



# ecsponent news

## Ecsponent excels

In the past year Ecsponent has been investing increasingly in financial services companies which are involved in Africa and the rest of the world.

This has led to excellent financial results for the financial year up to 31 December 2014. Not only has our revenue increased by 53.9%. Our total asset value increased by 148.5%, and the after-tax profit by 420%.

The Financial Services Division was the star performer with revenue increases of 169% to R23,4 million. The number of allocated investments of the division also increased fourfold to R103 million.

In the Financial Mail of 9 April 2015 Ecsponent has been described as a "diamond" in Jamie Carr's article "Diamonds & Dogs" where he writes very positively about the Financial Services

The expansion strategy is financed by Ecsponent's listed Preference Share Programme which was approved by the JSE last year. A series of R5 billion has been made available, enabling Ecsponent to raise capital on an ongoing basis by issuing different classes of preference shares.

The subsidiaries grew from six in December 2013 to the current eighteen.

The involvement of Ecsponent in biotechnology has been remarkably successful and described by Carr as a business with great potential. The Cryo-Save brand contributed R20.1 million to the Group's revenue, increasing its domestic market share.



Euné Engelbrecht, Managing Director

Cryo-Save stores stem cells and had a major breakthrough when a collaboration agreement was signed with Swiss Salveo Technologies of Geneva. Salveo specialises in regenerative medicine and the cryogenic preservation of umbilical cord stem cells and make use of Cryo-Save's laboratories in South Africa. This means a lower cost model without compromising on quality and efficiency.

The expansion strategy is to be continued in the new fiscal year and several new subsidiaries will be bought, provided of course that they are profitable and aligned to the group's long-term strategy.

Kind regards,

Euné



Division's operations in Botswana, Swaziland and Zambia.

This Division expanded significantly during the past financial year by taking over companies and making them grow. One of their achievements was to secure a deposit-taking license from the Bank of Zambia – which means Ecsponent can now start a bank in Zambia.

Demand for credit is very strong and the Financial Services Division is well positioned to identify opportunities and use them. The management is also constantly trying to explore alternative funding options to increase profitability.

## Listing protects investors

Investors in listed companies, and especially listed preference shares, enjoy more protection and peace of mind than those in private companies.

This is because a listed company has to comply with rigid requirements set by the JSE, which are strictly enforced, ensuring absolute transparency for investors.

The JSE is the watchdog who protects your interests and has been considered to be the best regulated stock exchange in the world. Out of 144 countries it has come out tops for the past five years – named by the World Economic Forum's Global Competitiveness Survey as best with regard to effective regulation and supervision.

The CEO of the JSE, Nicky Newton-King, commented investors were looking for an environment which they could trust and which operated consistently with set standards and rules.

Control by the JSE is so strict that it has been remarked that interests of the investor tend to enjoy priority above those of the listed companies they invest in.



JSE... best regulations in the world.

"Ecsponent Limited is listed on the JSE and its products are listed under the Preference Share section of the JSE. This means our holding company, as well as our products, are monitored by different institutions," says Dirk van der Merwe, group financial director of Ecsponent Limited.

Ecsponent had to comply with the rules of the JSE Security Regulations Panel, Security Regulations Panel Code and listing requirements before the listing could take place.

Several organisations also regulate listed companies and products such as the Takeover Regulations Panel (TRP) which protects for instance minority shareholders and ensure that the company only make investments that benefit the company and its investors.

Listed companies are required to have another JSE company as Corporate Advisor for the ordinary shares and a debt sponsor for the preference shares to ensure that the new listing complies fully with all the obligations and requirements set by the JSE.

The Memorandum of the Preference Share Programme of

Ecsponent has been approved by the JSE. Any changes must be registered with the Companies and Intellectual Property Commission.

A listed company may only use auditors who appear on the panel of auditors of the JSE. They ensure that the company's internal audit process complies with the JSE requirements.

Moreover the JSE expects a full set of audited statements to be issued three months after year-end. Likewise financial statements have to be presented every six months and the highlights are to be published in at least one newspaper.

The Directors take joint liability and play an important supervisory role. In Ecsponent's case, the chairman, Richard

Connellan, has been on the King III Committee setting standards regarding corporate governance and has held various senior positions at the JSE, such as manager of the Listing Division and executive director of the TRP. Keith Rayner, non-executive director, has served on advisory committees of the JSE and helped to draft the listing requirements. He also served on the King III sub-committee which determined procedures during mergers and

acquisitions.

The JSE has a dividend calendar, which states that the cut-off date of the dividend takes place every second Friday of the month and the payment of dividends, after the deduction of dividend withholding tax, the following Monday. This means the number of days in a month can vary from 28 to 35 days.

Hence the payment of dividends is controlled by the JSE and not Ecsponent. Our investors receive a dividend calendar which indicates exactly how many days in a particular month cycle, when the dividend is to be paid and what the amount would be – this information enables investors to plan ahead.

Outside of the JSE, Ecsponent's products are, like other financial products, also regulated by the Financial Services Board and SARS.

Contact one of our accredited financial advisors or phone us directly should you like to know more about our products and its features. 