<b>Diversified Financial Services</b>								
Insurance and Asset Management	780.6	345.6	9.3	<b>1 135.5</b>	755.1	339.2	52.7	<b>1 147.0</b>
Specialist Financial Services	212.2	35.3	14.0	<b>261.5</b>	212.0	35.3	14.2	<b>261.5</b>
Banking	-	158.0	-	<b>158.0</b>	-	158.0	-	<b>158.0</b>
	992.8	538.9	23.3	<b>1 555.0</b>	967.1	532.5	66.9	<b>1 566.5</b>
<b>Total</b>	<b>4 558.5</b>	<b>3 003.9</b>	<b>642.5</b>	<b>8 204.9</b>	<b>4 473.3</b>	<b>2 966.0</b>	<b>708.1</b>	<b>8 147.4</b>

<sup>1</sup> A reconciliation of IFRS Portfolio value to Intrinsic Portfolio value is disclosed in notes 4 and 4.3.

<sup>2</sup> The values are stated net of related deferred taxation adjustments for the Portfolio assets held in ARC FinHoldCo.

# SEGMENTAL INFORMATION *(continued)*

for the year ended 30 June 2018

## Return on Investment Portfolio<sup>1</sup>

R million	Income from investments <sup>2</sup>	IFRS Portfolio Value fair value adjustments <sup>3</sup>
	Audited for the year ended 30 June 2018	Audited for the year ended 30 June 2018
<b>Diversified Investments</b>		
Telecommunications	–	377.2
Business Process Outsourcing	40.3	(92.5)
Mining, Construction and Energy	16.9	(35.5)
Agriculture	10.1	259.9
Property	22.6	81.5
Other	0.0	28.6
	<b>89.9</b>	<b>619.2</b>
<b>Diversified Financial Services</b>		
Insurance and Asset Management	20.2	9.3
Specialist Financial Services	5.0	14.0
Banking	–	–
	<b>25.2</b>	<b>23.3</b>
Interest income: Cash and cash equivalents	131.3	–
Expenses directly attributable to the ARC Fund	(94.2)	–
<b>Total</b>	<b>152.2</b>	<b>642.5</b>

<sup>1</sup> A reconciliation of IFRS Portfolio value to Intrinsic Portfolio value is disclosed in note 5.2.

<sup>2</sup> 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.

<sup>3</sup> The values are stated net of related deferred taxation adjustments for the Portfolio assets held in ARC FinHoldCo.

## Other Valuation of investment portfolio Segment Information<sup>1</sup>

R million	IFRS Portfolio Value			Audited as at 30 June 2018
	Audited at listing 7 September 2017	Audited net additions (including interest)	Audited IFRS Portfolio Value fair value adjustments <sup>2</sup>	
<b>Profile:</b>				
<b>Listed:</b>	<b>1 357.2</b>	<b>352.4</b>	<b>(244.1)</b>	<b>1 465.5</b>
– Diversified Investments	1 076.9	42.6	(198.4)	921.1
– Diversified Financial Services	280.3	309.8	(45.7)	544.4
<b>Unlisted:</b>	<b>3 201.3</b>	<b>2 651.5</b>	<b>886.6</b>	<b>6 739.4</b>
– Diversified Investments	2 488.8	2 422.4	817.6	5 728.8
– Diversified Financial Services	712.5	229.1	69.0	1 010.6
<b>Total</b>	<b>4 558.5</b>	<b>3 003.9</b>	<b>642.5</b>	<b>8 204.9</b>
<b>Geographic:</b>				
South Africa	4 247.1	2 974.8	604.2	7 826.1
International	311.4	29.1	38.3	378.8
<b>Total</b>	<b>4 558.5</b>	<b>3 003.9</b>	<b>642.5</b>	<b>8 204.9</b>

<sup>1</sup> A reconciliation of IFRS Portfolio value to Intrinsic Portfolio value is disclosed in notes 4 and 4.3.

<sup>2</sup> The values are stated net of related deferred taxation adjustments for the Portfolio assets held in ARC FinHoldCo.

IFRS Portfolio Value fair value adjustments plus income from investments <sup>3</sup>	Intrinsic Portfolio Value fair value adjustment <sup>3</sup>	Intrinsic Portfolio Value fair value adjustments plus income from investments <sup>3</sup>
Audited for the year ended 30 June 2018	Audited for the year ended 30 June 2018	Audited for the year ended 30 June 2018
377.2	379	379.0
(52.2)	(180.6)	(140.3)
(18.6)	(14.3)	2.6
270.0	261.0	271.1
104.1	169.4	192.0
28.6	26.7	26.7
<b>709.1</b>	<b>641.2</b>	<b>731.1</b>
29.5	52.7	72.9
19.0	14.2	19.2
-	-	-
<b>48.5</b>	<b>66.9</b>	<b>92.1</b>
131.3	-	131.3
(94.2)	-	(94.2)
<b>794.7</b>	<b>708.1</b>	<b>860.3</b>

Intrinsic Portfolio Value			
Audited at listing 7 September 2017	Audited net additions (including interest)	Audited Intrinsic Portfolio Value fair value adjustments <sup>2</sup>	Audited as at 30 June 2018
<b>1 333.8</b>	<b>351.7</b>	<b>(274.8)</b>	<b>1 410.7</b>
1 078.4	42.5	(265.5)	855.4
255.4	309.2	(9.3)	555.3
<b>3 139.5</b>	<b>2 614.3</b>	<b>982.9</b>	<b>6 736.7</b>
2 427.8	2 391.0	906.7	5 725.5
711.7	223.3	76.2	1 011.2
<b>4 473.3</b>	<b>2 966.0</b>	<b>708.1</b>	<b>8 147.4</b>
4 162.3	2 956.5	650.2	7 769.0
311.0	9.5	57.9	378.4
<b>4 473.3</b>	<b>2 966.0</b>	<b>708.1</b>	<b>8 147.4</b>

## SEGMENTAL INFORMATION *(continued)*

for the year ended 30 June 2018

### Other Return on Investment Portfolio Segment Information<sup>1</sup>

R million	Income from investments <sup>2</sup>	IFRS Portfolio Value fair value adjustments <sup>3</sup>
	Audited for the period ended 30 June 2018	Audited for the period ended 30 June 2018
<b>Profile:</b>		
<b>Listed:</b>	<b>35.1</b>	<b>(244.1)</b>
- Diversified Investments	24.3	(198.4)
- Diversified Financial Services	10.8	(45.7)
<b>Unlisted:</b>	<b>80.0</b>	<b>886.6</b>
- Diversified Investments	65.6	817.6
- Diversified Financial Services	14.4	69.0
Interest income: Cash and cash equivalents	131.3	-
Expenses directly attributable to the ARC Fund	(94.2)	-
<b>Total</b>	<b>152.2</b>	<b>642.5</b>
<b>Geographic:</b>	<b>115.1</b>	<b>642.5</b>
South Africa	104.5	604.2
International	10.6	38.3
Interest income: Cash and cash equivalents	131.3	-
Expenses directly attributable to the ARC Fund	(94.2)	-
<b>Total</b>	<b>152.2</b>	<b>642.5</b>

<sup>1</sup> A reconciliation of IFRS Portfolio Value to Intrinsic Portfolio Value is disclosed in note 5.2.

<sup>2</sup> 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.

<sup>3</sup> The values are stated net of related deferred taxation adjustments for the Portfolio assets held in ARC FinHoldCo.



IFRS Portfolio Value fair value adjustments plus income from investments <sup>3</sup>	Intrinsic Portfolio Value fair value adjustment <sup>3</sup>	Intrinsic Portfolio Value fair value adjustments plus income from investments <sup>3</sup>
Audited for the period ended 30 June 2018	Audited for the period ended 30 June 2018	Audited for the period ended 30 June 2018
<b>(209.0)</b>	<b>(274.8)</b>	<b>(239.7)</b>
(174.1)	(265.5)	(241.2)
(34.9)	(9.3)	1.5
<b>966.6</b>	<b>982.9</b>	<b>1 062.9</b>
883.2	906.7	972.3
83.4	76.2	90.6
131.3	-	131.3
(94.2)	-	(94.2)
<b>794.7</b>	<b>708.1</b>	<b>860.3</b>
<b>757.6</b>	<b>708.1</b>	<b>823.2</b>
708.7	650.2	754.7
48.9	57.9	68.5
131.3	-	131.3
(94.2)	-	(94.2)
<b>794.7</b>	<b>708.1</b>	<b>860.3</b>

# NOTES TO THE PROVISIONAL REVIEWED CONDENSED FINANCIAL RESULTS

for the year ended 30 June 2018

## 4. INVESTMENT IN THE ARC FUND AT FVTPL

### Accounting policies and choices

The investment in the ARC Fund is a financial instrument at fair value through profit or loss and has been recognised and measured in accordance with the principles in IAS 39, *Financial Instruments: Recognition and Measurement*, 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 within the appropriate level of hierarchy on which their fair values are based. Fair value classification within these Summarised Audited Annual Financial Statements is as follows:

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

**Level 2 fair value hierarchy** – pertain to Investments trading in markets not considered to be active and deriving their fair value from observable inputs other than quoted prices included within level 1 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 its 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.

### 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.arci.mu](http://www.arci.mu).

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 designated as 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. The investments are initially recognised at fair value. Day one gains, which typically arise in B-BBEE 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.

#### 4. INVESTMENT IN THE ARC FUND AT FVTPL (continued)

R million	Audited as at 30 June 2018	Audited at listing 7 September 2017	Audited at incorporation 30 June 2017
The movement of the investment in the ARC Fund at FVTPL are as follows:			
Opening balance	-	-	-
Contribution of Portfolio Assets	4 563.0	4 563.0	-
Cash capital contribution	4 224.0	4 224.0	-
Fair value movements on the investment in the ARC Fund at FVTPL	794.7	-	-
<b>Total</b>	<b>9 581.7</b>	8 787.0	-
The segmental analysis of the investment is as follows:			
Diversified Investments	6 649.9	3 565.7	-
Diversified Financial Services	1 555.0	992.8	-
<b>IFRS Portfolio Value</b>	<b>8 204.9</b>	4 558.5	-
Cash and cash equivalents in the ARC Fund	1 576.3	4 221.9	-
Other net assets/(liabilities) in the ARC Fund	(199.5)	6.6	-
<b>Total Investment in the ARC Fund at FVTPL</b>	<b>9 581.7</b>	8 787.0	-
<b>Valuation information:</b>			
IFRS 13 fair value hierarchy	Level 3	Level 3	n/a
Valuation methodology	Sum of the parts	Sum of the parts	n/a

##### 4.1 Movement and valuation discounts on investment in the ARC Fund (intrinsic)

R million	Audited movement in the Portfolio Values period to 30 June 2018				Audited as at 30 June 2018	Audited valuation discounts applied at 30 June 2018				Gross Portfolio Value as at 30 June 2018
	Audited 7 Sept 2017	Acquisitions	Fair value adjust- ment	Deferred taxation		Control Premium	Minority Discount	Market- ability Discount	Deferred Taxation	
Diversified investments	3 506.2	2 433.5	641.2	-	6 580.9	-	457.4	606.9	-	7 645.2
Diversified financial services	967.1	532.5	84.3	(17.4)	1 566.5	(92.5)	97.4	131.9	17.4	1 720.7
<b>Intrinsic Portfolio Value</b>	4 473.3	2 966.0	725.5	(17.4)	<b>8 147.4</b>	(92.5)	554.8	738.8	17.4	<b>9 365.9</b>

# NOTES TO THE PROVISIONAL AUDITED SUMMARISED ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 30 June 2018

## 4. INVESTMENT IN THE ARC FUND AT FVTPL (continued)

### 4.2 Significant Portfolio Assets in the ARC Fund Investment

The following Portfolio Assets in the ARC Fund are individually greater than 5% of the portfolio based on Intrinsic Portfolio Value:

R million	Valuation methodology	Portfolio %	IFRS Portfolio Value			Intrinsic Portfolio Value		
			Audited as at 30 Jun 2018	Audited at listing 7 Sept 2017	Audited as at 30 June 2017	Audited as at 30 Jun 2018	Audited at listing 7 Sept 2017	Audited at incorporation 30 Jun 2017
<b>Portfolio Asset</b>								
Rain	Discounted cash flow	26.3%	<b>2 143.7</b>	657.0	-	<b>2 143.7</b>	655.7	-
Alexander Forbes Group Holdings Limited <sup>1</sup>	Listed share price	4.6%	<b>345.2</b>	130.0	-	<b>371.2</b>	126.7	-
Alexander Forbes Limited <sup>1</sup>	Proxy valuation to listed share price	3.9%	<b>321.1</b>	288.1	-	<b>321.1</b>	288.3	-
Afrimat	Listed share price	7.9%	<b>725.5</b>	734.7	-	<b>641.1</b>	655.6	-
Bluespec	Acquisition cost	6.2%	<b>509.0</b>	-	-	<b>509.0</b>	-	-
Elandsfontein group	Discounted cash flow and loan values	5.6%	<b>454.3</b>	422.6	-	<b>454.3</b>	421.8	-
Gemcap	Sum of the parts	5.3%	<b>432.0</b>	324.0	-	<b>429.1</b>	323.8	-
BKB	Sale contract price	5.1%	<b>415.7</b>	220.5	-	<b>415.7</b>	219.9	-
			<b>5 346.5</b>	2 776.9	-	<b>5 285.2</b>	2 691.8	-
Balance of portfolio		35.1%	<b>2 858.4</b>	1 781.6	-	<b>2 862.2</b>	1 781.5	-
<b>Total portfolio</b>		100.0%	<b>8 204.9</b>	4 558.5	-	<b>8 147.4</b>	4 473.3	-

<sup>1</sup> 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 8.5%.

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 4.4 below.

## 4. INVESTMENT IN THE ARC FUND AT FVTPL (continued)

### 4.3 Intrinsic Net Asset Value (INAV<sup>1</sup>)

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	Audited as at 30 June 2018	Audited at listing 7 September 2017	Audited at incorporation 30 June 2017	Change
<b>Reported IFRS Portfolio Value</b>		<b>8 204.9</b>	4 558.5	-	3 646.4
Adjust for non-IFRS measures included in Intrinsic Portfolio Value <sup>2</sup> :		<b>(57.5)</b>	(85.2)	-	27.7
30-day VWAP difference to spot price on listed portfolio assets		<b>67.2</b>	88.5	-	(21.3)
Deferred taxation		<b>(5.4)</b>	7.1	-	(12.5)
B-BBEE lock-in discount on listed assets		<b>(119.3)</b>	(115.7)	-	(3.6)
IFRS day one gain reported in equity		-	(56.1)	-	56.1
Other		-	(9.0)	-	9.0
<b>Segment reported Intrinsic Portfolio Value</b>		<b>8 147.4</b>	4 473.3	-	3 674.1
Liabilities in the ARC Fund <sup>3</sup>		<b>(261.6)</b>	-	-	(261.6)
Cash and other net assets in the ARC Fund		<b>1 613.5</b>	4 228.5	-	(2 615.0)
Cash and other net assets in the ARC Investments		<b>28.5</b>	32.4	-	(3.9)
<b>INAV</b>		<b>9 527.8</b>	8 734.2	-	793.6
<b>NAV</b>		<b>9 610.2</b>	8 763.3	-	846.0
Number of shares (million)	6.2.2	<b>1 032.0</b>	1 032.0	-	-
Diluted number of shares (million)	6.2.2	<b>1 045.0</b>	-	-	1 045.0
<b>INAV per share (cents)</b>		<b>923</b>	846	-	77
<b>Diluted INAV per share (cents)</b>		<b>912</b>	846	-	66
<b>NAV per share (cents)</b>		<b>931</b>	849	-	82
<b>Diluted NAV per share (cents)</b>		<b>920</b>	849	-	71
<b>Gross Intrinsic Portfolio Value<sup>4</sup></b>		<b>9 365.9</b>	4 991.1	-	4 374.8
The following adjustments have been effected to the Gross Intrinsic Portfolio Value in arriving at the reported Intrinsic Portfolio Value.					
Total discounts recognised		<b>(1 218.5)</b>	(517.8)	-	(700.7)
Minority discounts <sup>5</sup>		<b>(554.8)</b>	(189.9)	-	(364.9)
Marketability discounts <sup>6</sup>		<b>(738.8)</b>	(401.4)	-	(337.4)
Control premium <sup>7</sup>		<b>92.5</b>	75.3	-	17.2
Deferred taxation on Diversified Financial Services Portfolio assets and other adjustments		<b>(17.4)</b>	(1.8)	-	(15.6)
<b>Segment reported Intrinsic Portfolio Value</b>		<b>8 147.4</b>	4 473.3	-	3 674.1

<sup>1</sup> Intrinsic Portfolio Value is defined under the definitions in Accounting Policies.

<sup>2</sup> The adjustments for Non-IFRS measures include:

- listed investments valued on a 30-day VWAP basis (compared to closing spot price), net of deferred taxation; and
- listed investments valued after recognising B-BBEE discounts (compared to closing spot price), net of deferred taxation.

<sup>3</sup> Liabilities in the ARC Fund include the R134 million loan facility drawn down in ARC FinHoldCo pertaining to the TymeDigital equity investment and R84 million for deferred consideration payable mainly to RSA (R45 million) and Subtropico (R24 million).

<sup>4</sup> Gross Intrinsic Portfolio Value is defined as the Intrinsic Portfolio Value before taking into account the control premium, marketability discount, minority discount and consequential deferred taxation.

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> Control premium for purposes of Intrinsic Portfolio Value valuation is the inverse of minority discount and is applied up to 40%.

# NOTES TO THE PROVISIONAL AUDITED SUMMARISED ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 30 June 2018

## 4. INVESTMENT IN THE ARC FUND AT FVTPL (continued)

### 4.4 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  R million	Rain	
	Audited 30 June 2018	Audited at listing 7 September 2017
Gross Intrinsic Portfolio Value	2 799.9	655.7
<b>Adjustment for:</b>	<b>(656.2)</b>	-
Minority discounts	<b>(350.0)</b>	-
% minority discounts	<b>(13%)</b>	-
Marketability discounts	<b>(306.2)</b>	-
% marketability discounts	<b>(13%)</b>	-
Control premium	-	-
% control premium	-	-
Deferred taxation	-	-
<b>Segment reported Intrinsic Portfolio Value</b>	<b>2 143.7</b>	655.7
% of Intrinsic Portfolio	<b>26.3%</b>	14.7%
% of Business Segment	<b>94.0%</b>	84.9%
<b>Valuation information:</b>		
IFRS 13 fair value hierarchy		Level 3
Valuation methodology		Discounted cash flow
Other details		For Rain, there was an additional acquisition of R1 052.0 million in October 2017 and a further amount of R69.6 million during April 2018.

Alexander Forbes Group Holdings Limited		Alexander Forbes Limited		Afrimat Limited	
Audited 30 June 2018	Audited at listing 7 September 2017	Audited 30 June 2018	Audited at listing 7 September 2017	Audited 30 June 2018	Audited at listing 7 September 2017
365.0	126.7	405.0	376.6	754.3	771.5
6.2	-	(83.9)	(88.3)	(113.2)	(115.9)
-	-	(72.9)	(62.8)	-	-
-	-	(15%)	(15%)	-	-
-	-	(82.6)	(81.0)	(113.2)	(115.7)
-	-	(20%)	(25%)	(15%)	(15%)
-	-	81.0	75.3	-	-
-	-	20%	20%	-	-
6.2	-	(9.4)	(19.8)	-	-
371.2	126.7	321.1	288.3	641.1	655.6
4.6%	2.8%	3.9%	6.4%	7.9%	14.7%
32.4%	16.8%	28.0%	38.2%	49.9%	58.5%

Level 1  
30-day VWAP

Level 2  
Proxy to listed share price  
30-day VWAP

Level 1  
30-day VWAP

During the year, the Alexander Forbes Group Holdings investment was increased by a further R265.8 million.

# NOTES TO THE PROVISIONAL AUDITED SUMMARISED ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 30 June 2018

## 4. INVESTMENT IN THE ARC FUND AT FVTPL continued

### 4.4 Valuation input disclosures for the ARC Fund at FVTPL continued

Details of valuation inputs  R million	Rain	
	Audited 30 June 2018	Audited at listing 7 September 2017
<b>Key inputs</b>		
Input 1 Input variable	WACC 18.7%	At the time of listing the agreement for the purchase of Rain had recently been concluded at a 20% equity interest for a consideration of R1 708.0 million. Due to it being so recent, the agreed price was indicative of the fair value of the investment and thus was not revalued upon listing.
Input 2 Input 2 variable	Terminal growth rate 3.0%	
<b>Sensitivity of key inputs</b>		
Input 1 Input variable	WACC R204.0 million per 1% change	
Input 2 Input 2 variable	Terminal growth rate R103.0 million per 1% change	
<b>Portfolio entity disclosures</b>		
B-BBEE lock-in	Transfer restrictions and pre-emptives apply to the ARC Fund's interest.	
Listed/unlisted	Unlisted	
<b>Summarised financial information</b>		
ARC Fund effective interest	20.6%	
Reported period		
Share of comprehensive income	The entity is in an early stage of its growth trajectory and thus the financial information will be disclosed after a year or two of trade for meaningful comparison.	
Dividends received	-	-



Alexander Forbes Group Holdings Limited		Alexander Forbes Limited		Afrimat Limited	
Audited 30 June 2018	Audited at listing 7 September 2017	Audited 30 June 2018	Audited at listing 7 September 2017	Audited 30 June 2018	Audited at listing 7 September 2017
Not applicable due to portfolio asset being a level 1 fair value hierarchy.		Not applicable due to portfolio asset being a level 2 fair value hierarchy.		Not applicable due to portfolio asset being a level 1 fair value hierarchy.	
Not applicable due to portfolio asset being a level 1 fair value hierarchy.		Not applicable due to portfolio asset being a level 2 fair value hierarchy.		Not applicable due to portfolio asset being a level 1 fair value hierarchy.	
None		Three years from February 2017. Nine months remaining at 30 June 2019.		Four years from September 2016. Two years and three months remaining at 30 June 2018.	
Listed		Unlisted		Listed	
4.4%		5.0%		18.5%	
31 March 2018	31 March 2017	31 March 2018	31 March 2017	28 February 2018	28 February 2017
12.5	15.6	31.4	34.8	45.3	51.6
10.7	-	-	-	16.3	-

# NOTES TO THE PROVISIONAL AUDITED SUMMARISED ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 30 June 2018

## 4. INVESTMENT IN THE ARC FUND AT FVTPL continued

### 4.4 Valuation input disclosures for the ARC Fund at FVTPL continued

Details of valuation inputs	Bluespec	
	Audited 30 June 2018	Audited at listing 7 September 2017
R million		
Gross Intrinsic Portfolio Value	509.0	-
<b>Adjustment for:</b>		
Minority discounts	-	-
% minority discounts	-	-
Marketability discounts	-	-
% marketability discounts	-	-
Control premium	-	-
% control premium	-	-
Deferred taxation	-	-
<b>Segment reported Intrinsic Portfolio Value</b>	<b>509.0</b>	-
% of Intrinsic Portfolio	6.2%	-
% of Business Segment	40.9%	-
<b>Valuation information:</b>		
IFRS 13 fair value hierarchy	Level 3	
Valuation methodology	Acquisition cost.	
Other details		Bluespec was acquired in the current financial year in October 2017.

Gemcap		Elandsfontein		BKB	
Audited 30 June 2018	Audited at listing 7 September 2017	Audited 30 June 2018	Audited at listing 7 September 2017	Audited 30 June 2018	Audited at listing 7 September 2017
429.1	323.8	511.9	489.2	415.7	313.8
-	-	(57.6)	(67.4)	-	(93.9)
-	-	(18.6)	(21.8)	-	(47.2)
-	-	(12.5%)	(12.5%)	-	-
-	-	(39.0)	(45.6)	-	(46.7)
-	-	(30%)	(30%)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
429.1	323.8	454.3	421.8	415.7	219.9
5.3%	7.2%	5.6%	9.4%	5.1%	4.9%
34.5%	37.4%	35.4%	37.6%	47.4%	50.9%

Level 3  
Sum of the parts.

Level 3  
Sum of the parts.

Level 3  
14-year life of  
mine discounted  
cash flow.  
  
The increase in  
the life of the  
mine is because of  
increased proven  
ore body.

Level 3  
10-year life of  
mine discounted  
cash flow.

Level 3  
Contract sale price  
to Acorn Agri and  
Food.

Level 3  
Five-year  
discounted cash  
flow.

# NOTES TO THE PROVISIONAL AUDITED SUMMARISED ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 30 June 2018

## 4. INVESTMENT IN THE ARC FUND AT FVTPL continued

### 4.4 Valuation input disclosures for the ARC Fund at FVTPL continued

Details of valuation inputs R million	Bluespec	
	Audited 30 June 2018	Audited at listing 7 September 2017
<b>Key inputs:</b>		
Input 1	Not applicable	-
Input variable		-
Input 2		-
Input 2 variable		-
Input 3		
Input 3 variable		
<b>Sensitivity of key inputs:</b>		
Input 1		-
Input variable	Not applicable	-
Input 2		-
Input 2 variable		-
<b>Portfolio entity disclosures:</b>		
B-BBEE lock-in	Five years from September 2017. Four years and three months remaining at 30 June 2018.	Not applicable
Listed/unlisted	Unlisted	
<b>Summarised financial information</b>		
ARC Fund effective interest	25.0%	
<b>Reported period</b>	<b>31 August 2017</b>	<b>31 August 2016</b>
Share of comprehensive income		
	54.6	24.0
Dividends received	17.0	-

Gemcap		Elandsfontein		BKB	
Audited 30 June 2018	Audited at listing 7 September 2017	Audited 30 June 2018	Audited at listing 7 September 2017	Audited 30 June 2018	Audited at listing 7 September 2017
<b>EBITDA multiple (average) 6.9 x</b>	EBITDA multiple (average) 6.5 x	<b>Commodity price USD/t FOB 107</b>	Commodity price USD/t FOB 84	<b>Acorn Agri Share Price R26.0</b>	WACC 0.1
<b>Growth rate 6.0%</b>	Growth rate 6.0%	<b>USD:ZAR rate spot 13.7 and forward rate based on 2.6% inflation differential</b>	ZAR:USD rate		Terminal growth rate 5.4%
		<b>WACC 17.5%</b>	WACC 18.0%		
<b>EBITDA multiple R4 million per 1% change Growth rate R17.5 million per 1% change</b>	EBITDA multiple R3.2 million per 1% change Growth rate R13.2 million per 1% change	<b>Commodity price R8 million per 1% change USD:ZAR rate R8 million per 1% change WACC R21 million per 1% change</b>	Commodity price R14.5 million per 1% change USD:ZAR rate R6 million per 1% change WACC R4.4 million per 1% change	<b>Acorn Agri Share Price R4.2 million per 1% change</b>	WACC R25 million per 1% change Terminal growth rate R12 million per 1% change
Transfer restrictions apply for Consumer Friend for five years from April 2017. Three years and ten months remaining at 30 June 2018.		Ten years from April 2016. Seven years and ten months remaining at 30 June 2018.		The 18 month lock-in period expired at 30 June 2018.	
Unlisted		Unlisted		Unlisted	
51.0%		25.0%		20.0%	
		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.		7.0	-

# NOTES TO THE PROVISIONAL AUDITED SUMMARISED ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 30 June 2018

## 5. REALISATION AND DERECOGNITION

### Accounting Policies and Choices

The Company applies the derecognition principle in IAS 39, *Financial Instruments: Recognition and Measurement* and derecognises a financial asset 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

R million	Audited for the year ended 30 June 2018	Audited at incorporation 30 June 2017
<b>Income:</b>	<b>888.9</b>	-
Fair value movements on Diversified Investments	619.2	-
Fair value movements on Diversified Financial Services	23.3	-
Income from Diversified Investments	89.9	-
Income from Diversified Financial Services	25.2	-
Interest income on cash and cash equivalents	131.3	-
<b>Expenses:</b>	<b>(94.2)</b>	-
Fees paid to the Fund Manager	(94.2)	-
Net foreign exchange gains/(losses) on mark-to-market of foreign denominated loans and receivables in the portfolio	12.9	-
Other expenses	(12.9)	-
<b>Total</b>	<b>794.7</b>	-

## 5. REALISATION AND DERECOGNITION (continued)

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

R million	Notes	Audited for the year ended 30 June 2018	Audited at incorporation 30 June 2017
Fair value adjustments in the reporting period amounted to R642.5 million compared to the intrinsic reported fair value adjustments per the segment report of R708.1 million. A reconciliation to the reported intrinsic value is as follows:			
<b>Segment reported IFRS Portfolio fair value adjustment</b>		<b>642.5</b>	
Adjust for non-IFRS measures included in Intrinsic Portfolio fair value adjustment		<b>65.6</b>	
30-day VWAP difference to spot price on listed portfolio assets		<b>(21.3)</b>	-
B-BBEE lock-in discount on listed portfolio assets		<b>(3.6)</b>	-
Deferred taxation on B-BBEE lock-in discounts		<b>(12.6)</b>	-
Equity day one gains <sup>1</sup>		<b>103.1</b>	-
<b>Segment reported Intrinsic Portfolio fair value adjustment</b>		<b>708.1</b>	-

<sup>1</sup> 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.

### 5.3 Fair value reserve

R million	Notes	Audited for the year ended 30 June 2018	Audited at incorporation 30 June 2017
Opening balance		-	-
Fair value movements on the Investment in the ARC Fund at FVTPL	5.1	<b>794.7</b>	-
Segment reported IFRS Portfolio fair value adjustment		<b>794.7</b>	-

# NOTES TO THE PROVISIONAL AUDITED SUMMARISED ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 30 June 2018

## 6. CAPITAL AND RETURN ON CAPITAL

### 6.1 Stated capital

R million	Audited for the year ended 30 June 2018	Audited at incorporation 30 June 2017
ARC Investments has the following categories of share capital:		
<b>Category</b>	<b>Rights</b>	
Ordinary shares	Participating share with voting rights.	
B shares	Non-participating non-voting share except if as at any ordinary shareholder record date an appointed B-BBEE Rating Agent determines that ownership of ordinary shares by Black People as defined in the B-BBEE Codes, as determined using the flow-through principle in accordance with the B-BBEE Codes is less than 51%; and that ARC as the holder of the B share, holds at least 26.1% of the ordinary shares of the Company and since issue of these shares, the holding percentage has never dropped below 26.1%.	
C shares	Non-participating, non-voting shares with automatic conversion based on the terms of the performance participation (refer below).	
In terms of the Mauritius Companies Act 2001, as amended, the Company is not required to have an authorised share capital. All the Company's classes of shares are of no par value and, accordingly, the Company does not have a share premium account.		
<b>Issued share capital</b>		
<b>Ordinary shares</b>		
- 100 Ordinary shares of no par value issued at incorporation at USD1 per share (translated at R12.91) <sup>1</sup> .	-	-
- 526 588 235 shares issued to ARC Proprietary Limited under an asset-for-share sale transaction.	<b>4 563.3</b>	-
- 505 882 353 shares issued at listing date at R8.50 per share.	<b>4 300.0</b>	-
- Share issue costs.	<b>(31.5)</b>	-
	<b>8 831.8</b>	-
<b>Total issued share capital at the end of the period</b>		
<b>B share</b>		
1 share issued to ARC Proprietary Limited at a nominal value of R1.	-	-
<b>C shares</b>		
5 billion shares issued to UBI Proprietary Limited at a nominal value of R1 for the Performance Participation.	-	-

<sup>1</sup> The amount is less than R1 million and is rounded to Rnil.



## 6. CAPITAL AND RETURN ON CAPITAL (continued)

### 6.2 Earnings per share

R million	Notes	Audited for the year ended 30 June 2018	Audited at incorporation 30 June 2017
Basic earnings per ordinary share (cents)		81	(11 165 769)
Diluted earnings per ordinary share (cents)		79	(11 165 769)
Headline earnings per ordinary share (cents)		81	(11 165 769)
Diluted headline earnings per ordinary share (cents)		79	(11 165 769)

#### 6.2.1 Reconciliation of reported earnings to headline earnings:

Earnings/Headline earnings of the Company		674.5	(11.2)
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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 the end of the period	6.2.3	1 032.0	-
Weighted average number of shares (million)	6.2.3	836.9	-
Diluted weighted average number of shares (million)	6.2.3	849.4	-
Diluted number of shares (million)	6.2.3	1 045.0	-

**6.2.3** 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. As the issued number of shares at the beginning of the period was 100, the impact of the new issue has been weighted for the 296 days they were in issue at 30 June 2018 over the 365-day reporting period resulting in a weighted average number of shares of 836.9 million for the year.

Diluted weighted average number of shares (million)	8	849.4	-
Diluted number of shares (million)	8	1 045.0	-

# NOTES TO THE PROVISIONAL AUDITED SUMMARISED ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 30 June 2018

## 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.

<b>Grant date:</b>	14 August 2017
<b>Grant price:</b>	R1 for the full 5 billion shares.
<b>Performance hurdle:</b>	10%
<b>Participation percentage:</b>	16%, provided the IPV NAV at the beginning of the measurement period not being less than the previous highest IPV NAV.
<b>Performance period:</b>	Each annual financial year of the Company commencing 1 July and ending 30 June. <sup>1</sup>
<b>Conversion date:</b>	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.
<b>C shares conversion formula:</b>	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.

<sup>1</sup> The performance period in the year of listing commenced at listing date of 7 September 2017 and ended 30 June 2018.

## 8. PERFORMANCE PARTICIPATION (continued)

R million	Audited for the year ended 30 June 2018	Audited at incorporation 30 June 2017
The annualised growth in Intrinsic Portfolio Value for the reporting period amounted to 12.4%, a Performance Participation amounting to R115.1 million has been recognised as a share-based payment expense with a corresponding recognition of a share-based payment reserve in equity. The consequential conversion of C shares into ordinary shares was estimated at 12 577 126 ordinary shares as at 30 June 2018, with a full dilutive impact on the weighted average number of shares for the period. The total diluted number of shares at year end is 1 045 047 713		
Performance Participation expense for the performance period	<b>(115.1)</b>	-

## 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.

R million	Audited for the year ended 30 June 2018	Audited at incorporation 30 June 2017
No provision has been made for taxation as the Company has an estimated taxation loss carried forward amounting to R17.4 million (at 30 June 2017: R11.2 million). Mauritian taxation regulations permit the carry forward of unused taxation losses for a maximum period of five years from the date they arose. The accumulated taxation losses are available for set-off against future taxable income as follows:		
Arising in FY 2018, carry forward up to 2023 financial year	<b>(6.2)</b>	
Arising in FY 2017, carry forward up to 2022 financial year		(11.2)
<b>Reconciliation of loss before income taxation:</b>		
Profit before taxation	<b>674.5</b>	(11.2)
<b>Taxation at a statutory effective rate of 3% for Category One Global Business License after foreign taxation credit</b>	<b>20.2</b>	(0.3)
<b>Taxation consequences in the year:</b>		
<b>Non-deductible expenditure</b>	<b>3.5</b>	-
Performance Participation expense	<b>3.5</b>	-
Other (incorporation fees and realised foreign exchange losses) <sup>1</sup>	-	-
<b>Non-taxable income</b>	<b>(23.9)</b>	-
Fair value movements on the investment in the ARC Fund at FVTPL	<b>(23.8)</b>	-
Interest earned on local bank account	<b>(0.1)</b>	-
Deferred taxation asset not raised	<b>0.2</b>	0.3
<b>Taxation expense for the year</b>	<b>-</b>	-

<sup>1</sup> The amount is less than R1 million and is rounded to Rnil.

# NOTES TO THE PROVISIONAL AUDITED SUMMARISED ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 30 June 2018

## 9. TAXATION (continued)

R million	Audited for the year ended 30 June 2018	Audited at incorporation 30 June 2017
A deferred taxation asset amounting to R0.5 million has not been raised as the ARC Fund is not expected to declare partner profit distributions in the foreseeable future, thus the Company will not have taxable income against which the deferred taxation asset can be utilised.		
<b>Reconciliation of taxation rate:</b>	%	%
Mauritian standard income taxation rate for a company with a Category one Global Business License	<b>15.0</b>	15.0
Foreign taxation credit	<b>(12.0)</b>	(12.0)
Non-deductible expenditure	<b>0.5</b>	-
Non-taxable income	<b>(3.5)</b>	-
Deferred taxation asset not raised	-	(3.0)
Effective taxation rate	-	-

## 10. RECONCILIATION OF CASH UTILISED IN OPERATIONS BEFORE INVESTMENT ACTIVITIES

R million	Notes	Audited for the year ended 30 June 2018	Audited at incorporation 30 June 2017
<b>Profit/(loss) before taxation</b>		<b>674.5</b>	(11.2)
<b>Adjustment for non-cash items</b>		<b>(679.3)</b>	-
Fair value movements on the investment in the ARC Fund at FVTPL	5.1	<b>(794.7)</b>	-
Performance Participation expense	8	<b>115.1</b>	-
Unrealised foreign exchange gains/(losses)		<b>0.3</b>	-
<b>Working capital movements</b>		<b>(11.2)</b>	11.2
Increase in trade and other receivables		<b>(0.9)</b>	-
Decrease in trade and other payables		<b>(10.3)</b>	11.2
<b>Cash utilised in operations before investment activities</b>		<b>(16.0)</b>	-

## 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 (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.

## 11. FINANCIAL INSTRUMENTS (continued)

R million	Audited for the year ended 30 June 2018	Audited at listing 7 September 2017
<b>Change in portfolio equity prices</b>		
+5%	7 838.9	4 160.2
Equity component being 91% (7 Sept 2017: 88%) of Reported IFRS Portfolio Value	7 465.6	3 962.1
- 5%	7 092.4	3 764.0
<b>11.1.2 Interest rate risk</b>		
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 R2 200 million (as at 7 September 2017: R4 745 million) in its portfolio.		
<b>Change in portfolio loan receivable interest rates - annualised</b>		
+ 100 basis points	22	48

### 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 4.6% denominated in GBP. 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 the year ended 30 June 2018, the Company did not have any commitments. The commitments in the ARC Fund were as follows:

Contracted	R million
Contingent consideration on existing portfolio investments <sup>1</sup>	140.3
Other contractual commitments arising from signed investment agreements <sup>2</sup>	400.0
<b>Total contracted</b>	<b>540.3</b>

<sup>1</sup> R94.0 million of the R140.3 million contingent consideration has been recognised as a liability in the year end results as the portfolio entities concerned had met the required hurdles.

<sup>2</sup> The Investment Committee of the ARC Fund has approved, and management have concluded contractual commitments to investments of R400.0 million where the funds relating thereto are yet to be paid. The most significant relate to investments in the Barloworld project and into Rand Mutual Assurance which were announced on SENS during the financial year.

# NOTES TO THE PROVISIONAL AUDITED SUMMARISED ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 30 June 2018

## 12. COMMITMENTS (continued)

Approved not yet contracted	R million
Other contractual commitments arising from signed memoranda of understanding (MOU) <sup>3</sup>	1 594.0
Total approved not yet contracted	1 594.0
<b>Total commitments</b>	<b>2 109.3</b>

<sup>3</sup> 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:

Year	2019	2020	2021	Total contracted	Total approved	Total commitments
Contracted	260.3	140.0	115.0	515.3	-	515.3
Approved	1 026.0	568.0	-	-	1 594.0	1 594.0
<b>Total</b>	<b>1 286.3</b>	<b>708.0</b>	<b>115.0</b>	<b>515.3</b>	<b>1 594.0</b>	<b>2 109.3</b>

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 year's Summarised Audited Annual Financial Statements:

Name	Relationship	Nature of transaction/terms
<b>Companies:</b>		
• UBI	<ul style="list-style-type: none"> <li>Ultimate parent</li> <li>Holder of the C shares for the Performance Participation</li> </ul>	<ul style="list-style-type: none"> <li>None.</li> <li>Issue of the C shares (note 6.1).</li> <li>The Performance Participation (note 8).</li> </ul>
• ARC	<ul style="list-style-type: none"> <li>Controlling shareholder</li> <li>Holder of the B share</li> <li>Incorporation loan</li> </ul>	<ul style="list-style-type: none"> <li>Asset-for-share transaction prior to listing (note 6.1).</li> <li>Issue of the B share (note 6.1).</li> <li>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 R60.0 million. The loan is unsecured, bore no interest and repayments were to be financed from the listing proceeds.</li> </ul>
• The ARC Fund	<ul style="list-style-type: none"> <li>South African <i>en-commandite</i> Partnership at a partnership interest of 99.95%.</li> </ul>	<ul style="list-style-type: none"> <li>Contribution of Portfolio Assets (note 4).</li> <li>Cash capital contribution (note 4).</li> </ul>
• General Partner	<ul style="list-style-type: none"> <li>General Partner in the ARC Fund</li> </ul>	<ul style="list-style-type: none"> <li>0.05% in the ARC Fund Capital and partnership profit share.</li> <li>Fund management fees (note 5.1).</li> </ul>

## 13. RELATED PARTY DISCLOSURES (continued)

Name	Relationship	Nature of transaction/terms
<b>Key management personnel:</b>		
• 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	Audited balance due from/(to) as at 30 June 2018	Audited transactions during the year	Audited balance due from/(to) as at 30 June 2017
<b>UBI</b>	-	115.1	-
Issue of C shares (note 6.1) <sup>1</sup>	-	-	-
Performance Participation (note 8)	-	115.1	-
<b>ARC</b>	-	4 574.2	(11.2)
Issue of B-share (note 6.1) <sup>1</sup>	-	-	-
Accrual of listing expenses	-	-	(11.2)
Recovery of expenses payable by ARC	-	3.2	-
Settlement of incorporation loan	-	8.0	-
Asset-for-share transaction prior to listing (note 6.1)	-	4 563.0	-
<b>The ARC Fund</b>	<b>9 581.7</b>	9 581.7	-
Contribution of Portfolio Assets (note 4)	<b>4 563.3</b>	4 563.3	-
Cash capital contribution (note 4)	<b>4 224.0</b>	4 224.0	-
Partnership profit share for the year (note 4)	<b>794.7</b>	794.7	-
<b>General Partner</b>	<b>(30.7)</b>	30.7	-
Fund management fees accrued for the year (note 5.1)	<b>(94.2)</b>	(94.2)	-
Fund management fees paid for the year	<b>63.5</b>	63.5	-
<b>Directors' interest</b>			
MC Olivier – 305 882 shares in the Company at a 0.005% interest	<b>n/a</b>	n/a	n/a
<b>Key management personnel</b>	<b>(0.3)</b>	(0.3)	
MC Olivier fees accrued	<b>(0.3)</b>	(0.3)	-
– fees paid to MC Olivier	<b>0.2</b>	0.2	-
T Lo Seen Chong fees accrued	<b>(0.1)</b>	(0.1)	-
– fees paid to T Lo Seen Chong	<b>0.1</b>	0.1	-
C Msipha fees accrued	<b>(0.3)</b>	(0.3)	-
– fees paid to C Msipha	<b>0.2</b>	0.2	-
R Mokate fees accrued	<b>(0.3)</b>	(0.3)	-
– fees paid to R Mokate	<b>0.2</b>	0.2	-
NB Radebe	-	-	-
K Bodenstein executive salary accrued	<b>(0.1)</b>	(0.1)	-
– salary paid to K Bodenstein	<b>0.1</b>	0.1	-

<sup>1</sup> Amount is less than R1 million and is rounded to Rnil.

# NOTES TO THE PROVISIONAL AUDITED SUMMARISED ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 30 June 2018

## 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:

### Acquisition of TymeDigital

On 8 August 2018, the Company announced that its controlling shareholder, ARC has reached an agreement to acquire, through ARC's 50.1% held subsidiary, ARC FinHoldCo, 90% of TymeDigital by Commonwealth Bank SA, after which FinHoldCo will become the 100% owner. The acquisition is subject to approval by the regulatory authorities, including that of the Prudential Authority of the South African Reserve Bank. The ARC Fund holds 49.9% of FinHoldCo.

## 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
Amendment to IAS 12 – Income taxes	<p>Summary of amendment</p> <p>The amendments were issued to clarify the existing guidance under IAS 12 around requirements for recognising deferred taxation assets on unrealised losses. The amendments clarify the accounting for deferred taxation where an asset is measured at fair value and that fair value is below the asset's taxation base. They also clarify certain other aspects of accounting for deferred taxation assets. These amendments thus do not change the underlying principles for the recognition of deferred taxation assets.</p> <p>Summary impact on the Company</p> <p>The Company has applied the existing guidance, the adoption thereof has not had an adjusting impact on the Summarised Audited Annual Financial Statements of the Company.</p>	1 January 2017
Amendment to IAS 7 – Cash Flow Statements	<p>Summary of amendment</p> <p>In January 2016, the IASB issued an amendment to IAS 7 introducing an additional disclosure that will enable users of the financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt.</p>	1 January 2017



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

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

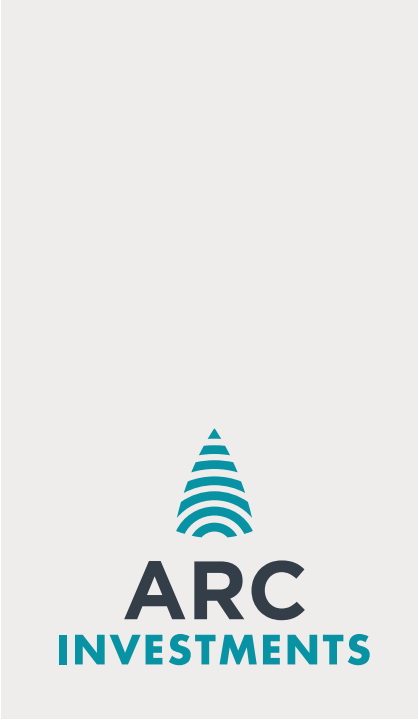
The following standard has been published and is deemed relevant to the Company but is not yet effective and has also not been early adopted:

Standard, amendment or interpretation	Summary of expected impact	Effective for financial periods beginning on or after
IFRS 9 – Financial Instruments	<p>Summary of amendment</p> <p>This standard replaces 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.</p> <p>Summary impact on the Company</p> <p>The Directors anticipate that these amendments will be applied in the financial statements for the annual period beginning 1 July 2018. The Directors have evaluated the business model of the Company under the provisions and guiding principles of IFRS 9, specifically, to its main financial instrument – the investment in the ARC Fund. Since the investment in the fund is a fair value through profit and loss investment which is managed on its intrinsic fair value performance, the adoption of the new standard will present no change in the basis of recognition and measurement of the financial instruments of the Company. It is thus expected to have minimal impact.</p>	1 January 2018



# CORPORATE INFORMATION

<b>Contact Information</b>	African Rainbow Capital Investments Limited (A Company registered and domiciled in the Republic of Mauritius) www.arci.mu
<b>Registration number</b>	C148430
<b>JSE share code</b>	AIL
<b>ISIN code</b>	MU0553S00000
<b>Directors</b>	Mark Cyril Olivier (Chairman) Deans Tommy Lo Seen Chong Clive Msipha Renosi Mokate Bridget Ntombenhle Radebe
<b>Executive Management</b>	Karen Bodenstein (Chief Financial Officer)
<b>Registered Address</b>	Level 3, Alexander House, 35 Cybercity Ebène, 72201 (Level 3, Alexander House, 35 Cybercity, Ebène, 72201) Mauritius Registered and incorporated as a private Company in Mauritius on 30 June 2017 and converted to a public Company on 2 August 2017.
<b>Company Secretary</b>	Intercontinental Trust Limited Level 3, Alexander House, 35 Cybercity, Ebène, 72201 (Level 3, Alexander House, 35 Cybercity, Ebène, 72201) Mauritius (Company number: C23546)
<b>Sponsor</b>	Rand Merchant Bank, a division of FirstRand Bank Limited 1 Merchant Place Cnr Fredman Drive and Rivonia Road Sandton, Johannesburg, 2196 (PO Box 786273, Sandton, 2146) South Africa Registration number 1929/001225/06)
<b>Transfer Secretaries</b>	Computershare Investor Services Proprietary Limited Registration number 2004/003647/07) Rosebank Towers, 15 Biermann Avenue Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) South Africa
<b>Independent Auditors</b>	PricewaterhouseCoopers and PricewaterhouseCoopers Inc. 3rd Floor, 18 Cybercity, Ebène, 72201, Mauritius 5 Silo Square, V&A Waterfront, Cape Town, 8002, South Africa
<b>Investor Relations</b>	Ainsley Moos investors@arci.mu +230 (403) 0800 +21 (21) 180 0107 +27 (83) 296 4697



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