Greystone Partners Limited

(Incorporated in Kingdom of Eswatini - Registration number 74/2009)

Consolidated financial statements for the year ended 30 September 2018

Greystone Partners Limited

General Information

Country of incorporation and domicile	Kingdom of Eswatini
Company registration number	74/2009
Nature of business and principal activities	Investment Holding Company
Registered office	2nd Floor Nedbank Centre cnr Sishayi and Sozisa Roads Mbabane, Eswatini PO Box 5727
Business address	2nd Floor Nedbank Centre cnr Sishayi and Sozisa Roads Mbabane, Eswatini PO Box 5727
Fund Manager	African Alliance Eswatini Limited
Auditors	PriceWaterhouseCoopers (Eswatini) Chartered Accountants Rhus Office Park Kal Grant Street Mbabane, Eswatini PO Box 569
Bankers	Nedbank (Swaziland) Limited Swazi Plaza Mbabane, Eswatini PO Box 70
Functional currency	The Consolidated financial statements are expressed in Emalangeni the currency of the Kingdom of Eswatini

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The reports and statements set out below comprise the consolidated financial statements for the year ended 30 September 2018 presented to the shareholder:

The following supplementary information does not form part of the consolidated financial statements for the year ended 30 September 2018 and is unaudited:

Greystone Partners Limited

Directors' responsibilities and approval

The Directors are responsible for preparing the Directors' report and the Group's consolidated financial statements in accordance with International Financial Reporting Standards and in the manner required by the Eswatini Companies Act of 2009 and Eswatini Stock Exchange Listing Rules.

Company law requires the Directors to prepare the Group's consolidated financial statements for each financial year, which meet the requirements of Eswatini Companies Act of 2009. In addition, the directors have elected to prepare the Group's consolidated financial statements in accordance with International Financial Reporting Standards.

The Group's consolidated financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss for the year.

In preparing these consolidated financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with International Financial Reporting Standards; and
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that Group will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Eswatini Companies Act no. 8 of 2009, International Financial Reporting Standards and the Eswatini Stock Exchange Listing Requirements. They have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The external auditors are responsible for independently reviewing and reporting on the Group's consolidated financial statements for the year ended 30 September 2018. The consolidated financial statements for the year ended 30 September 2018 have been examined by the Group's external auditors and their report is presented on pages 6 -13.

The consolidated financial statements for the year ended 30 September 2018 set out on pages 14 to 39, which have been prepared on the going concern basis, were approved by the board of directors on 18 December 2018 and were signed on its behalf by:

Director **Director**

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Greystone Partners Limited

Directors' report

The Directors submit their report on the financial statements of Greystone Partners Limited (the "Company") and its associates (together referred as the "Group") for the year ended 30 September 2018.

Incorporation

The Company was incorporated on 27 January 2009 and obtained its certificate to commence business on the same day.

Review of activities

Main business and operations

The principal objective of the Company is to carry on business as an investment holding company. The Company shall invest primarily in emergent, unlisted businesses with sustainable growth potential. Although the Company aims to invest predominantly in the Kingdom of Eswatini. Where opportunities are unavailable, there may be a case for investing elsewhere within the Common Monetary Area.

It is envisaged that the average size of a specific equity investment would be in the order of E10 million and above; the Company will endeavour to secure interests of between 5% and 50% in listed and unlisted companies; and the minimum size of investments to be made by the Company will be approximately E500,000 but exceptional circumstances will be considered.

Post reporting date events

The Directors are not aware of any matter or circumstance arising since the end of the financial period that would have materially altered the results reported.

Authorised and issued share capital

There were no changes in the authorised and issued share capital of the Company during the year under review.

Investments

During the year, the Company did not acquire any new investment.

Dividends

A dividend of E 5 673 458 (2017: E 5 389 786), comprising of E 0.040 (2017: E 0.038) per share, was declared during the year are as reflected in the attached statement of changes in equity.

Corporate governance

Sound corporate governance structures and processes are being applied at Greystone and are considered by the board to be pivotal to delivering sustainable growth in the interest of all stakeholders. Governance structures and processes are regularly reviewed and adapted to accommodate internal corporate developments and to reflect national and international best practice to the extent considered in the best interest of the Company.

The board meets regularly, retains control over the Company and monitors executive management. The board reserves to itself a range of key decisions to ensure that it retains proper direction and control of the company. The roles of the Chairperson and the Chief Executive Officer do not vest in the same person and the Chairperson is a non-executive director. The Chairperson provides leadership and guidance to the company's board, encourages proper deliberation of all matters requiring the board's attention, obtains optimum input from the other directors and ensures all decisions of the board are clearly worded and are likely to advance the Company's interests.

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Greystone Partners Limited

Directors' report

Corporate governance (continued)

The board retains control over its operations and has established an Investment Committee and an Audit Committee. The Investment Committee is an advisory committee and not an executive committee and as such will not perform any management functions or assume any management responsibilities, but will rather primarily make investment recommendations to the board for its approval and final decision.

Directors

The Directors of the Company during the year and to the date of this report are as follows:

Name	Nationality	
M L Dlamini	LiSwati	Non-executive director
N K Mabuza	LiSwati	Executive director
A T Dlamini	LiSwati	Non-executive chairman
D Hlongwane	LiSwati	Non-executive director
K D Dlamini	LiSwati	Independent non-executive director
S S Msibi	LiSwati	Independent non-executive director
A M B de Castro	LiSwati	Executive director

Investment Committee

The Investment Committee of the Company for the year and at the date of this report is as follows:

Name	Nationality	
M Dlamini	LiSwati	Non-executive director
D Dlamini	LiSwati	Non-executive chairman
S Dlamini	LiSwati	Non-executive director
Z B Dlamini	LiSwati	Non-executive director

Audit Committee

The Audit Committee of the Company for the year and at the date of this report is as follows:

Name	Nationality	
M L Dlamini	LiSwati	Non-executive chairman
T A Thom	South African	Executive member
C Dlamini	LiSwati	Independent non - executive member

Secretary

The secretary of the Company is African Alliance Advisory (Pty) Ltd at Illovo Edge Office Block, Building 4, Cnr Harries and Fricker roads, Illovo, 2196.

Auditors

PriceWaterhouseCoopers (Eswatini) have indicated their willingness to continue in office as auditors of the Company in accordance with the Companies Act 2009.

Independent auditor's report

To the Shareholders of Greystone Partners Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Greystone Partners Limited (the Company) and its subsidiaries (together the Group) as at 30 September 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Eswatini.

What we have audited

Greystone Partners Limited's consolidated financial statements set out on pages 12 to 39 comprise:

- the consolidated statement of financial position as at 30 September 2018;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the notes to the consolidated financial statements; and
- the accounting policies for the year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the requirements of the Eswatini Institute of Accountants (ESIA) Code of Ethics for Professional Accountants and other independence requirements applicable to performing audits of financial statements in Eswatini. We have fulfilled our ethical responsibilities in accordance with the ESIA Code and in accordance with other ethical requirements applicable to performing audits in Eswatini.

Partner in charge T Mason
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Overview

	Overall materiality • E 490 133, which represents 5% of the consolidated profit before tax.
	Group audit scope The group consists of three components, Greystone Partners Limited the holding company, INBA Holdings Limited and Swagri Holdings (Pty) Ltd which are wholly owned subsidiaries. Full scope audits have been performed on all components.
	Key audit matter • *Valuation of unquoted investments.*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

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Overall materiality	E 490 133
How we determined it	5% of consolidated profit before tax
Rationale for the materiality benchmark applied	We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit oriented companies in this sector.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We audited all components of the Group. These components are all incorporated and located in Eswatini. A full scope statutory audit was performed on all three components because separate audit opinions are issued for each component.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team. The group engagement team is responsible for the audit of all the entities within the group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	*How our audit addressed the key audit matter*
Valuation of unquoted investments The Group has significant unlisted investments in Eswatini Royal Insurance Corporation (ESRIC), Lojaf (Proprietary) Limited (Lojaf) and Ngwane Mills (Proprietary) Limited (Ngwane Mills), which are carried at fair value. The investment valuations are performed annually by an independent management expert. a) ESRIC ESRIC is the largest local insurance company in Eswatini. The Group has utilised the market approach to estimate the fair value as at the valuation date. The long term and short term business units of ESRIC were valued separately and the derived valuation for each business unit summed together in order to arrive at the overall total value of SRIC. The market multiple methodology has been used with the price to earnings multiple as the primary input for the short term business. The price to book multiple has been utilised as a reasonability test for the short term business of SRIC. The methodology adopted in undertaking the valuation of the long term insurance business of ESRIC has been the market multiple methodology using the price to embedded value. The market approach indicates the value of a business by multiplying the sustainable earnings of the company by the average price earnings multiple or price to book of selected comparable companies after applying specific discounts for size and diversification, growth and country of origin.	We evaluated whether management has appropriately applied the requirements of IFRS 13 *Fair Value Measurement* by performing the following procedures: • Inspected the valuations performed by management's expert for consistency in the methodology approach used compared to prior year's valuations and the reasonableness of the assumptions applied. Tested the mathematical accuracy of the valuations. • Using our internal valuation expertise to assess whether generally accepted valuation methodology was applied, that is, benchmark the valuation methodology with industry practice. • Using our internal valuation expertise, we considered the discount rates and growth rates included in the market approach and the discounted cash flow models by assessing the reasonableness of the assumptions, which includes, the risk premiums, liquidity discount rates, credit risks, volatilities, growth rate, price to earnings multiples and correlations used to calculate the fair value of the investments. • Using our internal valuation experts we considered the key inputs used in the valuation which includes, the average price multiple and the price to embedded value. We found that the assumptions and key inputs used by management were comparable with those applicable to similar companies in the industry. The historical performance, the expected future outlook and the discount rates used were appropriate in the circumstances, and are in the acceptable range of comparable companies in the industry.

b) Ngwane Mills Ngwane Mills manufactures and distributes animal feed products. The Group has utilised the income approach (discounted cash flow method or DCF) to estimate the fair value as at the valuation date. The income approach indicates the value of a business based on the value of the cash flows that the business can be expected to generate in the future. c) Lojaf Lojaf operates a retail supermarket. The Group has utilised the income approach (discounted cash flow method or DCF) to estimate the fair value as at the valuation date. The key assumptions utilised in the valuations include the following unobservable inputs: The investment company's weighted average cost of capital, terminal growth, minority discount and liquidity risk. We considered this to be a matter of most significance to the current year audit due to the significant assumptions made by management in the valuation of these unquoted investments, as well as the magnitude of these investments.	

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Other information

The directors are responsible for the other information. The other information comprises the information included in the *Greystone Partners Limited Consolidated financial statements for the year ended 30 September 2018*, which includes the Directors' report as required by the Companies Act of Eswatini. Other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Eswatini, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

PricewaterhouseCoopers
Partner: Theo Mason
Registered Auditor
P.O Box 569
Mbabane Swaziland
Date: 20 May 2019

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Greystone Partners Limited

Consolidated statement of financial position as at 30 September 2018

Figures in Emalangeni	Note(s)	2018	2017 Restated*
Assets			
Non-Current Assets			
Investments at fair value through profit or loss	3	252 318 120	261 101 727
Deferred tax	2	6 271 069	5 376 123
Tax receivable	15	190 753	190 753
		258 779 942	**266 668 603**
Current Assets			
Investment in promissory notes	4	40 410 119	38 516 494
Cash and cash equivalents	5	33 611 934	34 823 233
		74 022 053	**73 339 727**
Total Assets		**332 801 995**	**340 008 330**
Equity and Liabilities			
Equity			
Share capital	7	181 090 820	181 090 820
Retained income		149 133 786	144 116 606
		330 224 606	**325 207 426**
Liabilities			
Current Liabilities			
Trade and other payables	8	2 577 389	14 800 904
Total Equity and Liabilities		**332 801 995**	**340 008 330**

The consolidated financial statements for the year ended 30 September 2018 and the notes on pages 26 to 39, were approved by the ~~board of~~ directors on 18 December 2018 and were signed on its behalf by:

Director

Director

The accounting policies on pages 18 to 25 and the notes on pages 26 to 39 form an integral part of the Consolidated financial statements for the year ended 30 September 2018.

*Refer to note 23 for restatement details.

Greystone Partners Limited

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 September 2018

Figures in Emalangeni	Note(s)	2018	2017 Restated*
Revenue	12	28 080 300	18 622 624
Operating expenses	10	(9 501 000)	(17 117 318)
Operating profit		**18 579 300**	**1 505 306**
Unrealised (losses) / gain on revaluation of investments	11	(8 783 607)	58 893 872
Profit before taxation		9 795 693	60 399 178
Income tax credit	13	894 945	2 931 443
Profit for the year		**10 690 638**	**63 330 621**
Other comprehensive income		-	-
Total comprehensive income		**10 690 638**	**63 330 621**
Earnings per share			
Per share information			
Basic earnings per share (c)	21	0.08	0.45

The accounting policies on pages 18 to 25 and the notes on pages 26 to 39 form an integral part of the consolidated financial statements for the year ended 30 September 2018.

*Refer to note 23 for restatement details.

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Greystone Partners Limited

Consolidated statement of changes in equity for the year ended 30 September 2018

Figures in Emalangeni	Share capital	Share premium	Total share capital	Retained income	Total equity
Balance at 01 October 2016	**1 418 365**	**179 672 455**	**181 090 820**	**86 175 771**	**267 266 591**
Profit for the year	-	-	-	63 330 621	63 330 621
Other comprehensive income	-	-	-	-	-
Dividends	-	-	-	(5 389 786)	(5 389 786)
Balance at 30 September 2017	**1 418 365**	**179 672 455**	**181 090 820**	**144 116 606**	**325 207 426**
Profit for the year	-	-	-	10 690 638	10 690 638
Other comprehensive income	-	-	-	-	-
Dividends	-	-	-	(5 673 458)	(5 673 458)
Balance at 30 September 2018	**1 418 365**	**179 672 455**	**181 090 820**	**149 133 786**	**330 224 606**
Note(s)	7	7	7		

The accounting policies on pages 18 to 25 and the notes on pages 26 to 39 form an integral part of the Consolidated financial statements for the year ended 30 September 2018.

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Greystone Partners Limited

Consolidated statement of cash flows for the year ended 30 September 2018

Figures in Emalangeni	Note(s)	2018	2017
Cash flows from operating activities			
Cash used in operations	14	(23 618 141)	(1 927 725)
Interest income		6 246 655	6 438 346
Dividend income		21 833 645	12 184 278
Net cash generated from operating activities		**4 462 159**	**16 694 899**
Cash flows from investing activities			
Purchase of financial assets	3	-	(41 000 000)
Purchase of promissory notes		-	(13 500 055)
Net cash used in investing activities		**-**	**(54 500 055)**
Cash flows used in financing activities			
Dividends paid	19	(5 673 458)	-
Net change of cash and cash equivalents		**(1 211 299)**	**(37 805 156)**
Cash and cash equivalents at the beginning of the year		34 823 233	72 628 389
Total cash and cash equivalents at end of the year	5	**33 611 934**	**34 823 233**

The accounting policies on pages 18 to 25 and the notes on pages 26 to 39 form an integral part of the Consolidated financial statements for the year ended 30 September 2018.

Greystone Partners Limited

Accounting Policies for the year ended 30 September 2018

1. Corporate information

Greystone Partners Limited was incorporated as a public company on 27 January 2009. The principal object of the Company is to carry on business as an investment holding company. The main purpose of Greystone Partners is to create a formal investment vehicle which is listed on the Swaziland Stock Exchange and which invests primarily in emergent, unlisted businesses with sustainable growth potential. Investors are able to share in Greystone Partners' ability to source, research and secure investments

Greystone is predominantly an investment entity that invests into unlisted entities. African Alliance, the investment manager of Greystone, has a strong value-add focus as it is of the opinion that a big part of private equity value creation comes from driving business improvements in portfolio companies. Value addition starts as early as the deal sourcing phase when engaging with management in order to ensure that management teams are open to partnering with the Manager and actively driving and generating value.

Greystone continuously monitor the underlying investments for the appropriate time for an exit. For each investment, a trade sale or listing are the preferred exit routes.

1.1. Significant accounting policies

The consolidated financial statements for the year ended 30 September 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) as issued by the International Accounting Standards Board (IASB), and the Eswatini Companies Act no. 8 of 2009. The consolidated financial statements for the year ended 30 September 2018 have been prepared on a historical cost basis except for investments at fair value through profit or loss which are measured at fair value. The consolidated financial statements for the year ended 30 September 2018 are presented in Emalangeni and all values are rounded to the nearest Emalangeni, except when otherwise indicated. The consolidated financial statements for the year ended 30 September 2018 incorporate the principal accounting policies set out below. These accounting policies are consistent with the prior period, except for those which were adopted during the year.

1.2 New and amended standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 October 2018, and have not been applied in preparing the financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Not yet mandatory effective but early application allowed for the year ended 31 December 2018

Effective for the financial year commencing 1 October 2018
IFRS 15 Revenue from Contracts with Customers
IFRS 9 Financial Instruments
IFRIC 22 Foreign Currency Transactions and Advance Considerations

Effective for the financial year commencing 1 October 2019
IFRS 16 Leases
IFRS 23 Uncertainty over Income

All Standards and Interpretations will be adopted at their effective date.

1.2 New and amended standards and interpretations (continued)
IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The Group is currently assessing the estimated impact that the initial application of IFRS 15 will have on its consolidated financial statements.

The standard is effective for annual periods beginning on or after 1 October 2018, with early adoption permitted.

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard may have an impact on the Group, which will include changes in the measurement bases of the Group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are different.

The standard is effective for annual periods beginning on or after 1 October 2018 with retrospective application, early adoption is permitted.

The Group is currently in the process of assessing the impact of the amendments on the financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Considerations

When foreign currency consideration is paid or received in advance of the item it relates to – which may be an asset, an expense or income – IAS 21 The Effects of Changes in Foreign Exchange Rates is not clear on how to determine the transaction date for translating the related item.

This has resulted in diversity in practice regarding the exchange rate used to translate the related item. IFRIC 22 clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

The standards and interpretations is not expected to have a significant impact on the Group's consolidated financial statements.

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 October 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors. The Group has begun assessing the potential impact on the financial statements resulting from the application of IFRS 16. No significant impact is expected for the Group's finance leases.

1.2 New and amended standards and interpretations (continued)
IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the consolidated financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:
judments made;
assumptions and other estimates used; and
the potential impact of uncertainties that are not reflected.

The standards and interpretations are not expected to have a significant impact on the group's financial statements.
IFRIC 23 applies for annual periods beginning on or after 1January 2019. Earlier adoption is permitted.

1.3 Significant accounting judgements, estimates and assumptions

In preparing the consolidated financial statements for the year ended 30 September 2018, management is required to make judgements, estimates and assumptions that affect the amounts represented in the consolidated financial statements for the year ended 30 September 2018 and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future may differ from these estimates which may be material to the consolidated financial statements for the year ended 30 September 2018.

Significant judgements

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements :

Estimates and assumptions

Fair value estimation

The fair value of investments traded in active markets is based on quoted market prices at the reporting date.

The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Wherever possible, models use only observable market data. Where required, these models incorporate assumptions that are not supported by prices from observable current market transactions in the same instrument and are not based on available observable market data. Such assumptions include risk premiums, liquidity discount rates, credit risk, volatilities and correlations. Changes in these assumptions could affect the reported fair values of financial instruments. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

Trade receivables and payables are shown at carrying value less impairment provision as the effect of discounting is immaterial. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

1.4 Investment in associates

The Company is a venture capital organisation and has been therefore elected to designate investment in associates at fair value through profit or loss.

1.5 Financial instruments

Classification

The Group classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income
- Financial assets measured at amortised cost
- Financial liabilities measured at amortised cost

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value. On initial recognition, financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). The classification is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Dividend income is recognised in profit or loss as part of other income when the Group's right to receive payment is established.

Financial assets at amortised cost are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Financial instruments designated as at fair value through profit or loss

Investments are recognised and derecognised on a trade basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Investments are measured initially and subsequently at fair value with the gains and losses arising from changes in fair value being included in profit or loss for the year.

Amounts owing by / (to) related parties

These include amounts owing by/to related companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Amounts owing by related parties are classified as financial assets measured at amortised cost and amounts owing to related parties are classified as financial liabilities and subsequently measured at amortised cost.

1.5 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other receivables are classified as financial asset measured at amortised cost.

Trade and other payables

Trade payables are measured initially at fair value, and subsequently at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. These are subsequently measured at amortised cost.

Bank overdraft

Bank overdrafts are initially and subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when :

- the rights to receive cash flows from the asset have expired, and
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay/ receive cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group had neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

When the existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit and loss.

1.5 Financial instruments (continued)

Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indication that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in the group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit and loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of the finance income in profit and loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in profit and loss.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset. Current tax includes any adjustment to tax payable or receivable in respect to previous years.

Current tax liabilities (assets) for the current and prior years are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction that at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

1.6 Tax (continued)

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Tax expenses

Provision is made for income tax on the net taxable profit for the year at the applicable rates of tax which have been substantially enacted at reporting date, taking into account income and expenditure which is not subject to tax.

1.7 Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

If the Group reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.9 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision. Provisions are not recognised for future operating losses. Contingent assets and contingent liabilities are not recognised.

1.10 Revenue

Interest is recognised, in profit or loss, using the effective interest method.

Dividends are recognised, in profit or loss, when the Group's right to receive payment has been established.

1.11 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Operating segments reflect the management structure of the group and are identified both geographically and by the key markets which they serve.*

*Segment analysis disclosed in note 20.

Only one operating segment was identified, that is, the investment entity company as a whole.

1.12 Comparative information

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Figures in Emalangeni	2018	2017

2. Deferred tax

Movement of deferred tax asset

		Restated
At beginning of the year	**5 376 123**	2 444 678
Temporary differences	**894 946**	2 931 445
At end of the year	**6 271 069**	5 376 123

The deferred tax asset has arisen as a result of tax losses available for set off against future taxable income. There is no time limit imposed by tax legislation on the future availability of the tax losses for set off against taxable profits.

3. Investments at fair value through profit or loss

At fair value through profit or loss		
Orchard Insurance Limited	2 058 000	1 530 000
Ngwane Mills (Pty) Limited	35 442 000	42 788 000
Lojaf (Proprietary) Limited	71 672 000	78 128 000
Eswatini Royal Insurance Corporation	96 259 000	93 819 000
Swazispa Holdings Limited	21 000	21 000
SBC Limited	46 866 120	44 815 727
	252 318 120	**261 101 727**

Non-current assets		
At fair value through profit or loss	252 318 120	261 101 727

Details pertaining to the investments are shown in the table below:

Name of investee	Type of shares	% Holding 2018	% Holding 2017	Number of shares 2018	Number of shares 2017	Cost of Shares 2018 E	Cost of Shares 2017 E
Orchard Insurance Limited	Ordinary	10.00	10.00	200 000	200 000	200 000	200 000
Nqwane Mills (Pty) Limited	Ordinary	38.00	38.00	190	190	39 051 070	39 051 070
Lojaf (Proprietary) Limited	Ordinary	28.89	28.89	39 047	39 047	41 000 000	41 000 000
Eswatini Royal Insurance Corporation	Ordinary	6.50	6.50	260 000	260 000	24 972 062	24 972 062
Swazispa Holdings Limited	Ordinary	0.05	0.05	3 499	3 499	29 779	29 779
SBC Limited	Ordinary	6.07	6.07	5 858 265	5 858 265	22 028 984	22 028 984

Fair value hierarchy of financial assets at fair value through profit or loss

Figures in Emalangeni	2018	2017

3. Investments at fair value through profit or loss (continued)

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

	2018	2017
Level 1		
Swazispa holdings Limited	21 000	21 000
SBC Limited	46 866 120	44 815 727
	46 887 120	**44 836 727**
Level 3		
Orchard Insurance Limited	2 058 000	1 530 000
Ngwane Mills (Pty) Limited	35 442 000	42 788 000
Eswatini Royal Insurance Corporation	96 259 000	93 819 000
Lojaf (Proprietary) Limited	71 672 000	78 128 000
	205 431 000	**216 265 000**
	252 318 120	**261 101 727**

The investment in Eswatini Royal Insurance Corporation is classified between:

	2018	2017
Long term	20 880 000	20 880 000
Short term	72 939 000	72 939 000
	93 819 000	**93 819 000**

Reconciliation of financial assets at fair value through profit or loss measured at level 3 - 2018

	Opening balance	Gains in profit or loss	Closing balance
Orchard Insurance Limited	1 530 000	528 000	2 058 000
Ngwane Mills (Pty) Limited	42 788 000	(7 346 000)	35 442 000
Eswatini Royal Insurance Corporation	93 819 000	2 440 000	96 259 000
Lojaf (Proprietary) Limited	78 128 000	(6 456 000)	71 672 000
	216 265 000	**(10 834 000)**	**205 431 000**

Reconciliation of financial assets at fair value through profit or loss measured at level 3 - 2017

	Opening balance	Gains in profit or loss	Purchases	Closing balance
Orchard Insurance Limited	788 000	742 000	-	1 530 000
Ngwane Mills (Pty) Limited	32 132 000	10 656 000	-	42 788 000
Eswatini Royal Insurance Corporation	87 259 000	6 560 000	-	93 819 000
Lojaf (Proprietary) Limited	-	37 128 000	41 000 000	78 128 000
	120 179 000	**55 086 000**	**41 000 000**	**216 265 000**

Fair value information

3. Investments at fair value through profit or loss (continued)

Financial assets are recognised at fair value, unless they are unlisted equity instruments and the fair value cannot be determined using other means, in which case they are measured at cost. Fair value information is not provided for these financial assets.

Fair value estimation

2018

Description	Fair value E000	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation +/- E 000	Change in valuation +/- E 000
Eswatini Royal Insurance Corporation - short term	72 940	Comparable trading multiples	Price earning multiple	10.60	1	6,990	-6,990
			Company specific risk	10%	10%	-823	823
			Liquidity risk	15%	10%	-1,307	1,307
Eswatini Royal Insurance Corporation - long term	20 880	Comparable trading multiples	Price to Embedded Value	1.2	0.5	9,366	-9,366
			Company specific risk	10%	10%	-246	224
			Liquidity risk	15%	10%	-391	356
Orchard Insurance Limited	2 058	Comparable trading multiples	Price earning multiple	10.60	1	194	-194
			Company specific risk	25%	10%	-69	62
			Liquidity risk	15%	10%	-36	33
Ngwane Mills (Pty) Ltd	35 442	Discounted Cash Flow	Weighted Average Cost of Capital	17.9%	10%	-2,215	2,598
			Terminal Growth	4.5%	10%	652	-556
			Minority Discount	10%	10%	-443	403
			Liquidity risk	10%	10%	-443	403
Lojaf (Proprietary) Limited	71 672	Discounted Cash Flow	Weighted Average Cost of Capital	17.4%	10%	-7,761	9,140
			Terminal Growth	4.5%	10%	1,363	-1,160
			Minority Discount	12%	10%	-896	814
			Liquidity risk	10%	10%	-896	814

3. Investments at fair value through profit or loss (continued)

2017

Description	Fair value E000	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation +/- E 000	Change in valuation +/- E 000
Eswatini Royal Insurance Corporation - short term	72 940	Comparable trading multiples	Price earning multiple	8.35	1	7,053	-7,053
			Company specific risk	10%	10%	-768	768
			Growth premium	5%	10%	384	-384
			Liquidity risk	15%	10%	-910	897
Eswatini Royal Insurance Corporation - long term	20 880	Comparable trading multiples	Price to Embedded Value	0.98	0.5	8,145	-8,145
			Company specific risk	10%	10%	-232	211
			Liquidity risk	5%	10%	-382	347
Orchard Insurance Limited	1 530	Comparable trading multiples	Price earning multiple	6.59	1	148	-148
			Company specific risk	25%	10%	-51	46
			Liquidity risk	15%	10%	-27	25
Ngwane Mills (Pty) Ltd	42 788	Discounted Cash Flow	Weighted average Cost of capital	18.1%	10%	-3,225	3,782
			Terminal Growth	4.5%	10%	706	-602
			Minority Discount	10%	10%	-549	499
			Liquidity Risk	12%	10%	-658	598
Lojaf (Proprietary) Limited	78 128	Discounted Cash Flow	Weighted average Cost of Capital	17.4%	10%	-7,671	9,029
			Terminal Growth	4.5%	10%	1,350	-1,148
			Minority Discount	12%	10%	-1,202	1,093
			Liquidity Risk	10%	10%	-1,002	911

The change in valuation calculated in the above tables show the increase or decrease that the respective input variables would have on the respective valuations. In valuing Eswatini Royal Insurance Corporation and Orchard Insurance Limited, the market multiple methodologies were applied. With the price earnings multiple being the primary methodology. In valuing the long term insurance business of Eswatini Royal Insurance Corporation, the market multiple methodology using embedded value as the primary methodology was applied. For Ngwane Mills (Pty) Limited and Lojaf (Pty) Limited, the primary valuation technique applied was the discounted cash flow methodology.

Investments valuation methodology

- Eswatini Royal Insurance Corporation ("EsRIC") Investment

The Group has an investment in the Eswatin Royal Insurance Corporation. EsRIC provides both short term insurance and life cover to individuals, corporate customers and government organisations. EsRIC is the only insurer in Eswatini with a short and long term licence. In undertaking the valuation of EsRIC, the market multiple methodology has been used with the short term insurance business using the price earnings multiple as the primary methodology and the long term insurance business using the price to embedded value multiple as the primary methodology.

3. Investments at fair value through profit or loss (continued)

- Orchard Insurance Limited

The Group has an investment in Orchard Insurance Limited ("Orchard"), a company that offers predominately credit life and funeral insurance. In undertaking the valuation of Orchard, the market multiple methodology has been used with the price earnings multiple being the primary methodology.

- Ngwane Mills Proprietary Limited ("Ngwane Mills") Investment

The Group has an investment with Ngwane Mills a company which manufactures and distributes animal feed products.

The Group has utilised the Income Approach (discounted cash flow method or DCF) to estimate the fair value as of the Valuation Date. The Income Approach indicates the value of a business based on the value of the cash flows that the business can be expected to generate in the future.

- Lojaf (Proprietary) Limited ("Lojaf") Investment

The Group has an investment with Lojaf a company which is a retail supermarket. Lojaf is a special purpose vehicle that was established to acquire four Pick n Pay franchise stores. The transaction was effective on 1 December 2016. The franchise agreement with Pick n Pay was renewed as part of the transaction and therefore Lojaf will continue to trade under the Pick n Pay brand as franchisee.

The Group has utilised the Income Approach (discounted cash flow method or DCF) to estimate the fair value as of the Valuation Date. The Income Approach indicates the value of a business based on the value of the cash flows that the business can be expected to generate in the future.

4. Investment in promissory notes

	2018	2017
Select Limited	25 024 658	25 016 439
Lesana medium term notes	15 385 461	13 500 055
	40 410 119	**38 516 494**

Promissory notes	**Interest rate**	**Maturity**
Select Limited	12% per annum	28 September 2019
Lesana medium term notes	16% per annum	15 June 2019

Both promissory notes have early redemption clause exercisable at the option of the Group.

Lesana medium term notes

The notes may be redeemed on one month's notice in writing.

Select Limited

The notes may be redeemed 3 months before maturity date.

As at 30 September 2018, Promissory notes of E 40,410,119 (2017: E38,516,494) were fully performing.

Figures in Emalangeni	2018	2017

5. Cash and cash equivalents

		Restated
Bank balances	**7 515 561**	14 617 699
Investment in African Alliance Swaziland Lilangeni Fund	**26 096 373**	20 205 534
	33 611 934	34 823 233

Cash at bank and short term deposits, excluding cash on hand

Financial institution		
African Alliance Swaziland Lilangeni Fund	**26 096 373**	20 205 534
Nedbank Swaziland Limited	**7 515 561**	14 617 699
	33 611 934	34 823 233

6. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2018	Amortised cost	Fair value through profit or loss	Total
Investments at fair value through profit or loss	**-**	**252 318 120**	**252 318 120**
Promissory notes	**40 410 119**	**-**	**40 410 119**
Cash and cash equivalents	**33 611 934**	**-**	**33 611 934**
	74 022 053	**252 318 120**	**326 340 173**

2017			
Promissory notes	-	261 101 727	261 101 727
Investments at fair value through profit or loss	38 516 494	-	38 516 494
Cash and cash equivalents	34 823 233	-	34 823 233
	73 339 727	261 101 727	334 441 454

7. Share capital

Authorised		
250,000,000 Ordinary shares of 1 cent each	**2 500 000**	2 500 000

Issued		
141,836,461 Ordinary shares of 1 cent each	**1 418 365**	1 418 365
Share premium	**179 672 455**	179 672 455
	181 090 820	**181 090 820**

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Figures in Emalangeni	2018	2017

8. Trade and other payables

Performance fees	-	7 353 789
Accrued expenses	**2 577 390**	2 057 329
Dividend payable	-	5 389 786
	2 577 390	**14 800 904**

The Company concluded a Management Agreement ("Agreement") on 25 October 2010 with African Alliance Swaziland Limited ("the Manager") in terms of which the Company appointed the Manager exclusively to manage, administer and control the business and assets of the Company in accordance with its objectives.

The Company and Manager agree a management fee payment which is equal to 2% of the market capitalisation of the Company payable in arrears and a cash performance fee.

Performance fees

The Manager is entitled to a cash performance fee in respect of each period of twelve months ending on the last day of the Company's financial year ("the Calculation Period") equal to 20% of the appreciation in the Net Asset Value (NAV) of the Company during the Calculation Period (in each case after taking into account the effect of any new share issues, and adding back dividends and other distributions made during the Calculation period (the "Adjusted NAV")). The performance fee is only payable on the appreciation in the Adjusted NAV of the Company in excess of the Prior High NAV of the Company.

Dividend was declared and paid during the year.

9. Financial liabilities by category

The accounting policies for financial liabilities have been applied to the line items below:

Trade and other payables	**2 577 390**	14 800 904

10. Operating expenses

Material operating expenses for the year is stated below:		
Auditors remuneration - audit	**443 251**	472 560
Auditors remuneration - other	**375 265**	331 653
Advisory fees	-	1 107 000
Consultancy fees	-	395 850
Management fees	**8 068 668**	6 572 740
Directors fees	**79 000**	27 000
Travel expenses	**156 718**	159 089
Performance fees	-	7 353 789

During the year under review, there was no performance fees.

11. Unrealised (losses) / gain on revaluation of investments

SBC Limited	2 050 393	3 807 872
Orchard Insurance Limited	528 000	742 000
Eswatini Royal Insurance Corporation	2 440 000	6 560 000
Ngwane Mills (Pty) Limited	(7 346 000)	10 656 000
Lojaf Proprietary Limited	(6 456 000)	37 128 000
	(8 783 607)	**58 893 872**

Figures in Emalangeni	2018	2017

12. Investment income

		Restated
Dividend income:		
Lojaf (Proprietary) Limited	878 458	1 112 839
Inba Holdings Limited	9 575 000	7 910 000
Swagri Holdings (Pty) Limited	9 500 000	-
SBC Limited	1 821 411	1 523 149
Orchard Insurance Limited	58 776	32 200
Eswatini Royal Insurance Corporation	-	1 606 090
	21 833 645	**12 184 278**
Interest income		
Financial Institutions	**1 353 030**	2 308 167
Promissory notes	**4 893 625**	4 130 179
	6 246 655	**6 438 346**
Total investment income	**28 080 300**	**18 622 624**

13. Taxation

Major components of the tax credit

		Restated
Deferred tax	(894 945)	(2 931 443)

Reconciliation of the tax credit

Reconciliation between applicable tax rate and average effective tax rate.

		Restated
Applicable tax rate	**27.50 %**	27.50 %
Permanent differences	**(36.64)%**	(32.50)%
Effective tax rate	**(9.14)%**	**(4.85)%**
Profit before tax	**9 795 693**	60 399 178
Tax thereon	**2 693 816**	16 609 774
Permanent differences:		
Dividend income	**(6 004 252)**	(3 345 405)
Revaluation gains	**2 415 492**	(16 195 812)
Tax credit to statement of profit or loss and other comprehensive income	**(894 944)**	(2 931 443)

14. Cash used in operations

Profit before taxation	9 795 693	60 399 178
Adjustments for:		
Dividend income	(21 833 645)	(12 184 278)
Interest income	(6 246 655)	(6 438 346)
Change in fair value of investments through profit or loss	8 783 607	(58 893 872)
(Increase)/decrease in other receivables	(1 893 625)	7 280 000
(Decrease)/increase in trade and other payables	(12 223 516)	7 909 593
	(23 618 141)	**(1 927 725)**

Figures in Emalangeni	2018	2017

15. Tax receivable

Balance at beginning of the year	190 753	190 753
Balance at end of the year	(190 753)	(190 753)
Tax paid	-	-

16. Related parties

Relationships	
Investment manager:	African Alliance Eswatini Limited, incorporated in the Kingdom of Eswatini
Subsidiaries:	Inba Holdings Limited, incorporated in the Kingdom of Eswatini
	Swagri Holdings (Pty) Limited, incorporated in the Kingdom of Eswatini

Related party balances

Funds with financial institutions		
African Alliance Swaziland Lilangeni Fund	**26 096 373**	20 205 534

Related party transactions

Dividend income		
Inba Holdings Limited	**9 575 000**	7 910 000
Swagri Holdings (Pty) Limited	**9 500 000**	-
	19 075 000	7 910 000
Performance fees		
African Alliance Eswatini Limited	-	(7 353 789)
Management fees		
African Alliance Eswatini Limited	**(8 068 668)**	(6 572 740)

Please refer to note 8 on a description of how the performance and management fees are calculated.

Interest received		
African Alliance Swaziland Lilangeni Fund	**1 315 839**	2 264 572
Compensation to directors and other key management		
Directors' emoluments	**79 000**	27 000
	79 000	27 000

All group transactions are made at terms equivalent to those prevailing in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables. The Group has not recorded any impairment of receivables relating to amounts owed by related parties during the year.

In terms of the various service level agreement with group Companies, the Company has been granted a temporary suspension in fees until such time as the Company is profitable on a sustainable basis.

Figures in Emalangeni	2018	2017

16. Related parties (continued)

The below table indicates shareholders who own greater than 5% of Greystone Partners Limited.

Shareholder	Shareholding
University of Eswatini Pension Fund	20.78 %
Central Bank of Eswatini Retirement Fund	19.80%
African Alliance Ligcebesha Fund	15.10%
African Alliance Swaziland Portfolio Fund	10.20%
Swaziland Railways Pension Fund	8.41%
Eswatini Electricity Company Pension Fund	8.72%

17. Risk management

Capital risk management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital which the Group defines as net operating income divided by total shareholders' equity. The board of directors also monitors the level of dividends to ordinary shareholders.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes to the Group's approach to capital management during the year.

Financial risk management

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The board of directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Group's risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

All the amounts reflected are less than one year.

	2018	2017
Trade and other payables	**2 577 390**	14 800 904

Figures in Emalangeni	2018	2017

17. Risk management (continued)

Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

Variable interest rate risk		
Cash and cash equivalents	**33 611 934**	34 823 233

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the prior period.

+/- 100 bps		
Variable rate instruments	**336 119**	348 232
Variable rate instruments	**(336 119)**	(348 232)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument		
Promissory notes	40 410 119	38 516 494
	40 410 119	38 516 494

Market risk

The Group has investments in various collective investment undertakings the value of which are subject to fluctuations in net asset value prices.

The table below summarises the impact of increases of the net asset value price on the Group's post-tax profit for the year. The analysis is based on the assumption that the net asset value price increased by 5% with all other variables held constant.

	Impact on post tax profit in Emalangeni	
Financial instrument	**2018**	**2017**
Equity securities held at fair value through profit or loss	12 615 906	13 055 086

Post-tax profit for the year would increase as a result of gains on investments classified as at fair value through profit or loss.

18. Investments in associates

Summarised financial information of material associates

2018

Summarised statement of profit or loss and other comprehensive income	Revenue	Operating expenses	Profit from continuing operations
	E'000	E'000	E'000
Ngwane Mills (Pty) Limited	396 847	(63 043)	7 345
Lojaf (Proprietary) Limited	276 861	(43 830)	4 136
Swaziland Royal Insurance Corporation	721 588	(206 059)	159 044

Summarised statement of financial position	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Total net assets
	E'000	E'000	E'000	E'000	E'000
Ngwane Mills (Pty) Limited	30 905	79 692	1 990	25 767	82 840
Lojaf (Proprietary) Limited	124 560	67 339	352	47 837	143 710
Swaziland Royal Insurance Corporation	99 027	2 194 619	7 770	1 683 567	602 309

2017

Summarised statement of profit or loss and other comprehensive income	Revenue	Operating expenses	Profit from continuing operations
	E'000	E'000	E'000
Ngwane Mills (Pty) Limited	343 895	(47 666)	5 503
Lojaf (Proprietary) Limited	410 898	(56 375)	12 970
Swaziland Royal Insurance Corporation	713 907	(182 211)	152 303

Summarised statement of financial position	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Total net assets
	E'000	E'000	E'000	E'000	E'000
Ngwane Mills (Pty) Limited	24 890	82 024	2 069	29 352	75 493
Lojaf (Proprietary) Limited	152 225	42 793	-	48 836	146 182
Swaziland Royal Insurance Corporation	109 181	1 958 805	1 555	1 497 167	569 264

Ngwane Mills (Pty) Limited was incorporated in the Kingdom of Eswatini and the company carries on the business of millers and manufacturers of animal products distribution including related products.

Lojaf (Proprietary) Limited was incorporated in the Kingdom of Eswatini with interests in the retail industry. The company operates a chain of franchise outlets in the Kingdom of Eswatini. Lojaf (Proprietary) Limited was acquired on 1 December 2016.

Dividend income of E 9,500,000 (2017: Nil) was received from Ngwane Mills (Pty) Limited for the year ended 30 September 2018. Dividend income of E 878,457 (2017: E 1,112,840) was received from Lojaf (Proprietary) Limited for the year ending 30 September 2018.

Please refer to Note 3 for the % shareholding.

Figures in Emalangeni	2018	2017

18. Investments in associates (continued)

Associates with different reporting dates

The end of the reporting year of Ngwane Mills (Pty) Limited is 30 June. It was impracticable to obtain financial statements as at 30 September 2018. The end of the reporting year of Lojaf (Proprietary) Limited is 30 September. The figures shown are for 6 months of Lojaf (Proprietary) Limited's financial year (comparatives showing 10 months).

19. Dividends payable

Dividend expense	(5 673 458)	(5 389 786)

A dividend of E **(5 673 458)** (2017: E (5 389 786)), comprising of E **0.040** (2017: E 0.038) per share, was declared and paid during the year.

20. Segment reporting

The following factors were considered in identifying reportable segments:

Operating segments reflect the management structure of the Group and are identified both geographically and by the key markets they serve.

The group's chief operations decision maker, being the (executive committee comprising of the chief financial officer, managing director and directors) examines the company's performance from a geographic perspective and has identified a single segment from which it derives its total revenue-:

Investment in unlisted and emerging entities: Activities include investments in unlisted and emerging entities.

Summary segment report:

	2018	2017
Revenue		Restated
Dividend income	21 833 645	12 184 278
Interest income	6 246 655	6 438 346
Total revenue	**28 080 300**	**18 622 624**
Revenue by geographical segment:		
Kingdom of Eswatini	28 080 300	18 622 624
Total revenue	28 080 300	18 622 624
Administrative expenses		
Administrative expenses between geographical segments		
Kingdom of Eswatini	9 250 655	17 117 318
Total administrative expenses	9 250 655	17 117 318
Total assets		
Total assets by geographical segment:		
Kingdom of Eswatini	331 206 233	340 008 330
Total assets	331 206 233	340 008 330

Figures in Emalangeni	2018	2017

20. Segment reporting (continued)

Total liabilities

Total liabilities by geographical segment:		
Kingdom of Eswatini	2 577 389	14 800 904
Total liabilities	**2 577 389**	**14 800 904**

21. Earnings per share

Earnings per share are based on total comprehensive profit of E 10,840,693 (2017: E 61,729,803) and the weighted average number of shares of 141,836,461.

22. Events after the reporting period

On 30 November 2018, the Company acquired 54.6% of Alliance Foods (Pty) Limited, a newly incorporated entity, established as an SPV, specially for the purpose of executing the acquisition of the KFC outlets.

There are no other significant events that have occured in respect of the Group, subsequent to the year end, that may be relevant to the accuracy of these financial statements.

23. Prior year adjustment

The Company is restating its consolidated statement of financial position as of 30 September 2017 and the related consolidated statement of Profit or Loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow.

A dividend of 1 606 090 pertaining to Eswatini Royal Insurance Corporation was not recognised in the consolidated Statement of Profit or Loss and other comprehensive income for the year ended 30 September 2017. The restatement primarily reflects the recognition of the dividend income in the 2017 revenue figures. Consequently, 2016 figures have not been presented in the statement of financial position.

	As previously reported	Adjustments	As restated
30 September 2017			
Statement of profit or loss and other comprehensive income			
Revenue	17 016 534	1 606 090	18 622 624
Income tax credit	2 936 715	(5 272)	2 931 443
	19 953 249	**1 600 818**	**21 554 067**
Statement of financial position			
Deferred tax asset	5 381 395	(5 272)	5 376 123
Cash and cash equivalents	33 217 143	1 606 090	34 823 233
	38 598 538	**1 600 818**	**40 199 356**

The adjustment in the statement of profit or loss and other comprehensive income is reflected accordingly in the statement of financial position:

Retained income	**142 515 788**	**1 600 818**	**144 116 606**

GREYSTONE PARTNERS

Greystone Partners Limited

Consolidated detailed Income Statement for the year ended 30 September 2018

Figures in Emalangeni	Note	2018	2017 Restated
Investment income	12	28 080 300	18 622 624
Expenses (See breakdown below)		**(9 501 000)**	**(17 117 318)**
Operating profit	10	**18 579 300**	**1 505 306**
Unrealised gain on revaluation of investments	11	(8 783 607)	58 893 872
Profit before taxation		**9 795 693**	**60 399 178**
Taxation	13	894 945	2 931 443
Profit for the year		**10 690 638**	**63 330 621**

Breakdown of expenses is as follows:

	Note	2018	2017 Restated
Expenses			
Auditors remuneration - audit	10	(443 251)	(472 560)
Auditors remuneration - other	10	(375 265)	(331 653)
Bank charges		(14 164)	(7 266)
Consultancy fees		-	(395 850)
Management fees		(8 068 668)	(6 572 740)
Investment committee fees		(48 500)	(47 185)
Directors fees		(79 000)	(27 000)
Advisory fees		-	(1 107 000)
Travel expenses		(156 718)	(159 089)
Other expenses		(315 434)	(643 186)
Performance fees		-	(7 353 789)
		(9 501 000)	**(17 117 318)**

The supplementary information presented does not form part of the Consolidated financial statements for the year ended 30 September 2018 and is unaudited