



Incorporated in the Republic of Mauritius  
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**Condensed Unaudited Interim Results**  
for the six-month period ended 31 December 2020

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The reports and statements set out below form the condensed Financial Statements of African Rainbow Capital Investments Limited (ARC Investments or the Company) for the six-month period ended 31 December 2020 presented to the shareholders. They were prepared under the supervision of Karen Bodenstein, Chief Financial Officer, B Compt (Accounting Science).

These Unaudited Interim Financial Statements have been prepared in compliance with the applicable requirements of the Mauritius Companies Act 2001.

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# KEY HIGHLIGHTS

For the six-month period ended 31 December 2020



INAV Per Share decrease of **7.35%** to **R8.82** mainly as a result of the increased number of shares in issue at the end of December 2020

(31 December 2019: R9.52)



IFRS NAV Per Share decrease of **8.58%** to **R8.84**

(31 December 2019: R9.67)



**Intrinsic Portfolio Value R12 814 million** (30 June 2020: R11 139 million)

R537 million of the increase was funded by Diversified Investments and Financial Services Portfolio debt

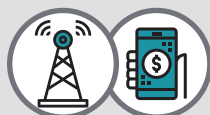


Cash in the ARC Fund of **R455 million**

(30 June 2020: R61 million)



The Company raised additional capital of **R750 million** through a rights offer in October 2020



**rain** fair value increase of **R382 million**



TymeBank has signed on **2.66 million customers** of which 50% were active at 31 December 2020



ARC Fund acquired an effective **12.5%** in Sanlam Third Party Asset Manager during December 2020

# COMMENTARY

For the six-month period ended 31 December 2020



## NATURE OF BUSINESS

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

ARC Investments is an investment holding company. It has made significant progress towards achieving its vision to become a Broad-Based, Black-controlled investment vehicle of significant scale, offering shareholders the opportunity to indirectly invest in a diversified portfolio of listed and unlisted investments.

The Company is the Limited Partner with a 99.95% interest in the ARC Fund Partnership (the ARC Fund), an *en-commandite* partnership which is South African based. The underlying investments of the ARC Fund are managed by UBI General Partner Proprietary Limited (the General Partner), a wholly owned subsidiary of Ubuntu-Botho Investments Proprietary Limited (UBI).

Through its investment in the ARC Fund, ARC Investments indirectly holds the Diversified Investments Portfolio (non-financial services investments) and the Financial Services Investments Portfolio (the latter through ARC Fund's 49.9% interest in African Rainbow Capital Financial Services Holdings Proprietary Limited (ARC Financial Services)). Full details of the structure of the group are disclosed on the Company's website, [www.arci.mu](http://www.arci.mu).

The UBI Group seeks to utilise its empowerment credentials, financial strength, its strong and experienced leadership team and brand to achieve superior capital appreciation for investors in ARC Investments. For this, UBI is remunerated through the Performance Participation with the conversion of the C-shares into listed A ordinary shares should certain performance hurdles be met.

The investment strategy of the ARC Fund remains unchanged and is available on the Company's website. The ARC Fund's investment portfolio includes a blend of start-ups, early-stage businesses as well as established businesses. Early-stage businesses comprise 49.1% of the ARC Fund's Intrinsic Portfolio Value (IPV) of R12 814 million and includes businesses such as Rain, TymeBank and Kropz. The ARC Fund takes a long-term view on its investments.

### Operating environment

The period under review has been characterised by strained trading conditions, mainly resulting from the contracting economy and the continued impact of the government implemented National Lockdown to curb the ongoing Covid-19 pandemic. The impact and measures to mitigate the effects on the Company and the underlying investee companies were fully disclosed in the Audited Financial Statements for the year ended 30 June 2020 and are ongoing. It does appear as if some of the shock and uncertainty resulting from the pandemic has started to abate and many companies have adjusted to the new conditions. Market sentiment and activity in certain sectors have also seen improvement, especially with the positive news of a number of effective vaccines becoming available.

What has become apparent is that the impact of the Covid-19 pandemic will still be felt for years to come. The ARC Fund and its portfolio companies reassessed forecasts, where appropriate, to consider a potential slower recovery to pre-Covid-19 operating levels.

### Performance highlights

The **Company's intrinsic investment value** in the ARC Fund increased by 16.6% from R9 948 million at 30 June 2020 to R11 604 million at 31 December 2020. Its share of the invested assets (or the IPV) has increased by 15% from R11 139 million at 30 June 2020 to R 12 814 million at 31 December, mainly as a result of net new investments of R 929 million and increased asset values of R 746 million.

The diluted **Intrinsic Net Asset Value (INAV)** per share, however, decreased from R9.54 per share at 30 June 2020 to R8.71 per share at 31 December 2020 (31 December 2019: R9.52 per share). This decrease in the diluted INAV per share is directly attributable to the dilutory impact of the increase in issued shares emanating from the R750 million rights issue in October 2020 which was done at approximately 10% discount to the prevailing market price which was at a discount to the intrinsic share value. The impact of the dilution was countered to some extent by the performance of the ARC Fund during the reporting period.

The **IFRS Net Asset Value (NAV)** per share decreased by 7.6% from R9.57 per share at 30 June 2020 to R8.84 at 31 December 2020 (31 December 2019: R9.67 per share).

The annualised growth in the **ARC Fund's IPV** before the impact of acquisitions and disposals for the six months was 15.8% which is above the 10% Performance Participation hurdle.

Consequently, a provision has been recognised in terms of IFRS 2 for the issue of Performance Participation shares to UBI Proprietary Limited according to the terms of the Pre-Listing Statement of the Company. The Performance Participation is based on annual performance and will only finally be measured at 30 June 2021.

During the process of listing ARC Investments in 2017, the Company and the General Partner indicated that they would review the fee structure of the ARC Fund after five years. The global and domestic environment has changed considerably since listing and consequently the parties are discussing the possibility of accelerating this review.

As noted in the Integrated Annual Report the strategic focus of the fund is on consolidating its capital in specific businesses and working with its investment partners to unlock synergies that will drive the value of the underlying business units. This, combined with the progress being made by start-ups such as TymeBank and Rain as they move along the maturity curve, should go some way to closing the gap between the intrinsic and market value.

## Performance analysis

For six-month period ending 31 December 2020

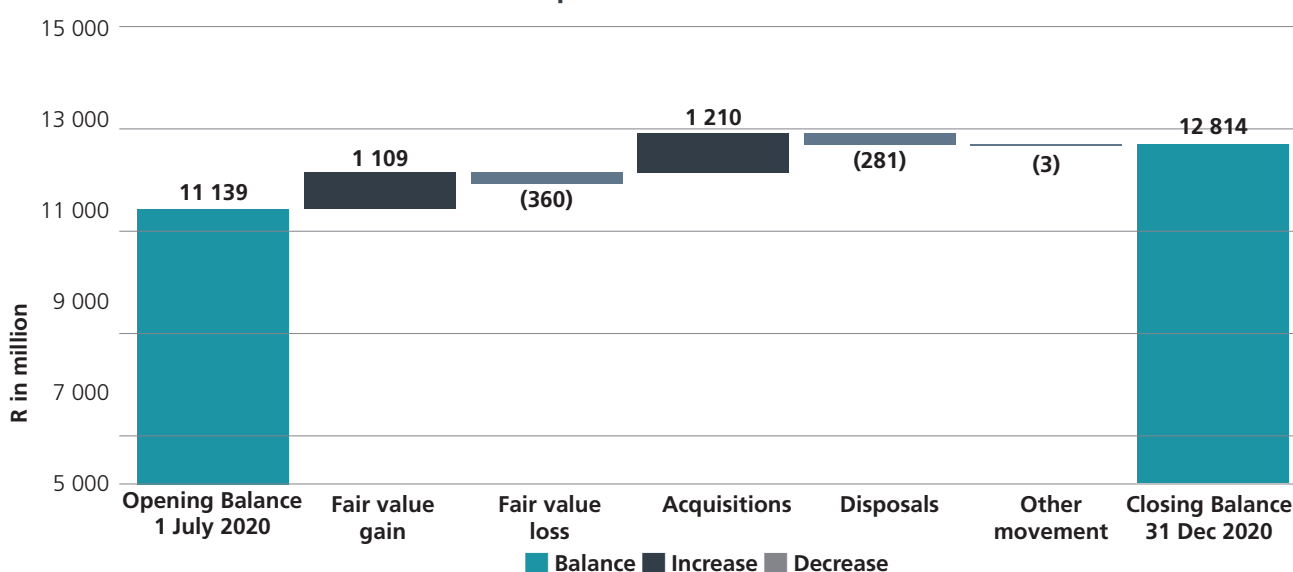
Investment in ARC Fund	Net Asset Value 30 June 20	Net Investment	Net Increase in Net Asset Value	Net Asset Value 31 Dec 20	Growth in Net Asset Value
<b>Intrinsic Portfolio Value</b>	<b>11 139</b>	<b>929</b>	<b>746</b>	<b>12 814</b>	<b>15.4%</b>
Cash	61	(374)	768	455	645.9%
Debt in Diversified Investments and Financial services portfolios	(1 037)	(537)	(29)	(1 603)	54.6%
Other net liabilities	(215)	59	94	(62)	(71.2%)
<b>Intrinsic Investment in the ARC Fund at FVTPL*</b>	<b>9 948</b>	<b>77</b>	<b>1 579</b>	<b>11 604</b>	<b>16.6%</b>

For six-month period ending 31 December 2019

Investment in ARC Fund	Net Asset Value 30 June 19	Net Investment	Net Increase in Net Asset Value	Net Asset Value 31 Dec 19	Growth in Net Asset Value
<b>Intrinsic Portfolio Value</b>	<b>9 359</b>	<b>339</b>	<b>206</b>	<b>9 904</b>	<b>5.8%</b>
Cash	725	(330)	42	437	(39.7%)
Other net liabilities	(344)	-	(66)	(410)	19.2%
<b>Intrinsic Investment in the ARC Fund at FVTPL*</b>	<b>9 740</b>	<b>9</b>	<b>182</b>	<b>9 931</b>	<b>1.9%</b>

\* FVTPL: Fair Value Through Profit or Loss

## Portfolio movement for the six-months period ended 31 December 2020

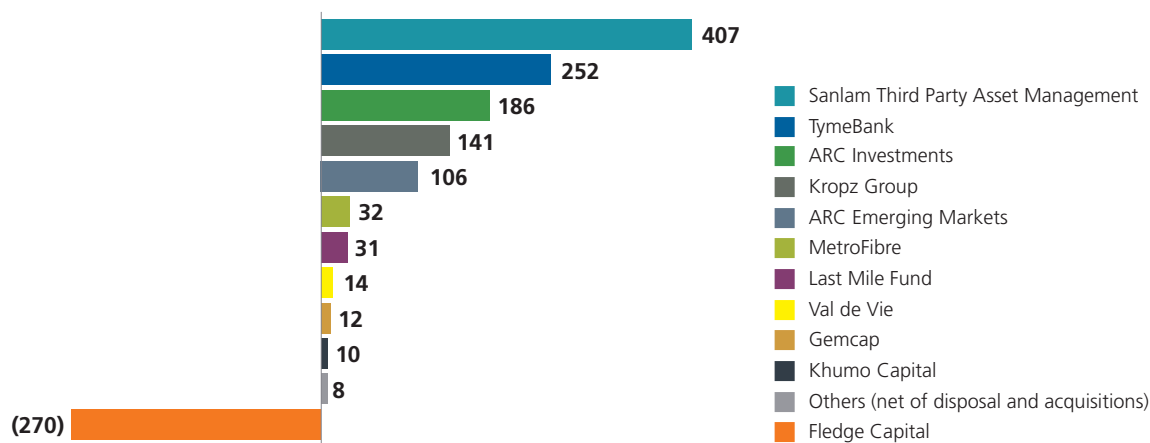


# COMMENTARY *continued*

For the six-month period ended 31 December 2020



## Acquisitions and disposal for the six-months ended 31 December 2020



During the period under review, in line with the strategy to unlock value, the ARC Fund made acquisitions and disposals during the period under review amounting to R1 210 million and R281 million, respectively. The following significant changes in capital allocation were made during the reporting period:

### Sanlam Third Party Asset Management Business

One of the largest black-empowered asset management companies was established in South Africa when ARC Financial Services acquired a 25% economic interest in Sanlam's South African Third Party Asset Management Business (other than the investment management business conducted by Sanlam Private Wealth (Pty) Ltd and the Sanlam Specialised Finance division) for R817 million during December 2020. This acquisition completes the foundational building blocks of the financial services business, provides critical mass and the opportunity to forge synergies between the portfolio of businesses.

### TymeBank

ARC Financial Services injected an additional R505 million into TymeBank during the reporting period as part of the scheduled capital requirements for the new bank. At 31 December 2020 the ARC Fund had an effective ownership interest of 36% in TymeBank, being its 49.9% of the 73.7% interest that ARC Financial Services holds in TymeBank. The ARC Fund's effective capital contribution to TymeBank amounted to R252 million during the reporting period.

TymeBank and Tyme Global have secured additional equity funding post the reporting period - refer to events post the reporting period covered below.

### Acquisition of ARC Investments shares

During the reporting period, the ARC Fund invested R186 million in ARC Investments at share prices well below its intrinsic value.

### Kropz Plc

The ARC Fund subscribed for additional shares amounting to R141 million in Kropz Plc in various tranches during the reporting period in terms of a convertible loan facility of up to US\$ 40 million (not exceeding a maximum of ZAR 680 million) previously entered into. The funding is required to finance the Kropz Elandsfontein phosphate mine until production commences in the last quarter of 2021. At 31 December 2020 R332 million of the total facility had been drawn.

### ARCH Emerging Markets Partners Limited

The ARC Fund invested R106 million in the ARCH Renewable Power Fund as well as the Cold Chain Solutions East Africa Fund during the six-month period ending 31 December 2020. ARCH Emerging Markets Partners Limited (ARCH EM) aims to capitalise on investment opportunities elsewhere on the rest of the African continent and to attract flows from the established developed world investors looking to partner with experienced professionals who understand the investment destination, specifically in the renewable energy, cold chain solutions and financial services space. The company is a joint venture between JCH & Partners LLP and ARC.

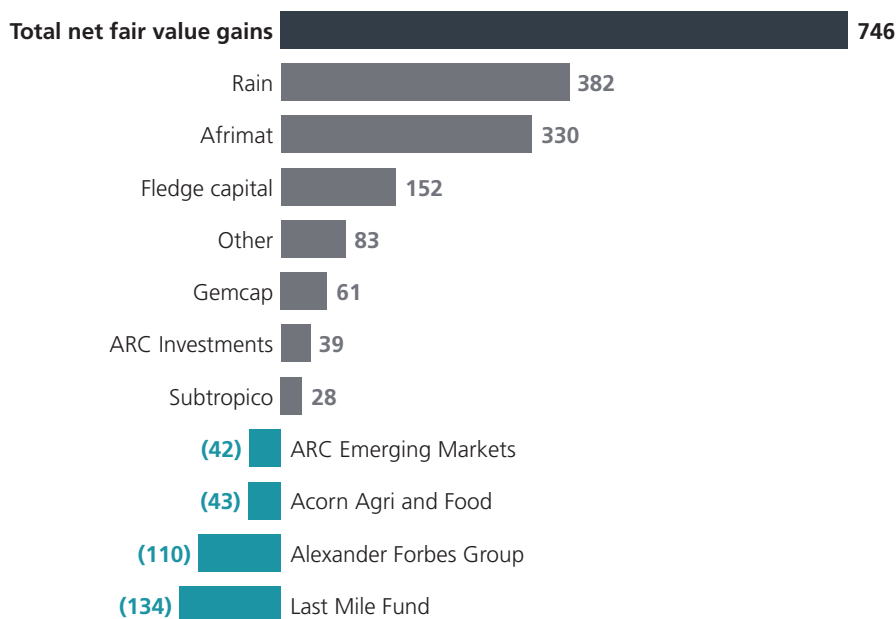
### Fledge Capital share buy-back

The ARC Fund sold 30% of its interest in Fledge Capital for R270 million as part of a share buy-back transaction realising an internal rate of return of 15.9%. Fledge Capital furthermore issued additional shares to new shareholders during the review period. Following these transactions, ARC Fund's effective interest in Fledge Capital reduced from 51.5% to 25.9%.

## Performance review for the period

The 16.6% increase in the INAV of the ARC Fund at FVTPL was largely driven by net investments and interest received of R929 million and net fair value adjustments and other movements of R746 million and the latter is graphically depicted below.

The investment portfolio of the ARC Fund is depicted below:



# COMMENTARY *continued*

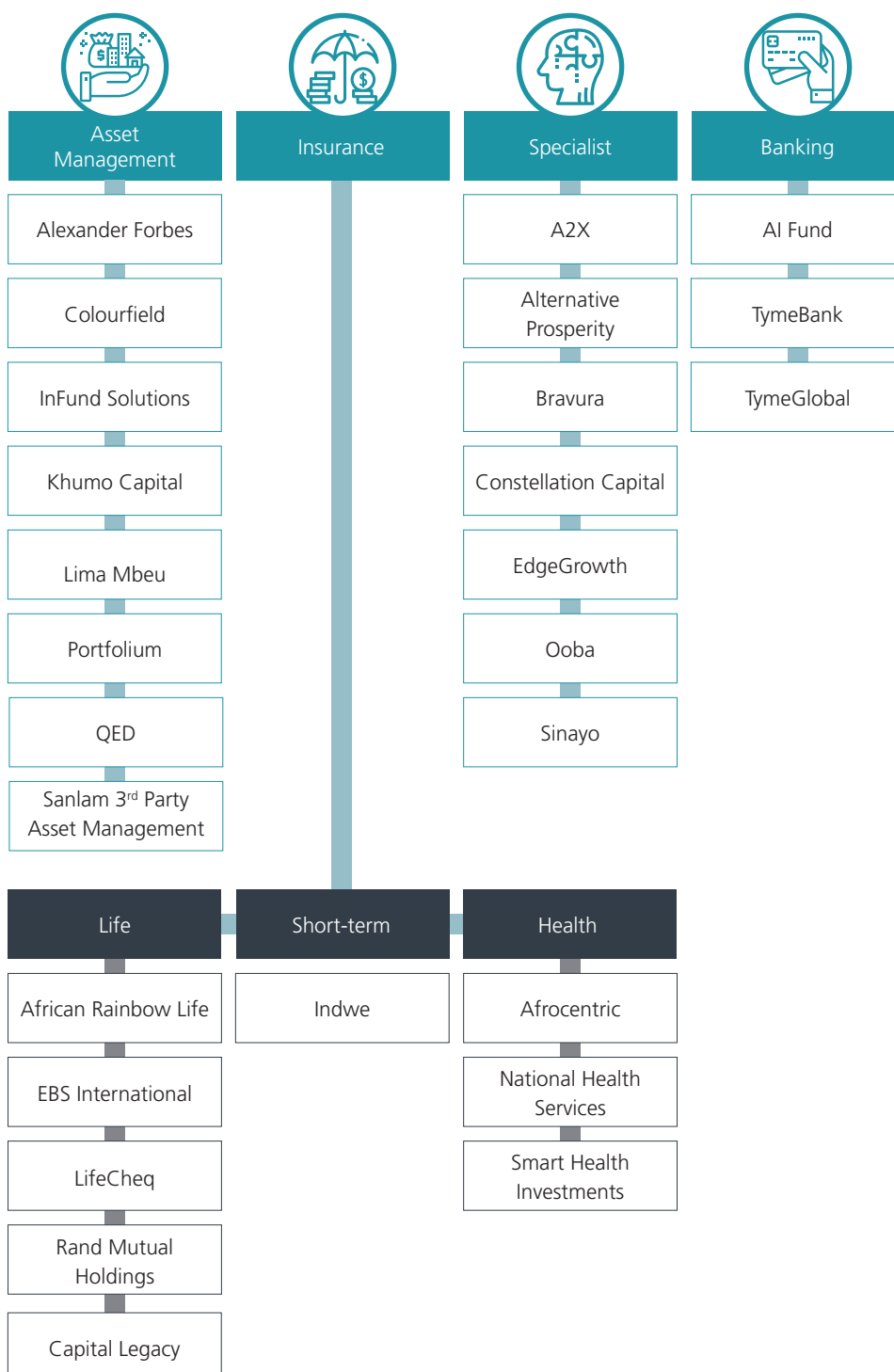
For the six-month period ended 31 December 2020



A more detailed schedule of all the assets within the ARC Fund Portfolio indicating investment and disposal activities as well as their performance is available on the Company's website [www.arci.mu](http://www.arci.mu).

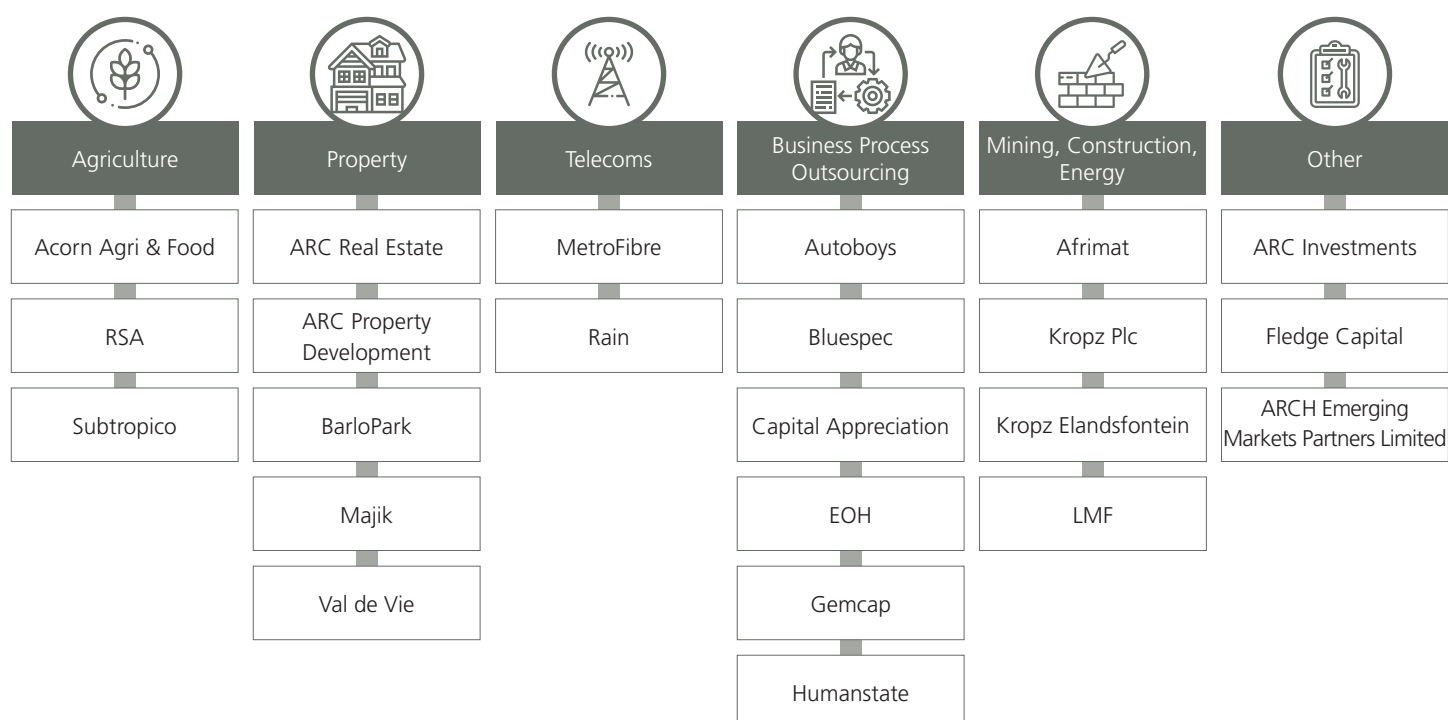
Below is a summarised review of the performance of the significant portfolio assets for the Diversified Investments and Financial Services.

## Financial Services



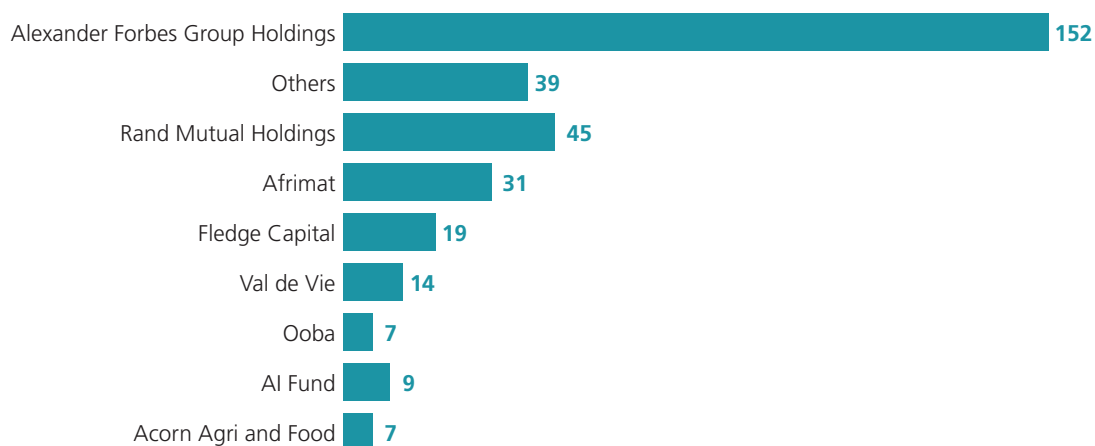


## Diversified Investments



### Dividend income

Dividend income for the period amounted to R323 million (31 Dec 2019: R127 million) consisting of dividends from:



# COMMENTARY *continued*

For the six-month period ended 31 December 2020

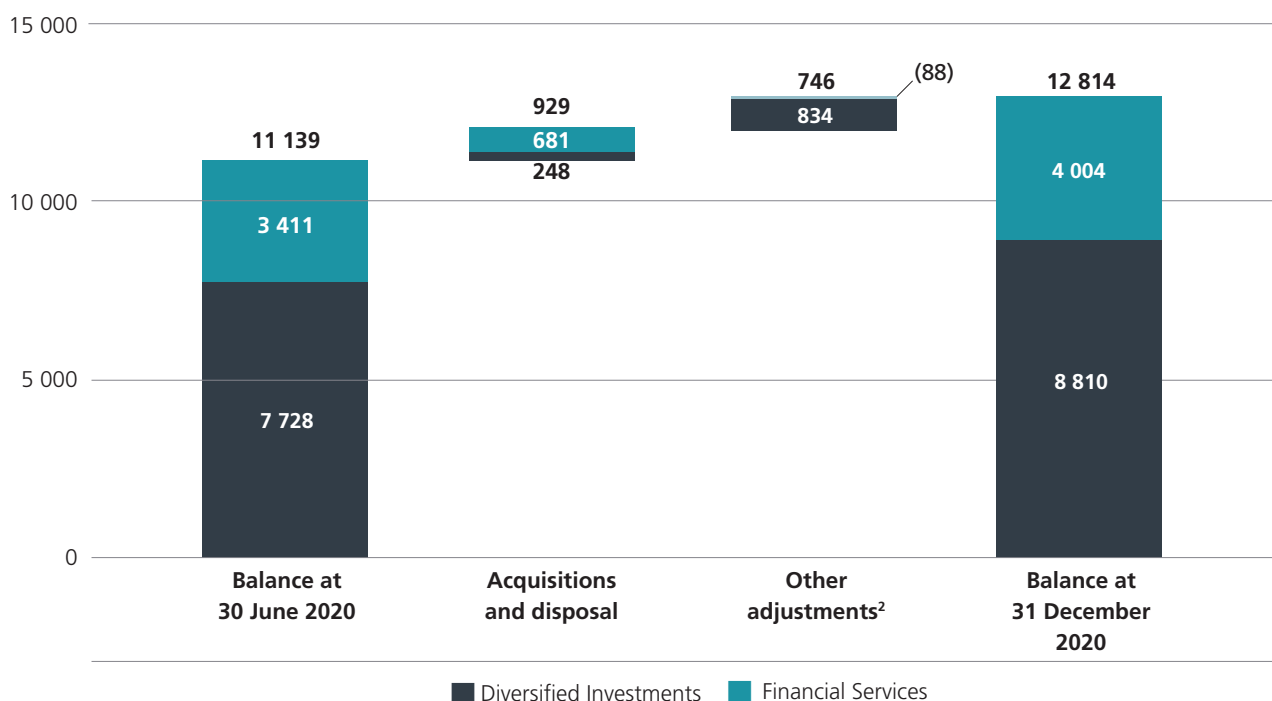


## PORTFOLIO DESCRIPTION AND REVIEW

### Growth in Intrinsic Portfolio Value

The Intrinsic Portfolio Value (IPV) increased by R1 675 million, comprising of net acquisitions of R929 million, fair value write-ups including net foreign exchange and accrued interest on loans of R1 111 million and fair value write-downs of R365 million.

### Portfolio movement per sector for the period ended 31 December 2020



<sup>2</sup> Fair value net of expected tax, cash flows, interest, forex and disposal gain/loss

### Diversified Investments Portfolio (68.8% of Fund Value, 30 June 2020: 69.4%)

The IPV of the Diversified Investments Portfolio increased from R7 728 million at 30 June 2020 to R8 810 million at 31 December 2020, resulting in a 14.0% increase during the period as shown in the table below.

R million	Net IPV		Increase (decrease) in Fair Asset Value	Increase	
	30 June 20	Investments		Net IPV 31 Dec 20	Increase
Telecommunications	3 353	32	395	3 780	12.7%
Mining, Construction and Energy	1 711	172	197	2 080	21.6%
Business Process Outsourcing	1 116	17	129	1 262	13.1%
Property	536	5	(21)	520	(3.0%)
Other	643	22	149	814	26.6%
Agriculture	369	–	(15)	354	(4.1%)
<b>Total Diversified Investments Portfolio</b>	<b>7 728</b>	<b>248</b>	<b>834</b>	<b>8 810</b>	<b>14.0%</b>



## Telecommunications (29.5% of Fund Value, 30 June 2020: 30.1%)

The IPV of the investments in Telecommunications increased by 12.7 % from R3 353 million at 30 June 2020 to R 3 780 million at 31 December 2020.

### Rain (27.3% of Fund Value, 30 June 2020: 27.9%)

Rain is aiming to become a full-service Mobile Network Operator, focusing on data as a primary offering. Rain is making good progress with the roll-out of its strategy to establish a data network in metropolitan South Africa and experienced strong growth in clients and data usage since the onset of the Covid-19 pandemic and the resultant National Lockdown. Its 4G expansion has progressed well with nearly 7 000 active live sites as at the end of December 2020.

Rain launched a 5G network in September 2019, making South Africa one of the first countries in the world to deploy this new technology. By 31 December 2020, 685 5G towers have been activated and the aim is to increase this to 1150 towers by February 2022. Ultimately more than 2000 5G towers in larger metropolitan areas throughout South Africa are planned, bringing ultra-fast broadband connections to homes and small businesses at affordable cost. The ARC Fund's investment in Rain increased from R3 111 million at 30 June 2020 to R3 493 million at 31 December 2020, as a result of a fair value gain of R382 million over the six month period.

### MetroFibre (2.2% of Fund Value, 30 June 2020: 2.2%)

MetroFibre is an internet infrastructure company that provides managed fibre optic broadband connectivity in South Africa. MetroFibre customers consist of service providers, resellers, residential and business properties. Consumers can take advantage of an array of services that are tailored to meet their business needs.

The National Lockdown caused a strong demand for internet connectivity. This increased demand, coupled with increased capacity due to ongoing investment in infrastructure, significantly improved Metrofibre's performance during the period under review. The ARC Fund's investment in MetroFibre increased from R242 million at 30 June 2020 to R287 million at 31 December 2020 as a result of a fair value gain of R13 million and an additional R32 million capital injection.

## Mining, Construction and Energy (16.2% of Fund Value, 30 June 2020: 15.4%)

The IPV of the investments in Mining, Construction and Energy increased by 21.6% from R1 711 million at 30 June 2020 to R2 080 million at 31 December 2020.

### Afrimat (8.6% of Fund Value, 30 June 2020: 6.9%)

Afrimat is a leading, Black-empowered supplier to the resources, industrial minerals, mining, road, rail and construction sectors, listed in the Johannesburg Stock Exchange, with a footprint across Southern Africa. The company specialises in open cast mining, industrial minerals and beneficiated mined products.

In the period under review the company performed well, despite challenges in its operating environment. The investment is valued using the 30-day volume weighted average price.

The ARC Fund's fair value for its investment in Afrimat was R1 103 million as at 31 December 2020.

### Kropz Plc (6.8% of Fund Value, 30 June 2020: 6.6%)

The Kropz Group is a nutrient producer with an advanced stage phosphate mining project on the West Coast of South Africa, and exploration assets in the Republic of Congo.

The ARC Fund holds 73.4% of the issued share capital in the Kropz Group's holding company, Kropz Plc, which is listed on the Alternative Investment Market stock exchange in London. ARC has agreed to support Kropz Plc by means of an additional US\$45 million capital commitment (limited to R765 million) to fund both the development of Kropz Elandsfontein (Elandsfontein) (US\$40 million) as well as the completion of an updated feasibility study at Cominco (US\$5 million) in the Republic of Congo. At 31 December 2020 US\$19 million of this facility has been drawn with the remaining balance expected to be draw over the next 2 years.

Elandsfontein is a phosphate mine and processing plant situated on the West Coast of South Africa. The project has suffered initial setbacks and operations were eventually postponed until additional laboratory and pilot plant testing could be conducted and funding could be procured. Construction at Elandsfontein is currently underway to implement proposed circuit modifications and is on schedule.

The Kropz Group valuation was left unchanged at the 30 June 2020 valuation plus additional investments of R142 million in the reporting period.

# COMMENTARY *continued*

For the six-month period ended 31 December 2020



## Last Mile Fund (0.8% of Fund Value, 30 June 2020: 1.8%)

The Last Mile Fund (LMF) is a Black-owned investment company incorporated to explore opportunities that exist in the broader resource space created and accelerated by B-BBEE legislation. LMF has a number of investments including Mooiplaas Coal, Stahl Cranes, Kepu Group (diesel, tyre and lubricant supplier) and Bohlale Energy (wholesale fuel distribution business).

After a fair value write-down of R134 million from R204 million carrying value at 30 June 2020 plus an additional investment of R31 million during the reporting period, the investment is valued at R101 million at 31 December 2020.

## Business Process Outsourcing (9.9% of Fund Value, 30 June 2020: 10.0%)

The IPV of the investments in Business Process Outsourcing increased from R1 116 million at 30 June 2020 to R1 262 million at 31 December 2020.

### Gemcap (4.9% of Fund Value, 30 June 2020: 5.0%)

Gemcap is an investment holding company. Its significant investments include Payprop SA, Upstream Group, CSG Holdings Limited, Infoslips, Linebooker and Moonstone.

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

Upstream Group is the leader in debt review and operates a technology platform used by all major debt counsellors to reach retail customers. Linebooker operates a transport technology platform, which is disintermediating the transport value chain and offering clients significant cost savings. InfoSlips is a platform provider that facilitates interactive document composition and distribution. Moonstone is one of the three largest independent national compliance services providers (and the only registered training and examination body) to the Financial Advisory and Intermediary Services (FAIS) regulated Financial Services Provider (FSP) industry in South Africa.

The GemCap portfolio performed well during the period under review with many of the start-up operations gaining traction and recovering from strained trading conditions in 2020. The portfolio has shown some resilience during the initial Covid-19 period and operations are recovering to pre-Covid levels in most of the businesses.

The ARC Fund's investment in Gemcap increased by R73 million from R553 million at 30 June 2020 to R626 million at 31 December 2020, comprising of a fair value write-up of R61 and additional investments amounting to R12 million.

### Blue Spec (2.1% of Fund Value, 30 June 2020: 2.3%)

Blue Spec is a holding company comprised of several specialist businesses which collectively aim to transform the motor repair and recovery industry. During the period under review Blue Spec experienced an improvement in performance following management's response after being adversely affected by the initial National Lockdown measures.

The fair value of the investment increased from R259 million at 30 June 2020 to R270 million at 31 December 2020, as a result of fair value gain of R11 million.

### Other Business Process Outsourcing (2.9% of Fund Value, 30 June 2020: 3.4%)

The other portfolio investments include Humanstate, Autoboy's, Capital Appreciation and EOH.

## Agriculture (2.8% of Fund Value, 30 June 2020: 3.3%)

The IPV of the investments in Agriculture decreased from R369 million at 30 June 2020 to R354 million at 31 December 2020, following a write-down of R15 million for the six month period ending 31 December 2020.

### Acorn Agri and Food (1.0% of Fund Value, 30 June 2020: 1.6%)

Acorn Agri and Food is a long-term investor focusing on food and food processing, agricultural processing and the agricultural value chain. It experienced a challenging operating environment in the period under review which resulted in weaker financial performance. Acorn reinvested a large proportion of the proceeds received from strategic disinvestments in the group companies to facilitate growth and efficiencies, and to keep remaining group companies well-supported and financially sound during the Covid-19 pandemic.



The ARC Fund's investment in Acorn Agri decreased in value from R174 million at 30 June 2020 to R131 million at 31 December 2020, mainly as a result of a fair value write-down of R43 million.

#### **RSA (0.7% of Fund Value, 30 June 2020: 0.8%)**

RSA is a horizontally integrated sales organisation which offers a unique value proposition to the suppliers of fresh produce in the agricultural sector across all channels. RSA has a nationwide footprint and has a presence in all the major metropolitans in South Africa.

In the period under review RSA's operating environment was impacted by the weakening economy as reduced consumer spend due to lower household disposable income resulted in a continued decline in sales of higher margin produce. Despite this challenge, the business managed to improve profits.

The ARC Fund's investment in RSA remained flat from 30 June 2020 to 31 December 2020 at R88 million.

#### **Subtropico (1.1% of Fund Value, 30 June 2020: 0.9%)**

Subtropico operates in the food and services sector of the agricultural sector. Considering the generally challenging trading conditions, Subtropico performed above expectations and a year-on-year recovery in both revenue and profits and has also managed to increase its markets share.

The ARC Fund's investment in Subtropico is valued at R135 million, which is a fair value write-up of R28 million from the previous reporting period.

#### **Property (4.1% of Fund Value, 30 June 2020: 4.8%)**

The IPV of the investments in Property decreased from R536 million at 30 June 2020 to R520 million at 31 December 2020, largely due to a write-down of R21 million during six-month period ending 31 December 2020.

#### **Majik Property Holdings (2.0% of Fund Value, 30 June 2020: 2.5%)**

Majik Investments holds an investment in Squarestone Growth LLP, which is a high yield regional commercial property portfolio managed by Squarestone, an experienced asset manager with offices in London and Edinburgh. The core investment strategy is to acquire well located modern properties at a discount to replacement building cost with demonstrable potential to enhance rental and capital growth through active asset management. Assets under management are in excess of £250 million. The portfolio remained relative stable, compared to the challenging trading period.

The ARC Fund's investment in Majik decreased from R277 million at 30 June 2020 to R255 million at 31 December 2020, largely attributable to the strengthening of the Rand against the Great British Pound.

#### **Other Property (2.1% of Fund Value, 30 June 2020: 2.3%)**

The portfolio investments include Val de Vie, ARC Real Estate, ARC Property Development and Barlopark.

#### **Other Diversified Investments (6.3% of Fund Value, 30 June 2020: 5.8%)**

The IPV of the Other Diversified Investments increased from R643 million at 30 June 2020 to R814 million at 30 June 2020. The increase is mainly attributable to additional investment in the ARCH Emerging Market Funds.

#### **Fledge Capital (2.6% of Fund Value, 30 June 2020: 4.1%)**

ARC partnered with Fledge Capital to execute smaller investments opportunities which the ARC Fund is not able to execute due to the size of the investments. Fledge Capital provides funding solutions to private companies within a broad range of industries and its investments include Safari and Outdoor, WeBuyCars, King Price and the mortgage originator BetterBond Group.

The ARC Fund sold 30% of Fledge Capital total share capital for R270 million as part of a share buy-back transaction during August 2020. Fledge Capital furthermore issued additional shares to new shareholders during the review period. Following these transactions, the ARC Fund's interest in Fledge Capital decreased from 51.5% to 25.9%, which is valued at R335 million at 31 December 2020.

# COMMENTARY *continued*

For the six-month period ended 31 December 2020



## Financial Services Portfolio (31.2 % of Fund Value, 30 June 2020: 30.6%)

The IPV of the Financial Services Portfolio increased from R3 411 million at 30 June 2020 to R4 004 million at 31 December 2020, resulting in a 17.4% increase during the period as detailed in the table below.

R million	Net IPV 30 June 20	Investments	Increase (decrease) in Fair Asset Value	Net IPV 31 Dec 20	Increase
Insurance and Asset Management	2 121	428	(112)	2 437	14.9%
Banking	1 006	253	-	1 259	25.1%
Specialist Financial Services	284	-	24	308	8.5%
<b>Total Financial Services Portfolio</b>	<b>3 411</b>	<b>681</b>	<b>(88)</b>	<b>4 004</b>	<b>17.4%</b>

## Insurance and Asset Management (19.0% of Fund Value, 30 June 2020: 19.0%)

The IPV of the investments in Insurance and Asset Management has increased from R2 121 million at 30 June 2020 to R2 437 million at 31 December 2020. The net increase is mainly attributed to the ARC Fund's investment in the Sanlam Third Party Asset Management Business of R407 million and R252 million in TymeBank.

### Alexander Forbes (8.6% of Fund Value, 30 June 2020: 10.9%)

ARC Financial Services owns 35.09% of Alexander Forbes Group Holdings Limited (AFGH) which is listed on the JSE. The ARC Fund therefore has an effective shareholding of 17.51% in AFGH through its 49.9% interest in ARC Financial Services.

The ARC Fund's investment in AFGH decreased from R1 218 million at 30 June 2020 to R1 108 million at 31 December 2020, mainly as a result of the AFGH share price being impacted by both the payment of special dividends as well as experiencing flat revenue growth over the period.

### Sanlam Third Party Asset Management Business (3.2% of Fund Value, 30 June 2020: n/a)

ARC Financial Services acquired a 25% interest in Sanlam's Third Party Asset Management Business for a consideration of R817 million during the period under review. The business has the objective to become the largest empowerment asset manager in South Africa.

In the South African context, institutional clients require participants in the financial services industry to contribute to inclusive wealth creation in several ways, including direct B-BBEE ownership. Within the asset management industry, empowerment credentials at the entity level where institutional investors transact is an important consideration for clients when awarding business mandates.

The ARC Fund's investment in the Sanlam 3rd Party Asset Management business is valued at R407 million, being the acquisition cost.

### Rand Mutual Holdings (RMH) (2.4% of Fund Value, 30 June 2020: 2.8%)

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

The value of the ARC Fund's investment in RMH remained unchanged at R311 million at 31 December 2020.

### Other Insurance and Asset Management (4.8% of Fund Value, 30 June 2020: 5.3%)

The other portfolio investments include Afrocentric, Colourfield, Smart Health Investments, Capital Legacy, Indwe, QED, African Rainbow Life, Khumo Capital, LifeCheq, Infund Solutions, Lima Mbeu, National Health Solutions and Global ASP.



### Specialist Financial Services (2.4% of Fund Value, 30 June 2020: 2.5%)

The IPV of the investments in Specialist Financial Services has increased by R24 million from R284 million at 30 June 2020 to R308 million at 31 December 2020.

The Specialist Financial Services portfolio investments includes Ooba, Sinayo, Bravura, A2X, Constellation Capital, EdgeGrowth and Alternative Prosperity.

### Banking and Digital (9.8% of Fund Value, 30 June 2020: 9.0%)

The IPV of the ARC Fund's investments in Banking and Digital increased by 25.1% to R1 259 million at 31 December 2020 with the most significant asset being TymeBank valued at R1 179 million.

#### TymeBank (9.2% of Fund Value, 30 June 2020: 8.3%)

TymeBank is a digital bank that leverages the use of digital biometric technology to make banking simple and affordable and is focused on banking the unbanked and under serviced in South Africa. It had onboarded 2.66 million customers at 31 Dec 2020, with approximately 50% of customers actively using their accounts. It entered into an agreement with the Zionist Christian Church (ZCC) in February 2020 to onboard a large proportion of the ZCC's 9 million member base. This initiative had largely been postponed due to the impact of the Covid-19 pandemic and the National Lockdown and will only gain momentum once preventative Covid-19 measures are relaxed.

A new executive, David Pfaff, has been employed effective 1 March 2021 to focus on treasury and business optimisation, both at TymeBank and the international operations of Tyme Global in Singapore.

The progress to date, combined with the additional capital that has been injected up to 31 December 2020, results in a fair value of R2.36 billion in ARC Financial Services at 31 December 2020. The ARC Funds indirect investment in Tyme Bank therefore totals R1 179 million at 31 December 2020.

#### Other Banking and Digital (0.6% of Fund Value, 30 June 2020: 0.7%)

The other portfolio investments include Tyme Global and the Ethos AI Fund.

## Governance & Leadership

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

ARC Investments is the only Limited Partner in the ARC Fund. It plays no role in the management or investment decisions of the ARC Fund.

The Board of Directors of the Company as at reporting date was constituted as follows<sup>1,2</sup>

Name (age)	Nationality	Function
Mark Cyril Olivier (52)	British	Independent Non-executive Director (Chairperson)
Clive Msipha (39)	Zimbabwean	Independent Non-executive Director (Chairperson of Audit and Risk Committee)
Anil Currimjee (58)	Mauritian	Independent Non-executive Director
Deans Tommy Lo Seen Chong (62) <sup>1</sup>	Mauritian	Independent Non-executive Director
Renosi Mokate (63)	South African	Independent Non-executive Director
Mmamodiane Refiloe Nkadimeng (39)	South African	Non-executive Director
Smitha Algoo-Bissonauth (36) <sup>2</sup>	Mauritian	Independent Non-executive Director

<sup>1</sup> Mr. Deans Tommy Lo Seen resigned as an Independent Non-executive Director with effect from 13 September 2020.

<sup>2</sup> Ms. Smitha Algoo-Bissonauth has been appointed as an Independent Non-executive Director with effect from 14 September 2020.

# COMMENTARY *continued*

For the six-month period ended 31 December 2020



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

The Board of the General Partner is responsible for the general investment decisions and reviews of the ARC Fund and management of the pipeline and liquidity of the ARC Fund. It will provide representation on the Boards of portfolio companies (where appropriate), prepare valuation reports to ARC Investments and provide general feedback to ARC Investments on relevant matters relating to the ARC Fund.

The Board of Directors of the General Partner as at reporting date was constituted as follows:

Name (age)	Function
Patrice Motsepe (59)	Non-executive Director (Chairperson)
Alexander Maditsi (58)	Non-executive Director
Michael Arnold (63)	Non-executive Director
Abigail Mukhuba (41)*	Non-executive Director
Boipelo Lekubo (37)	Non-executive Director
Tsundzukani Mhlanga (38)**	Non-executive Director
Johan van der Merwe (56)	Executive Director
Johan van Zyl (64)	Non-executive Director

Tom Boardman (70) is the Chairman of the Investment Committee and the Audit and Risk Committee.

\* Abigail Mukhuba resigned on 30 September 2020.

\*\*Tsundzukani Mhlanga was appointed 01 October 2020

## Events after the reporting period

### Capital raise – TymeBank

Tyme Bank and Tyme Global have secured additional equity funding of \$110 million from ARC Financial Services and two new shareholders, Apis Growth Fund II and JG Summit Holdings subsequent to 31 December 2020. It will be contributed in two tranches. The first tranche of \$80 million will flow post signing of the agreements subject to regulatory approval. Following the conclusion of tranche one, ARC Financial Services will hold approximately 59% interest in TymeBank.

### Dividend income from Alexander Forbes Group Holdings Limited

ARC Financial Services received a dividend of R64 million from Alexander Forbes Group Holdings Limited.

### Disposal of shares – Afrimat

ARC Fund disposed of 3.25 million Afrimat shares for a consideration of R143 million during February 2021.



## BASIS OF PREPARATION

### Statement of compliance

The condensed unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council; the Listings Requirements of the JSE Limited; and the requirements of the Mauritian Companies Act 2001, insofar as applicable to Category One Global Business Licensed Company under the Mauritian Financial Services Act, 2007 which is regulated by the Mauritian Financial Services Commission.

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

The accounting policies applied in the preparation of the condensed interim results are consistent with those applied in the Company's 30 June 2020 Annual Financial Statements.

## APPROVAL

The condensed unaudited interim results the six-month period ended 31 December 2020 were approved by the Board of Directors of the Company on 10 March 2021 in Mauritius.



**Mark Cyril Olivier**  
Chairman of the Board



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



**Karen Bodenstein**  
Chief Financial Officer

# CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020



R million	Notes	Unaudited 31 December 2020	Unaudited 31 December 2019	Audited 30 June 2020
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment in the ARC Fund at FVTPL*	5	11 638	10 087	9 983
<b>Current assets</b>				
Trade and other receivables		–	–	–
Cash and cash equivalents		17	21	19
<b>Total assets</b>		<b>11 655</b>	10 108	10 002
<b>EQUITY</b>				
Stated capital	7.1	9 653	8 903	8 903
Accumulated loss		(249)	(95)	(98)
Performance Participation reserve	9	147	–	–
Fair value reserve		2 104	1 300	1 196
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		–	–	1
<b>Total equity and liabilities</b>		<b>11 655</b>	10 108	10 002

\* FVTPL: Fair value through profit or loss.

# CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 31 December 2020

R million	Notes	Unaudited 31 December 2020	Unaudited 31 December 2019	Audited 30 June 2020
Fair value movements on the investment in the ARC Fund at FVTPL*	4.3	908	233	129
Other income		1	1	1
Other expenses	6	(5)	(4)	(7)
Performance Participation expense	9	(147)	-	-
<b>Profit before taxation</b>		<b>757</b>	<b>230</b>	123
Taxation	10	-	-	-
<b>Profit for the period/ year</b>		<b>757</b>	<b>230</b>	123
Other comprehensive income for the period /year		-	-	-
<b>Total comprehensive income for the period /year</b>		<b>757</b>	<b>230</b>	123
<b>Earnings per share:</b>				
Weighted average number of shares at the end of the period /year (million)	7.2	1174	1 045	1 045
Basic earnings per ordinary share (cents)	7.2	64	22	12
Diluted weighted average number of shares at the end of the period /year (million)	7.2	1 190	1 045	1 045
Diluted earnings per ordinary share (cents)	7.2	64	22	12

\* FVTPL: Fair value through profit or loss.

# CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 31 December 2020

R million	Notes	Stated Capital	Accumulated Loss	Performance Participation Reserve	Fair Value Reserve	Total Equity
<b>Audited balance at 30 June 2019</b>		8 903	(92)	–	1 067	9 878
Total comprehensive income for the period		–	230	–	–	230
Transfer to fair value reserve		–	(233)	–	233	–
Performance Participation	9	–	–	–	–	–
<b>Unaudited balance at 31 December 2019</b>		<b>8 903</b>	<b>(95)</b>	–	<b>1 300</b>	<b>10 108</b>
Total comprehensive income for the period		–	(107)	–	–	(107)
Transfer to fair value reserve		–	104	–	(104)	–
Performance Participation	9	–	–	–	–	–
<b>Audited balance at 30 June 2020</b>		<b>8 903</b>	<b>(98)</b>	–	<b>1 196</b>	<b>10 001</b>
Total comprehensive income for the period		–	757	–	–	757
Transfer to fair value reserve		–	(908)	–	908	–
Shares issued		750	–	–	–	750
Performance Participation	9	–	–	147	–	147
<b>Unaudited balance at 31 December 2020</b>		<b>9 653</b>	<b>(249)</b>	<b>147</b>	<b>2 104</b>	<b>11 655</b>

# CONDENSED STATEMENT OF CASH FLOWS

For the six-month period ended 31 December 2020



R million	Notes	Unaudited 31 December 2020	Unaudited 31 December 2019	Audited 30 June 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash utilised in operations before investment activities		(5)	(3)	(5)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash capital contribution to the investment in ARC Fund at FVTPL*	11	(747)	–	–
<i>Cash utilised from investing activities</i>		(752)	(3)	(5)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Issue of shares		750	–	–
Share issue costs		–	–	–
<i>Net cash inflows from financing activities</i>		750	–	–
Net increase in cash and cash equivalents		(2)	(3)	(5)
Cash and cash equivalents at the beginning of the period		19	24	24
<b>Total cash and cash equivalents</b>		<b>17</b>	<b>21</b>	<b>19</b>

\* FVTPL: Fair value through profit or loss. FVTPL: Fair value through profit or loss.

# ACCOUNTING POLICIES

For the six-month period ended 31 December 2020



## 1. DEFINITIONS

The following definitions are key to the understanding of the Company's Condensed Unaudited interim Financial Statements:

### 1.1 IFRS Portfolio Value

Investments in the ARC Fund are reported using IFRS fair value principles.

### 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 the Segmental Report. 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 expected taxation cash flows; and
- valuing underlying listed investments after recognising B-BBEE discounts on a 30-day VWAP basis (compared to closing spot price), net after expected taxation cash flows.

### 1.3 Intrinsic Net Asset Value (INAV)

Intrinsic Portfolio Value of ARC Investments plus cash and other net assets, less debt.

### 1.4 NAV

The net asset value of ARC Investments as reported in note 4.3.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The Condensed Unaudited Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council; the Listings Requirements of the JSE Limited; and the requirements of the Mauritian Companies Act 2001, insofar as applicable to Category One Global Business Licensed Company under the Mauritian Financial Services Act, 2007 which is regulated by the Mauritian Financial Services Commission.

The accounting policies applied in the preparation of the Condensed Unaudited Interim Financial Statements are consistent with those applied in the Company's 30 June 2020 Audited Annual Financial Statements.

There has been no change to the composition or structure of the reportable segments.

### 2.2 Functional currency and presentation currency

The Company's Condensed Unaudited 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).

### 2.3 Basis of measurement


The Condensed Unaudited Interim Financial Statements have been prepared on the historical-cost basis, except for the measurement of financial instruments at fair value.

The going-concern basis has been used in preparing the Unaudited Interim Financial Statements as the Directors have a reasonable expectation that the Company will continue as a going concern for the foreseeable future.

## 3. KEY AREAS OF JUDGEMENT

### 3.1 Fair value measurement of the investment in the ARC Fund

The basis of valuation of the Investment is dependent on the 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. A minority discount was considered as a result of the company not controlling the ARC Fund, however, this did not impact the value as a result of the strength of the protective rights in the respective shareholder and other agreements.

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 has 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 of the underlying investments in the ARC Fund at measurement date is 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 willing 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 the spot rate on measurement date) will be the basis for the measurement of the IFRS Portfolio Value for identical instruments.

Where investments in listed assets are thinly traded, due consideration needs to be given to the fact that the price at which the share trades may not be representative of the fair value of these investments. As such the General Partner may duly consider whether the cost of the investment or the fair value as determined by another valuation approach may not be a better representation of the fair value than the quoted market price on the exchange.

*Unlisted investments* are valued primarily using either an income approach (IA) or a market approach (MA) valuation methodology or a combination of the two approaches. The discounted cash flow (DCF) is the preferred income approach methodology applied. In applying a market approach valuation methodology an appropriate trading multiple or comparable transaction is selected, depending on the specific underlying investment being valued.

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

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.

*Restriction on trading / lack of marketability:* To the extent that the ARC Fund is restricted or prevented 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 an appropriate lack of marketability discount adjustment. This will include and consider any lock-ins agreed as part of an investment.

# ACCOUNTING POLICIES *continued*

For the six-month period ended 31 December 2020

## 3.1.2 Income approach methodology

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

## 3.1.3 Discounted cash flow methodology

The discounted cash flow method is used to derive the enterprise value of the investment using reasonable assumptions on the estimations of expected future post-taxation cash flows. The forecast cashflows (free cash flows to the firm) and the terminal value (if applicable to the investment) are discounted to the present value using an appropriate risk adjusted weighted average cost of capital (WACC) as the discount rate. To arrive at the estimate equity value, an adjustment is made for net indebtedness. Where appropriate, an adjustment to the valuation would be made for non-operating assets and liabilities and any surplus or deficit working capital in the investment.

In some valuations (for example, insurance and banking valuations), the use of free cash flow to equity might be preferred. Free cash flows to equity are discounted using an appropriate cost of equity discount rate.

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

### *Multiple approach*

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, country risk and earnings prospects of the underlying company. In other cases, where appropriate, EV/EBITDA and price/book value may also be considered.

### *Comparable transaction approach*

Where comparable transaction data is available and deemed appropriate to use for valuation purposes the comparable transaction approach is considered. The comparable transaction approach looks at recent similar or comparable transactions of the company being valued or a company with similar business model to inform the basis of the valuation. The value of a business is determined by using a similar multiple that was achieved in past completed transactions after adjusting for any lack of marketability, minority or control premiums where appropriate.

The General Partner as the fund manager of the portfolio assets is contractually bound to perform quarterly valuations of the investment portfolio and to report quarterly to the partners of the ARC Fund. The quarterly valuation reports are approved by the Audit and Risk Committee of the General Partner with the support and guidance of the Investment Committee. Whilst due professional judgement is exercised 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 and is therefore considered to have power over the Fund. The Company does not have a currently exercisable right to remove the General Partner other than for a reasonable cause. Therefore, the Company does not control the ARC Fund. ARC Investments does not have the power to participate in the financial and operating policy decisions of the ARC Fund. Therefore, ARC Investments does not have significant influence over the ARC Fund.



# CONDENSED SEGMENTAL INFORMATION

For the six-month period ended 31 December 2020

## 4. SEGMENTAL INFORMATION

### Accounting policies and choices

The company has determined its operating segments based on investments held. Since the Company held one investment at the end of the reporting period (the investment in ARC Fund), only one operating segment is defined 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. The fair value movement, as evaluated by the CODM, represents the measure of the segment performance. The IFRS values and Intrinsic values are reconciled in the tables below.

Information on the underlying investment held by ARC Fund is also reported to the CODMs for the purpose of assessing segment performance. The Investment Committee of the General Partner in the ARC Fund reports to the CODM in terms of the guidelines on the investment portfolio valuation and reporting processes as set out in the 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 target return 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 to ensure the right level of monitoring and oversight is achieved with individuals with the requisite knowledge and experience of the relevant industry. The Diversified Investments' portfolio is further categorised as follows:

- Telecommunications;
- Mining, Construction and Energy;
- Business Process Outsourcing;
- Agriculture;
- Property; and
- Other Diversified Investments.

#### Financial Services

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

- Insurance and Asset Management;
- Specialist Financial Services; and
- Banking and Digital.

# CONDENSED SEGMENTAL INFORMATION *continued*

For the six-month period ended 31 December 2020

## 4.1 SEGMENTAL PORTFOLIO VALUE MOVEMENTS<sup>1</sup>

Investment (R million)	INTRINSIC				
	Net Intrinsic Portfolio at 30 June 2020	Additions or (Disposal)	Fair Value net of expected tax cash flows, Interest, Forex and Accrued interest	Net Intrinsic Portfolio at 31 December 2020	Percentage of Fund
<b>Diversified Investments</b>					
<b>Telecommunications</b>	3 353	32	395	3 780	29.5%
Rain	3 111	–	382	3 493	27.3%
MetroFibre	242	32	13	287	2.2%
<b>Mining, Construction and Energy</b>	1 711	172	197	2 080	16.2%
Afrimat#	773	–	330	1 103	8.6%
Kropz Group	734	141	1	876	6.8%
Last Mile Fund	204	31	(134)	101	0.8%
<b>Business Process Outsourcing</b>	1 116	17	129	1 262	9.9%
Gemcap	553	12	61	626	4.9%
Bluespec	259	–	11	270	2.1%
Other Business Process Outsourcing	304	5	57	366	2.9%
<b>Property</b>	536	5	(21)	520	4.1%
Majik	277	(9)	(13)	255	2.0%
Other property	259	14	(8)	265	2.1%
<b>Other</b>	643	22	149	814	6.3%
Fledge Capital	453	(270)	152	335	2.6%
Other Diversified Investments	190	292	(3)	479	3.7%
<b>Agriculture</b>	369	–	(15)	354	2.8%
<b>Total Diversified Investments</b>	<b>7 728</b>	<b>248</b>	<b>834</b>	<b>8 810</b>	<b>68.8%</b>
<b>Financial Services</b>					
<b>Insurance and Asset Management</b>	2 121	428	(112)	2 437	19.0%
Alexander Forbes Group Holdings#	1 218	–	(110)	1 108	8.6%
Sanlam Third Party Asset Management	–	407	–	407	3.2%
Rand Mutual Holdings	311	–	–	311	2.4%
Other Insurance and Asset Management	592	21	(2)	611	4.8%
<b>Banking &amp; Digital</b>	1 006	253	–	1 259	9.8%
TymeBank	927	252	–	1 179	9.2%
Other Banking and Digital	79	1	–	80	0.6%
<b>Specialist Financial Services</b>	284	–	24	308	2.4%
<b>Total Financial Services</b>	<b>3 411</b>	<b>681</b>	<b>(88)</b>	<b>4 004</b>	<b>31.2%</b>
<b>Total Fund Intrinsic Portfolio Value</b>	<b>11 139</b>	<b>929</b>	<b>746</b>	<b>12 814</b>	<b>100.0%</b>

# Denotes a listed entity classified as level 1 fair value hierarchy

<sup>1</sup> The balances presented are net of expected taxation cash flows

#### 4.1 SEGMENTAL PORTFOLIO VALUE MOVEMENTS\*

Investment (R million)	INTRINSIC				
	Net Intrinsic Portfolio at 30 June 2019	Additions or (Disposal)	Fair Value net of expected tax cash flows, Interest, Forex and Accrued interest	Net Intrinsic Portfolio at 31 December 2019	Percentage of Fund
<b>DIVERSIFIED INVESTMENTS</b>					
<b>Telecommunications</b>	2 711	25	194	2 930	29.6%
Rain	2 508	21	183	2 712	27.4%
Metrofibre	203	4	11	218	2.2%
<b>Mining, Construction and Energy</b>	1 469	69	49	1 587	16.0%
Afrimat	738	–	73	811	8.2%
Kropz Group	485	45	–	530	5.4%
Other Mining, Construction and Energy	246	24	(24)	246	2.4%
<b>Business Process Outsourcing</b>	1 131	2	41	1 174	11.9%
Gemcap	545	–	–	545	5.5%
Bluespec	270	–	46	316	3.2%
Other Business Process Outsourcing	316	2	(5)	313	3.2%
<b>Property</b>	550	–	8	558	5.6%
<b>Other</b>	498	23	(14)	507	5.1%
Fledge Capital	469	16	(9)	476	4.8%
Other investments	29	7	(5)	31	0.3%
<b>Agriculture</b>	423	–	(47)	376	3.8%
<b>Total Diversified Investments</b>	<b>6 782</b>	<b>119</b>	<b>231</b>	<b>7 132</b>	<b>72.0%</b>
<b>FINANCIAL SERVICES</b>					
<b>Insurance and Asset Management</b>	1 555	51	(32)	1 574	15.9%
Alexander Forbes Group Holdings	495	–	(9)	486	4.9%
Alexander Forbes Limited	315	–	25	340	3.4%
Rand Mutual Holdings	289	–	(4)	285	2.9%
Other Insurance and Asset Management	456	51	(44)	463	4.7%
<b>Banking</b>	772	156	–	928	9.4%
TymeBank	674	150	–	824	8.3%
Other Banking	98	6	–	104	1.1%
<b>Specialist Financial Services</b>	250	13	7	270	2.7%
<b>Total Financial Services</b>	<b>2 577</b>	<b>220</b>	<b>(25)</b>	<b>2 772</b>	<b>28.0%</b>
<b>Total Fund Intrinsic Portfolio Value</b>	<b>9 359</b>	<b>339</b>	<b>206</b>	<b>9 904</b>	<b>100.0%</b>

\* The balances presented are net of deferred tax.

# CONDENSED SEGMENTAL INFORMATION *continued*

For the six-month period ended 31 December 2020

## 4.1 SEGMENTAL PORTFOLIO VALUE MOVEMENTS

Reconciliation	31 December 2020				
	INTRINSIC net asset value to IFRS Value				
	Intrinsic net asset value 31 December 2020	Change resulting from Spot vs 30day VWAP	Change resulting from B-BBEE Lock-in Discounts	Change resulting from Control Premium	IFRS net asset 31 December 2020
<b>Total Diversified Financial Services</b>	<b>4 004</b>	<b>17</b>	<b>–</b>	<b>(78)</b>	<b>3 943</b>
Listed	1 197	17	–	(78)	1 136
Unlisted	2 807	–	–	–	2 807
<b>Total Diversified Investments</b>	<b>8 810</b>	<b>94</b>	<b>–</b>	<b>–</b>	<b>8 904</b>
Listed	1 413	94	–	–	1 507
Unlisted	7 397	–	–	–	7 397
<b>Total Fund Invested Portfolio value</b>	<b>12 814</b>	<b>111</b>	<b>–</b>	<b>(78)</b>	<b>12 847</b>
Deferred Consideration	(33)	–	–	–	(33)
UBI GP fee payable	(102)	–	–	–	(102)
Other Non Current Liability	(1 603)	–	–	–	(1 603)
<b>Total Portfolio net of liabilities</b>	<b>11 076</b>	<b>111</b>	<b>–</b>	<b>(78)</b>	<b>11 109</b>
Cash in the ARC Fund	455	–	–	–	455
Other assets in the ARC Fund	74	–	–	–	74
<b>Total investment in ARC Fund</b>	<b>11 605</b>	<b>111</b>	<b>–</b>	<b>(78)</b>	<b>11 638</b>



Reconciliation		30 June 2020			
	INTRINSIC net asset value to IFRS Value				
	Intrinsic net asset value (INAV) 30 June 2020	Change resulting from Spot vs 30day VWAP	Change resulting from B-BBEE Lock-in Discounts	Change resulting from Control Premium	IFRS net asset value (NAV) 30 June 2020
<b>Total Financial Services</b>	<b>3 411</b>	<b>69</b>	<b>–</b>	<b>(89)</b>	<b>3 391</b>
Listed	1 307	69	–	(89)	1 287
Unlisted	2 104	–	–	–	2 104
<b>Total Diversified Investments</b>	<b>7 728</b>	<b>35</b>	<b>20</b>	<b>–</b>	<b>7 783</b>
Listed	846	35	20	–	901
Unlisted	6 882	–	–	–	6 882
<b>Total Fund Invested Portfolio value</b>	<b>11 139</b>	<b>104</b>	<b>20</b>	<b>(89)</b>	<b>11 174</b>
Deferred consideration	(28)	–	–	–	(28)
UBI GP fee payable	(194)	–	–	–	(194)
Diversified Investments and Financial Services portfolio debts	(1 019)	–	–	–	(1 019)
Diversified Investments and Financial Services portfolio accrued finance cost	(18)	–	–	–	(18)
<b>Total Portfolio net of liabilities</b>	<b>9 880</b>	<b>104</b>	<b>20</b>	<b>(89)</b>	<b>9 915</b>
Cash in the ARC Fund	61	–	–	–	61
Other assets in the ARC Fund	7	–	–	–	7
<b>Total investment in ARC Fund</b>	<b>9 948</b>	<b>104</b>	<b>20</b>	<b>(89)</b>	<b>9 983</b>

# CONDENSED SEGMENTAL INFORMATION *continued*

For the six-month period ended 31 December 2020

## 4.2 SEGMENTAL PORTFOLIO RETURNS

Investment (R million)	31 December 2020				
	Dividend Income <sup>1</sup>	Fair Value Adjustment	Other Income <sup>2</sup>	Expected Taxation Cash Flows	Intrinsic Total
<b>Diversified Investments</b>					
Telecommunications	–	395	–	–	395
Rain	–	382	–	–	382
MetroFibre	–	13	–	–	13
Mining, Construction and Energy	31	197	–	–	228
Afrimat#	31	330	–	–	361
Kropz Group	–	1	–	–	1
Other Mining, Construction and Energy	–	(134)	–	–	(134)
Business Process Outsourcing	27	129	–	–	156
Bluespec	–	11	–	–	11
Gemcap	22	61	–	–	83
Other Business Process Outsourcing	5	57	–	–	62
Property	15	(17)	(4)	–	(6)
Majik	1	(8)	(5)	–	(12)
Other property	14	(9)	1	–	6
Other	19	149	–	–	168
Fledge Capital	19	152	–	–	171
Other Diversified Investments	–	(3)	–	–	(3)
Agriculture	7	(15)	–	–	(8)
<b>Total Diversified Investments</b>	<b>99</b>	<b>838</b>	<b>(4)</b>	<b>–</b>	<b>933</b>
<b>Financial Services</b>					
Insurance and Asset Management	208	(143)	–	30	95
Alexander Forbes Group Holdings#	152	(141)	–	31	42
Alexander Forbes Limited	–	–	–	–	–
Sanlam Third Party Asset Management	–	–	–	–	–
Rand Mutual Holdings	45	–	–	–	45
Other Insurance and Asset Management	11	(2)	–	(1)	8
Specialist Financial Services	7	29	1	(6)	31
Banking & Digital	9	–	–	–	9
TymeBank	–	–	–	–	–
Other Banking and Digital	9	–	–	–	9
<b>Total Financial Services</b>	<b>224</b>	<b>(114)</b>	<b>1</b>	<b>24</b>	<b>135</b>
<b>Total Fund Invested Portfolio value</b>	<b>323</b>	<b>724</b>	<b>(3)</b>	<b>24</b>	<b>1 068</b>

# Denotes a listed entity classified as level 1 fair value hierarchy

<sup>1</sup> Dividend income represents cash dividend receipts

<sup>2</sup> Other income includes director's fees, interest income on loans to and foreign exchange gains and losses on portfolio entities

	31 December 2020				
	Intrinsic Value FV movement 31 December 2020	Change resulting from Spot vs 30 day VWAP	Change resulting from BEE Discounts	Change resulting from Control Premium	IFRS FV movement 31 December 2020
Total Diversified Financial Services	135	(52)	–	11	94
Total Diversified Investments	933	18	20	–	971
<b>Total Fund Invested Portfolio value</b>	<b>1 068</b>	<b>(34)</b>	<b>20</b>	<b>11</b>	<b>1 065</b>
Fund management fee					(113)
Interest income on cash and cash equivalents					8
Other net expenses in the Fund					(52)
<b>Fair value movements on the investment in the ARC Fund at FVTPL*</b>					<b>908</b>



Investment (R million)	31 December 2019				
	Dividend Income <sup>1</sup>	Fair Value Adjustment	Other Income <sup>2</sup>	Expected Taxation Cash Flows	Intrinsic Total
<b>Diversified Investments</b>					
Telecommunications	–	194	–	–	194
Rain	–	183	–	–	183
MetroFibre	–	11	–	–	11
Mining, Construction and Energy	9	49	–	–	58
Afrimat#	9	73	–	–	82
Kropz Group	–	–	–	–	–
Other Mining, Construction and Energy	–	(24)	–	–	(24)
Business Process Outsourcing	35	41	–	–	76
Gemcap	15	46	–	–	61
Bluespec	13	–	–	–	13
Other Business Process Outsourcing	7	(5)	–	–	2
Property	3	8	7	–	18
Other	16	(14)	–	–	2
Fledge Capital	16	(9)	–	–	7
Other Diversified Investments	–	(5)	–	–	(5)
Agriculture	6	(47)	–	–	(41)
<b>Total Diversified Investments</b>	<b>69</b>	<b>231</b>	<b>7</b>	<b>–</b>	<b>307</b>
<b>Financial Services</b>					
Insurance and Asset Management	51	(32)	2	3	24
Alexander Forbes Group Holdings#	37	(13)	–	3	27
Alexander Forbes Limited	–	32	–	(7)	25
Rand Mutual Holdings	–	–	–	(4)	(4)
Other Insurance and Asset Management	14	(51)	2	11	(24)
Banking & Digital	–	–	–	–	–
TymeBank	–	–	–	–	–
Other Banking and Digital	–	–	–	–	–
Specialist Financial Services	7	7	1	(2)	13
<b>Total Financial Services</b>	<b>58</b>	<b>(25)</b>	<b>3</b>	<b>1</b>	<b>37</b>
<b>Total Fund Invested Portfolio value</b>	<b>127</b>	<b>206</b>	<b>10</b>	<b>1</b>	<b>344</b>

# Denotes a listed entity classified as level 1 fair value hierarchy

<sup>1</sup> Dividend income represents cash dividend receipts

<sup>2</sup> Other income includes director's fees, interest income on loans to and foreign exchange gains and losses on portfolio entities in the ARC Fund

	31 December 2019				
	Intrinsic Value FV movement 31 December 2019	Change resulting from Spot vs 30 day VWAP	Change resulting from BEE Discounts	Change resulting from Control Premium	IFRS FV movement 31 December 2019
Total Financial Services	37	15	(21)	–	31
Total Diversified Investments	307	1	(37)	–	271
<b>Total Fund Invested Portfolio value</b>	<b>344</b>	<b>16</b>	<b>(58)</b>	<b>–</b>	<b>302</b>
Fund management fee					(96)
Interest income on cash and cash equivalents					21
Other net expenses in the Fund					6
<b>Fair value movements on the investment in the ARC Fund at FVTPL*</b>					<b>233</b>

# CONDENSED SEGMENTAL INFORMATION *continued*

For the six-month period ended 31 December 2020

## 4.2 SEGMENTAL PORTFOLIO RETURNS

Investment (R million)	30 June 2020				
	Dividend Income <sup>1</sup>	Fair Value Adjustment	Other Income <sup>2</sup>	Expected Taxation Cash Flows	Intrinsic Total
<b>Diversified Investments</b>					
Telecommunications	–	491	–	–	491
Rain	–	479	–	–	479
MetroFibre	–	12	–	–	12
Mining, Construction and Energy	9	(70)	1	–	(60)
Afrimat#	9	35	–	–	44
Kropz Group	–	–	1	–	1
Last Mile Fund	–	(81)	–	–	(81)
Other Mining, Construction and Energy	–	(24)	–	–	(24)
Business Process Outsourcing	86	(85)	–	–	1
Gemcap	57	(37)	–	–	20
Bluespec	19	(11)	–	–	8
Other Business Process Outsourcing	10	(37)	–	–	(27)
Property	7	(34)	50	–	23
Majik	4	7	50	–	61
Other property	3	(41)	–	–	(38)
Other	26	(53)	–	–	(27)
Fledge Capital	26	(43)	–	–	(17)
Other Diversified Investments	–	(10)	–	–	(10)
Agriculture	8	(54)	–	–	(46)
<b>Total Diversified Investments</b>	<b>136</b>	<b>195</b>	<b>51</b>	<b>–</b>	<b>382</b>
<b>Financial Services</b>					
Insurance and Asset Management	139	59	2	(17)	183
Alexander Forbes Group Holdings#	53	(19)	–	4	38
Alexander Forbes Limited	64	(102)	–	22	(16)
Rand Mutual Holdings	–	70	–	(16)	54
Other Insurance and Asset Management	22	110	2	(27)	107
Banking & Digital	5	(187)	–	42	(140)
TymeBank	–	(156)	–	35	(121)
Other Banking and Digital	5	(31)	–	7	(19)
Specialist Financial Services	12	22	2	(4)	32
<b>Total Financial Services</b>	<b>156</b>	<b>(106)</b>	<b>4</b>	<b>21</b>	<b>75</b>
<b>Total Fund Invested Portfolio value</b>	<b>292</b>	<b>89</b>	<b>55</b>	<b>21</b>	<b>457</b>

# Denotes a listed entity classified as level 1 fair value hierarchy.

<sup>1</sup> Dividend income represents cash dividend receipts.

<sup>2</sup> Other income includes director's fees, interest income on loans to and foreign exchange gains and losses on portfolio entities.

	30 June 2020				
	Intrinsic Value FV movement 30 June 2020	Change resulting from Spot vs 30 day VWAP	Change resulting from BEE Discounts	Change resulting from Control Premium	IFRS FV movement 30 June 2020
Total Financial Services	75	48	–	(89)	34
Total Diversified Investments	382	(101)	62	–	343
<b>Total Fund Invested Portfolio value</b>	<b>457</b>	<b>(53)</b>	<b>62</b>	<b>(89)</b>	<b>377</b>
Fund management fee					(206)
Interest income on cash and cash equivalents					30
Other net expenses in the Fund					(72)
<b>Fair value movements on the investment in the ARC Fund at FVTPL*</b>					<b>129</b>



# CONDENSED SEGMENTAL INFORMATION *continued*

For the six-month period ended 31 December 2020

## 4.3 SEGMENTAL PORTFOLIO NET ASSET VALUE MOVEMENTS - OTHER DISCLOSURE

Investment (R million)	31 December 2020					
	INTRINSIC					
	Net Balance 30 June 2020	Acquisition or (Disposal)	Net Interest Capitalised	Fair Value, Forex & Disposal Gain/loss	Expected Taxation Cash Flows	Net Balance 31 December 2020
<b>Nature classification of investments</b>						
<b>Listed</b>	<b>2 168</b>	<b>186</b>	<b>–</b>	<b>245</b>	<b>31</b>	<b>2 630</b>
Diversified Investments	862	186	–	386	–	1 434
Financial Services	1 306	–	–	(141)	31	1 196
<b>Unlisted</b>	<b>8 971</b>	<b>743</b>	<b>10</b>	<b>467</b>	<b>(7)</b>	<b>10 184</b>
Diversified Investments	6 866	62	9	439	–	7 376
Financial Services	2 105	681	1	28	(7)	2 808
<b>Total Nature classification</b>	<b>11 139</b>	<b>929</b>	<b>10</b>	<b>712</b>	<b>24</b>	<b>12 814</b>
<b>Geographic classification of investments</b>						
<b>Diversified Investments</b>	<b>7 728</b>	<b>248</b>	<b>9</b>	<b>825</b>	<b>–</b>	<b>8 810</b>
South Africa	6 488	5	–	868	–	7 361
Rest of Africa	177	106	–	(42)	–	241
International	1 063	137	9	(1)	–	1 208
<b>Financial Services</b>	<b>3 411</b>	<b>681</b>	<b>1</b>	<b>(113)</b>	<b>24</b>	<b>4004</b>
South Africa	3 376	681	1	(113)	24	3 969
Rest of Africa	–	–	–	–	–	–
International	35	–	–	–	–	35
<b>Total Geographic Classification</b>	<b>11 139</b>	<b>929</b>	<b>10</b>	<b>712</b>	<b>24</b>	<b>12 814</b>
<b>Investment Instrument Type</b>						
<b>Diversified Investments</b>	<b>7 728</b>	<b>248</b>	<b>9</b>	<b>825</b>	<b>–</b>	<b>8 810</b>
Equity	7 151	225	–	967	–	8 343
Loans	290	28	4	(50)	–	272
Preference Shares	287	(5)	5	(92)	–	195
<b>Financial Services</b>	<b>3 411</b>	<b>681</b>	<b>1</b>	<b>(112)</b>	<b>26</b>	<b>4 004</b>
Equity	3 362	674	–	(113)	24	3 947
Loans	27	4	–	–	–	31
Preference Shares	22	3	1	–	–	26
<b>Total Instrument Type Classification</b>	<b>11 139</b>	<b>929</b>	<b>10</b>	<b>712</b>	<b>26</b>	<b>12 814</b>

	31 December 2020			
	Net Asset Value per share			
Net Asset Value – IFRS	31 December 2020	30 June 2020	per share change	% change
Net Asset Value per share (cents) – IFRS	884	957	(73)	(7.6%)
Diluted Net Asset Value per share (cents) – IFRS	874	957	(83)	(8.7%)
	Net Asset Value per share			
Net Asset Value – Intrinsic	31 December 2020	30 June 2020	per share change	% change
Net Asset Value per share (cents) – Intrinsic	882	954	(72)	(7.6%)
Diluted Net Asset Value per share (cents) – Intrinsic	871	954	(83)	(8.7%)

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six-month period ended 31 December 2020

## 4.3 SEGMENTAL PORTFOLIO NET ASSET VALUE MOVEMENTS - OTHER DISCLOSURE

Investment (R million)	30 June 2020					
	INTRINSIC					
	Net Balance 30 June 2019	Acquisition or (Disposal)	Net Interest Capitalised	Fair Value, Forex & Disposal Gain/loss	Expected Taxation Cash Flows	Net Balance 30 June 2020
<b>Nature classification of investments</b>						
<b>Listed</b>	1 545	678	–	(67)	12	2 168
Diversified Investments	871	–	–	(9)	–	862
Financial Services	674	678	–	(58)	12	1 306
<b>Unlisted</b>	7 814	963	1	199	(6)	8 971
Diversified Investments	5 911	717	(1)	239	–	6 866
Financial Services	1 903	246	2	(40)	(6)	2 105
<b>Total Nature classification</b>	<b>9 359</b>	<b>1 641</b>	<b>1</b>	<b>132</b>	<b>6</b>	<b>11 139</b>
<b>Geographic classification of investments</b>						
<b>Diversified Investments</b>	6 782	717	(1)	230	–	7 728
South Africa	6 002	295	1	190	–	6 488
Rest of Africa	6	171	–	–	–	177
International	774	251	(2)	40	–	1 063
<b>Financial Services</b>	2 577	924	2	(98)	6	3 411
South Africa	2 511	924	2	(58)	(3)	3 376
Rest of Africa	–	–	–	–	–	–
International	66	–	–	(40)	9	35
<b>Total Geographic Classification</b>	<b>9 359</b>	<b>1 641</b>	<b>1</b>	<b>132</b>	<b>6</b>	<b>11 139</b>
<b>Investment Instrument Type</b>						
<b>Diversified Investments</b>	6 782	717	(1)	230	–	7 728
Equity	6 344	653	–	154	–	7 151
Loans	145	40	(1)	106	–	290
Preference Shares	293	24	–	(30)	–	287
<b>Financial Services</b>	2 577	924	2	(98)	6	3 411
Equity	2 533	921	–	(98)	6	3 362
Loans	23	3	1	–	–	27
Preference Shares	21	–	1	–	–	22
<b>Total Instrument Type Classification</b>	<b>9 359</b>	<b>1 641</b>	<b>1</b>	<b>132</b>	<b>6</b>	<b>11 139</b>

	30 June 2020			
	Net Asset Value per share			
	30 June 2020	30 June 2019	per share change	% change
<b>Net Asset Value – IFRS</b>				
Net Asset Value per share (cents) – IFRS	957	945	12	1.3%
Diluted Net Asset Value per share (cents) – IFRS	957	945	12	1.3%
	Net Asset Value per share			
<b>Net Asset Value – Intrinsic</b>	30 June 2020	30 June 2019	per share change	% change
Net Asset Value per share (cents) – Intrinsic	954	934	20	2.1%
Diluted Net Asset Value per share (cents) – Intrinsic	954	934	20	2.1%

## 5. INVESTMENT IN THE ARC FUND AT FVTPL

### Accounting policies and choices

The business model applied by the Board of Directors of the Company in its management of the investment in the ARC Fund is the Intrinsic Fair Value of the fund portfolio as it is held primarily for capital appreciation. The investment in the ARC Fund is managed and performance evaluated on a Fair Value basis and is thus a financial asset measured at Fair Value through profit or loss (default). The investment in the ARC Fund is thus a financial instrument mandatory at Fair Value through profit or loss as recognised and measured in accordance with the principles in IFRS 9, Financial Instruments, with associated disclosures presented in accordance with IFRS 7, Financial Instruments Disclosure and IFRS 13, Fair Value Measurements.

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

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

**Level 1 fair value hierarchy** – Investments that trade in active markets and deriving their fair value from quoted market prices of identical assets are classified within level 1. The quoted market 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** – Investments that trade 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) as the General Partner.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

## *continued*

For the six-month period ended 31 December 2020

### 5. INVESTMENT IN THE ARC FUND AT FVTPL

R million	Notes	Unaudited 31 December 2020	Unaudited 31 December 2019	Audited 30 June 2020
The movement of the investment in the ARC Fund at FVTPL is as follows:				
Opening balance		9 983	9 854	9 854
Cash capital contribution		747	–	–
Fair value movements on the investment in the ARC Fund at FVTPL	4.2	908	233	129
<b>Total</b>		<b>11 638</b>	10 087	9 983
<b>Valuation information:</b>				
IFRS 13 fair value hierarchy		Level 3	Level 3	Level 3
Valuation methodology		Sum of the parts	Sum of the parts	Sum of the parts

\* FVTPL: Fair value through profit or loss.

### REALISATION AND DERECOGNITION

#### Accounting policies and choices

The Company applies the derecognition principles in IFRS 9, Financial Instruments, 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.

#### Company context in application of accounting policy choices

The strategic objective of the Company is to not declare any dividends in the short- to medium-term. (refer to Note 8)

The Company's partnership profit share in the ARC Fund for 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 is therefore unrealised. The Company has therefore 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.

## 5.1 DIVERSIFIED INVESTMENTS PORTFOLIO VALUATION INPUTS

The significant Investment Portfolio Companies, being those with a fair value of 5% and at least the 10 largest investments, or more of the Diversified Investments Portfolio and Investment Portfolio Companies considered to be qualitatively significant in a particular period are presented below along with the key valuation inputs and other relevant information. The tables below are presented in IFRS and Intrinsic for unlisted companies and Intrinsic for listed companies. For the impact of Covid-19 on the valuation refer to note 16. Key inputs which drive the ARC Fund valuation of the portfolio assets were identified and sensitivities tested as demonstrated below.

Details of valuation inputs	Telecommunications			
	Rain		MetroFibre	
	31 December 2020	30 June 2020	31 December 2020	30 June 2020
R million				
% equity held by Fund	20.37%	20.7%	15.44%	15.2%
% equity held by ARC Group	20.37%	20.7%	15.44%	15.2%
Gross Equity investment	4 563	4 063	287	242
Minority discount	12.5%	12.5%	–	–
Marketability discount (*considers BEE as well where applicable)	12.5%	12.5%	Already implied in comparable transaction pricing	–
Net investment	3 493	3 111	287	242
Loans and other investments	–	–	–	–
Total intrinsic Value of investment	3 493	3 111	287	242
Fair value adjustment	382	479	13	12
<b>Valuation information:</b>				
IFRS 13 fair value hierarchy	Level 3	Level 3	Level 3	Level 3
Valuation methodology	Ten-year discounted cash flow with terminal value	Ten-year discounted cash flow with terminal value	Recent Transaction	Recent Transaction
<b>Portfolio entity disclosures:</b>				
Sector Grouping	Telecommunications		Telecommunications	
Listed/unlisted	Unlisted		Unlisted	
BEE lock-in period	Transfer restrictions and pre-emptive rights apply to the ARC Fund's interest which is considered as part of the marketability discount above.		Lock-in for five years from March 2016 on a portion of investment. Three months remaining at 31 December 2020.	
<b>Assumptions and sensitivities</b>				
<b>Key inputs:</b>				
Input 1	WACC			
Input variable	16.89%	17.25%		
Input 2	Terminal growth rate			
Input 2 variable	3%	3.0%		
Input 3	Target debt / equity ratio			
Input 3 variable	30%	30.0%		
Input 4	Growth in subscribers			
Input 4 variable	Various	Various		
<b>Sensitivity of key inputs:</b>				
Input 1 variable	1% increase in WACC will result in a fair value decrease of R298 million while a 1% decrease will result in a fair value increase of R345 million.	1% increase in WACC will result in a fair value decrease of R278 million while a 1% decrease will result in a fair value increase of R322 million.		
Input 2 variable	R136 million per 1% increase in terminal growth rate and R120 million decrease per 1% decrease in terminal growth rate	R119 million per 1% increase in terminal growth rate and R104 million decrease per 1% decrease in terminal growth rate		
Input 3 variable	R41 million increase per 1% increase in Debt/Equity target and R42 million decrease per 1% decrease in debt/equity target.	R41 million increase per 1% increase in Debt/Equity target and R40 million decrease per 1% decrease in debt/equity target.		
Input 4 variable	5% increase in growth rate will result in fair value increase of R206 million while a 1% decrease will result in R210 million decrease.	5% increase in growth rate will result in fair value increase of R188 million while a 5% decrease will result in R190 million decrease.		
<b>Assumptions and sensitivities</b>				
				Not applicable.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

## *continued*

For the six-month period ended 31 December 2020

### 5.1 DIVERSIFIED INVESTMENTS PORTFOLIO VALUATION INPUTS *continued*

Details of valuation inputs	Bluespec		Gemcap	
	31 December 2020	30 June 2020	31 December 2020	30 June 2020
R million				
% equity held by Fund	24.8%	24.8%	100%	98.06%
% equity held by ARC Group	24.8%	24.8%	100%	98.06%
Gross investment	364	350	626	553
Minority discount	10%	10%	Considered at individual investment level	Considered at individual investment level
Marketability discount (*considers BEE as well where applicable)	17.7%	17.7%	Considered at individual investment level	Considered at individual investment level
Net investment	270	259	626	553
Loans and other investments	–	–	–	–
Total intrinsic Value of investment	270	259	626	553
Fair value adjustment	11	(11)	61	(37)
<b>Valuation information:</b>				
IFRS 13 fair value hierarchy	Level 3	Level 3	Level 3	Level 3
Valuation methodology	PE Multiple	PE Multiple	Sum of the parts – EBITDA Multiple of valuation of underlying investments	Sum of the parts – EBITDA Multiple of valuation of underlying investments
<b>Portfolio entity disclosures:</b>				
Sector Grouping	Business Process Outsourcing		Business Process Outsourcing	
Listed/unlisted	Unlisted		Unlisted	
BEE lock-in period	Five years from September 2017. One year and nine months remaining at 31 December 2020.		No longer applicable	
<b>Assumptions and sensitivities</b>				
<b>Key inputs:</b>				
Input 1	PE Multiple	PE Multiple	EBITDA multiple (avg)	EBITDA multiple (avg)
Input variable	6.2x	6.2x	6.5 x	6.5 x
<b>Sensitivity of key inputs:</b>				
Input variable	1.0x increase (decrease) in PE multiple will result in an increase (decrease) of R54 million in fair value.	1.0x increase (decrease) in PE multiple will result in an increase (decrease) of R42 million in fair value.	1.0x increase (decrease) in PE multiple will result in a R59 million increase (decrease) in fair value.	1.0x increase (decrease) in PE multiple will result in a R56 million increase (decrease) in fair value
	Earnings	Earnings	Earnings	Earnings
	10% increase (decrease) in earnings will result in a fair value increase (decrease) of R37 million.	10% increase in earnings will result in a fair value increase of R26 million.	10% increase in earnings will result in a fair value increase of R45 million.	10% increase in earnings will result in a fair value increase of R40 million.

## 5.1 DIVERSIFIED INVESTMENTS PORTFOLIO VALUATION INPUTS *continued*

	Mining, Construction and Energy	
Details of valuation inputs	Afrimat	
R million	31 December 2020	30 June 2020
% equity held by Fund	18.4%	18.4%
% equity held by ARC Group	18.4%	18.4%
30-day VWAP	41.91	30.13
Spot price	43.02	31.50
Gross investment	1 103	792
Control Premium	n/a	n/a
Marketability discount (*considers BEE as well where applicable)	0%	2.5%
Net investment	1 103	773
Loans and other investments		-
Total intrinsic Value of investment	1 103	773
Fair value adjustment	330	34
<b>Valuation information:</b>		
IFRS 13 fair value hierarchy	Level 2	Level 2
Valuation methodology	JSE listed share price	JSE listed share price
<b>Portfolio entity disclosures:</b>		
Sector grouping	Mining, Construction and Energy	
Listed/unlisted	Listed	
BEE lock-in period	None	
<b>Assumptions and sensitivities</b>		
<b>Key inputs:</b>		
Input 1	Not applicable	
Input variable		
<b>Sensitivity of key inputs:</b>		
Input 1 variable		

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

## *continued*

For the six-month period ended 31 December 2020

### 5.1 DIVERSIFIED INVESTMENTS PORTFOLIO VALUATION INPUTS *continued*

	Mining, Construction and Energy	
Details of valuation inputs	Kropz Group	
R million	31 December 2020	30 June 2020
% equity held by Fund	73.4%	66.5%
% equity held by ARC Group	73.4%	66.5%
Gross Equity investment	848	774
Minority discount	–	–
Marketability discount (*considers BEE as well where applicable)	Various between 12% – 30%	Various between 12% – 30%
Net Equity investment	785	643
Loans and other investments	91	91
Total intrinsic Value of investment	876	734
Fair value adjustment	1	–
<b>Valuation information:</b>		
IFRS 13 fair value hierarchy	Level 3	Level 3
Valuation methodology	Sum of the parts – 73.4% of Kropz Plc; 26% of Kropz Elandsfontein, 30% of Elandsfontein Land Holdings	Sum of the parts – 66.5% of Kropz Plc; 26% of Kropz Elandsfontein, 30% of Elandsfontein Land Holdings
<b>Portfolio entity disclosures:</b>	Listed (trade on this entity has very low volumes and thus it has been classified as level 3 instead of level 1)	
Sector grouping	Mining, Construction and Energy	
Listed/unlisted	Listed (trade on this entity has very low volumes and thus it has been classified as level 3 instead of level 1)	
BEE lock-in period	Implied BEE lock-in in Kropz Elandsfontein as part of the mining license equates to 10 years.	
<b>Assumptions and sensitivities</b>		
<b>Key inputs:</b>		
Input 1	Commodity price	Commodity price
Input variable	\$/t FOB 125.23 (weighted average life of mine)	\$/t FOB 133.68 (weighted average life of mine)
Input 2	USD: ZAR rate	USD: ZAR rate
Input 2 variable	R/\$ spot 14.62 and forward rate based on 1.675% inflation differential	R/\$ spot 14.91 and forward rate based on 2.85% inflation differential
Input 3	Capex	Capex
Input 3 variable	Capex cost changes	Capex cost changes
<b>Sensitivity of key inputs:</b>		
Input 1 variable	R301 million decrease in fair value per 10% reduction in commodity prices and R272 million fair value increase per 10% increase in commodity prices	R291 million decrease in fair value per 10% reduction in commodity prices and R278 million fair value increase per 10% increase in commodity prices
Input 2 variable	R149 million decrease in fair value per 5% strengthening in the rand and R145 million increase fair value per 5% weakening in the rand	R142 million decrease in fair value per 5% strengthening in the rand and R141 million increase fair value per 5% weakening in the rand
Input 3 Variable	R16 million decrease in fair value per 10% increase in capex	R30 million decrease in fair value per 10% increase in capex



## 5.1 DIVERSIFIED INVESTMENTS PORTFOLIO VALUATION INPUTS *continued*

Details of valuation inputs	Property		Other investments	
	Majik Property Holdings		Fledge Capital	
R million	31 December 2020	30 June 2020	31 December 2020	30 June 2020
% equity held by Fund	14.24%	14.24%	25.9%	51.45%
% equity held by ARC Group	14.24%	14.24%	25.9%	51.45%
Gross Equity investment	54	66	437	453
Minority discount	15.0%	15.0%	12%	Implied in comparable transaction price
Marketability discount (*considers BEE as well where applicable)	15.0%	15.0%	13%	
Net Equity investment	40	48	335	453
Loans and other investments	215	229	–	–
Total intrinsic Value of investment	255	277	335	453
Fair value adjustment	(8)	24	152	(43)
<b>Valuation information:</b>				
IFRS 13 fair value hierarchy	Level 3	Level 3	Level 3	Level 3
Valuation methodology	Amortized loan and NAV of the underlying assets	Amortized loan and NAV of the underlying assets	Recent transaction	Recent transaction
<b>Portfolio entity disclosures:</b>				
Sector Grouping	Property		Other investments	
Listed/unlisted	Unlisted		Unlisted	
BEE lock-in period	None		None	
<b>Assumptions and sensitivities</b>				
<b>Key inputs:</b>	Exchange rate	Exchange rate	Not applicable	Not applicable
Input 1	GBP: ZAR	GBP: ZAR		
Input variable	19.98	21.40		
<b>Sensitivity of key inputs:</b>				
Input 1 variable	R2.5 million increase (decrease) in fair value per 1% weakening (strengthening) in the rand	R2.8 million increase (decrease) in fair value per 1% weakening (strengthening) in the rand		

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

## continued

For the six-month period ended 31 December 2020

### 5.2 FINANCIAL SERVICES PORTFOLIO VALUATION INPUTS

The significant Investment Portfolio Companies, being those with a fair value of 5% and at least the 10 largest investments, or more of the segment categories of the Financial Services segment and Investment Portfolio Companies considered to be qualitatively significant in a particular period are presented below along with the key valuation inputs and other relevant information. The tables below are presented in IFRS and Intrinsic for unlisted companies and Intrinsic for listed companies. For the impact of Covid-19 on the valuation refer to note 16. Key inputs which drive the ARC Fund valuation of the portfolio assets were identified and sensitivities tested as demonstrated below.

		Insurance and Asset Management			
Details of valuation inputs		Alexander Forbes Group Holdings Limited		Sanlam Third party Asset Management (Pty) Ltd	
R million		31 December 2020	30 June 2020	31 December 2020	30 June 2020
% equity held by Fund		17.51%	17.51%	12.5 %	–
% equity held by ARC Group		35.09%	35.09%	25%	–
30-day VWAP		3.99	4.52	–	–
Spot price		3.96	4.77	–	–
Gross Equity investment		975	1 111	407	–
Control Premium		20%	20%	–	–
Marketability discount (*considers BEE as well where applicable)		10%	10%	–	–
Net Equity investment		1 108	1 218	407	–
Loans and other investments		–	–	–	–
Total intrinsic Value of investment		1 108	1 218	407	–
Fair value adjustment (net of deferred tax)		(110)	(16)	–	–
<b>Valuation information:</b>					
IFRS 13 fair value hierarchy		Level 2 - Proxy to listed share price 30-day VWAP.	Level 2 - Proxy to listed share price 30-day VWAP.	Level 3	–
Valuation methodology		Listed share prices	Listed share prices	Acquisition cost	–
<b>Portfolio entity disclosures:</b>					
Sector Grouping		Insurance and Asset Management		Insurance and Asset Management	
Listed/unlisted		Listed			
BEE lock-in period		None			
<b>Assumptions and sensitivities</b>					
<b>Key inputs:</b>		Not applicable		Not applicable	
Input 1					
Input variable					
<b>Sensitivity of key inputs:</b>					
Input 1 variable					



	Insurance and Asset Management	
Details of valuation inputs	Rand Mutual Holdings	
R million	31 December 2020	30 June 2020
% equity held by Fund	15.0%	15.0%
% equity held by ARC Group	30.0%	30.0%
Gross Equity investment	423	423
Minority discount	10.7%	10.7%
Marketability discount (*considers BEE as well where applicable)	13.6%	13.6%
Net Equity investment	311	311
Loans and other investments	–	–
Total intrinsic Value of investment	311	311
Fair value adjustment	–	55
<b>Valuation information:</b>		
IFRS 13 fair value hierarchy	Level 3	Level 3
Valuation methodology	Embedded value and PE multiples	Embedded value and PE multiples
<b>Portfolio entity disclosures:</b>		
Sector grouping	Insurance and Asset Management	
Listed/unlisted	Unlisted	
BEE lock-in period	None	
<b>Assumptions and sensitivities</b>		
<b>Key inputs:</b>	Embedded value	Embedded value
Input 1	Embedded value (EV) changes	Embedded value (EV) changes
Input variable	EV for various businesses within RMH	EV for various businesses within RMH
<b>Sensitivity of key inputs:</b>		
Input 1 variable	Embedded value changes	Embedded value changes
Input 1 variable	R12 million increase (decrease) in fair value per 5% increase (decrease) in embedded value	R12 million increase (decrease) in fair value per 5% increase (decrease) in embedded value

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

## *continued*

For the six-month period ended 31 December 2020

### 5.2 FINANCIAL SERVICES PORTFOLIO VALUATION INPUTS *continued*

Details of valuation inputs	Banking		
	TymeBank		
	31 December 2020	30 June 2020	
R million			
% equity held by Fund	36.9%	35.18%	
% equity held by ARC Group	73.7%	70.5%	
Gross Equity investment	1 179	927	
Minority discount	Already implied in comparable transaction price	n/a	
Marketability discount (*considers BEE as well where applicable)	n/a	n/a	
Net Equity investment	1 179	927	
Loans and other investments	–	–	
Total intrinsic Value of investment	1 179	927	
Fair value adjustment (net of deferred tax)	–	(121)	
<b>Valuation information:</b>			
IFRS 13 fair value hierarchy	Level 3	Level 3	
Valuation methodology	Recent transaction	Ten-year discounted cash flow with terminal value	
<b>Portfolio entity disclosures:</b>			
Sector grouping	Unlisted		
Listed/unlisted	Banking		
BEE lock-in period	None		
Other details	Post the reporting period, the bank secured additional equity – refer to events after the reporting period (Note 15).	The bank is continuing to embark on a capital raise which will see ARC Financial Services dilute further. The shareholding at year end was 70.5%. The increased shareholding resulted from ARC Financial Services contributing most of TymeBank's new capital during the year.	
<b>Assumptions and sensitivities</b>			
<b>Key inputs:</b>			
Input 1	Not applicable	Discount rate	
Input variable 1		23% (Alpha 7% and Long-term growth 6%)	
Input 2		Customer activation rate	
Input variable 2		Various	
<b>Sensitivity of key inputs</b>			
Input 1		Discount rate	
Input variable	R210 million increase in fair value per 1% decrease in discount rate R184 million decrease in fair value per 1% increase in discount rate		
Input 2	Activation rate		
Input variable	R122 million decrease in ARC fair value per 10% decrease in activity rate on customer numbers R100 million increase in ARC fair value per 10% increase in activity rate on customer numbers		

## 6. OTHER EXPENSES

R million	Notes	Unaudited 31 December 2020	Unaudited 31 December 2019	Audited 30 June 2020
<b>Details of other expenses is as follows:</b>				
Listing costs		2	–	1
Audit fees		–	–	1
Directors fees	13	1	–	2
Other expenses		2	4	3
		5	4	7

## 7. CAPITAL AND RETURN ON CAPITAL

### 7.1 Stated capital

R million	Notes	Unaudited 31 December 2020	Unaudited 31 December 2019	Audited 30 June 2020
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 note 9 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.				

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

## *continued*

For the six-month period ended 31 December 2020

## 7. CAPITAL AND RETURN ON CAPITAL *continued*

### 7.1 Stated capital *continued*

R million	Notes	Unaudited 31 December 2020	Unaudited 31 December 2019	Audited 30 June 2020
<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.		4 563	4 563	4 563
- 505 882 353 shares issued at listing date at R8.50 per share.		4 300	4 300	4 300
- Share issue costs.		(31)	(31)	(31)
- Conversion of 12 577 126 C shares for FY 2018 Performance Participation	9	71	71	71
- 272 727 273 shares issued at R2.75		750	–	–
<b>Total issued share capital at the end of the period/year</b>		<b>9 653</b>	<b>8 903</b>	<b>8 903</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 were issued to UBI Proprietary Limited at listing at a nominal value of R1 for the Performance Participation. On 11 December 2018, 12 577 126 were converted into A ordinary shares, thus 4 987 422 874 C shares were outstanding at 31 December 2020.		–	–	–

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

### 7.2 Earnings per share

R million	Notes	Unaudited 31 December 2020	Unaudited 31 December 2019	Audited 30 June 2020
Basic earnings per ordinary share (cents)		64	22	12
Diluted earnings per ordinary share (cents)		64	22	12
Headline earnings per ordinary share (cents)		64	22	12
Diluted headline earnings per ordinary share (cents)		64	22	12
<b>7.2.1 Reconciliation of reported earnings to headline earnings:</b>				
Earnings/Headline earnings of the Company		757	230	123
There were no items that require adjustment from the reported earnings in terms of SAICA Circular 1/2019, Headline Earnings.				
<b>7.2.2 Number of ordinary shares (million):</b>				
Number of ordinary shares (million):				
Number of shares in issue at the end of the period/year		1 318	1 045	1 045
Weighted average number of shares in issue during the period/year (million)		1 174	1 045	1 045
Diluted weighted average number of shares in issue during the period/ year (million)		1 190	1 045	1 045
Diluted number of shares at the end of the period/ year (million)		1 334	1 045	1 045
Shares issued at listing 1 032 470 588				
Additional shares issued on 11 December 2018: 12 577 126				
Additional shares issued in October 2020: 272 727 273				

## 8. DIVIDENDS AND DIVIDEND POLICY

### Company Context in Application of Accounting Policy Choices

#### Company strategic objective

The Company is a capital-pooling and investment holding company 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 point 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.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

## *continued*

For the six-month period ended 31 December 2020

### 9. PERFORMANCE PARTICIPATION EXPENSE

#### 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 7.1, 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% hurdle return on intrinsic portfolio value
<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.
<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.

R million	Unaudited 31 December 2020	Unaudited 31 December 2019	Audited 30 June 2020
The annualised growth in Intrinsic Portfolio Value for the six-month period ended 31 December 2020 before taking into account acquisitions and disposals amounted to 15.8% which is above the 10% Performance Participation hurdle. Consequently, a provision has been made for the issue of Performance Participation shares. The Performance Participation is based on annual performance and will only finally be measured at 30 June 2021. Five billion shares were issued to UBI Proprietary Limited at listing at a nominal value of R1 for the Performance Participation. On 11 December 2018, 12 577 126 were issued into A ordinary shares, thus 4 987 422 874 C shares were outstanding at 31 December 2020.	147	–	–
Total Performance Participation expense	147	–	–



## 10. 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 Licence, 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. The company has received its Global Business Licence (“GBL1”) before 16 October 2017 and is grandfathered up to 30 June 2021. As from 1 July 2021 the Company’s GBL1 Licence will automatically convert to a Global Business Licence.

During the grandfathered period, 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 or 80% of the Mauritian taxation on its foreign source income. The maximum effective tax rate will be 3%.

On 1 July 2021, under the new regime, the Company will be able to claim on 80% exemption on specified income (including foreign dividends and interest), subject to meeting pre-defined substance conditions. Other types of income not falling within the categories of income benefitting from the exemption will be taxed at 15%.

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

R million	Unaudited 31 December 2020	Unaudited 31 December 2019	Audited 30 June 2020
Losses carried forward amounting to R89 million at 31 December 2020 (30 June 2020: R57 million). Mauritian taxation Regulations permit the carryforward of unused taxation losses for a maximum period of 5 years from the date they arose. The accumulated taxation losses are available for set-off against future taxable income as follows:			
Arising in financial year 2020, carry forward up to 2025 financial year	–	–	57
Arising in six month period ended 31 December 2021, carry forward up to 2026 financial year	32	–	–

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

## *continued*

For the six-month period ended 31 December 2020

### 10. TAXATION *continued*

R million	Unaudited 31 December 2020	Unaudited 31 December 2019	Audited 30 June 2020
In the current reporting period, the taxation has been reflected at a statutory rate of 15%.			
<b>Profit before taxation</b>	<b>757</b>	–	123
Taxation at a statutory effective rate of 15% before foreign taxation credit	<b>114</b>	–	18
<b>Tax reconciled</b>	<b>(114)</b>	–	(18)
Income not subject to tax	<b>(118)</b>	–	(27)
Expenses not deductible for tax purpose	–	–	–
Underlying tax gross up	–	–	–
Tax losses for which no deferred tax asset was recognised	<b>4</b>	–	9
Tax credit	–	–	–
A deferred tax asset amounting to R2.6 million (30 June 2020: R1.7 million) has not been recognised as the Directors have determined that it is not probable that the Company will generate sufficient taxable profits in the foreseeable future against which the deferred taxation asset can be utilised			

### 11. RECONCILIATION OF CASH UTILISED IN OPERATIONS BEFORE INVESTMENTS MADE

R million	Notes	Unaudited 31 December 2020	Unaudited 31 December 2019	Audited 30 June 2020
<b>Profit/(loss) before taxation</b>		<b>757</b>	230	123
<b>Adjustment for non-cash items</b>		<b>(761)</b>	(233)	(129)
Fair value movements on the investment in the ARC Fund at FVTPL *	4.3	<b>(908)</b>	(233)	(129)
Performance Participation expense	9	<b>147</b>	–	–
<b>Working capital movements</b>		<b>(1)</b>	–	1
(Increase)/decrease in trade and other receivables		–	–	–
Increase/(decrease) in trade and other payables		<b>(1)</b>	–	1
<b>Cash utilised in operations before investment activities</b>		<b>(5)</b>	(3)	(5)

\* FVTPL: Fair value through profit or loss.

## 12. FINANCIAL INSTRUMENTS

### 12.1 Financial Instruments in the Company are categorised as follows:

Unaudited as at 31 December 2020				
R million	Financial Asset at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
<b>Financial assets</b>	<b>11 638</b>	<b>17</b>	<b>–</b>	<b>11 655</b>
Investment in the ARC Fund at FVTPL	11 638	–	–	11 638
Cash and cash equivalents	–	17	–	17
<b>Financial liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Trade and other payables	–	–	–	–
	–	–	–	–

Unaudited as at 31 December 2019				
R million	Financial Asset at fair value through profit or loss	Loans and receivables at amortised cost	Financial liabilities at amortised cost	Total
<b>Financial assets</b>	<b>10 087</b>	<b>21</b>	<b>–</b>	<b>10 108</b>
Investment in the ARC Fund at FVTPL	10 087	–	–	10 087
Trade and other receivables	–	–	–	–
Cash and cash equivalents	–	21	–	21
<b>Financial liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Trade and other payables	–	–	–	–

Audited 30 June 2020				
R million	Financial Asset at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
<b>Financial assets</b>	<b>9 983</b>	<b>19</b>	<b>–</b>	<b>10 002</b>
Investment in the ARC Fund at FVTPL	9 983	–	–	9 983
Cash and cash equivalents	–	19	–	19
<b>Financial liabilities</b>	<b>–</b>	<b>–</b>	<b>1</b>	<b>1</b>
Trade and other payables	–	–	1	1

### 12.2 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.

#### 12.2.1 Market risks

##### Equity price risk

Most of the Company's interest in the ARC Fund is deployed in equity instruments (96% at 31 December 2020; 94% at 30 June 2020), 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 the Segmental information. The underlying Portfolio Companies are valued half yearly, and the Board has access to the valuation information to monitor and review the fair value of the investments.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

## *continued*

For the six-month period ended 31 December 2020

## 12. FINANCIAL INSTRUMENTS *continued*

### 12.2.1 Market risks *continued*

#### Equity price risk *continued*

R million	Unaudited 31 December 2020	Unaudited 31 December 2019	Audited 30 June 2020
<b>Change in portfolio equity prices</b>			
+5%	12 937	9 952	11 075
Equity component being 96% (30 June 2020: 94%) of Reported IFRS Portfolio Value	12 321	9 478	10 548
- 5%	11 705	9 005	10 021
<b>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, cash, preference shares and debts.			
Cash, preference shares and loans in the Fund amounted to R897 million (30 June 2020: R612 million).			
<b>Change in interest rates</b>			
+ 100 basis points	9	7	6
Diversified Investments and Financial Services Portfolio debts amounted to R1 603 million (30 June 2020: R1 037million)			
<b>Change in interest rates</b>			
+ 100 basis points	(16)	-	(10)

#### 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 11.5% (30 June 2020: 11.4%) denominated in foreign currency. The largest exposure to currency risk results from British Pound (GBP) with a value of GBP13 million at 31 December 2020 (30 June 2020: GBP13 million) and United States dollar (USD) with the value of USD75 million at 31 December 2020 (30 June 2020: USD53 million) mainly through investments in Kropz Group, Majik and ARC Emerging markets. The South African Rand value of this exposure as at 31 December 2020 is R1 358 billion (30 June 2020: R1 188 billion). The impact of 1% change in USD will result to R11 million change in the South African Rand value and the impact of 1% change in GBP will result to R3 million change in the South African Rand value. The Board continuously monitors the exposure to currency risk through the Investment Committee of the Fund Manager.

### 12.2.2 Other risks

#### Credit risk

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.

The impact of expected credit losses on assets held at amortised cost is immaterial since it relates to cash, and cash equivalents held at reputable financial institutions with a credit rating of Baa3 resulting in the probability of default being minimal. In addition, trade and other receivables are immaterial.

#### 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 assessed by the Board bi-annually.

## 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 is listed on the Johannesburg Stock Exchange Limited (JSE) and is 54.56% owned by African Rainbow Capital Proprietary Limited (ARC) which is in turn 100% owned by Ubuntu-Botho Investments Proprietary Limited (UBI). The ultimate shareholder of UBI is Ubuntu-Botho Commercial Enterprises (Pty) Ltd, the shares of which are held by trusts, all of which, except The Motsepe Foundation, own those shares for the benefit of Dr PT Motsepe and his immediate family. The Motsepe Foundation applies the benefits of its indirect shareholding in ARC for philanthropic purposes. The Company has identified the following related party relationships and related transactional terms which are relevant to the current period's Financial Statements:

Name	Relationship	Nature of transaction/terms
<b>Companies:</b>		
UBI	Intermediate holding company	- None.
	Holder of the C shares for the Performance Participation	- Issue of the C shares (note 7.1). - The Performance Participation (note 9). - Conversion of 12 577 126 C shares into ordinary shares (note 7.1).
ARC	Controlling shareholder	- Asset-for-share transaction prior to listing (note 7.1).
	Holder of the B share	- Issue of the B share (note 7.1).
	Incorporation loan	- Loan advanced per the loan agreement signed on 14 August 2017 for the payment of incorporation and listing related expenses incurred prior to the listing date and effective 18 August 2017 for an amount of up to R60 million. The loan is unsecured, bore no interest and repayments were to be financed from the listing proceeds.
The ARC Fund	South African <i>en-commandite</i> Partnership at a partnership interest of 99.95%.	- Contribution of Portfolio Assets (note 5). - Cash capital contribution (note 5).
General Partner	General Partner in the ARC Fund	- 0.05% in the ARC Fund Capital and partnership profit share. - Fund management fees (note 4.4).

Name	Relationship	Nature of transaction/terms
<b>Key management personnel:</b>		
MC Olivier	Non-executive Director and Chairman	Directors fees.
A Currimjee	Non-executive Director	Directors fees.
T Lo Seen Chong *	Non-executive Director	Directors fees.
C Msipha	Non-executive Director	Directors fees.
S Algoo-Bissonauth **	Non-executive Director	Rnil
R Mokate	Non-executive Director	Directors fees.
MR Nkadameng	Non-executive Director	Rnil.
K Bodenstein	Chief Financial Officer	Executive salary.

\* Mr. Deans Tommy Lo Seen resigned as an Independent Non-executive Director with effect from 13 September 2020.

\*\* Ms. Smitha Algoo-Bissonauth has been appointed as an Independent Non-executive Director with effect from 14 September 2020.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

## *continued*

For the six-month period ended 31 December 2020

### 13. RELATED PARTY DISCLOSURES *continued*

R million	31 December 2020		31 December 2019		30 June 2020	
	Unaudited transactions during the period	Unaudited balance due from/(to) as at 31 December 2020	Unaudited transactions during the period	Unaudited balance due from/(to) as at 31 December 2019	Audited transactions during the year	Audited balance due from/(to) as at 30 June 2019
<b>UBI</b>						
Issue of A shares (note 7.1) <sup>1</sup>	–	–	71	71	–	–
<b>The ARC Fund</b>						
Investment in ARC Fund and FVTPL (note 4.1)	<b>944</b>	<b>11 674</b>	233	10 087	129	9 983
<b>General Partner</b>						
Fund management fees accrued for the period/year (note 4.4)	<b>(102)</b>	<b>(102)</b>	(96)	(96)	(206)	(206)
<b>Directors' interest</b>						
MC Olivier - 305 882 shares in the Company at a 0.005% interest	n/a	n/a	n/a	n/a	n/a	n/a
MR Nkadimeng - 8 894 (June 2020: 7 053) shares in the Company at a 0.000% interest	n/a	n/a	n/a	n/a	n/a	n/a
<b>Key management personnel</b> <sup>2</sup>					(0.8)	(0.8)
MC Olivier fees accrued	<b>(0.2)</b>	<b>(0.2)</b>	(0.2)	(0.2)	(0.3)	(0.3)
– fees paid to MC Olivier	<b>(0.2)</b>	<b>(0.2)</b>	0.1	0.1	0.1	0.1
T Lo Seen Chong fees accrued <sup>1,***</sup>	–	–	–	–	–	–
– fees paid to T Lo Seen Chong	–	–	–	–	–	–
S Algoo-Bissonauth fees accrued <sup>1,****</sup>	–	–	–	–	–	–
– fees paid to S Algoo-Bissonauth	–	–	–	–	–	–
C Msipha fees accrued	<b>(0.2)</b>	<b>(0.2)</b>	(0.2)	(0.2)	(0.3)	(0.3)
– fees paid to C Msipha	<b>(0.2)</b>	<b>(0.2)</b>	–	–	0.1	0.1
R Mokate fees accrued	<b>(0.2)</b>	<b>(0.2)</b>	(0.2)	(0.2)	(0.3)	(0.3)
– fees paid to R Mokate	<b>(0.2)</b>	<b>(0.2)</b>	0.1	0.1	0.1	0.1
A Currimjee fees accrued	<b>(0.2)</b>	<b>(0.2)</b>	(0.3)	(0.3)	(0.5)	(0.5)
– fees paid to A Currimjee	<b>(0.2)</b>	<b>(0.2)</b>	–	–	0.3	0.3
NB Radebe (Paid by the holding company, ARC) <sup>*</sup>	–	–	(2.1)	(2.1)	(2.1)	(2.1)
– Salary <sup>#</sup>	–	–	(1.1)	(1.1)	1.3	1.3
– Bonus	–	–	(1.0)	(1.0)	0.8	0.8
MR Nkadimeng (Paid by the holding company, ARC) <sup>**</sup>	<b>(1.8)</b>	<b>(1.8)</b>	–	–	(1.0)	(1.0)
– Salary	<b>(1.3)</b>	<b>(1.3)</b>	–	–	1.0	1.0
– Bonus	<b>(0.5)</b>	<b>(0.5)</b>	–	–	–	–
K Bodenstein executive salary accrued <sup>2</sup>	<b>(0.2)</b>	<b>(0.2)</b>	(0.3)	(0.3)	(0.5)	(0.5)
– salary paid to K Bodenstein <sup>1</sup>	<b>(0.2)</b>	<b>(0.2)</b>	–	–	0.5	0.5

<sup>1</sup> Amount is less than R100 000 and is rounded to Rnil.

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

<sup>\*</sup> Ms Bridget Ntombenhle Radebe resigned as a Director with effect from 28 November 2019.

<sup>\*\*</sup> Ms Mmamodiane Refiloe Nkadimeng has been appointed as a Director with effect from 9 March 2020.

<sup>\*\*\*</sup> Mr. Deans Tommy Lo Seen resigned as an Independent Non-executive Director with effect from 13 September 2020.

<sup>\*\*\*\*</sup> Ms. Smitha Algoo-Bissonauth has been appointed as an Independent Non-executive Director with effect from 14 September 2020.

<sup>#</sup> 2020 salary includes R178 000 leave payout.

## 14. COMMITMENTS

**As at six-months ended 31 December 2020, the Company did not have any commitments.**

### ARC Fund commitments:

#### ARC Real Estate:

The ARC Fund has committed R500m to ARC Real Estate to fund the acquisition of properties. No funds have been drawn at the reporting date. Any contributions are subject to approval by the UBI General Partner.

#### ARCH Emerging Markets Partners:

The ARC Fund has committed US\$50 million in emerging markets focused themes including renewable energy power and cold chain storage solutions. The ARC Fund has contributed \$16.5 million with a balance remaining of US\$33.5 million at 31 December 2020.

#### Kropz Plc:

The ARC Fund has committed US\$45.0 million (not exceeding a maximum of ZAR 765 million) consisting of US\$40.0 million to Kropz Plc in order to fund the reconfiguration of the processing plant at Kropz Elandsfontein until commissioning. An additional US\$5.0 million was extended to Kropz Plc to fund an updated feasibility study at Cominco and for general working capital purposes. At 31 December 2020, US\$19 million (the ZAR Equivalent of ZAR 331.80 million) (at 30 June 2020: US\$10 million) has been contributed, with the total remaining commitment of US\$26 million, limited to R442 million.

#### Pipeline

The ARC Fund had a commitments pipeline approved by the UBI GP Co Investment Committee, being a combination of new investments and commitment to existing investments, amounting to R708 million at 31 December 2020.

## 15. SUBSEQUENT EVENTS

### Capital raise – TymeBank

Tyme Bank and Tyme Global have secured additional equity funding of \$110 million from ARC Financial Services and two new shareholders, Apis Growth Fund II and JG Summit Holdings subsequent to 31 December 2020. It will be contributed in two tranches. The first tranche of \$80 million will flow post signing of the agreements subject to regulatory approval. Following the conclusion of tranche one, ARC Financial Services will hold approximately 59% interest in TymeBank.

### Dividend income from Alexander Forbes Group Limited

ARC Financial Services received a dividend of R64 million from Alexander Forbes Group Holdings Limited.

### Disposal of shares – Afrimat

ARC Fund disposed of 3.25 million Afrimat shares for a consideration of R143 million during February 2021.

## 16. GOING CONCERN AND IMPACT OF COVID-19

The impact and measures to mitigate the effects of Covid-19 pandemic and the National Lockdown on the Company and the underlying investee companies were fully disclosed in the Audited Financial Statements for the year ended 30 June 2020 and are ongoing. It does appear as if some of the shock and uncertainty resulting from the pandemic have started to abate and many companies have adjusted to the new conditions. Market sentiment and activity in certain sectors have also seen improvement, especially with the positive news of a number of effective vaccines becoming available. What has become apparent is that the impact of the Covid-19 pandemic will still be felt for years to come.

The financial statements were prepared on the going concern basis. The assets of the company, fairly valued, exceed its liabilities. The directors are of the opinion that the company will continue as a going concern based on forecasts and available resources including cash, unutilised borrowing facilities and the proceeds from the R750 million rights issue which occurred in October 2020.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

## *continued*

For the six-month period ended 31 December 2020

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

New standards issued but not yet effective or early adopted:

The following amendments to standards have been published and are deemed relevant to the Company but are not yet effective and have also not been early adopted:

Standard, amendment or interpretation	Summary of expected impact	Effective for financial periods beginning on or after
Amendment to IAS 1, Presentation of financial statements and IAS 8, Accounting policies, changes in accounting estimates and errors.	Summary of amendment	1 January 2020
	<p>These amendments to IAS 1, and IAS 8 and consequential amendments to other IFRSs:</p> <ul style="list-style-type: none"> <li>- use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting;</li> <li>- clarify the explanation of the definition of material; and</li> <li>- incorporate some of the guidance in IAS 1 about immaterial information.</li> </ul>	
	<p><b>Summary impact on the Company</b></p> <p>The Directors anticipate that these amendments will be applied in the financial statements for the period beginning 1 July 2020. The company has applied the principle of materiality in the preparation and disclosure of financial information. The amendments will have minimal impact.</p>	

#### New standards adopted in the current reporting period:

Amendments to IFRS 9 – Financial instruments on prepayment features with negative compensation and modification of financial liabilities.

The amendment listed above did not have a significant impact on the Company's financial statements and thus no further disclosures have been made.



# I - SHAREHOLDERS' DIARY



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

Details	Date
Interim Results Announcement	18 March 2021
Cape Town Roadshows	23 March 2021
Johannesburg Roadshows	23 March 2021
Financial year end	30 June 2021
Year end results announcement	14 September 2021
Johannesburg Roadshows	15 September 2021
Cape Town Roadshows	16 September 2021
Integrated Annual Report	September 2021
Annual General Meeting	15 November 2021

## II - 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 Anil Currimjee Mmamodiane Refiloe Nkadimeng Smitha Algoo-Bissonauth**
<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 PwC Centre, Avenue de Telfair, 80829, Moka, Republic of Mauritius  PricewaterhouseCoopers Inc. Waterfall City Heliport, 4 Lisbon Lane, Jukskei View, Midrand, 2090, South Africa
<b>Investor Relations</b>	Ainsley Moos investors@arci.mu +230 (403) 0800 +21 (21) 180 0107 +27 (83) 296 4697

\* Mr. Deans Tommy Lo Seen resigned as an Independent Non-executive Director with effect from 13 September 2020.

\*\* Ms. Smitha Algoo-Bissonauth has been appointed as an Independent Non-executive Director with effect from 14 September 2020.





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