

**HIGHLIGHTS**
**Investment portfolio up 26.2% above costs**
**8.9% return realised on investment in Swazi Mahewu (Pty) Limited**
**NAV up 15% (excluding effects of capital raise)**
**Successful capital raise of E37m**
**COMMENTARY**
**FINANCIAL REVIEW**

During the year Greystone enhanced its net asset value, excluding the capital raise, by 15% (2014: -0.9%). Total assets increased to E142.8 million from E92.3 million mainly as a result of the increase in investments of E13.8 million, an increase in loans and receivables of E4.0 million and an increase in cash and cash equivalents of E32.7 million. The gross proceeds from the capital raise of E37.8 million concluded in February 2015 contributed significantly to the increase in cash and cash equivalents to E64.1 million at year end.

Operating profit of E9.2 million (2014: E8.6 million) was up compared to the prior year. Operating profit for the year consisted of total income of E16.8 million (2014: E16.9 million) and comprises the following: interest income of E3.2 million (2014: E3.5 million), dividend income of E9.8 million (2014: E9.2 million) and unrealised gains on investments of E3.8 million (2014: E4.2 million). Dividend income comprises of dividends received from the Swaziland Royal Insurance Corporation ("SRIC") and SBC Limited of E9.0 million and E 0.8 million respectively.

Operating expenses amounted to E3.9 million (2014: E4.1 million) and comprise of day-to-day operational expenses incurred to run Greystone and its investments, the share based incentive scheme expense, as well as deal specific and other non recurring costs incurred.

**INVESTMENT REVIEW**

The investment portfolio comprises of Swaziland Royal Insurance Company E39.5 million (2014: E35.8 million), SBC Limited E23.0 million (2014: E13.0 million), Orchard Insurance Limited E0.3 million (2014: E0.2 million), Swazispas Holdings E0.02 million (2014: E0.02 million) and the Select Limited medium term note ("MTN") E15.8 million.

The underlying investment portfolio continues to perform well and is currently valued at E78.5 million (2014: E60.6 million).

This is an increase of 26.2% above the cost of these investments. The investment in SRIC remains Greystone's flagship investment achieving an internal rate of return of 44.7% to date.

Movements in the investment portfolio in the 2015 financial year consisted of two additional investments totalling E25 million as well as a realisation of the investment in Swazi Mahewu (Pty) Limited for E12.1 million. The realisation of Swazi Mahewu (Pty) Limited resulted in an overall return of 8.9% to Greystone.

Greystone increased its exposure to SBC Limited by E10 million which results in Greystone's total ownership of SBC Limited increasing to just over 6%. The decision to increase Greystone's exposure was as a result of the continued growth in SBC's loan book as a result of good organic growth in Swaziland and the 100% acquisition of Lesana Lesotho Limited, a then newly established micro finance company in Lesotho. SBC Limited recently announced the acquisition of a property in the Malkerns municipality with the aim of expanding its business into property development and financing. Greystone foresees that this strategy by SBC Limited will lead to further growth and it becoming a market leader in the financial services sector in Swaziland.

As part of its continued treasury capital management, Greystone invested E15 million in a 9 month medium term note program ("MTN") in Select Limited. Greystone will be receiving a return of 9.25% on the MTN which is significantly greater than what the capital would have earned in cash and cash equivalents.

**OPERATIONAL REVIEW**

The ultimate objective remains to provide Greystone shareholders with maximum risk adjusted returns. Greystone's focus continues to be to invest in the alternative asset class, namely investing in privately held companies. Greystone allows investors access to attractive transactions through leveraging off local knowledge, on the ground presence and investment expertise. Combining this local knowledge with global best practice private equity investment standards ensures a consistent and disciplined investment approach.

During the 2015 financial year, through African Alliance Swaziland Limited (the "Manager"), the first private equity conference in Swaziland was hosted at the Royal Swazi Spa. The conference was successful in increasing the awareness of the private equity asset class as well as Greystone's profile in the market. In addition, Greystone launched its website, which can be viewed at [www.greystonepartnersltd.com](http://www.greystonepartnersltd.com), to further increase Greystone's transparency and awareness of Greystone.

In February 2014 the board of directors (the "Board") of Greystone approved a strategy to increase Greystone's capital base through an E90 million offer for subscription with the aim of:

1. Enabling Greystone to focus on larger investment opportunities;
2. Focus on investment opportunities with a proven track record and therefore be able to better assess the investment risk of these potential investments; and
3. Provide the Company with sufficient capital to be able to meaningfully engage with potential investee companies on possible transactions.

A total of E37.8 million was raised in February 2015. It is envisaged this capital will be deployed in the near future.

**OUTLOOK**

Greystone continues to remain confident of its prospects. The Manager is currently assessing transactions with a value in excess of E190 million. The capital raise has positioned Greystone well to execute on a number of these transactions.

**FINANCIAL STATEMENTS**

The financial statements for the 12 months ended 31 March 2015 have been audited by PriceWaterhouseCoopers.

By order of the Board

Figures in Emalangeni	Audited 12 months ended 31 March 2015	Audited 12 months ended 31 March 2014
<b>STATEMENT OF COMPREHENSIVE INCOME</b>		
Interest income	3,212,213	3,493,728
Dividends received	9,836,000	9,175,000
Operating expenses	(3,855,901)	(4,109,950)
OPERATING PROFIT	9,192,312	8,558,778
Unrealised gain on revaluation of investments	3,787,493	4,232,499
PROFIT BEFORE TAXATION	12,979,805	12,791,277
Taxation	(114,113)	(219,691)
PROFIT FOR THE PERIOD	12,865,692	12,571,586
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	12,865,692	12,571,586

Figures in Emalangeni	Audited 12 months ended 31 March 2015	Audited 12 months ended 31 March 2014
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Fair value through profit or loss:		
Investments	62,784,000	48,982,478
	<b>62,784,000</b>	<b>48,982,478</b>
<b>CURRENT ASSETS</b>		
Current tax receivable	190,753	304,866
Loans and receivables	15,718,000	11,623,806
Cash and cash equivalents	64,123,921	31,422,710
	<b>80,032,674</b>	<b>43,351,382</b>
TOTAL ASSETS	142,816,674	92,333,860
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	119,416,685	83,365,897
Share based payment reserve	2,372,561	1,341,560
Retained earnings	20,492,095	7,626,403
TOTAL EQUITY	142,281,341	92,333,860
<b>LIABILITIES</b>		
Other payables	535,333	-
TOTAL LIABILITIES	535,333	-
TOTAL EQUITY AND LIABILITIES	142,816,674	92,333,860

Figures in Emalangeni	Audited 12 months ended 31 March 2015	Audited 12 months ended 31 March 2014
<b>STATEMENT OF CHANGES IN EQUITY</b>		
<b>SHARE CAPITAL</b>		
Balance at the beginning of the period	850,000	850,000
Issue of shares	269,908	41,975
Share buyback	-	(41,975)
SHARE PREMIUM	118,296,777	82,515,897
Balance at the beginning of the period	82,515,897	82,515,897
Issue of shares	37,517,198	5,624,692
Share buyback	-	(5,624,692)
Issue costs	(1,736,318)	0
SHARE BASED PAYMENT RESERVE	2,372,561	1,341,560
Balance at the beginning of the period	1,341,560	5,593,130
Movement in share based payments	1,031,001	(4,251,570)
RETAINED INCOME	20,492,095	7,626,403
Balance at the beginning of the period	7,626,403	4,226,319
Dividends paid	-	(9,171,502)
Profit for the period	12,865,692	12,571,586
TOTAL EQUITY	142,281,341	92,333,860

Figures in Emalangeni	Audited 12 months ended 31 March 2015	Audited 12 months ended 31 March 2014
<b>STATEMENT OF CASH FLOWS</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	10,045,996	8,340,068
Purchase of investments	(25,000,000)	-
Proceeds on disposal of investment	11,604,426	-
NET CASH (USED IN)/GENERATED BY OPERATING ACTIVITIES	(3,349,577)	8,340,068
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds on share issue	36,050,788	-
Dividends paid	-	(9,171,502)
Share buy back	-	(5,666,667)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	36,050,788	(14,838,169)
TOTAL CASH MOVEMENT FOR THE PERIOD	32,701,211	(6,498,101)
Cash at the beginning of the period	31,422,710	37,920,811
TOTAL CASH AT END OF THE PERIOD	64,123,921	31,422,710

**NOTES**
**1. STATEMENT OF COMPLIANCE**

The financial results have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of Swaziland. The basis for the preparation of the financial results is consistent with that applied in the preparation of the annual financial statements for the year ended 31 March 2014.

They have been audited by the auditors of the company.

**2. HEADLINE EARNINGS**
**2.1 EARNINGS PER SHARE**

Earnings per share

0.14

0.15

**2.2. NUMBER OF ORDINARY SHARES OF E0.01 EACH IN ISSUE**

Actual

111,990,797

85,000,007

Weighted average

91,747,705

85,000,007

During the year, the company increased its authorised share capital from E1,500,000 to E2,500,000 by the creation of 100,000,000 shares of E0.01 each. Following this, the company issued an additional 26,990,790 shares.

**3. INVESTMENTS**

Listed

22,985,000

13,032,478

Unlisted

39,799,000

35,950,000

**62,784,000**

**48,982,478**

**4. LOANS AND RECEIVABLES**

Loans

15,718,000

11,604,426

Other receivables

19,380

19,380

**15,718,000**

**11,623,806**

**5. RELATED PARTY TRANSACTIONS**

Management fees

2,370,982

2,291,062

Interest income

1,859,605

1,837,784

Arranger fees

855,000

-

Placement fees

430,333

-

Sponsoring broker fees

450,000

-

All related party 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 company has not recorded any impairment of receivables relating to amounts owed by or investments in related parties during the period.

**6. CASH GENERATED FROM OPERATIONS**

Profit before tax

12,979,805

12,791,277

Adjustments for:

Unrealised gains on revaluation of investments

(3,787,493)

(4,232,500)

Interest accrued

(732,030)

(1,604,426)

Share based payments

1,031,001

1,415,097

Changes in working capital:

Increase/(decrease) in other payables

535,333

(10,000)

Decrease/(increase) in other receivables

19,380

(19,380)

**10,045,996**

**8,340,068**

**COMMENTARY**
**INTRODUCTION**

The business of an investment holding company differs substantially from that of an operating company. In the latter case products and/or services are being sold at a certain gross profit margin, thereby creating revenue and cash inflows for the entity concerned. Strong cash flows and shareholder value are accordingly created by increasing revenue, as well as by limiting expenditure and optimising operational efficiencies, thus increasing the net profit from which dividends can be paid to shareholders.

In the case of an investment holding company no products and/or services are being sold. This, together with the specific accounting treatment that is required for different classes of investments in terms of International Financial Reporting Standards, has the effect that the net profit of an investment holding company is not always a fair reflection of its underlying cash flows and financial soundness. Similarly, the variance in net profit between reporting periods will not always be a good indication of the trend in dividends to be paid to shareholders. The value and performance of the underlying investments, rather than the activities at holding company level, will thus to a large extent determine the value created by investment holding companies for their shareholders. It is in this context that the financial performance and review of Greystone Partners Limited ("Greystone" or the "Company") needs to be considered.

Greystone Partners Limited, (Incorporated in Swaziland Reg. No. 74 of 2009)

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MANAGER


**AFRICAN ALLIANCE**

AUDITORS AND TRANSFER SECRETARIES


**pwc**

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STOCKBROKERS


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