

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 6 of this Circular apply *mutatis mutandis* throughout this Circular. If you are in any doubt as to the action you should take, please consult your broker, CSDP, attorney, accountant, banker or other professional adviser immediately.

If you have disposed of all of your shares in Ecsponent, then this Circular, together with the attached notice of General Meeting and form of proxy, should be forwarded to the purchaser to whom, or the broker, agent, CSDP or banker through whom you disposed of your shares.

The General Meeting convened in terms of this Circular will be held at 09:00 on 24 October 2014 at the registered office of Ecsponent, Acacia House, Green Hill Village Office Park, Cnr of Nentabos and Botterklapper Street, The Willows, Pretoria East, 0181.

Certificated shareholders and dematerialised shareholders with “own name” registration, who are unable to attend the General Meeting and wish to be represented thereat, must complete and return the attached form of proxy in accordance with the instructions contained therein.

Dematerialised shareholders, other than dematerialised shareholders with “own name” registration, who:

- are unable to attend the General Meeting and wish to be represented thereat, must provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between themselves and the CSDP or broker concerned, in the manner and within the time stipulated therein;
- wish to attend the General Meeting, must instruct their CSDP or broker to issue them with the necessary Letter of Representation to attend, in the form of a Letter of Representation.

Ecsponent does not accept any responsibility and will not be held liable for any failure on the part of any CSDP or broker of a dematerialised shareholder to notify such shareholder of the General Meeting or any business to be concluded thereat.



Ecsponent Limited
(Formerly John Daniel Holdings Limited)
(Incorporated in the Republic of South Africa, registration number 1998/013215/06)
Share code: ECS ISIN ZAE000179594
("the Company" or "Ecsponent")

CIRCULAR TO ECSPONENT SHAREHOLDERS

regarding

- 1 **the specific issue of redeemable, convertible (on default) preference shares to the public, limited to the Programme Amount; and**
- 2 **the amendment of the MOI by increasing the authorised ordinary share capital to 1 000 000 000 000 (one trillion) ordinary shares;**
- 3 **the amendment of the MOI to allow shareholders to pass resolutions in writing to the extent permitted by the JSE Listings Requirements;**

or failing the approval of point 1 and/or 2 above:

- **the amendment of the MOI by creating additional classes of preference shares that do not contain any ability to convert;**

and enclosing:

- **a notice convening the General Meeting; and**
- **a form of proxy for use by certificated Ecsponent shareholders and “own name” registered dematerialised shareholders only.**

Sponsor and Corporate Advisor



Questco (Pty) Ltd

Reporting Accountants



Nexia SAB&T

Date of issue: 25 September 2014

Additional copies of this Circular, in its printed format, may be obtained from the Sponsor at the address set out in the "Corporate information" section of this Circular during normal business hours from 25 September 2014 up to and including Friday, 24 October 2014. Copies of this Circular are available in the English language only.

CORPORATE INFORMATION

Directors of Ecsponent Limited***Executive***

TP Gregory (Chief Executive Officer)
DP van der Merwe (Group Financial Director)

Independent non-executive

RJ Connellan (Chairman)
KA Rayner
B Topham

Non-executive

E Engelbrecht

Company Secretary and Registered Office

Timbavati Business Consultants
Acacia House
Green Hill Village Office Park
Cnr of Nentabos and Botterklapper Street
The Willows
Pretoria East, 0181
(PO Box 39660, Garsfontein East, 0060)

Sponsor and Corporate Advisor

Questco Proprietary Limited
(Registration number 2002/005616/07)
The Pivot
Entrance D, 2nd Floor
No. 1 Montecasino Boulevard
Fourways, 2055
(PO Box 98956, Sloane Park, 2152)

Date of incorporation of Ecsponent

09 July 1998

Place of incorporation of Ecsponent

Johannesburg, South Africa

Registered office of Ecsponent

Acacia House
Green Hill Village Office Park
Cnr of Nentabos and Botterklapper Street
The Willows
Pretoria East, 0181
(PO Box 39660, Garsfontein East, 0060)

Independent Reporting Accountants

Nexia SAB&T
119 Witch-Hazel Avenue
Highveld Technopark
Centurion
(P.O. Box 10512, Centurion, 0046)

Transfer Secretaries

Link Market Services South Africa (Pty) Limited,
Registration Number: 2000/007239/07),
13th Floor, Rennie House,
19 Ameshoff Street, Braamfontein Johannesburg,
2001
(PO Box 4844, Johannesburg, 2000)

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SALIENT DATES AND TIMES

	2014
Record date to determine which Ecsponent Shareholders are entitled to receive the Circular	Friday, 19 September
Circular posted to Ecsponent Shareholders and notice convening the General Meeting released on SENS on	Thursday, 25 September
Last day to trade in order to be eligible to vote in respect of the General Meeting	Friday, 10 October
General Meeting record date in order to vote	Friday, 17 October
Last day to lodge forms of proxy for the General Meeting by 09:00 on	Wednesday, 22 October
General Meeting to be held at 09:00 on	Friday, 24 October
Results of General Meeting released on SENS on	Friday, 24 October

Notes:

1. The above dates and times are subject to amendment. Any such amendment will be released on SENS.
2. Additional copies of this Circular in its printed format, may be obtained from the Sponsor at the address set out in the "Corporate Information" section of this Circular during normal business hours from Thursday, 25 September 2014 up to and including, Friday, 24 October 2014.

DEFINITIONS AND INTERPRETATIONS

In this Circular, the annexures hereto, the notice of General Meeting and form of proxy, unless the context otherwise indicates, references to the singular include the plural and *vice versa*, words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and *vice versa*, and the words in the first column hereunder have the meaning stated opposite them in the second column, as follows:

“Amendment”	the amendment of the MOI in order to reflect the increase in authorised ordinary share capital to one trillion ordinary shares;
“Acquisitions”	collectively, the acquisition of Ecspontent Financial Services, Ecspontent Botswana and the business of Sanceda, as detailed in the acquisition circular distributed to shareholders on 26 June 2014;
“Board” or “Directors”	the board of directors of Ecspontent at the Last Practicable Date whose details are set out in paragraph 6 of this Circular;
“Business Day”	any day other than a Saturday, Sunday or a public holiday in South Africa;
“certificated shareholder”	a holder of certificated shares;
“certificated shares”	shares which are not dematerialised, title to which is represented by physical documents of title;
“Circular”	this bound document, dated 25 September 2014, including the annexures hereto and incorporating a notice of General Meeting and a form of proxy;
“CIPC”	the South African Companies and Intellectual Property Commission (formerly known as CIPRO);
“Class A Preference Share”	a five year, fixed-rate, redeemable, cumulative, non-participating Preference Share of no par value, convertible in the event of default, and subject to such further preferences, rights, limitations and other terms set out in schedule 2 of the MOI;
“Class B Preference Share”	a five year, zero-rate, redeemable, non-participating Preference Share of no par value, convertible in the event of default, and subject to such further preferences, rights, limitations and other terms set out in schedule 2 of the MOI;
“Class C Preference Share”	a five year, variable-rate, redeemable, cumulative, non-participating Preference Share of no par value, convertible in the event of default, subject to such further preferences, rights, limitations and other terms set out in schedule 2 of the MOI;
“the Company”	Ecspontent;
“Companies Act”	the Companies Act, 2008 (Act 71 of 2008), as amended;
“Conversion”	the potential conversion of Preference Shares into Ordinary Shares pursuant to an Event of Default;
“Conversion Ratio”	the ratio at which Preference Shares issued in terms of the Programme will be converted into Ordinary Shares pursuant to the Conversation, as set out in the MOI;

“Convertible Loan”	the R55 million that arose as a result of the shortfall in the subscriptions in the Rights Offer, which loan if drawn down upon by the board of directors, will be convertible into shares at the same price of the Rights Offer, being 14 cents per share;;
“Cryo-Save SA”	Cryo-Save South Africa Proprietary Limited (registration number: 2010/009754/07), a private company having its registered address at Acacia House, Green Hill Village Office Park, Cnr of Nentabos and Botterklapper Street, The Willows, Pretoria East;
“CSDP”	a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, 2012 (Act 19 of 2012), as amended, appointed by an individual shareholder for the purposes of, and in regard to the dematerialisation of documents of title for purposes of incorporation into Strate;
“custody agreement”	the custody mandate agreement between a dematerialised shareholder and a CSDP or broker governing their relationship in respect of dematerialised shares held by the CSDP or broker;
“dematerialisation”	the process whereby share certificates, certificated transfer deeds, balance receipts and any other documents of title to shares in a tangible form are dematerialised into electronic records for purposes of incorporation into Strate;
“dematerialised shareholder”	a holder of dematerialised shares;
“dematerialised shares”	shares which have been incorporated into Strate and which are no longer evidenced by physical documents of title, but the evidence of ownership of which is determined electronically and recorded in the sub-register maintained by a CSDP;
“documents of title”	share certificates, certified transfer deeds, balance receipts and/or any other form of acceptable documents of title in respect of shares;
“Ecsponent”	Ecsponent Limited (registration number 1998/013215/06), formerly John Daniel Holdings Limited, a public company duly registered and incorporated under the laws of South Africa and listed on the VCM on the JSE, having its registered address at Acacia House, Green Hill Village Office Park, Corner of Nentabos and Botterklapper Streets, The Willows, Pretoria East;
“Ecsponent Botswana”	Ecsponent Limited, formerly Escalator Investment Holdings Limited (registration number CO.2010/7658), a public company duly registered and incorporated under the laws of Botswana, having its registered address at Exponential Building, 6th Floor, Plot 54351, New CBD, Gaborone, Botswana, and a wholly owned subsidiary of Ecsponent;
“Escalator Capital”	Ecsponent Capital (RF) Limited, formerly Escalator Capital (RF) Limited (registration number 2009/015563/06), a public company duly registered and incorporated in South Africa, having its registered address at Acacia House, Green Hill Village Office Park, Corner of Nentabos and Botterklapper Streets, The Willows, Pretoria East. Escalator Capital is controlled by Escalator Mauritius;
“Ecsponent CS”	Ecsponent Credit Services Proprietary Limited, formerly Escalator Credit Services, (and previously JDH Credit Services and Viscacom Proprietary Limited) (registration Number 2010/015744/07), a private company duly registered and incorporated under the laws of South Africa; having its registered address at 11 Acacia House, Green Hill Village Office Park, Corner of Nentabos and Botterklapper

	Streets, The Willows, Pretoria East, and a wholly owned subsidiary of Ecsponent;
“Ecsponent Financial Services”	Ecsponent Financial Services Proprietary Limited, formerly Escalator Financial Services Proprietary Limited (and previously Tiespro 69 (Pty) Ltd) (registration number 2006/012668/07), a private company duly registered and incorporated under the laws of South Africa, having its registered address at, Acacia House, Green Hill Village Office Park, Corner of Nentabos and Botterklapper Streets, The Willows, Pretoria East, and a wholly owned subsidiary of Ecsponent;
“Escalator Mauritius”	Escalator Capital Global Limited (registration number 106994 C1/GBL), a public company duly registered and incorporated with limited liability in accordance with the laws of Mauritius with its main place of business situated at 2nd Floor, Caudan Peninsula, Falcon Street Port Louis, Mauritius;
“Esperite N.V”	Esperite Group N.V., previously Cryo-Save Group N.V. (registration number 27187482), a public holding company, duly registered and incorporated in accordance with Dutch law, having its registered address at Piet Heinstraat 11a, 7204 Zutpen, The Netherlands, dual listed on NYSE Euronext Amsterdam and Euronext Paris and specialising in harvesting and storing of stem cells. Esperite N.V. is a 50% shareholder in Cryo-Save SA;
“Event of Default”	the events detailed in the MOI that would result in a conversion of Preference Shares into Ordinary Shares, being: <ul style="list-style-type: none"> - default by the Company on repayment of the Redemption Price on the redemption date; or - non-payment of 3 (three) consecutive dividends on Class A Preference Shares and/or Class C Preference Shares;
“General Meeting”	the General Meeting of Shareholders to be held at 09:00 on 24 October 2014 at the registered office of Ecsponent, which meeting is convened in terms of the notice of General Meeting attached, and forming part of, this Circular;
“Group”	Ecsponent and its subsidiaries, from time to time;
“IFRS”	International Financial Reporting Standards;
“JSE”	JSE Limited (Registration number 2005/022939/06), a public company duly incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act, 2012 (Act 19 of 2012), as amended;
“JSE Listings Requirements”	the listings requirements of the JSE, as amended from time to time;
“JSE Debt Listings Requirements”	the debt listings requirements of the JSE, as amended from time to time;
“Last Practicable Date”	18 September 2014, being the last practicable date prior to the finalisation of this Circular;
“MOI”	the Memorandum of Incorporation of the Company, as amended from time to time;
“NAV”	Net Asset Value;
“Ordinary Shareholders” or “Shareholders”	holders of Shares;

“Ordinary Shares” or “Shares”	Ecsponent ordinary no par value shares;
“Preference Shares”	collectively, Class A Preference Shares, Class B Preference Shares, and Class C Preference Shares;
“Preference Shareholders”	the holders of Preference Shares;
“Programme”	the Ecsponent Limited ZAR5,000,000,000 Preference Share Programme under which Ecsponent may, from time to time, issue multiple Tranches of Preference Shares, and approved by the JSE on 8 September 2014;
“Programme Amount”	ZAR5,000,000,000, for the time being;
“Rand” or “R”	South African Rand, the official currency of South Africa;
“Reporting Accountants”	Nexia SAB&T (registration number: 1997/018869/21), a private company duly incorporated in accordance with the laws of South Africa;
“Rights Offer”	the R100 million rights offer undertaken by Ecsponent, concluded on 19 September 2014;
“Salveo”	Salveo Swiss Technologies Limited (formerly Lazaron Biotechnologies (SA) Limited) (registration number 2004/004630/06), a public company duly registered and incorporated under the laws of South Africa, a subsidiary of Ecsponent, having its registered address at Acacia House, Green Hill Village Office Park, Cnr of Nentabos and Botterklapper Street, The Willows, Pretoria East;
“Sanceda”	Sanceda Collections Proprietary Limited (registration number 2010/015747/07), a private company duly registered and incorporated under the laws of South Africa having its registered address at Acacia House, Green Hill Village Office Park, Cnr of Nentabos and Botterklapper Street, The Willows, Pretoria East;
“Sanceda Services”	Sanceda Collection Services Proprietary Limited (registration number 2011/125932/07), a private company duly registered and incorporated under the laws of South Africa having its registered address at Acacia House, Green Hill Village Office Park, Cnr of Nentabos and Botterklapper Street, The Willows, Pretoria East, and a wholly owned subsidiary of Ecsponent;
“SENS”	the Stock Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Specific Issue”	the issue of Preference Shares to the public, which could lead to the issue of Ordinary Shares if Preference Shares become convertible on the occurrence of an Event of Default;
“Sponsor” or “Sponsor and Corporate Advisor”	Questco Proprietary Limited (registration number 2002/005616/07), a private company duly incorporated in accordance with the laws of South Africa;
“Strate”	the settlement and clearing system used by the JSE, managed by Strate Limited (registration number 1998/022242/06), a public company duly incorporated in accordance with the laws of South Africa;
“subsidiary”	a subsidiary as defined by IFRS;

“Transfer Secretaries” or “Link Market Services”	Link Market Services South Africa Proprietary Limited (registration number: 2000/007239/07), a private company duly registered and incorporated under the laws of South Africa and having its registered address at 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001;
“VCM”	the Venture Capital Market of the JSE;
“Vanguard”	Vanguard Limited (Registration Number 2002/026858/06), a public company duly registered and incorporated under the laws of South Africa, having its registered address at Acacia House, Green Hill Village Office Park, Cnr of Nentabos and Botterklapper Street, The Willows, Pretoria East and a subsidiary of Ecsponent; and
“VWAP”	volume weighted average traded price.



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(Formerly John Daniel Holdings Limited)
(Incorporated in the Republic of South Africa, registration number 1998/013215/06)
Share code: ECS ISIN ZAE000179594
("the Company" or "Ecsponent")

Directors

TP Gregory (Chief Executive Officer)
DP van der Merwe (Group Financial Director)
RJ Connellan (Chairman) *
KA Rayner *
BR Topham *
E Engelbrecht#

Non-executive

* *Independent non-executive*

CIRCULAR TO ECSPONENT SHAREHOLDERS

1. INTRODUCTION

Ecsponent's growth strategy includes both organic and acquisition driven expansion. In achieving this, the Company has made, and will continue to make, numerous business acquisitions in South Africa and Africa.

Ecsponent's business model requires continuous funding for both the existing business growth and to pursue further acquisitions. The funding is deployed in the growth of financial services assets and the acquisition on new assets which contribute to the growth strategy. The Preference Shares are considered an optimal source of funding for these on-going business needs and accordingly the Company has registered the Programme with the JSE, approved by the JSE on 8 September 2014, under which Preference Shares can be issued to the public in multiple tranches on a regular basis.

The Preference Shares to be issued under the Programme contain conversion provisions, whereby the Conversion of Preference Shares into Ordinary Shares is obligatory on the occurrence of an Event of Default. Shareholders approved the requisite authorised Preference Shares in the 2013 annual general meeting, including the convertibility of the instrument, and in the 2014 annual general meeting Shareholders approved changes to the terms of the Preference Shares. In terms of the JSE Listings Requirements, Shareholders are required to approve the issuance of instruments convertible into Ordinary Shares, in terms of an ordinary resolution requiring 75% approval by Shareholders entitled to vote, and present in person or represented by proxy. This Circular provides shareholders with information in order to vote on the ordinary resolution so required.

In order to issue the potentially convertible Preference Shares, the Company must have sufficient authorised Ordinary Share capital in place to effect the conversion and accordingly this circular set out details of the Amendment.

Should shareholders fail to vote in favour of the above resolutions, the Board proposes to create three new classes of preference shares that will have the same terms and conditions as the current classes of

Preference Shares, with the exception that they will not be convertible in any event. In this event, the Programme Memorandum will be updated through the issue of the necessary Programme Memorandum supplement in order to incorporate the new classes of preference shares under the Programme, Preference Shares already in issue at the time of the General Meeting will not be affected by the creation of the additional classes of preference shares, and the terms and conditions of Preference Shares already in issue will not be affected.

In addition, as the Shares that may be issued pursuant to the Conversion may carry voting rights that exceed 30% of the voting rights attributable to the Shares in issue at the time of such Conversion, section 41(3) of the Companies Act require Shareholders to approve the issue of such Shares.

Recent amendments to the JSE Listings Requirements now allow for certain resolutions required by the JSE Listings Requirements to be obtained in writing, to the extent permitted by a company's MOI. This Circular therefore also sets out an amendment to clause 20.1.3 of the MOI, to allow Shareholder resolutions to be obtained in writing to the extent permitted by the JSE Listings Requirements.

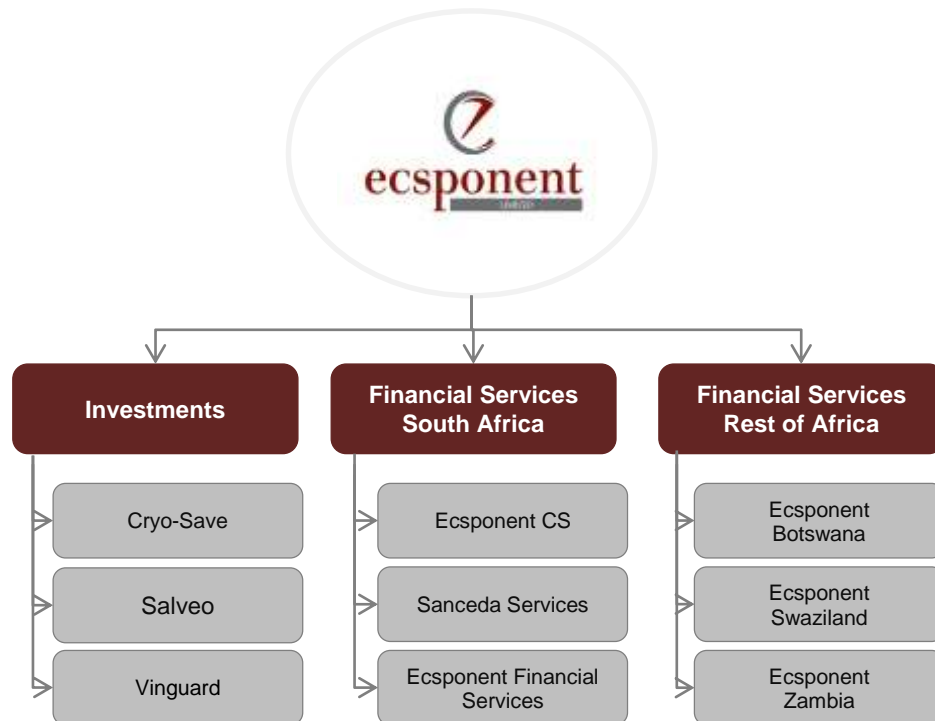
2. DESCRIPTION AND PROSPECTS OF THE GROUP

Ecsponent functions as a pure holding company which develops interests in operational subsidiaries. Ecsponent focuses on the following operational segments:

- Financial Services in Africa;
- Financial Services in South Africa; and
- Investments.

The Company's primary focus is financial services. Ecsponent ensures the strategic alignment of its investment targets and applies a highly focused approach to the acquisitions. Core to the approach is the ability of the target business that provide high barriers to entry and high gross profits resulting in above average levels of returns which are sustainable.

The diagram below sets out the operational structure of the Group:



Ecsponent applies governance and oversight in respect of its subsidiaries and provides central services such as administration, treasury, management accounting, IT, legal, HR & payroll, etc. Ecsponent adds value to its subsidiaries by:

- providing capital raising expertise;
- JSE Listings Requirements compliance and the associated governance;
- management support and access to industry specialists;
- providing governance and oversight; and
- access to National Credit Act (“NCR”) and Financial Services Board (“FSB”) licences.

The prospects for Ecsponent are linked to the prospects of the investee companies, details of which are set out below. Over the past two years, the Group has taken several strategic steps that the Directors believe have improved the future prospects of the Group. A description of Ecsponent’s subsidiaries and their prospects follows:

Ecsponent Financial Services

Ecsponent Financial Services was incorporated as a private company on 24 April 2006 under the name Tiespro 69 (Pty) Ltd, registration number 2006/012668/07 and has been in operation for 8 years. The name was changed to Escalator Financial Services on 22 November 2011. The name was thereafter changed to Ecsponent Financial Services on 28 January 2014.

Ecsponent Financial Services has 10 000 000 ordinary shares of R0.00001 each in issue, of which Ecsponent holds 100%. Ecsponent Financial Services became a subsidiary of Ecsponent on 25 July 2014.

Ecsponent Financial Services is registered with the FSB as a Financial Services Provider (licence number 32968) to provide intermediary services between product providers and the public in general. Ecsponent Financial Services’ main business is the provision of financial services and it has been appointed to act as intermediary between Escalator Capital and the public as a placement agent.

Ecsponent Financial Services recruits and manages qualified advisors under its FSB licence to market the products under the rules and regulations that are prescribed by the FSB. Advisors who are already registered with the FSB are also to be evaluated to market these products.

The Ecsponent financial services strategy requires access to and control of key elements of the channel to market. FSB regulatory licences are an important component of the roll out of the strategy and the acquisition of Ecsponent Financial Services provides Ecsponent with the required licences, skills and infrastructure.

Director's view of prospects

The Ecsponent Financial Services network has in the past successfully marketed unlisted, prospectus based products. Ecsponent intends providing listed products and products with enhanced tradability (in the form of preference shares) which the Directors believe will substantially improve the market acceptance of the product range. It is further the company's intention to expand the product range further bolstering the future prospects.

Sanceda Services

Ecsponent acquired the business of Sanceda (i.e. assets, leased assets, marks, etc.) on 25 July 2014, which business has been in operation for 3 years and which will be conducted by Sanceda Services going forward, a wholly owned subsidiary of Ecsponent, established for this purpose.

Sanceda Services has 1 000 no par value ordinary shares in issue, of which Ecsponent holds 100%. Sanceda Services has been a subsidiary of Ecsponent since its acquisition (as a shelf company) in 2014.

Sanceda Services is a collections agency registered with the Council for Debt Collectors, which provides for collections on behalf of companies. Collections are call centre based and Sanceda Services has established the management and infrastructure to collect on a large volume of files concurrently.

Sanceda Services' collections expertise includes tracing of defaulters, repayment and contract agreement, debit order and related collection management and legal pursuance of defaulters should this become necessary.

Sanceda Services currently manages a distressed debt portfolio of around R700 million. The bulk of the portfolio is debt books owned by Escalator Capital Asset Management Proprietary Limited, which company is owned by Escalator Capital.

The Ecsponent Financial Services strategy includes the acquisition of debt books and the realisation of value through the efficient collection of the debt. The acquisition of the business of Sanceda provides Sanceda Services with the skills and infrastructure to collect against its own debt books. In addition the debt crisis in South Africa creates the opportunity to expand the collections of third party debt, not only because the directors believe that distressed books have increased in quantum during the debt crisis period, but also because of the difficulty faced by entities in collecting on these distressed books, and therefore the services offered by Sanceda Services have become more valuable.

Director's view of prospects

The systems infrastructure of Sanceda Services is currently completing a major upgrade which includes a sophisticated analytics platform and predictive dialling facilities. These improvements are anticipated to double the throughput of the call centre and substantially improve efficiency of the operator.

Ecsponent intends to utilise certain funds from the Rights Offer to acquire additional distressed debt portfolios improving the throughput of the company.

Ecsponent Botswana

Ecsponent Botswana was incorporated as a private company on 24 August 2010 under the name Loyn (Proprietary) Limited and has been in operation for 1 year. On 26 April 2011, Ecsponent Botswana's name was changed to Escalator Investment Holdings (Pty) Limited on 12 October 2012. Ecsponent Botswana passed a special resolution to convert to a public company, which conversion was completed and registered on 21 November 2012, on which date Ecsponent Botswana's name was changed to Escalator Investment Holdings Limited. On 17 February 2014, Ecsponent Botswana's name was changed to Ecsponent Limited.

Ecsponent Botswana has 1 000 ordinary shares of R1 each in issue, of which Ecsponent holds 100%. Ecsponent Botswana became a subsidiary of Ecsponent on 25 July 2014.

Ecsponent Botswana is a financial services company which raises capital through the issuance of various classes of preference shares. Subscription is by means of a prospectus issued to qualifying members of the public and institutions.

Ecsponent Botswana provides funding to selected financial services companies whilst also providing secured credit to small, medium and micro enterprises (SMMEs).

The acquisition of the company provides a channel for Ecsponent to market its products and services into Africa.

Director's view of prospects

The Directors anticipate substantial organic growth in respect of the existing business model. In addition Ecsponent Botswana's research has identified opportunities in lucrative niche SMME markets. It is this company's intention to leverage its vendor finance products to maximise these opportunities.

Cryo-Save SA

Experite NV and Ecsponent have successfully established a joint venture which provides for the harvesting and banking of stem cells from both cord blood as well as cord tissue.

Experite NV's Cryo-Save operation ("Cryo-Save") is the leading international family stem cell bank and already stores over 250 000 samples from cord blood and umbilical cord tissue for new-borns and adipose tissue for adults. There are already several diseases that can be cured by the use of stem cells, and the Directors believe the number of treatments will only increase. Driven by its international business strategy, Cryo-Save is now represented in 40 countries on three continents, with ultra-modern processing and storage facilities in Belgium, Germany, Dubai, India and France.

Cryo-Save SA combines Cryo-Save's leading expertise in stem cell processing and storage with Ecsponent's local and African market expertise and offers customers the option of storing cord tissue and stem cells from cord blood in South Africa or off shore in Belgium.

Cryo-Save SA has 200 no par value ordinary shares in issue, of which Ecsponent holds 50%. Cryo-Save SA became a subsidiary of Ecsponent on 1 July 2011.

Director's view of prospects

Cryo-Save SA continued to improve its client base, and signed up 1 492 new clients (R20.2 million) during the 12 months ended 31 December 2013. This compares to R18.5 million for the previous 15 month period. The growth of the company has resulted in a new state of the art laboratory being commissioned in Pretoria in January 2013. The company entrenched its leadership in the field of umbilical cord stem cell technology by launching a nationwide educational campaign which was extremely well received by the medical fraternity. Cryo-Save also became the first laboratory in Africa to provide authenticated viability testing on cord tissue prior to cryogenic storage.

The company absorbed the costs associated with the move of the laboratory and rode the rollercoaster of currency deterioration during the past year positioning the business for aggressive growth in the future.

In the Directors' view, the acceptance of the technology by leading medical aids will dramatically increase the education and exposure of the business to the target market.

Salveo

Salveo is a Geneva based biotechnology group specialising in stem cell therapies and cryogenic stem cell storage. The group also provide high technology pre and post natal testing for genetic and other diseases.

Salveo has 369 970 339 no par value ordinary shares in issue, of which Ecsponent holds 50%. Salveo initially became a subsidiary of Ecsponent on 24 February 2004, after which Ecsponent reduced its equity stake to 24% as a result of a public offering to raise working capital. During 2012 Ecsponent re-acquired the 76% shares from minority shareholders and in April 2014 Experite NV obtained a 50% stake.

The main aim and focus is to develop stem cell-related biotechnologies in South Africa, by leveraging health enhancing knowledge and products into society through careful and ethical use of adult stem cells. This is done through collaboration with international consortiums, such as the Asian Pacific Cord Blood Bank Consortium, and overseas collaboration with leading individuals and companies.

Director's view of prospects

During 2014, Salveo entered into a collaborative venture with Experite N.V and Salveo Biotechnology of Switzerland for the rights to the Salveo Biotechnologies Products and Services in Southern Africa.

The acquisition provides the Group with a second stem cell harvesting and storage business to further entrench its dominance in the field of family stem cell banking. The nature of the Swiss protocols and technology reduces the costs associated with the processing and storage of the umbilical stem cells resulting in a saving to the client. The development allows the Group to target both the high end (Cryo-Save) and lower end (Salveo) of the stem cell market.

Ecsponent CS

Ecsponent CS has 100 no par value ordinary shares in issue. Ecsponent CS became a subsidiary of Ecsponent on 1 July 2011, after the acquisition by Ecsponent of 100% of the shares in, and claims against, Ecsponent CS for a cash consideration of R100.

Ecsponent CS is a micro finance organisation providing financial services to third party company employees and has been in operations for 4 years. Ecsponent CS was the first acquisition by Ecsponent in its Financial Services Division. Ecsponent CS' core business remains unsecured micro finance, however it has diversified its operations and acquired a loan book for a consideration of 10% of the projected future collectable amounts. The company expanded further by and entering the SME market, granting secured loans to medium size growth organisations.

Director's view of prospects

Ecsponent CS has shown strong growth since its incorporation. At the time of the acquisition of Ecsponent CS, the company had agreements with six companies with a combined staffing of 10 000 employees, over 200 clients and a loan book of R2.6 million.

Post the period Ecsponent CS has increased its payroll unsecured credit operations to just short of R40 million and the combined employee base to over 70 000 as a result of the Groups on going acquisition strategy.

The potential of the Ecsponent CS client base is largely under exploited and the Group intends to facilitate further strong growth through the provision of increased funding.

Ecsponent CS intends to also deploy funds to develop the lucrative vendor finance and SME markets. The robust business model which the Group has fully tested mitigates the risks associated with these sectors of the market whilst the small overhead base provides for maximised returns.

Vanguard

Vanguard is a public company with over 300 shareholders and has been in operation for 12 years. Vanguard has 98 512 287 no par value ordinary shares in issue, of which Ecsponent holds 75.87%. Vanguard became a subsidiary of Ecsponent on 29 October 2002.

Vanguard specialises in high technology manufacturing and services to the agricultural and related economies.

Director's view of prospects

The directors of Vanguard decided to dispose of the unprofitable Dual Release S02 gas sheet manufacturing assets resulting in a section 112 disposal, for a consideration of R5 million, which was approved by Vingaurd shareholders on 24 January 2014. The Vanguard business will retain the assets that have shown profitability in the past, and may acquire aligned businesses in the future.

The directors continue to evaluate aligned business opportunities to provide further growth for Vanguard.

3. THE SPECIFIC ISSUE

3.1. Background and rationale to the Specific Issue

The Preference Shares that will be issued under the Programme will become convertible into Ordinary Shares on the occurrence of an Event of Default. The conversion ratio into ordinary Shares shall be determined by reference to the price of the Ordinary Shares as determined by the VWAP of the Company, calculated over the last twenty days of trading on the JSE prior to the first day of the Event of Default.

Upon date of Conversion all outstanding Preference Shares, stated capital, premium and any dividends still outstanding to the Preference Shareholders shall convert into ordinary Shares.

In order to provide the Company with the ability and flexibility to market the Preference Shares to the general public, approval for the Specific Issue must be sought from Ordinary Shareholders.

The approval requested for the Specific Issue will authorise the Company to issue Preference Shares under the Programme including the potential Conversion of the Preference Shares into Ordinary Shares.

Significant uncertainty currently exists regarding the following factors:

- The occurrence of an Event of Default and, if applicable, the timing of such an occurrence;
- The number of Preference Shares of each class that will be in issue on the occurrence of an Event of Default, if such an Event of Default occurs;
- The number of Ordinary Shares that will be in issue on the occurrence of an Event of Default, if such an Event of Default occurs;
- The conversion ratio at which the Conversion will take place (which is informed by the respective market values of the Ordinary Shares and the Preference Shares).

Accordingly, the precise number of Ordinary Shares to be issued, and the consequential dilution that Shareholders may face, is not currently determinable.

The approval for the Specific Issue does not limit the amount of Ordinary Shares that can be issued pursuant to a conversion of the Preference Shares. The number of Ordinary Shares issued will be determined by the Conversion Ratio.

3.2. Approval

As the Preference Shares may become convertible into Ordinary Shares, the JSE Listings Requirements require a specific approval for the issue of the Preference Shares, by Ordinary Shareholders by way of an ordinary resolution achieving 75% approval of Ordinary Shareholders present in person or represented by proxy at the General Meeting.

In addition, as the votes attaching to the Shares that may be issued pursuant to the Conversion may exceed 30% of the votes attaching to the Shares in issue at the time of such conversion, section 41(3) of the Companies Act require Shareholders to approve the issue of such Shares.

The approval sought is subject to the following terms and restrictions:

3.2.1. Issue to non-public shareholders

Preference Shares will be issued to the public. No Preference Shares will be issued to related parties, as defined by the JSE Listings Requirements.

If, at a time in the future, a non-public shareholder or related party wishes to subscribe for Preference Shares, a further specific approval will be sought from Shareholders, and further JSE Listings Requirements will be complied with at such a time.

3.2.2. Maximum amount of securities to be issued

The maximum number of Ordinary Shares in terms of the Specific Issue is limited only by the applicable Conversion Ratio, as set out in the terms and conditions contained in the MOI, and by the authorised Ordinary Share capital of the Company, after taking into account the Amendment.

The Specific Issue is only limited by the Programme Amount, as amended from time to time. The Programme Amount is currently R5 billion. Any future increase in the Programme Amount will be subject to approval by shareholders. The number of ordinary shares to be issued pursuant to the Conversion is undetermined.

3.2.3. Discount at which the ordinary shares will to be issued

Subject to the provisions of the MOI, the discount at which the Ordinary Shares will be issued, pursuant to the potential conversion of Preference Shares will be determined by the Conversion Ratio and accordingly is not limited.

3.3. Pro Forma financial effects

Given the significant uncertainties explained in paragraph 3.1 above, various scenarios have been included below to illustrate the *pro forma* financial effects of the Specific Issue on Ecspontent's statement of financial

position, net asset value per share and tangible net asset value per share. These scenarios are described below.

3.3.1. Scenario 1 assumes:

- 25% of the Programme Amount has been subscribed for when an Event of Default occurs;
- Class A, Class B and Class C Preference Shares are issued in equal proportions; and
- The conversion occurs at a ratio determined by the market value of an Ordinary Share at the Last Practicable Date, and at the expected subscription price of the Preference Shares.

3.3.2. Scenario 2 assumes:

- 100% of the Programme Amount has been subscribed for when an Event of Default occurs;
- Class A, Class B and Class C Preference Shares are in issue in equal proportions; and
- The conversion occurs at a ratio determined by the market value of an Ordinary Share at the Last Practicable Date, and at the expected subscription price of the Preference Shares.

3.3.3. Scenario 3 assumes

- No Event of Default occurs and therefore Preference Shares issued in terms of the Specific Issue do not convert into ordinary shares. Accordingly, scenario 3 has two alternatives:
- **Scenario 3A**, which assumes 25% of the Programme Amount has been subscribed; and
- **Scenario 3B**, which assumes 100% of the Programme Amount has been subscribed;

The *pro forma* financial effects have been prepared to illustrate the impact of the Specific Issue and Conversion on the reported consolidated interim results of Ecspontent for the six months ended 30 June 2014, had the Specific Issue and Conversion occurred on 30 June 2014 for statement of financial position purposes.

It should be noted that the JSE has given dispensation from the illustration of the *pro-forma* Income Statement and Income Statement effects, given that the income that is to be generated from the application of the funds received from the subscription of preference shares cannot be illustrated in the *pro-forma* figures. Accordingly, we draw your attention to paragraph 3.3.8 and 3.3.9, which contains additional disclosures on the use of the funds and the potential dilution that shareholders may face pursuant to the Conversion.

The *pro forma* financial effects have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the consolidated interim results of Ecspontent for the six months ended 30 June 2014. The *pro forma* financial effects which are the responsibility of the directors are provided for illustrative purposes only and, because of their *pro forma* nature may not fairly present Ecspontent's financial position, changes in equity, results of operations or cash flow nor the effect and impact of the Specific Issue and Conversion going forward.

The full financial effects are included in **Annexure 1** to this Circular and should be read in conjunction with the reporting accountants' report on the *pro forma* financial information of Ecspontent as set out in **Annexure 2** to this Circular.

3.3.4. Pro-forma Statement of Financial Position effects: Scenario 1

	Financial Results "Before" (1)	Specific Issue	After the Specific Issue	Conversion	After the Conversion
Net asset value per share (cents)	8.841	0.71	9.549	3.84	13.388
Tangible net asset value per share (cents)	8.780	0.71	9.489	3.89	13.381
Fully diluted net asset value per share (cents)	8.841	0.71	9.549	3.84	13.388
Fully diluted net tangible asset value per share (cents)	8.780	0.71	9.489	3.89	13.381
Fully diluted weighted shares in issue (000's)	1 159 417	-	1 159 417	8 928 571	10 086 989

Notes:

1. The "Before" column has been extracted from the published interim financial results of the Company for the six months ended 30 June 2014, adjusted for the published pro-forma financial effects of the Acquisitions, the Convertible Loan and the Rights Offer, as set out in a circular to shareholders dated 2 September 2014.
2. For Statement of Financial Position purposes, it has been assumed that the Specific Issue and Conversion occurred on 30 June 2014.
3. For this scenario, the following Preference Shares have been issued at R100 per Preference Share:
 - 3.1. 4 166 667 Class A Preference Shares
 - 3.2. 4 166 667 Class B Preference Shares
 - 3.3. 4 166 667 Class C Preference Shares
4. Preference Shares issued have been classified as financial liabilities after the Specific Issue.
5. Transaction costs to the value of R1 489 592 (including VAT) have been included in the pro-forma effects. This will be a once-off cost.
6. A day 1 gain of R9 719 763 (after deferred tax at 18.6%, being the Capital Gains Tax ("CGT") rate applicable to companies) has been recognised on the Specific Issue of the Class B Preference Shares, in line with IFRS 13, par 57 - 60. This gain is reversed on the Conversion of the Class B Preference Shares.
7. As the Conversion occurs immediately following the Specific Issue (i.e. on the same date), no interest expense has been accounted for on the Preference Shares.
8. Conversion Ratio is based on the closing share price of Ordinary Shares at the Last Practicable Date and at R100 subscription price for Preference Shares (as Preference Shares are assumed to convert immediately, no potential accrued return is included in the calculated conversion ratio). Under this scenario, 8 928 571 429 Ordinary Shares are issued pursuant to the Conversion.
9. Normal taxation has been calculated at the corporate rate of 28%, where appropriate.

3.3.5. Pro-forma Statement of Financial Position effects: Scenario 2

	Financial Results "Before" (1)	Specific Issue	After the Specific Issue	Conversion	After the Conversion
Net asset value per share (cents)	8.841	3.22	12.06	1.77	13.832
Tangible net asset value per share (cents)	8.780	3.22	11.99	1.83	13.830
Fully diluted net asset value per share (cents)	8.841	3.22	12.06	1.77	13.832
Fully diluted net tangible asset value per share (cents)	8.780	3.22	11.99	1.83	13.830
Fully diluted weighted shares in issue (000's)	1 159 417	-	1 159 417	35 714 286	36 872 703

Notes:

- The "Before" column has been extracted from the published interim financial results of the Company for the six months ended 30 June 2014, adjusted for the published pro-forma financial effects of the Acquisitions, the Convertible Loan and the Rights Offer, as set out in a circular to shareholders dated 2 September 2014.
- For Statement of Financial Position purposes, it has been assumed that the Specific Issue and Conversion occurred on 30 June 2013.
- For this scenario, the following Preference Shares have been issued at R100 per Preference Share:
 - 16 666 667 Class A Preference Shares
 - 16 666 667 Class B Preference Shares
 - 16 666 667 Class C Preference Shares
- Preference Shares issued have been classified as financial liabilities after the Specific Issue.
- Transaction costs to the value of R1 489 592 (including VAT) have been included in the pro-forma effects. This will be a once-off cost.
- A day 1 gain of R38 879 051 (after deferred tax at 18.65% being the CGT rate applicable to companies) has been recognised on the Specific Issue of the Class B Preference Shares, in line with IFRS 13, par 57 - 60. This gain is reversed on the Conversion of the Class B Preference Shares.
- As the Conversion occurs immediately following the Specific Issue (i.e. on the same date), no interest expense has been accounted for on the Preference Shares.
- Conversion Ratio is based on the closing share price of Ordinary Shares at the Last Practicable Date and at R100 subscription price for Preference Shares (as Preference Shares are assumed to convert immediately, no potential accrued return is included in the calculated conversion ratio). Under this scenario, 35 714 286 714 Ordinary Shares have been issued pursuant to the Conversion.
- Normal taxation has been calculated at the corporate rate of 28%, where appropriate.

3.3.6. Pro-forma Statement of financial position effects: Scenario 3A

	Financial Results "Before" (1)	Specific Issue (2)-(7)	After the Specific Issue	Conversion (8)	After the Conversion
Net asset value per share (cents)	8.841	0.71	9.549	-	9.549

Tangible net asset value per share (cents)	8.780	0.71	9.489	-	9.489
Fully diluted net asset value per share (cents)	8.841	0.71	9.549	-	9.549
Fully diluted net tangible asset value per share (cents)	8.780	0.71	9.489	-	9.489
Fully diluted weighted shares in issue (000's)	1 159 417	-	1 159 417	-	1 159 417

Notes:

- The "Before" column has been extracted from the published interim financial results of the Company for the six months ended 30 June 2014, adjusted for the published pro-forma financial effects of the Acquisitions, the Convertible Loan and the Rights Offer, as set out in a circular to shareholders dated 2 September 2014.
- For Statement of Financial Position purposes, it has been assumed that the Specific Issue and Conversion occurred on 30 June 2014.
- For this scenario, the following Preference Shares have been issued at R100 per Preference Share:
 - 4 166 667 Class A Preference Shares
 - 4 166 667 Class B Preference Shares
 - 4 166 667 Class C Preference Shares
- Preference Shares issued have been classified as financial liabilities after the Specific Issue.
- Transaction costs to the value of R1 489 592 (including VAT) have been included in the pro-forma effects. This will be a once-off cost.
- A day 1 gain of R9 719 763 (after deferred tax at 18.6%, being the CGT rate applicable to companies) has been recognised on the Specific Issue of the Class B Preference Shares, in line with IFRS 13, par 57 - 60.
- As it is assumed that the Specific occurs on year end, no interest expense has been accounted for on the Preference Shares.
- It is assumed that no Event of Default occurs and therefore no Conversion occurs.
- Normal taxation has been calculated at the corporate rate of 28%, where appropriate.

3.3.7. Pro-forma Statement of financial position effects: Scenario 3B

	Financial Results "Before" (1)	Specific Issue (2)-(7)	After the Specific Issue	Conversion (8)	After the Conversion
Net asset value per share (cents)	8.841	3.22	12.06	-	12.06
Tangible net asset value per share (cents)	8.780	3.22	11.99	-	11.99
Fully diluted net asset value per share (cents)	8.841	3.22	12.06	-	12.06
Fully diluted net tangible asset value per share (cents)	8.780	3.22	11.99	-	11.99

Fully diluted weighted shares in issue (000's)	1 159 417	-	1 159 417	-	1 159 417
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Notes:

1. The "Before" column has been extracted from the published interim financial results of the Company for the six months ended 30 June 2014, adjusted for the published pro-forma financial effects of the Acquisitions, the Convertible Loan and the Rights Offer, as set out in a circular to shareholders dated 2 September 2014.
2. For Statement of Financial Position purposes, it has been assumed that the Specific Issue and Conversion occurred on 30 June 2014.
3. For this scenario, the following Preference Shares have been issued at R100 per Preference Share:
 - 3.1. 16 666 667 Class A Preference Shares
 - 3.2. 16 666 667 Class B Preference Shares
 - 3.3. 16 666 667 Class C Preference Shares
4. Preference Shares issued have been classified as financial liabilities after the Specific Issue.
5. Transaction costs to the value of R1 489 592 (including VAT) have been included in the pro-forma effects. This will be a once-off cost.
6. A day 1 gain of R38 879 051 (after deferred tax at 18.65% being the CGT rate applicable to companies) has been recognised on the Specific Issue of the Class B Preference Shares, in line with IFRS 13, par 57 - 60.
7. As it is assumed that the Specific occurs on year end, no interest expense has been accounted for on the Preference Shares.
8. It is assumed that no Event of Default occurs and therefore no Conversion occurs.
9. Normal taxation has been calculated at the corporate rate of 28%, where appropriate.

3.3.8. Use of the funds

The new strategic direction of the Company will shift its focus to the provision of financial services, which will include, *inter alia*, the provision of loans (micro-finance lending) to the public, the provision of loans to SME's, the acquisition of distressed books for collection and the acquisition of employee debt for collection. In order to ensure that these loan books and portfolios are continuously grown, a constant flow of funding is required. Preference Shares are considered to be an optimal source for such funding. Accordingly, the Company has established a R5 billion Programme under which Preference Shares can be issued regularly in multiple tranches.

3.3.9. Dilutive effect of a potential conversion

Shareholders' attention is drawn to the fact that, should the Preference Shares convert on the occurrence of an Event of Default, Shareholders would face dilution at the time of such Conversion. The extent and timing of this dilution is currently unknown. Based on scenario 1 and scenario 2 applied to the pro-forma balance sheet effects, Shareholders could face dilution in excess of 100% to their earnings per share* under both scenarios, taking into account the 447 132 211 Shares currently in issue, and the potential issue of an additional 11 184 895 834 Shares under scenario 1 and 44 739 583 334 Shares under scenario 2.

**It is not currently possible for the Company to estimate what the earnings per share of the Group would be at the time of such a potential conversion."*

4. THE AMENDMENT

In order to enable the Company to give effect to the Conversion (should it become applicable), the Company must have sufficient authorised Ordinary Share capital in place. Given the significant uncertainty around the number of Ordinary Shares that will be issued pursuant to the Conversion, the Board proposes that Shareholders approve the increase of authorised Ordinary Share capital to 1 000 000 000 000 (one trillion) Ordinary Shares, which will enable the Company to issue Preference Shares up to the Programme Amount.

The amendment of the MOI to affect the increase in authorised share capital requires the approval of Shareholders by way of special resolution, being 75% of Shareholders entitled to vote and present in person or represented by proxy.

5. CREATION OF ADDITIONAL CLASSES OF PREFERENCE SHARES

Should the Specific Issue and/or Amendment not be approved by the requisite number of Shareholders, the Board proposes the creation of three new classes of preference shares, which will have the exact same terms and conditions of the current Preference Shares, with the exception that the new classes of preference shares will not be convertible.

In this event, the Programme Memorandum will be adjusted, through the issue of the necessary Programme Memorandum Supplement, in order to ensure that the new classes of preference shares are incorporated into the Programme Memorandum, and that new classes of preference shares can be issued under the Programme.

6. SHARE CAPITAL OF ECSPONENT

The purpose of this paragraph is to provide Shareholders with information regarding the impact of the Specific Issue and Conversion on the share capital of Ecspontent.

Refer to paragraph 3.3 for an explanation on the various scenarios illustrated and the assumptions made in each scenario.

6.1. Authorised and issued share capital of Ecspontent before the Specific Issue, Conversion and Amendment

Authorised	R
1 500 000 000 Ordinary Shares of no par value	No par value
1 000 000 000 Class A Preference Shares	No par value
1 000 000 000 Class B Preference Shares	No par value
1 000 000 000 Class C Preference Shares	No par value
1 000 000 000 Class D Preference Shares	No par value
1 000 000 000 Class E Preference Shares	No par value
1 000 000 000 Class F Preference Shares	No par value
Issued	
1 158 417 393 Ordinary Shares of no par value *	154 147*

* After the effects of the Rights Offer.

6.2. Authorised and issued share capital of Ecsponent after the Specific Issue and Amendment, but before the Conversion

6.2.1. Scenario 1

Authorised	R
1 000 000 000 000 Ordinary Shares of no par value	No par value
1 000 000 000 Class A Preference Shares	No par value
1 000 000 000 Class B Preference Shares	No par value
1 000 000 000 Class C Preference Shares	No par value
1 000 000 000 Class D Preference Shares	No par value
1 000 000 000 Class E Preference Shares	No par value
1 000 000 000 Class F Preference Shares	No par value
Issued	
1 158 417 393 Ordinary Shares of no par value *	155 417*
4 166 667 Class A Preference Shares in issue#	41 667#
4 166 667 Class B Preference Shares in issue#	41 667#
4 166 667 Class C Preference Shares in issue#	41 667#

* After the effects of the Rights Offer.

#To be treated as a financial liability in the statement of financial position.

6.2.2. Scenario 2

Authorised	R
1 000 000 000 000 Ordinary Shares of no par value	No par value
1 000 000 000 Class A Preference Shares	No par value
1 000 000 000 Class B Preference Shares	No par value
1 000 000 000 Class C Preference Shares	No par value
1 000 000 000 Class D Preference Shares	No par value
1 000 000 000 Class E Preference Shares	No par value
1 000 000 000 Class F Preference Shares	No par value
Issued	
1 158 417 393 Ordinary Shares of no par value	155 417*
16 667 667 Class A Preference Shares in issue*	166 667#
16 667 667 Class B Preference Shares in issue*	166 667#
16 667 667 Class C Preference Shares in issue*	166 667#

* After the effects of the Rights Offer.

#To be treated as a financial liability in the statement of financial position.

6.3. Authorised and issued share capital of Ecsponent after the Specific Issue, Amendment and Conversion

6.3.1. Scenario 1

Authorised	R'000
1 000 000 000 000 Ordinary Shares of no par value	No par value
1 000 000 000 Class A Preference Shares	No par value
1 000 000 000 Class B Preference Shares	No par value
1 000 000 000 Class C Preference Shares	No par value
1 000 000 000 Class D Preference Shares	No par value
1 000 000 000 Class E Preference Shares	No par value
1 000 000 000 Class F Preference Shares	No par value

Issued

10 086 988 820 Ordinary Shares of no par value	1 404 825*
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* After the effects of the Rights Offer.

6.3.2. Scenario 2

Authorised	R
1 000 000 000 000 Ordinary Shares of no par value	No par value
1 000 000 000 Class A Preference Shares	No par value
1 000 000 000 Class B Preference Shares	No par value
1 000 000 000 Class C Preference Shares	No par value
1 000 000 000 Class D Preference Shares	No par value
1 000 000 000 Class E Preference Shares	No par value
1 000 000 000 Class F Preference Shares	No par value

Issued

36 872 703 107 Ordinary Shares of no par value	5 154 621*
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* After the effects of the Rights Offer.

6.3.3. Scenario 3A

Authorised	R
1 000 000 000 000 Ordinary Shares of no par value	No par value
1 000 000 000 Class A Preference Shares	No par value
1 000 000 000 Class B Preference Shares	No par value
1 000 000 000 Class C Preference Shares	No par value
1 000 000 000 Class D Preference Shares	No par value
1 000 000 000 Class E Preference Shares	No par value
1 000 000 000 Class F Preference Shares	No par value

Issued

1 158 417 393 Ordinary Shares of no par value	155 417*
4 166 667 Class A Preference Shares in issue	41 667#
4 166 667 Class B Preference Shares in issue	41 667#
4 166 667 Class C Preference Shares in issue	41 667#

* After the effects of the Rights Offer.

#To be treated as a financial liability in the statement of financial position.

6.3.4. Scenario 3B

Authorised	R
1 000 000 000 000 Ordinary Shares of no par value	No par value
1 000 000 000 Class A Preference Shares	No par value
1 000 000 000 Class B Preference Shares	No par value
1 000 000 000 Class C Preference Shares	No par value
1 000 000 000 Class D Preference Shares	No par value
1 000 000 000 Class E Preference Shares	No par value
1 000 000 000 Class F Preference Shares	No par value

Issued

1 158 417 393 Ordinary Shares of no par value	155 417*
16 667 667 Class A Preference Shares in issue	166 667#

16 667 667 Class B Preference Shares in issue	166 667#
16 667 667 Class C Preference Shares in issue	166 667#

* After the effects of the Rights Offer.

#To be treated as a financial liability in the statement of financial position.

No securities are held in treasury, either before or after the Specific Issue or Conversion.

6.3.5. If the Specific Issue and/or Amendment are not approved, but the creation of three new classes of preferences shares are approved, the share capital will be as follows:

Authorised	R
1 500 000 000 Ordinary Shares of no par value	No par value
1 000 000 000 Class A Preference Shares	No par value
1 000 000 000 Class B Preference Shares	No par value
1 000 000 000 Class C Preference Shares	No par value
1 000 000 000 Class D Preference Shares	No par value
1 000 000 000 Class E Preference Shares	No par value
1 000 000 000 Class F Preference Shares	No par value
1 000 000 000 Class G Preference Shares	No par value
1 000 000 000 Class H Preference Shares	No par value
1 000 000 000 Class I Preference Shares	No par value
Issued	
1 158 417 393 Ordinary Shares of no par value *	155 417*

* After the effects of the Rights Offer.

Any shares issued under the new classes G, H and I will be classified as financial liability in the statement of financial position.

Shares issued in the preceding three years are set out in **Annexure 5**.

7. DIRECTORS AND MANAGEMENT OF ECSPONENT

The full names, qualifications, business addresses, functions in the group and background of the executive and non-executive directors and senior management of the Group at the Last Practicable Date are as follows:

7.1. Ecsponent

Name and function	Business address	Brief Profile
Richard John Connellan <i>Independent Non-Executive Chairman</i>	2 Larnica Villas 251 Willson Street Fairland Johannesburg 2195	Richard is a Fellow of the Institute of Chartered Secretaries & Administrators, a non-broking member of the South African Institute of Stockbrokers, a member of the King III Committee on Corporate Governance (chairman of the takeovers and mergers subcommittee) and until May 2011 a member of the Standing Advisory Committee on Company Law.

Mr Connellan previously worked as assistant manager of Listings at the JSE, as head of corporate finance at Kaplan & Stewart Inc. Stockbrokers, as general manager of the Listings and Equity and Gilt Markets Division of the JSE and has recently retired as Executive Director of the Securities Regulation

Keith Alfred Rayner
Independent Non-Executive

6 Carmel Place
53 Melrose Street
Melrose Estate
Johannesburg, 2196

Panel (now the TRP) which position he held since 1994.

Keith is a South African chartered accountant with a wealth of experience in corporate finance, having started his corporate finance career in 1987. Over the years, he has advised numerous listed companies on most types of corporate finance transactions, and through KAR Presentations, currently advises certain client on a selective basis. He is CEO of KAR Presentations, an advisory and presentation corporation, which specialises in corporate finance and regulatory advice and presentations. He is, *inter alia*, a director on the boards of two other JSE listed company, being Goliath Gold Mining Ltd and Sibanye Gold Limited (both as an independent non-executive director).

Keith is a member of the JSE Issuer Regulation Advisory Committee and has been actively involved in assisting the JSE Issuer Services Division since 1995 including the rewrite of the JSE Listings Requirements in both 2000 and 2003. He assisted in drafting the TRP regulations for the new Companies Act, 2008. He was a member of the King III subcommittee which wrote the governance principles for takeovers and mergers in 2009. He is a fellow of the Institute of Directors in South Africa, is a non-broking member of the Institute of Stockbrokers in South Africa, is a member of the Investment Analysts Society, is a member of the SAMREC / SAMVAL working group, is a member of the Institute of Directors' Code for Responsible Investing in South Africa (CRISA) committee and is a past member of the Accounting Practices Committee.

Brendan Rodney
Topham
Independent Non-Executive

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Pretoria
0181

Brandon is a qualified Chartered Accountant and Attorney of the High Court of South Africa. He holds B Compt (Hons), BProc and LLM degrees. Other qualifications include an Advanced Certificate in Taxation and completion of the Alt-X Directors Programme. He is a member of the Institute of Directors and is an Associate Member of both the Institute of Chartered Management Accountants (UK) and of the Institute of Chartered Accountants in England & Wales (non-practicing). He is also an admitted Solicitor in England and Wales and a Certified Fraud Examiner (USA).

He completed his articles with BDO and was employed as a manager with Deloitte & Touche Forensic Services after completing his legal articles. He has practiced as a professional business advisor since 1998. Brandon has served as a Director of 1Time Holdings Ltd, Breform Ltd Professional

Provident Society Holdings Ltd and Girls Best Friend (Pty) Ltd and continues to serve on the boards of TeleMasters Holdings Ltd, Seesa (Pty) Ltd, and a few other smaller companies.

As a forensic accountant he has acted as an Inspector for the Financial Services Board and has worked with other regulators and government departments as well as for numerous private companies and attorneys. He is actively involved in numerous community organisations and has a wide business knowledge which will add value to the management of the Company.

Terence Partrick
Gregory
*Chief Executive
Officer*

Acacia House
Green Hill Village
Office Park
Cnr of Nentabos and
Botterklapper Street
The Willows
Pretoria East, 0181

Terence is an experienced business executive with over 30 years' experience, with the past 18 years at board level. He has extensive exposure to corporate organisations including Imperial Holdings Ltd, Afgri Ltd and McCarthy Ltd and has also developed smaller, entrepreneurial companies. Terence is currently appointed to the board of numerous companies within the Group in a non-executive capacity

Dirk Petrus van der
Merwe
*Group Financial
Director*

Acacia House
Green Hill Village
Office Park
Cnr of Nentabos and
Botterklapper Street
The Willows
Pretoria East, 0181

Dirk is a qualified chartered accountant and a certified information systems auditor (non-practicing). Before joining the Group in 2010 he has gained experience in a wide range of industries and organisations during his 17 year career which included 10 years at KPMG. His experience includes financial statement audits and financial reporting for a wide range of entities including publicly traded entities, governance and control assessments, large IT project risk management and exposure to corporate finance disciplines.

The audit committee has satisfied itself that the financial director has appropriate expertise and experience.

Euné Engelbrecht
Non-executive director

Acacia House
Green Hill Village
Office Park
Cnr of Nentabos and
Botterklapper Street
The Willows
Pretoria East, 0181

Euné is a director of Escalator Capital, the controlling shareholder of Ecsponent.

Euné was the head of Blue Financial Services Corporate Finance division and was involved in fund-raising at a corporate level heading up the corporate finance team tasked with securing continuous and affordable funding from global private equity funds, investment banks and development funding institutes. He was also responsible for acquisitions and expansion-related activities of the company.

Euné is a non-executive director on the Ecsponent board.

Henk van der Merwe
(Timbavati Business
Consultants (Pty) Ltd)
Company Secretary

Acacia House
Green Hill Village
Office Park
Cnr of Nentabos
and Botterklapper
Street
The Willows
Pretoria East, 0181

Henk van der Merwe is the Managing Executive of Timbavati Business Consultants. He is a Chartered Accountant who qualified in 1990. After completing his articles at PWC he started his Merchant Banking career. He worked for several merchant banks, both locally and abroad. He is a specialist in corporate finance transactions having been involved in the mergers and acquisitions, IPO and listing field for many years. He has advised various clients during the years on divestment and investment transactions. He further has extensive experience in the private equity field. Apart from his merchant banking career, he also worked as COO, CFO and CEO in the financial services and food industries for 6 years.

7.2. Major subsidiaries

Name and nature of major subsidiary	Name of director	Business address of directors
Credit Services <i>Credit services and all related activities</i>	DP van der Merwe TP Gregory	Acacia House Green Hill Village Office Park Cnr of Nentabos and Botterklapper Street The Willows Pretoria East, 0181
Komo Finance (Pty) Ltd <i>Credit services and all related activities</i>	BPF Cronje DP van der Merwe TP Gregory F Badenhorst	Acacia House Green Hill Village Office Park Cnr of Nentabos and Botterklapper Street The Willows Pretoria East, 0181
Cryo-Save SA <i>Family Stem Cell Bank</i>	PA Buuron AP van Tulder CS Daly LF Rehrl DP van der Merwe TP Gregory	Acacia House Green Hill Village Office Park Cnr of Nentabos and Botterklapper Street The Willows Pretoria East, 0181
Salveo <i>Research and commercialisation of stem cell technologies</i>	LF Rehrl DP van der Merwe TP Gregory	Acacia House Green Hill Village Office Park Cnr of Nentabos and Botterklapper Street The Willows Pretoria East, 0181
Sanceda Services <i>Debt collection</i>	DP van der Merwe TP Gregory	Acacia House Green Hill Village Office Park Cnr of Nentabos and Botterklapper Street The Willows Pretoria East, 0181
Vinguard	DP van der Merwe TP Gregory	Acacia House Green Hill Village Office Park

*Manufacture and distribution
of sulphur dioxide gas
generating sheets*

Cnr of Nentabos and
Botterklapper Street
The Willows
Pretoria East, 0181

7.3. Senior management

Name and qualification	Function	Business address of directors
Barend Petrus Francois Cronje CA(SA)	Executive Director – Payroll Advances	Unit 4 Techno Stell 9 Quantum Road Techno Park Stellenbosch, 7599
Louis Frank Rehrl (Management Diploma & Certificate Mechanical Engineering)	Executive Director – Cryo-Save	Acacia House Green Hill Village Office Park Cnr of Nentabos and Botterklapper Street The Willows, Pretoria East, 0181
Rob Tindale (Management & IMMM Diploma)	Executive Director - Salveo	Unit 90 Block 5 Lombardy Office Park Silverlakes

8. DIRECTORS' INTERESTS IN SECURITIES

At the Last Practicable Date, the directors (and their associates) held, directly or indirectly, beneficial interests indicated in the table below (after taking into account the number of Shares taken up by Directors during the Rights Offer).

Shares held Name	Beneficially Held		Total Shares	Percentage
	Direct	Indirect		
TP Gregory	22 000 000	-	22 000 000	2.44%
DP van der Merwe	14 500 000	-	14 500 000	1.60%
RJ Connellan	1 860 000	-	1 860 000	0.21%
KA Rayner	2 714 285		2 714 285	0.30%
BR Topham	-	1 857 142	1 857 142	0.21%
E Engelbrecht		15 887 560	15 887 560	1.76%
Total	41 074 427	17 744 702	58 818 987	6.52%

With the exception of certain Shares being taken up during the Rights Offer, there has been no change in the directors' interests from the Last Practicable Date and the preceding financial year end of the Company.

No directors have resigned over the past 18 months.

9. DIRECTORS' INTERESTS IN TRANSACTIONS

Mr E Engelbrecht has an indirect beneficial interest in the Acquisitions and the establishment of the Convertible Loan (see below) as he is a shareholder in Escalator Capital, in which he holds 2.67%.

Ecspont entered into an agreement with Escalator Capital for the provision of the Convertible Loan of up

to R100 100 000 less the amount raised in terms of the Rights Offer, including the underwritten portion of the Rights Offer. The establishment of the Convertible Loan was approved at the last annual general meeting held on 25 July 2014.

The loan will be convertible at 14 cents per share (being the Rights Offer share price) for a period of three years following shareholder approval, commencing from the closing date of the Rights Offer.

Further, some of the directors have followed their rights under the Rights Offer.

Other than as disclosed above, the Directors have not had any material beneficial interests, whether direct or indirect, in transactions including any acquisitions or disposals that were effected during the current or immediately preceding financial year. Further to this, they have had no material beneficial interests in a transaction during an earlier financial year that remain in any respect outstanding or unperformed.

10. DIRECTORS' REMUNERATION

There will be no variation in the remuneration of any of the directors as a consequence of the Specific Issue.

11. SHARE TRADING HISTORY

Annexure 3 to this Circular contains the aggregate volume of the Company's Shares traded on the JSE and the highest, lowest and closing prices traded in those Shares:

- for each trading day during the 30-day period ended on the Last Practicable Date;
- for each month over the previous 12 months ("Twelve Month Period"); and
- for each quarter over the two years preceding the Twelve Month Period.

12. LITIGATION STATEMENT

There are no legal or arbitration proceedings, pending or threatened, of which Ecsponent is aware, that may have or have had, in the 12-month period preceding the date of this Circular, a material effect on the financial position of either Ecsponent or its subsidiaries.

13. CORPORATE GOVERNANCE

Annexure 4 sets out compliance of the Company with King III corporate governance principles, extent of compliance and instances of non-compliance, with reasons for non-compliance.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given in paragraph 7 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the Circular contains all information required by the JSE Listings Requirements.

15. EXPERTS' CONSENTS

The Sponsor and Corporate Advisor, Reporting Accountants, Company Secretary and the Transfer Secretaries have consented in writing to act in the capacities stated and to their names being stated in this Circular and, where applicable, to the inclusion of their reports in the form and context in which they have been reproduced (refer Annexures 2 specifically), and have not, prior to the Last Practicable Date, withdrawn their consents prior to publication of this Circular.

16. EXCHANGE CONTROL APPROVAL

The relevant exchange control approvals have been obtained for the Specific Issue under the Programme. Refer to the Programme Memorandum section headed "Exchange Control" for the relevant and important information on exchange control regulations.

17. ESTIMATED EXPENSES

The total estimated issue expenses relating to the potential Specific Issue relate to the establishment of the Programme under which the Preference Shares will be issued, and the issuance of the Prospectus. Total expected expenses amount to approximately R1 306 660 (excluding VAT) over the past three years, and are detailed in the table below:

Nature of expense	Paid/payable to	R
Approval of Programme Memorandum	JSE	38 955
MOI amendment fee	JSE	3 937
Increase in authorised share capital fee	JSE	1 312
Specific Issue and Amendment Circular fee	JSE	12 601
Sponsor and Corporate Advisor	Questco	750 000
Legal Advisors for legal and tax review of structure of the Preference Shares	Webber Wentzel	300 000
Legal Advisors for opinions received regarding the Preference Shares	Cliffe Dekker Hofmeyer	47 575
Prospectus audit report	AM Smith and Company Inc.	37 500
Independent Reporting Accountants on this Circular	Nexia SAB&T	24 500
Legal Advisors for opinions received regarding the Preference Shares	Senior Council	30 780
South African Reserve Bank approval for Excon approval on the issue of the Preference Shares	First National Bank	2 500
Review and registration of Prospectus	CIPC	7 000
Other (printing, postage and other miscellaneous costs)		50 000
Total		1 306 660

18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of the Company and at the office of the Sponsor, which addresses are set out in the "Corporate Information" section of the Circular, during normal business hours from 25 September 2014 up to and including 24 October 2014:

- The current and amended MOI of the Company and its subsidiaries;
- all material contracts entered into by the Company and its subsidiaries;
- copies of service agreements with directors, managers, secretaries, vendors, underwriters and promoters entered into in the past three years;
- the signed independent reporting accountants' reasonable assurance report on the *pro forma* financial information of the Company, the text of which is included as **Annexure 2** to this Circular;
- the audited annual financial results of Ecsponent for the three financial years ended 31 December 2013, as well as the interim financial results for the three consecutive periods ending 30 June 2014;
- the written consent letters referred to in paragraph 16 above;
- the signed Programme Memorandum; and
- a signed copy of this Circular.

19. GENERAL MEETING

A General Meeting of Ecsponent shareholders will be held at 09:00 on 24 October 2014 at the registered office of Ecsponent, in order to consider and approve the resolutions set out in the notice of General Meeting included in this Circular.

A notice convening the General Meeting and a form of proxy for use by certificated shareholders and dematerialised shareholders with "own name" registration who are unable to attend the General Meeting, form part of this Circular.

Certificated shareholders and dematerialised shareholders with "own name" registration, who are unable to attend the General Meeting and wish to be represented thereat, must complete and return the attached form of proxy in accordance with the instructions contained therein.

Dematerialised shareholders, other than dematerialised shareholders with "own name" registration, who:

- are unable to attend the General Meeting and wish to be represented thereat, must provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between themselves and the CSDP or broker concerned, in the manner and within the time stipulated therein;
- wish to attend the General Meeting, must instruct their CSDP or broker to issue them with the necessary written Letter of Representation to attend.

SIGNED ON BEHALF OF THE BOARD OF ECSPONENT

T Gregory
Chief Executive Officer
25 September 2014

ANNEXURE 1: PRO FORMA FINANCIAL INFORMATION OF ECSPONENT

The *pro forma* financial effects are the responsibility of the directors of the Company and are provided for illustrative purposes only and, because of their *pro forma* nature may not fairly present Ecsponent's financial position, changes in equity, results of operations or cash flow nor the effect and impact of the Specific Issue and Conversion going forward.

The *pro forma* financial effects have been prepared to illustrate the impact of the Specific Issue on the consolidated interim results (not reviewed or audited) of Ecsponent for the six months ended 30 June 2014, had the Specific Issue occurred on 30 June 2014 for statement of financial position purposes.

The *pro forma* financial effects have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the interim results of Ecsponent for the period ended 30 June 2014.

Given the uncertainty detailed in paragraph 3.3 of the Circular, the following scenarios are therefore presented:

Scenario 1 assumes:

- 25% of the Programme Amount has been subscribed for when an Event of Default occurs;
- Class A, Class B and Class C Preference Shares are issued in equal proportions; and
- The conversion occurs at a ratio determined by the market value of an Ordinary Share at the Last Practicable Date, and at the expected subscription price of the Preference Shares.

Scenario 2 assumes:

- 100% of the Programme Amount has been subscribed for when an Event of Default occurs;
- Class A, Class B and Class C Preference Shares are in issue in equal proportions; and
- The conversion occurs at a ratio determined by the market value of an Ordinary Share at the Last Practicable Date, and at the expected subscription price of the Preference Shares.

Scenario 3 assumes

- No Event of Default occurs and therefore Preference Shares issued in terms of the Specific Issue do not convert into ordinary shares. Accordingly, scenario 3 has two alternatives:
- **Scenario 3A**, which assumes 25% of the Programme Amount has been subscribed; and
- **Scenario 3B**, which assumes 100% of the Programme Amount has been subscribed;

SCENARIO 1

PRO FORMA STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30 JUNE 2014

(R' 000)

Group Balance Sheets	Financial Results "Before" (1)	Acquisition of Ecspont Financial Services (2)	Acquisition of the business of Sanceda (3)	Acquisition of Ecspont Botswana (4)	R100m Partially subscribed Rights Offer (5)(7)	Introduction of Convertible Loan (6)(7)	Conversion of Convertible Loan at 14 cents (6)	Combined pro forma effects	Specific Issue (8,9,10,11)	After the Specific Issue	Conversion (12,13,14,15)	After the Conversion
ASSETS												
Non-current assets	40 642	1 743	1 904	3 070	-	-	-	47 359	-	47 359	-	47 359
Property, plant and equipment	5 128	393	678	604	-	-	-	6 803	-	6 803	-	6 803
Intangible assets	706	-	-	-	-	-	-	706	-	706	-	706
Deferred taxation	10 991	1 350	-	366	-	-	-	12 707	-	12 707	-	12 707
Other financial assets	23 817	-	1 226	2 100	-	-	-	27 143	-	27 143	-	27 143
Current assets	39 973	87	58	964	-	14 416	-	55 498	1 248 510	1 304 008	(322)	1 303 686
Inventories	2 582	-	-	-	-	-	-	2 582	-	2 582	-	2 582
Trade and other receivables	36 802	16	6	103	-	-	-	36 927	-	36 927	-	36 927
Loans	-	-	-	1 000	-	-	-	1 000	-	1 000	-	1 000
Cash and cash equivalents	589	71	52	(139)	-	14 416	-	14 989	1 248 510	1 263 499	(322)	1 263 178
Total assets	80 615	1830	1 962	4 034	-	14 416	-	102 857	1 248 510	1 351 367	(322)	1 351 045
EQUITY AND LIABILITIES												
Capital and reserves	25 133	(11 295)	(5 038)	(6 462)	63 124	-	36 376	101 838	8 230	110 068	1 239 959	1 350 027
Stated capital (2, 5)	55 647	-	-	-	63 124	-	36 376	155 147	-	155 147	1 249 678	1 404 825
NDR	3 842	-	-	-	-	-	-	3 842	-	3 842	-	3 842
Common control reserve	-	(11 129)	(4 872)	(6 239)	-	-	-	(22 240)	-	(22 240)	-	(22 240)
Retained earnings	(33 573)	(166)	(166)	(166)	-	-	-	(34 071)	8 230	(25 841)	(9 720)	(35 561)

Non-controlling interest	(783)	-	-	(57)	-	-	-	(840)	-	(840)	-	(840)
Non-current liabilities	33 986	11 523	7 000	5 000	(57 509)	36 376	(36 376)	-	1 240 280	1 240 280	(1 240 280)	-
Interest bearing borrowings	33 986	11 523	7 000	5 000	(57 509)	36 376	(36 376)	-	-	-	-	-
Preference Shares	-	-	-	-	-	-	-	-	1 238 052	1 238 052	(1 238 052)	-
Deferred taxation	-	-	-	-	-	-	-	-	2 228	2 228	(2 228)	-
Current liabilities	21 496	1 602	-	5 496	(5 615)	(21 960)	-	1 019	-	1 019	-	1 019
Other financial liabilities	5 632	-	-	5 098	(5 615)	(5 115)	-	-	-	-	-	-
Trade and other payables	10 866	1 602	-	398	-	(12 866)	-	-	-	-	-	-
Revenue received in advance	1 019	-	-	-	-	-	-	1 019	-	1 019	-	1 019
Current tax payable	790	-	-	-	-	(790)	-	-	-	-	-	-
Bank overdraft	3 189	-	-	-	-	(3 189)	-	-	-	-	-	-
Total equity and liabilities	80 615	1 830	1 962	4 034	-	14 416	-	102 857	1 248 510	1 351 367	(322)	1 351 046
Net asset value per share (cents)	5.796							8.841		9.549		13.388
Net tangible asset value per share	5.638							8.780		9.489		13.381
Number of shares in issue ('000)	447 132	-	-	-	454 456	-	259 829	1 161 417	-	1 161 417	8 928 571	10 086 989

Notes:

1. The "Before" column has been extracted from the published interim financial results of the Company for the six months ended 30 June 2014. These results have not been audited or reviewed.
2. These adjustments relate to the published pro-forma financial effects of the Acquisition of Ecsponent Financial Services, as detailed in the circular posted to shareholders on 26 June 2014.
3. These adjustments relate to the published pro-forma financial effects of the Acquisition of the business of Sanceda, as detailed in the circular posted to shareholders on 26 June 2014.
4. These adjustments relate to the published pro-forma financial effects of the Acquisition of the business of Ecsponent Botswana, as detailed in the circular posted to shareholders on 26 June 2014.

5. These adjustments relate to the published pro-forma financial effects of the Rights Offer, as detailed in the circular posted to shareholders on 2 September 2014. .
6. These adjustments relate to the published pro-forma financial effects of the establishment of the Convertible Loan, and the subsequent conversion thereof, as detailed in the circular posted to shareholders on 2 September 2014.
7. The adjustments relating to the Rights Offer and the Convertible Loan in the above pro-forma financial effects have been amended from the published pro-forma financial effects of the Rights Offer in order to indicate the revised allocation of funds. One of the main assumptions on the pro-forma adjustments previously published were that liabilities will first be settled from proceeds received from these corporate actions, will the balance remaining in cash reserves. The allocation of funds illustrated in the previously published pro-form financial effects were therefore based on the liability balances at year end (31 December 2013) whereas the allocation in the pro-forma adjustment contained in this Circular are based on the liability balances in the interim financial results.
8. For Statement of Financial Position purposes, it has been assumed that the Specific Issue and Conversion occurred on 30 June 2014.
9. For this scenario, the following Preference Shares have been issued at R100 per Preference Share:
 - 9.1. 4 166 667 Class A Preference Shares
 - 9.2. 4 166 667 Class B Preference Shares
 - 9.3. 4 166 667 Class C Preference Shares
10. Preference Shares issued have been classified as financial liabilities after the Specific Issue.
11. Retained Earnings adjustment for the Specific Issue relates to:
 - 11.1. Transaction costs to the value of R1 489 592 (including VAT). This will be a once-off cost.
 - 11.2. The issue of Class B preference shares results in an IFRS day 1 gain of R9 719 763 (after deferred tax at 18.6%, being the CGT rate applicable to companies), in line with IFRS 13, par 57 - 60.
12. Retained Earnings adjustment for the Conversion relates to the reversal of the day 1 gain recognised on Class B Preference Shares, and reversal of the related deferred tax.
13. Conversion of preference shares is recognised after deducting issue and listing costs of R321 683 relevant to the listing of ordinary shares pursuant to the Conversion.
14. As the Conversion occurs immediately following the Specific Issue (i.e. on the same date), no interest expense / dividends has been accounted for on the Preference Shares.
15. Conversion Ratio is based on the closing share price of Ordinary Shares at the Last Practicable Date and at R100 subscription price for Preference Shares (as Preference Shares are assumed to convert immediately, no potential accrued return is included in the calculated conversion ratio). Under this scenario, 8 928 571 429 Ordinary Shares have been issued pursuant to the Conversion.
16. Normal taxation has been calculated at the corporate rate of 28%, where appropriate.

SCENARIO 2

PRO FORMA STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30 JUNE 2014

(R' 000)

Group Balance Sheets	Financial Results "Before" (1)	Acquisition of Ecsponent Financial Services (2)	Acquisition of the business of Sanceda (3)	Acquisition of Ecsponent Botswana (4)	R100m Partially subscribed Rights Offer (5)(7)	Introduction of Convertible Loan (6)(7)	Conversion of Convertible Loan at 14 cents (6)	Combined pro forma effects	Specific Issue (8,9,10)	After the Specific Issue	Conversion (11,12,13,14)	After the Conversion
ASSETS												
Non-current assets	40 642	1 743	1 904	3 070	-	-	-	47 359	-	47 359	-	47 359
Property, plant and equipment	5 128	393	678	604	-	-	-	6 803	-	6 803	-	6 803
Intangible assets	706	-	-	-	-	-	-	706	-	706	-	706
Deferred taxation	10 991	1 350	-	366	-	-	-	12 707	-	12 707	-	12 707
Other financial assets	23 817	-	1 226	2 100	-	-	-	27 143	-	27 143	-	27 143
Current assets	39 973	87	58	964	-	14 416	-	55 498	4 998 510	5 054 008	(526)	5 053 482
Inventories	2 582	-	-	-	-	-	-	2 582	-	2 582	-	2 582
Trade and other receivables	36 802	16	6	103	-	-	-	36 927	-	36 927	-	36 927
Loans	-	-	-	1 000	-	-	-	1 000	-	1 000	-	1 000
Cash and cash equivalents	589	71	52	(139)	-	14 416	-	14 989	4 998 510	5 013 499	(526)	5 012 973
Total assets	80 615	1 830	1 962	4 034	-	14 416	-	102 857	4 998 510	5 101 367	(526)	5 100 841
EQUITY AND LIABILITIES												
Capital and reserves	25 133	(11 295)	(5 038)	(6 462)	63 124	-	36 376	101 838	37 389	139 227	4 960 595	5 099 822
Stated capital (2, 5)	55 647	-	-	-	63 124	-	36 376	155 147	-	155 147	4 999 474	5 154 621
NDR	3 842	-	-	-	-	-	-	3 842	-	3 842	-	3 842
Common control Reserve	-	(11 129)	(4 872)	(6 239)	-	-	-	(22 240)	-	(22 240)	-	(22 240)
Retained earnings	(33 573)	(166)	(166)	(166)	-	-	-	(34 071)	37 389	3 318	(38 879)	(35 561)
Non-controlling Interest	(783)	-	-	(57)	-	-	-	(840)	-	(840)	-	(840)

Non-current liabilities	33 986	11 523	7 000	5 000	(57 509)	36 376	(36 376)	-	4 961 121	4 961 121	(4 961 121)	-
Interest bearing borrowings (2, 4, 5)	33 986	11 523	7 000	5 000	(57 509)	36 376	(36 376)	-	-	-	-	-
Preference Shares	-	-	-	-	-	-	-	-	4 952 209	4 952 209	(4 952 209)	-
Deferred taxation	-	-	-	-	-	-	-	-	8 912	8 912	(8 912)	-
Current liabilities	21 496	1 602	-	5 496	(5 615)	(21 960)	-	1 019	-	1 019	-	1 019
Other financial liabilities (2, 4)	5 632	-	-	5 098	(5 615)	(5 115)	-	-	-	-	-	-
Trade and other payables (4)	10 866	1 602	-	398	-	(12866)	-	-	-	-	-	-
Revenue received in advance	1 019	-	-	-	-	-	-	1 019	-	1 019	-	1 019
Current tax payable	790	-	-	-	-	(790)	-	-	-	-	-	-
Bank overdraft	3 189	-	-	-	-	(3 189)	-	-	-	-	-	-
Total equity and liabilities	80 615	1 830	1 962	4 034	-	14 416	-	102 857	4 998 510	5 101 367	(526)	5 100 841
Net asset value per share (cents)	5.796							8.841		12.06		13.832
Net tangible asset value per share	5.638							8.780		11.99		13.830
Number of shares in issue ('000)	447 132	-	-	-	454 456	-	259 829	1 161 417	-	1 161 417	35 714 286	36 875 703

Notes:

1. The "Before" column has been extracted from the published interim financial results of the Company for the six months ended 30 June 2014. These results have not been audited or reviewed.
2. These adjustments relate to the published pro-forma financial effects of the Acquisition of Ecsponent Financial Services, as detailed in the circular posted to shareholders on 26 June 2014.
3. These adjustments relate to the published pro-forma financial effects of the Acquisition of the business of Sanceda, as detailed in the circular posted to shareholders on 26 June 2014.
4. These adjustments relate to the published pro-forma financial effects of the Acquisition of the business of Ecsponent Botswana, as detailed in the circular posted to shareholders on 26 June 2014.
5. These adjustments relate to the published pro-forma financial effects of the Rights Offer, as detailed in the circular posted to shareholders on 2 September 2014.
6. These adjustments relate to the published pro-forma financial effects of the establishment of the Convertible Loan, and the subsequent conversion thereof, as detailed in the circular posted to shareholders on 2 September 2014.

7. The adjustments relating to the Rights Offer and the Convertible Loan in the above pro-forma financial effects have been amended from the published pro-forma financial effects of the Rights Offer in order to indicate the revised allocation of funds. One of the main assumptions on the pro-forma adjustments previously published were that liabilities will first be settled from proceeds received from these corporate actions, will the balance remaining in cash reserves. The allocation of funds illustrated in the previously published pro-form financial effects were therefore based on the liability balances at year end (31 December 2013) whereas the allocation in the pro-forma adjustment contained in this Circular are based on the liability balances in the interim financial results. For Statement of Financial Position purposes, it has been assumed that the Specific Issue and Conversion occurred on 30 June 2014.
8. For this scenario, the following Preference Shares have been issued at R100 per Preference Share:
 - 8.1. 16 666 667 Class A Preference Shares
 - 8.2. 16 666 667 Class B Preference Shares
 - 8.3. 16 666 667 Class C Preference Shares
9. Preference Shares issued have been classified as financial liabilities after the Specific Issue.
10. Retained Earnings adjustment for the Specific Issue relates to:
 - 10.1. Transaction costs to the value of R1 489 592 (including VAT). This will be a once-off cost.
 - 10.2. The issue of Class B preference shares results in an IFRS day 1 gain of R34 409 624 (after deferred tax), in line with IFRS 13, par 57 - 60.
11. Retained Earnings adjustment for the Conversion relates to the reversal of the day 1 gain recognised on Class B Preference Shares, and reversal of the related deferred tax.
12. Conversion of preference shares recognised after deducting the issue and listing costs of R525 186 relevant to the listing of ordinary shares pursuant to the Conversion.
13. It has been assumed that the both the Specific Issue and the Conversion occurs on balance sheet date. As the Conversion occurs immediately following the Specific Issue (i.e. on the same date), no interest expense has been accounted for on the Preference Shares.
14. Conversion Ratio is based on the closing share price of Ordinary Shares at the Last Practicable Date and at R100 subscription price for Preference Shares (as Preference Shares are assumed to convert immediately, no potential accrued return is included in the calculated conversion ratio). Under this scenario, 35 714 285 714 Ordinary Shares have been issued pursuant to the Conversion.
17. Normal taxation has been calculated at the corporate rate of 28%, where appropriate.

SCENARIO 3A

PRO FORMA STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30 JUNE 2014

(R' 000)

Group Balance Sheets	Financial Results "Before" (1)	Acquisition of Ecsponent Financial Services (2)	Acquisition of the business of Sanceda (3)	Acquisition of Ecsponent Botswana (4)	R100m Partially subscribed Rights Offer (5)(7)	Introduction of Convertible Loan (6) (7)	Conversion of Convertible Loan at 14 cents (7)	Combined pro forma effects	Specific Issue (7,8,9,10, 11)	After the Specific Issue	Conversion (12)	After the Conversion
ASSETS												
Non-current assets	40 642	1 743	1 904	3 070	-	-	-	47 359	-	47 359	-	47 359
Property, plant and equipment	5 128	393	678	604	-	-	-	6 803	-	6 803	-	6 803
Intangible assets	706	-	-	-	-	-	-	706	-	706	-	706
Deferred taxation	10 991	1 350	-	366	-	-	-	12 707	-	12 707	-	12 707
Other financial assets	23 817	-	1 226	2 100	-	-	-	27 143	-	27 143	-	27 143
Current assets	39 973	87	58	964	-	14 416	-	55 498	1 248 510	1 304 008	-	1 304 008
Inventories	2 582	-	-	-	-	-	-	2 582	-	2 582	-	2 582
Trade and other receivables	36 802	16	6	103	-	-	-	36 927	-	36 927	-	36 927
Loans	-	-	-	1 000	-	-	-	1 000	-	1 000	-	1 000
Cash and cash equivalents	589	71	52	(139)	-	14 416	-	14 989	1 248 510	1 263 499	-	1 263 499
Total assets	80 615	1830	1 962	4 034	-	14 416	-	102 857	1 248 510	1 351 367	-	1 351 367
EQUITY AND LIABILITIES												
Capital and reserves	25 133	(11 295)	(5 038)	(6 462)	63 124	-	36 376	101 838	8 230	110 068	-	110 068
Stated capital (2, 5)	55 647	-	-	-	63 124	-	36 376	155 147	-	155 147	-	155 147
NDR	3 842	-	-	-	-	-	-	3 842	-	3 842	-	3 842
Common control reserve	-	(11 129)	(4 872)	(6 239)	-	-	-	(22 240)	-	(22 240)	-	(22 240)
Retained earnings	(33 573)	(166)	(166)	(166)	-	-	-	(34 071)	8 230	(25 841)	-	(25 841)

Non-controlling interest	(783)	-	-	(57)	-	-	-	(840)	-	(840)	-	(840)
Non-current liabilities	33 986	11 523	7 000	5 000	(57 509)	36 376	(36 376)	-	1 240 280	1 240 280	-	1 240 280
Interest bearing borrowings	33 986	11 523	7 000	5 000	(57 509)	36 376	(36 376)	-	-	-	-	-
Preference Shares	-	-	-	-	-	-	-	-	1 238 052	1 238 052	-	1 238 052
Deferred taxation	-	-	-	-	-	-	-	-	2 228	2 228	-	2 228
Current liabilities	21 496	1 602	-	5 496	(5 615)	(21 960)	-	1 019	-	1 019	-	1 019
Other financial liabilities	5 632	-	-	5 098	(5 615)	(5 115)	-	-	-	-	-	-
Trade and other payables	10 866	1 602	-	398	-	(12 866)	-	-	-	-	-	-
Revenue received in advance	1 019	-	-	-	-	-	-	1 019	-	1 019	-	1 019
Current tax payable	790	-	-	-	-	(790)	-	-	-	-	-	-
Bank overdraft	3 189	-	-	-	-	(3 189)	-	-	-	-	-	-
Total equity and liabilities	80 615	1 830	1 962	4 034	-	14 416	-	102 857	1 248 510	1 351 367	-	1 351 367
Net asset value per share (cents)	5.796							8.841		9.549		9.549
Net tangible asset value per share	5.638							8.780		9.489		9.489
Number of shares in issue ('000)	447 132	-	-	-	454 456	-	259 829	1 161 417	-	1 161 417	-	1 161 417

Notes:

1. The "Before" column has been extracted from the published interim financial results of the Company for the six months ended 30 June 2014. These results have not been audited or reviewed.
2. These adjustments relate to the published pro-forma financial effects of the Acquisition of Ecsponent Financial Services, as detailed in the circular posted to shareholders on 26 June 2014.
3. These adjustments relate to the published pro-forma financial effects of the Acquisition of the business of Sanceda, as detailed in the circular posted to shareholders on 26 June 2014.
4. These adjustments relate to the published pro-forma financial effects of the Acquisition of the business of Ecsponent Botswana, as detailed in the circular posted to shareholders on 26 June 2014.

5. These adjustments relate to the published pro-forma financial effects of the Rights Offer, as detailed in the circular posted to shareholders on 2 September 2014.
6. These adjustments relate to the published pro-forma financial effects of the establishment of the Convertible Loan, and the subsequent conversion thereof, as detailed in the circular posted to shareholders on 2 September 2014.
The adjustments relating to the Rights Offer and the Convertible Loan in the above pro-forma financial effects have been amended from the published pro-forma financial effects of the Rights Offer in order to indicate the revised allocation of funds. One of the main assumptions on the pro-forma adjustments previously published were that liabilities will first be settled from proceeds received from these corporate actions, with the balance remaining in cash reserves. The allocation of funds illustrated in the previously published pro-forma financial effects were therefore based on the liability balances at year end (31 December 2013) whereas the allocation in the pro-forma adjustment contained in this Circular are based on the liability balances in the interim financial results.
7. For Statement of Financial Position purposes, it has been assumed that the Specific Issue and Conversion occurred on 30 June 2014.
8. For this scenario, the following Preference Shares have been issued at R100 per Preference Share:
 - 8.1. 4 166 667 Class A Preference Shares
 - 8.2. 4 166 667 Class B Preference Shares
 - 8.3. 4 166 667 Class C Preference Shares
9. Preference Shares issued have been classified as financial liabilities after the Specific Issue.
10. Retained Earnings adjustment for the Specific Issue relates to:
 - 10.1. Transaction costs to the value of R1 489 592 (including VAT). This will be a once-off cost.
 - 10.2. The issue of Class B preference shares results in an IFRS day 1 gain of R9 719 763 (after deferred tax at 18.6%, being the CGT rate applicable to companies), in line with IFRS 13, par 57 - 60.
11. As it is assumed that the Specific occurs on year end, no interest expense has been accounted for on the Preference Shares.
12. It is assumed that no Event of Default occurs and therefore no Conversion occurs.
18. Normal taxation has been calculated at the corporate rate of 28%, where appropriate.

SCENARIO 3B

PRO FORMA STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30 JUNE 2014

(R' 000)

Group Balance Sheets	Financial Results "Before" (1)	Acquisition of Ecsponent Financial Services (2)	Acquisition of the business of Sanceda (3)	Acquisition of Ecsponent Botswana (4)	R100m Partially subscribed Rights Offer (5)(7)	Introduction of R55m Convertible Loan (6) (7)	Conversion of R55m Convertible Loan at 14 cents (7)	Combined pro forma effects	Specific Issue (8,9,10,11)	After the Specific Issue	Conversion (12)	After the Conversion
ASSETS												
Non-current assets	40 642	1 743	1 904	3 070	-	-	-	47 359	-	47 359	-	47 359
Property, plant and equipment	5 128	393	678	604	-	-	-	6 803	-	6 803	-	6 803
Intangible assets	706	-	-	-	-	-	-	706	-	706	-	706
Deferred taxation	10 991	1 350	-	366	-	-	-	12 707	-	12 707	-	12 707
Other financial assets	23 817	-	1 226	2100	-	-	-	27 143	-	27 143	-	27 143
Current assets	39 973	87	58	964	-	14 416	-	55 498	4 998 510	5 054 008	-	5 054 008
Inventories	2 582	-	-	-	-	-	-	2 582	-	2 582	-	2 582
Trade and other receivables	36 802	16	6	103	-	-	-	36 927	-	36 927	-	36 927
Loans	-	-	-	1 000	-	-	-	1 000	-	1 000	-	1 000
Cash and cash equivalents	589	71	52	(139)	-	14 416	-	14 989	4 998 510	5 013 499	-	5 013 499
Total assets	80 615	1 830	1 962	4 034	-	14 416	-	102 857	4 998 510	5 101 367	-	5 101 367
EQUITY AND LIABILITIES												
Capital and reserves	25 133	(11 295)	(5 038)	(6 462)	63 124	-	36 376	101 838	37 389	139 227	-	139 227
Stated capital (2, 5)	55 647	-	-	-	63 124	-	36 376	155 147	-	155 147	-	155 147
NDR	3 842	-	-	-	-	-	-	3 842	-	3 842	-	3 842
Common control reserve	-	(11 129)	(4 872)	(6 239)	-	-	-	(22 240)	-	(22 240)	-	(22 240)
Retained earnings	(33 573)	(166)	(166)	(166)	-	-	-	(34 071)	37 389	3 318	-	3 318
Non-controlling interest	(783)	-	-	(57)	-	-	-	(840)	-	(840)	-	(840)

Non-current liabilities	33 986	11 523	7 000	5 000	(57 509)	36 376	(36 376)	-	4 961 121	4 961 121	-	4 961 121
Interest bearing borrowings (2, 4, 5)	33 986	11 523	7 000	5 000	(57 509)	36 376	(36 376)	-	-	-	-	-
Preference Shares	-	-	-	-	-	-	-	-	4 952 209	4 952 209	-	4 952 209
Deferred taxation	-	-	-	-	-	-	-	-	8 912	8 912	-	8 912
Current liabilities	21 496	1 602	-	5 496	(5 615)	(21 960)	-	1 019	-	1 019	-	1 019
Other financial liabilities (2, 4)	5 632	-	-	5 098	(5 615)	(5 115)	-	-	-	-	-	-
Trade and other payables (4)	10 866	1 602	-	398	-	(12 866)	-	-	-	-	-	-
Revenue received in advance	1 019	-	-	-	-	-	-	1 019	-	1 019	-	1 019
Current tax payable	790	-	-	-	-	(790)	-	-	-	-	-	-
Bank overdraft	3 189	-	-	-	-	(3 189)	-	-	-	-	-	-
Total equity and liabilities	80 615	1 830	1 962	4 034	-	14 316	-	102 857	4 998 510	5 101 367	-	5 101 367
Net asset value per share (cents)	5.796							8.841		12.06		12.06
Net tangible asset value per share	5.638							8.780		11.99		11.99
Number of shares in issue ('000)	447 132	-	-	-	454 456	-	259 829	1 161 417	-	1 161 417	-	1 161 417

Notes:

1. The "Before" column has been extracted from the published interim financial results of the Company for the six months ended 30 June 2014. These results have not been audited or reviewed.
2. These adjustments relate to the published pro-forma financial effects of the Acquisition of Ecsponent Financial Services, as detailed in the circular posted to shareholders on 26 June 2014.
3. These adjustments relate to the published pro-forma financial effects of the Acquisition of the business of Sanceda, as detailed in the circular posted to shareholders on 26 June 2014.
4. These adjustments relate to the published pro-forma financial effects of the Acquisition of the business of Ecsponent Botswana, as detailed in the circular posted to shareholders on 26 June 2014.
5. These adjustments relate to the published pro-forma financial effects of the Rights Offer, as detailed in the circular posted to shareholders on 2 September 2014.
6. These adjustments relate to the published pro-forma financial effects of the establishment of the Convertible Loan, and the subsequent conversion thereof, as detailed in the circular posted to shareholders on 2 September 2014.

7. The adjustments relating to the Rights Offer and the Convertible Loan in the above pro-forma financial effects have been amended from the published pro-forma financial effects of the Rights Offer in order to indicate the revised allocation of funds. One of the main assumptions on the pro-forma adjustments previously published were that liabilities will first be settled from proceeds received from these corporate actions, will the balance remaining in cash reserves. The allocation of funds illustrated in the previously published pro-form financial effects were therefore based on the liability balances at year end (31 December 2013) whereas the allocation in the pro-forma adjustment contained in this Circular are based on the liability balances in the interim financial results.
8. For Statement of Financial Position purposes, it has been assumed that the Specific Issue and Conversion occurred on 30 June 2014.
9. For this scenario, the following Preference Shares have been issued at R100 per Preference Share:
 - 9.1. 16 666 667 Class A Preference Shares
 - 9.2. 16 666 667 Class B Preference Shares
 - 9.3. 16 666 667 Class C Preference Shares
10. Preference Shares issued have been classified as financial liabilities after the Specific Issue.
11. Retained Earnings adjustment for the Specific Issue relates to:
 - 11.1. Transaction costs to the value of R1 489 592 (including VAT). This will be a once-off cost.
 - 11.2. The issue of Class B preference shares results in an IFRS day 1 gain of R34 409 624 (after deferred tax at 28%), in line with IFRS 13, par 57 - 60.
12. As it is assumed that the Specific occurs on year end, no interest expense has been accounted for on the Preference Shares.
13. It is assumed that no Event of Default occurs and therefore no Conversion occurs.
14. Normal taxation has been calculated at the corporate rate of 28%, where appropriate.

**ANNEXURE 2: INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION**

The Directors
Ecsponent Limited
Acacia House
Green Hill Village Office Park
Cnr of Nentabos and Botterklapper Street
The Willows
Pretoria East, 0181

Dear Sirs

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF
THE *PRO FORMA* FINANCIAL INFORMATION OF ECSPONENT LIMITED ("ECSPONENT" OR "THE
COMPANY")**

We have completed our assurance engagement to report ("Report") on the compilation of *pro forma* financial information of Ecsponent by the directors. The *pro forma* financial information, as set out in Paragraph 3.3 and Annexure 1 of the circular to be issued by the Company on or about 25 September 2014 ("the Circular"), consists of the *pro forma* statement of financial position and related notes, net asset value and net tangible asset value per share (collectively "*Pro forma* Financial Information"). The *Pro forma* Financial Information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements.

The *Pro forma* Financial Information has been compiled by the directors to illustrate the impact of the Specific Issue and Conversion ("Transaction"), as detailed in the Circular, on the Company's financial position as at 30 June 2014, as if the Transaction had taken place at 30 June 2014. As part of this process, information about the Company's statement of financial position has been extracted by the directors from the Company's interim financial statements ("Published Financial Information") for the period ended 30 June 2014, on which no audit or review report has been published. In addition, the directors have calculated the net asset value and net tangible asset value per share as at 30 June 2014 based on financial information extracted from the Published Financial Information.

Directors' Responsibility for the *Pro forma* Financial Information

The Directors of Ecsponent are responsible for compiling the *Pro forma* Financial Information on the basis of the applicable criteria as detailed in paragraphs 8.15 to 8.34 of the JSE Listings Requirements and the SAICA Guide on *Pro forma* Financial Information, revised and issued in September 2012 ("Applicable Criteria").

Reporting Accountants' responsibility

Our responsibility is to express an opinion about whether the *Pro forma* Financial Information has been compiled, in all material respects, by the directors on the basis of the Applicable Criteria, based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any Published Financial Information used in compiling the *Pro forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the Published Financial Information used in compiling the *Pro forma* Financial Information.

The purpose of *Pro forma* Financial Information included in the Circular is solely to illustrate the impact of the Transaction on the unadjusted Published Financial Information as if the Transaction had been undertaken on 30 June 2014 for purposes of the net asset value and net tangible asset value per share and statement of financial position. Accordingly, we do not provide any assurance that the actual outcome of the Transaction, subsequent to its implementation, will be as presented in the *Pro forma* Financial Information.

A reasonable assurance engagement to report on whether the *Pro forma* Financial Information has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors in the compilation of the *Pro forma* Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Transaction and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to the Applicable Criteria; and
- The *Pro forma* Financial Information reflects the proper application of those pro forma adjustments to the unadjusted Published Financial Information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of Ecsponent, the Transaction in respect of which the *Pro forma* Financial Information has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the *Pro forma* Financial Information.

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

Opinion

In our opinion, the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria as described in Paragraph 4 and Annexure 1 of the circular.

Yours faithfully

Nexia SAB&T
Per: T.J. de Kock
Chartered Accountant (SA)
JSE Registered Auditor and Reporting Accountant
Director

Address:
119 Witch-Hazel Avenue
Highveld Technopark
Centurion

25 September 2014

ANNEXURE 3 SHARE PRICE HISTORY OF ECSPONENT ON THE JSE

Share price trading information is set out below:

30 Days prior to Last Practicable Date

Date	High	Low	Closing	Volume	Value
2014/08/01	15	15	15	14 515	2 177
2014/08/04	18	15	18	28 800	4 620
2014/08/05	18	18	18	12 800	2 304
2014/08/06			18		
2014/08/07			18		
2014/08/08	15		18	70 514	10 577
2014/08/11	15	13	15	30 000	4 300
2014/08/12			15		
2014/08/13	15	13	15	34 507	5 083
2014/08/14	15	15	15	102 174	15 326
2014/08/15	15	14	15	240 126	36 018
2014/08/18			15		
2014/08/19	15	15	15	56 465	8 470
2014/08/20	15	14	15	73 762	10 959
2014/08/21			15		
2014/08/22	15	15	15	14 066	2 110
2014/08/25			15		
2014/08/26	15	14	15	9 097	1 363
2014/08/27	14	14	15	211 236	29 573
2014/08/28	16	16	14	100	16
2014/08/29			16		
2014/09/01			16		
2014/09/02	16	16	16	8 444	1 351
2014/09/03	16	15	16	22 198	3 385
2014/09/04	16	15	15	74 506	11 302
2014/09/05	16	15	16	11 718	1 828
2014/09/08	16	14	16	17 550	2 646
2014/09/09	15	14	16	29 610	4 210

2014/09/10	15	15	15	69 500	10 425
2014/09/11	14	14	15	45 050	6 307
2014/09/12	14	13	14	255 761	33 377
2014/09/15			14		
2014/09/16	14	12	14	54 270	7 544
2014/09/17	14	14	14	4 382	613

Twelve months prior to Last Practicable Date (aggregated monthly) (“Twelve Month Period”)

Date	High	Low	Closing	Volume	Value
2013/08/30	18	13	18	836 559	128 663
2013/09/30	21	14	19	1 654 115	308 076
2013/10/30	20	15	18	546 130	94 465
2013/11/29	19	14	15	3 497 094	544 649
2013/12/31	15	12	13	2 708 094	368 697
2014/01/31	13	10	13	1 482 752	174 894
2014/02/28	13	9	13	2 122 555	241 588
2014/03/31	13	9	13	1 080 868	129 381
2014/04/30	13	10	13	924 203	114 599
2014/05/30	13	11	13	2 845 530	338 412
2014/06/30	21	11	17	2 825 948	483 013
2014/07/31	18	12	15	2 304 634	306 549

24 months prior to Twelve Month Period (aggregated quarterly)

Date	High	Low	Closing	Volume	Value
2011/10/31	10	2	9	1 449 078	113 906
2012/01/31	10	2	10	6 146 502	445 762
2012/04/30	10	7	9	7 959 108	692 507
2012/07/31	10	7	9	3 691 926	307 793
2012/10/31	10	6	8	5 263 224	405 730
2013/01/31	10	5	6	3 534 711	252 618
2013/04/30	11	5	10	3 733 969	283 344
2013/07/31	21	7	16	3 966 332	398 573

ANNEXURE 4 CORPORATE GOVERNANCE STATEMENT

The Group endorses the principles contained in the King III report on corporate governance and confirms its commitment to the principles of fairness, accountability, responsibility and transparency as advocated therein. The board strives to ensure that the Group is ethically managed according to prudently determined risk parameters and in compliance with generally.

Two major areas not adopted by Ecsponent include the establishment of an internal audit function and the fact that the chairman of the Board should not be a member of the audit committee. Reasons for non-compliance with these principles, as well as other principles, are set out in the tables on page 57 to 67.

The full register, addressing all the principles of the King III Report and Code on Corporate Governance, is set out on the Company's website (<http://jd-h.com>), at the following links:

- **King III Register** → <http://www.iodsa-gai.co.za/Reports/Public/ApplicationRegisterPractice.aspx?L=ba16f740-2d92-4241-b2d2-c631428074cb>
- **King III Application register** → <http://www.iodsa-gai.co.za/Reports/Public/ApplicationRegisterPrinciple.aspx?L=ba16f740-2d92-4241-b2d2-c631428074cb>
- **JSE Corporate Governance Listing Requirement** → http://www.iodsa-gai.co.za/Reports/Public/JSE_ListingRequirements.aspx?L=ba16f740-2d92-4241-b2d2-c631428074cb

As a result of the small size of the business and the low volume of transactions, management's focus has been on the design and implementation of controls and no internal audit function had been established. The Group's internal control environment is continually re-evaluated. During the 2013 financial year management identified the need to review the working of certain implemented controls and identified suitable accounting staff to perform the compliance checks. The board will reconsider the introduction of internal audit during the forthcoming year.

The principles discussed below require compliance in terms of the JSE Listings Requirements:

Policy for the appointment of Directors Board

Directors' appointments are made in a formal and transparent manner. At least 50% of Directors are elected by Shareholders. Remaining Directors are nominated by the Board. A nominations committee has been established which assists the Board in considering the appropriateness of appointments. Appointments made by the Board are approved by Shareholders at the annual general meeting of Shareholders.

Policy evidencing clear balance of power and authority on the Board

At the year end, the board comprised six directors – two executives, three independent non-executives and one non-executive.

The predominance of non-executive directors on the board maintains a healthy balance and ensures independent decision making. The non-executive directors were selected based on their experience and skill set and also provides independent opinion with no extraneous factors that materially affects their judgment. Fees earned by the non-executive directors are market-related. If there is an actual or potential conflict of interest, the director (executive or non-executive) concerned, after declaring his/her interest in terms of the Companies Act, is excluded from the related decision-making process.

The roles of the chairman and chief executive office are separated in order to ensure a balance of power and authority.

Appointment of chief executive officer

The Company has appointed TP Gregory as its chief executive officer. The role of chairman is fulfilled by RJ Connellan, who is an independent non-executive director.

Committees

Audit Committee

The Company has established an Audit Committee, which met three times in the last financial year. The Audit and Risk Committee consists off the following members:

Member name	% attendance of meetings
RJ Connellan	100%
KA Rayner	100%
BR Topham (Chairman)	100%

All members are independent non-executive directors. The board is of the opinion that the current committee constitution is adequate to ensure the governance required. The chief executive officer, the financial director, the non-executive director and the external auditors attend meetings of the committee as invitees.

The committee acts in accordance with written terms of reference as confirmed by the board, which terms set out its authority and duties. The primary mandate of the committee is to ensure the independence of the external auditors, evaluate the group's systems of internal financial and operational control, review accounting policies and financial information to be issued to the public, facilitate effective communication between the board, management and the external auditors, recommend the appointment of, and determine the fees payable to the external auditors and determine and approve the level of non-audit services provided by the external auditors.

The committee furthermore approves the audit plan, reviews the interim and annual results before recommending them to the board for approval and discusses these results and the audit process with the external auditors.

Risk Committee

The risk committee met 3 times during the last financial year. This committee is chaired by BR Topham and comprises of the independent non-executive directors and the chief executive officer. The financial director, non-executive director and operational management attended the committee meetings as invitees as and when required.

The committee reviewed the critical business, operational, financial and compliance exposures and sustainability issues facing the group, taking into account the severity and probability of occurrence of such risks. The committee resolved to review risk for the period under review as an integral part of all and approving Group insurance policies and deciding on the extent to which the group should retain Audit Committee meetings and ensure that the requisite risk management culture, practices and policies are progressively implemented and continuously monitored.

The committee supports the board in discharging its responsibility for ensuring that the risks associated with its operations are effectively managed. This is done through, *inter alia*:

- setting out a process for the identification and management of risk and sustainability issues;

- reviewing and assessing any risk management issues;
- considering items of risk, assessing such risks and determining required solutions, and where required, reporting the most significant risks to the board;
- reviewing corporate governance guidelines and implementation; and
- reviewing risk.

Remuneration committee

The remuneration committee comprised entirely of the independent non-executive directors met 3 times during the period.

The committee is chaired by KA Rayner. During the meeting held on 22 March 2013 the committee recommended the executive remuneration as detailed in the financial report as well as in the notice of annual general meeting.

The committee will continue to:

- assist the board in determining the broad policy for executive and senior management remuneration;
- assist the board in reviewing the remuneration of the executive directors and company secretary;
- and assist the board in reviewing the non-executive directors' fees.

Brief CV and categorisation of each director

A brief CV of each director and each director has been categorised as a non-executive, executive and independent non-executive director. Please refer to paragraph 7 of this Circular for the CV's and applicable categorisations

Appointment of executive financial director

The Company has appointed D van der Merwe as its executive financial director. The audit committee considers on an annual basis, and is satisfied that D van der Merwe has the necessary and appropriate expertise and experience required of an executive financial director. This is communicated to shareholders annually in the integrated report released by the Company.

Company Secretary

The Board considers on an annual basis, and is satisfied that the company secretary, Timbavati Business Consultants (Pty) Ltd, has the necessary and appropriate competence, qualifications and experience. This is communicated to shareholders annually in the integrated report released by the Company.

The company secretary is not a Director. An arm's length relationship is maintained between the Board and the individuals, who perform the company secretary roles, as well as the directors and shareholders of Timbavati Business Consultants (Pty) Ltd.

During the last review period the board assessed the company secretary's competence in relation to sections 3.84(i), 4.8(c) and 7.F.6(i) of the Listings Requirements including:

- proficiency in the administration of the boards affairs;
- adherence to the Memorandum of Incorporation;
- regulatory administration of annual financial statements and returns; and
- ability to provide guidance to the board in respect of relevant law and duties and responsibilities of the board.

Principles not applied, or partially applied, are set out in the tables below:

Principles not applied

Chapter	Principle	Principle Description	Practice	Reason / Explanation
Chapter 2	Principle 2.16	The Board has elected a chairman of the board who is an independent non-executive director. The CEO of the company does not also fulfil the role of chairman of the Board.	The chairperson is elected by board members every year.	The chairman is an independent non-executive director. The chairman is only reviewed when the board deems it necessary.
	Principle 2.17	The Board has appointed the Chief Executive Officer and has established a framework for the delegation of authority	The CEO is not a member of the nomination committee.	The nominations committee comprise the entire board.
	Principle 2.22	The evaluation of the Board, its committees and individual directors is performed every year.	An overview of the appraisal process of the board, board committees, individual directors, the results thereof and action plans are disclosed in the integrated report.	Will be applied going forward
	Principle 2.25	The company remunerates its directors and executives fairly.	Employment contracts do not commit the company to pay on termination arising from an executive's failure.	The contracts are silent regarding the payment on termination in the case of an executive's failure.
	Principle 2.25	The company remunerates its directors and executives fairly.	The company has established share-based and/or long-term incentive schemes.	The board is evaluating share based and other long term incentive scheme aimed at aligning all staff to the objectives of the Group and appropriately rewarding staff on achievement of Group objectives. No incentive scheme is currently in place.

	Principle 2.25	The company remunerates its directors and executives fairly.	Non-executive fees comprise a base fee and attendance fee per meeting.	Non-executive director fees comprise a base fee approved by shareholders. Shareholders have granted the executive the rights to declare additional fees to non-executive directors for additional services rendered, limited to an aggregated maximum of R500 000 per non-executive director. The ability to declare additional fees lapse at the end of the 2014 financial year.
Chapter 3	Principle 3.2.3	The chairman of the board should not be the chairman or member of the audit committee.	The audit committee is elected each year by the shareholders	All members of the audit committee should be independent non-executive directors. The audit committee should consist of at least three members. The company has only three independent non-executive directors, the chairman being one. As a result the chairman sits on the audit committee, but only as a member.
	Principle 3.4	The audit committee oversees integrated reporting	The audit committee recommends to the board the whether to engage an external assurance provider on material sustainability issues.	The board is currently of the view that external assurance on material sustainability issues does not add significant value to the integrated report but will review this position going forward.
Chapter 4	Principle 4.2	The Board has determined the levels of risk tolerance	The board sets the levels of risk tolerance every year.	Risk levels have been set and are reviewed as and when the board deems it necessary.
Chapter 5	Principle 5.1	The Board is responsible of information technology (IT) governance.	The board receives independent assurance on the effectiveness of the IT internal controls.	The board is currently of the view that external assurance on the effectiveness of the IT internal control does not add significant value to the integrated report but will review this position going forward.

	Principle 5.6	The Board ensured that information assets are managed effectively.	The board ensures that an Information Security Management System is developed, implemented and recorded that ensures security (confidentiality, integrity and availability of information).	The information system is currently being evaluated
Chapter 6	Principle 6.1	The Board ensures that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	The extent of adherence to applicable non-binding rules, codes and standards is disclosed in the integrated report.	Although the company adheres to applicable rules, codes and standards the extent of adherence to non-binding rules, codes and standards have not been quantified and disclosed
	Principle 6.4	The Board should delegate to management the implementation of an effective compliance framework and processes.	The CEO has appointed an individual responsible for the management of compliance; e.g.. a Chief Compliance Officer.	Due to limited resources, this position has not yet been filled. It makes use of an outsourced compliance function.
	Principle 6.4	The Board should delegate to management the implementation of an effective compliance framework and processes.	The individual responsible for compliance is a suitably skilled and experienced person who has access to and interacts regularly on strategic compliance matters with the board and/or appropriate board committee and executive management.	Due to limited resources, this position has not yet been filled. It makes use of an outsourced compliance function.
	Principle 6.4	The Board should delegate to management the implementation of an effective compliance framework and processes.	The compliance function has adequate resources to fulfil its duties.	Due to limited resources, this function has not yet been filled.
	Principle 6.4	The Board should delegate to management the implementation of an effective compliance framework and processes.	The board ensures that a legal compliance policy, approved by the board, has been implemented by management.	Due to limited resources, this policy has not yet been implemented.

	Principle 6.4	The Board should delegate to management the implementation of an effective compliance framework and processes.	The board receives assurance on the effectiveness of the controls around compliance with laws, rules, codes and standards.	Due to limited resources, no assurance on the effectiveness of the controls around compliance with laws, rules, codes and standards has been sought.
	Principle 6.4	The Board should delegate to management the implementation of an effective compliance framework and processes.	Compliance with laws, rules, codes and standards is incorporated in the code of conduct of the company.	No code of conduct has been drawn up by the company. This will be done in due course.
Chapter 7	Principle 7.1	The Board should ensure that there is an effective risk based internal audit.	The company has established an internal audit function.	Due to the size of the organisation, the establishment of a separate internal audit function is not justified.
Chapter 8	Principle 8.1	The Board should appreciate that stakeholders' perceptions affect a company's reputation.	The company's reputation and its linkage with stakeholder relationships is a regular board agenda item.	This is only dealt with at board meetings when deemed necessary.
	Principle 8.1	The Board should appreciate that stakeholder; perceptions affect a company's reputation.	Stakeholders which could materially affect the operations of the company are identified, assessed and dealt with as part of the risk management process.	Stakeholders has not been formally identified and assessed. This will be addressed in due course.
	Principle 8.2	The Board should delegate to management to proactively deal with stakeholder relationships.	Management develops a strategy and formulates policies for the management of relationships with each stakeholder grouping.	No formal strategy and policies has been developed to date. This will be addressed in due course.

Principle 8.2	The Board should delegate to management to proactively deal with stakeholder relationships.	The board oversees the establishment of mechanisms and processes that support stakeholders in constructive engagement with the company.	No formal mechanisms and processes have been developed to date. This will be addressed in due course.
Principle 8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	The board has adopted communication guidelines that support a responsible communication programme.	No formal communication guidelines have been developed to date. This will be addressed in due course.
Principle 8.6	The Board should ensure that disputes are resolved effectively and expeditiously as possible.	The board has adopted formal dispute resolution processes for internal and external disputes.	No formal dispute resolution processes have been developed to date. This will be addressed in due course.
Chapter 9 Principle 9.3	Sustainability reporting and disclosure should be independently assured.	Sustainability reporting is independently assured.	The board is currently of the view that external assurance of the sustainable report does not add significant value to the integrated report but will review this position going forward.

Principles partially applied:

Chapter	Principle	Principle Description	Practice	Reason / Explanation
Chapter 1	Principle 1.2	The Board ensures that the company is and is seen to be a responsible corporate citizen	The board ensures that measurable corporate citizenship programmes and policies are developed and implemented.	The initial focus of the board has been on ensuring the Group's return to profitability and its future sustainability. The board has not developed formal measurable corporate citizen programmes and policies as yet.
	Principle 1.3	The Board ensures that the company ethics are managed effectively	The board ensures that ethical risks and opportunities are incorporated in the risk management process or ethics programme; i.e. and ethics risk and opportunity profile is compiled.	The board assesses ethical risks and opportunities throughout the diverse businesses of the Group. A formal ethics risk and opportunity profile has not been established as yet.
	Principle 1.3	The Board ensures that the company ethics are managed effectively	The board ensures that the company's ethics performance is assessed, monitored, reported and disclosed.	The initial focus of the board has been on ensuring the Group's return to profitability and its future sustainability which incorporated the need to consider and ensure ethical behaviour is entrenched throughout the organisation. Formal measures to monitor and report ethic performance is not in place.
	Principle 1.3	The Board ensures that the company ethics are managed effectively	The board has ensured that a code of conduct and ethics-related policies, through which ethical standards are clearly articulated, have been established and implemented.	The initial focus of the board has been on ensuring the Group's return to profitability and its future sustainability which incorporated the need to consider and ensure ethical behaviour is entrenched throughout the organisation. Formal ethic codes and standards have not been set as yet.

	Principle 1.3	The Board ensures that the company ethics are managed effectively	The board ensures compliance with the code of conduct is integrated into the strategy and operations of the company; i.e. the ethical organisational culture is reflected in the company's vision and mission; strategies and operations; its decisions and conduct; and the manner in which it treats its internal and external stakeholders.	The initial focus of the board has been on ensuring the Group's return to profitability and its future sustainability which incorporated the need to consider and ensure ethical behaviour is entrenched throughout the organisation.
Chapter 2	Principle 2.2	The Boards appreciates that the strategy, risk, performance and sustainability are inseparable	Board takes steps to ensure that long-term planning will result in sustainable outcomes taking account of people, planet, profit.	The Board has focused on strategies, short and long term planning with the objective of returning the operations of the Group to profitability in the short term with subsequent continued revenue and earnings growth.
	Principle 2.16	The Board has elected a chairman of the board who is an independent non-executive director. The CEO of the company does not also fulfil the role of chairman of the Board.	There is succession planning in place for the chairperson.	Should the current chairman no longer be available the board constitution will be re-considered. The appropriate number of non-executive directors appointed and a new chairman will be elected from the appointed independent non-executive directors.
	Principle 2.17	The Board has appointed the Chief Executive Officer and has established a framework for the delegation of authority	The board has input in other senior executive appointments.	The executive directors interview and appoint senior management.
	Principle 2.17	The Board has appointed the Chief Executive Officer and has established a framework for the delegation of authority	The role and function of the CEO is formalised.	Although not formally documented the CEO's role is clearly defined.
	Principle 2.17	The Board has appointed the Chief Executive Officer and has established a framework for the delegation of authority	There is a formal succession plan in place for the CEO and other senior executives.	
Chapter 3	Principle 3.2	Audit committee members are suitably skilled and experienced independent non-executive directors	The audit committee includes in the integrated report both the following: - a statement on whether or not it considered and recommended the internal audit charter for approval by the board; and	No internal audit function thus no comment iro the requirements listed in section.

			- a description of its working relationship with the Chief Audit Executive.	
Principle 3.7	The audit committee should be responsible for overseeing internal audit	The internal audit plan is approved by the audit committee.		Due to the relative limited size of the business an internal audit function has not been established. Should management require assurance expert contractors are appointed.
Principle 3.7	The audit committee should be responsible for overseeing internal audit	The audit committee ensures that the company's internal audit function is independent and has the necessary resources, standing and authority within the company to enable it to discharge its functions.		Due to the relative limited size of the business an internal audit function has not been established. Should management require assurance expert contractors are appointed.
Principle 3.7	The audit committee should be responsible for overseeing internal audit	The audit committee oversees cooperation between external and internal audit to avoid overlapping of audit scope.		Due to the relative limited size of the business an internal audit function has not been established. Should management require assurance expert contractors are appointed.
Principle 3.7	The audit committee should be responsible for overseeing internal audit	The audit committee ensures that the internal audit function is subjected to an independent quality review as and when it determines it appropriate.		Due to the relative limited size of the business an internal audit function has not been established. Should management require assurance expert contractors are appointed.
Principle 3.8	The audit committee is an integral component of the risk management process.	There is a statement from the board in the integrated report on the effectiveness of internal financial controls based on a formal documented review thereof.		The audit committee makes a statement on the effectiveness of the system on internal controls. The statement is not based on a formal documented review by internal audit. High level informal input is obtained from the external auditors.

Chapter 4	Principle 4.1	The Board is responsible for the governance of risk.	The risk plan includes: the company's risk management structure; the risk management framework - i.e. the approach followed for instance COSO, ISO, IRMSA ERM Code of Practice, IRM (UK), etc; the standards and methodology adopted - this refers to the measureable milestones such tolerances, intervals, frequencies, frequency rates, etc; risk management guidelines; reference to integration through for instance training and awareness programmes; and details of the assurance and review of the risk management process.	Risk management systems and processes are manual and dependent on key management. The business operations are still relatively small enabling the management team with board support to effectively manage risks.
	Principle 4.4	The Board has delegated to management the responsibility to design, implement and monitor the risk management plan.	The Chief Risk Officer (CRO) or other senior employee responsible for risk management is a suitably experienced person who has access to and interacts regularly on strategic matters with the board and/or appropriate board committee and executive management.	Risk management systems and processes are manual and dependent on key management and not allocated to a CRO. The business operations are still relatively small enabling the management team with board support to effectively manage risks.
	Principle 4.6	The Board has ensured that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	The board ensures that a framework and processes are in place to (remove) anticipate unpredictable risks.	Risk management systems and processes are manual and dependent on key management. The business operations are still relatively small enabling the management team with board support to effectively manage risks.
	Principle 4.8	The Board has ensured the continual risk monitoring by management.	The board ensures that effective and continuous monitoring of risk management takes place.	Risk management systems and processes are manual and dependent on key management. The business operations are still relatively small enabling the management team with board support to effectively manage risks.

Principle 4.9	The Board has received assurance regarding the effectiveness of the risk management process.	Management provides assurance to the board that the risk management plan is integrated in the daily activities of the company.	Risk management systems and processes are manual and dependent on key management. The business operations are still relatively small enabling the management team with board support to effectively manage risks.
Chapter 5 Principle 5.1	The Board is responsible of information technology (IT) governance.	The board assumes the responsibility for the governance of IT and place it on the board agenda.	The board assumes responsibility for the governance of IT but it is not a board agenda matter unless identified as such due to changes in the IT risk profile of the operations.
Principle 5.1	The Board is responsible of information technology (IT) governance.	There is an IT governance framework that supports effective and efficient management of IT resources to facilitate the achievement of the company's strategic objectives.	The organisation is in the process of implementing principles of the COBIT framework where relevant and appropriate to govern IT.
Principle 5.2	IT has been aligned with the performance and sustainability objectives of the company.	The board ensures that IT strategy is integrated with the company's strategic and business processes.	The organisation is in the process of implementing principles of the COBIT framework which incorporates the strategic alignment of business and IT objectives. Operational and business strategy drives the current IT strategy. Operational reporting structures ensure that IT management are accountable to business management.
Principle 5.3	The Board has delegated to management the responsibility for the implementation of an IT governance framework.	The individual responsible for IT is a suitably qualified and experienced person who has access and interacts regularly on IT governance matters with the board and /or appropriate board committee and executive management.	The size of the organisation does not warrant the appointment of a CIO

Chapter 9	Principle 9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting.	The board ensures that the positive and negative impacts of the company's operations and the plans to improve the positives and eradicate or ameliorate the negatives in the financial year ahead are conveyed in the integrated report.	Will be implemented in due course.
	Principle 9.3	Sustainability reporting and disclosure should be independently assured.	The scope of independent assurance over sustainability report is disclosed in the integrated report.	The board has not obtained independent assurance regarding the sustainability report, thus no comment in this regard by the audit committee.

ANNEXURE 5: SHARES ISSUED IN THE PRECEDING THREE YEARS

Shares issued in the preceding three years are described below.

Rights offer in 2011

During September 2011, the Company made a rights offer to all Shareholders to subscribe for 214 285 714 Ecsponent Shares on the basis of 135.92293 new Shares for every 100 Shares held on the record date at a price of seven cents per Share. A total of 184 041 565 Shares were issued and a total amount of R12.9 million equity capital was raised. This offer was made to all Shareholders in proportion to their existing Shareholdings.

Remuneration to Directors

During the 2011 calendar year the Directors had prioritised payments to suppliers and funding for working capital to grow the Group revenue as opposed to allocating cash flow to pay their full remuneration. The shortfall in remuneration was accrued in the accounts of Ecsponent. Shareholders approved a specific issue of shares for cash in March 2012 and the resultant issue of 30 890 815 Shares to the Directors at 7 cents a Share eliminated the unpaid Directors' remuneration. Due to the nature of this issue, the shares were not offered to all Shareholders in proportion to their existing shareholdings.

General Offer to Salveo Minorities

Ecsponent announced a general offer to Salveo minorities to subscribe for one Ecsponent Share for every five Salveo shares held. The rationale for the general offer was to afford the non-controlling Salveo shareholders the opportunity to swap their shares into a tradable listed share as well as participate in the benefits of the Cryo-Save SA operations. Ecsponent issued 41 302 786 Shares in exchange for all the Salveo shares it did not own during the period, converting 100% of the non-controlling Salveo shareholders to Ecsponent Shareholders. Due to the nature of this issue, the Shares were not offered to all Shareholders in proportion to their existing Shareholdings.

Conversion of par value shares into no par value Shares

The Company passed a resolution during 2013 for the conversion of Ordinary Shares with a par value of R.01 each into Shares of no par value.

Acquisition issue for Komo Finance Proprietary Limited

During 2014, the Group issued 3 000 000 Shares to Komo Finance **Proprietary Limited** shareholders for the acquisition of 51% of the share capital of Komo Finance Proprietary Limited, at a price of R1 per share. Due to the nature of this issue, the Shares were not offered to all Shareholders in proportion to their existing shareholdings.

Rights Offer 2014

The Company has completed the Rights Offer of R100 million at 14 cents per share, which will be used to fund the Acquisitions. The Rights Offer has been partially underwritten by Ecsponent Capital through the capitalisation of its loan account in Ecsponent.



Ecsponent Limited
(Formerly John Daniel Holdings Limited)
(Incorporated in the Republic of South Africa, registration number 1998/013215/06)
Share code: ECS ISIN ZAE000179594
("the Company" or "Ecsponent")

Notice of General Meeting ("Notice")

This document is important and requires your immediate attention. If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser immediately.

If you have sold or otherwise transferred all your ordinary shares in Ecsponent Limited, please send this document together with the accompanying Form of Proxy to the relevant transferee or to the stockbroker, bank or other person through whom the sale or transfer was effected, for transmission to the relevant transferee.

Notice

Notice is hereby given that the General Meeting of shareholders of Ecsponent Limited (registration number 1998/013215/06) will be held on Friday, 24 October 2014 at the registered office, Acacia House, Green Hill Village Office Park, on Lynwood Road, Cnr Botterklapper and Nentabos Street, The Willows, Pretoria East at 09:00, to pass resolutions with or without modification to effect the ordinary and special resolutions as set out in this Notice.

The record date on which shareholders must be recorded as such in the company share register maintained by the transfer secretaries for the purpose of determining which shareholders are entitled to vote at the General Meeting is Friday, 17 October 2014.

Purpose of the Meeting

The purpose of this meeting is to approve the Specific Issue and the Amendment, as set out in the Circular to which this Notice is attached, or, failing that, to amend the Memorandum of Incorporation for the creation of additional classes of preference shares that are not convertible in any event.

The purpose of the meeting is further to amend the Memorandum of Incorporation so as to allow the Company to pass shareholders' resolutions in writing to the extent permitted by the Listings Requirements, as amended from time to time, as per the Circular to which this Notice is Attached.

Electronic Participation

In terms of section 61(10) of the Companies Act, 71 of 2008, as amended, every shareholders' meeting of a public company must be reasonably accessible within South Africa for electronic participation by shareholders. Shareholders wishing to participate electronically in the General Meeting are required to deliver written notice to the Transfer Secretaries, Link Market Services (Pty) Ltd, 13th Floor Rennie House, 19 Ameshoff Street, Braamfontein 2000, PO Box 4844, Johannesburg 2000 by no later than 09:00 on 22 October 2014 that they wish to participate via electronic communication at the General Meeting (the "Electronic Notice"). In order for the Electronic Notice to be valid it must contain

- a) if the shareholder is an individual, a certified copy of his identity document and/or passport;

- b) if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The relevant resolution must set out whom from the relevant entity is authorised to represent the relevant entity at the annual General Meeting via electronic communication; and
- c) a valid e-mail address and/or facsimile number (the “contact address/number”).

The Company shall, by no later than 24 hours before the commencement of the General Meeting, use its reasonable endeavours to notify a shareholder at its contact address/number who has delivered a valid Electronic Notice of the relevant details through which the shareholder can participate via electronic communication.

RESOLUTIONS

ORDINARY RESOLUTION NUMBER 1 – Specific approval for the issue of convertible (on default) preference shares

“RESOLVED THAT the Company be authorised to issue Class A, B and C preference shares, which preference shares are convertible into ordinary shares on the occurrence of certain default events set out in the Memorandum of Incorporation, and that the number of preference shares issued be limited to R5 billion in terms of the preference shares programme established, and that the ordinary shares to be issued pursuant to the conversion only be limited by the application of the conversion ratio as set out in the Memorandum of Incorporation.”

Explanatory note on ordinary resolution number 1

An explanation for the resolution is contained in the Circular to which this Notice is attached.

In terms of the JSE Listings Requirements, shareholders are required to approve the issue of convertible securities by way of an ordinary resolution requiring 75% approval of the voting rights exercised on the resolution by shareholders present or represented by proxy at the General Meeting and entitled to exercise voting rights.

SPECIAL RESOLUTION NUMBER 1 – Increase in authorised ordinary share capital

“RESOLVED THAT the Memorandum of Incorporation be amended in order to reflect the increased authorised ordinary share capital amount to 1 000 000 000 000 (one trillion) ordinary no par value shares.”

Explanatory note on special resolution number 1

An explanation for the resolution is contained in the Circular to which this Notice is attached.

This special resolution requires approval by at least 75% of the voting rights of Shareholders exercised on the resolution, in accordance with section 65(9) of the Companies Act and the Memorandum of Incorporation.

SPECIAL RESOLUTION NUMBER 2 – Amendment of terms of Preference Shares

“RESOLVED THAT, should either ordinary resolution number 1 or special resolution number 1 fail, the Memorandum of Incorporation be amended for the inclusion of additional classes of preference shares that have the same terms and conditions as the current class A, class B and class C preference shares, other than the applicability of clause 5 of schedule 2 of the Memorandum of Incorporation relating to convertibility,

which will not be applicable to the new classes of preference shares created in terms of this resolution, and to make such further consequential changes to accurately incorporate this resolution into the Memorandum of Incorporation.

After this resolution, the authorised share capital will be as follows:

- 1 500 000 000 Ordinary shares of no par value
- 1 000 000 000 Class A Preference Shares of no par value
- 1 000 000 000 Class B Preference Shares of no par value
- 1 000 000 000 Class C Preference Shares of no par value
- 1 000 000 000 Class D Preference Shares of no par value
- 1 000 000 000 Class E Preference Shares of no par value
- 1 000 000 000 Class F Preference Shares of no par value
- 1 000 000 000 Class G Preference Shares of no par value
- 1 000 000 000 Class H Preference Shares of no par value
- 1 000 000 000 Class I Preference Shares of no par value”

Explanatory note on special resolution number 2

An explanation for the resolution is contained in the Circular to which this Notice is attached.

This special resolution requires approval by at least 75% of the voting rights of Shareholders exercised on the resolution, in accordance with section 65(9) of the Companies Act and the Memorandum of Incorporation.

SPECIAL RESOLUTION NUMBER 3 – Approval for the issue of Shares with voting rights in excess of 30% of the voting rights on Shares currently in issue in terms of Section 41(3) of the Companies Act, 2008

“RESOLVED THAT, the Company be authorised to issue multiple tranches of Preference Shares under the Programme, which are potentially convertible in terms of the provisions of the Memorandum of Incorporation into Ordinary Shares (or multiple tranches of the new classes of preference shares created in terms of Special Resolution number 2, if applicable) which voting rights of Ordinary Shares may be equal to or exceed 30% of the voting rights of Ordinary Shares in issue at the time of such a conversion, which approval will endure indefinitely.”

Explanatory note on special resolution number 3

Section 41(3) of the Companies Act require shareholders to approve the issue of securities by way of a special resolution, if the voting rights of such securities exceed 30% of the voting rights in issue prior to the transaction.

SPECIAL RESOLUTION NUMBER 4 – Amendment of Memorandum of Incorporation to allow certain written resolutions to be passed

“RESOLVED THAT, clause 20.1.3 of the Memorandum of Incorporation be amended to specify that written resolutions can be passed by shareholders to the extent permitted by the JSE Listings Requirements, as amended from time to time.”

Explanatory note on special resolution number 4

This resolution aims to bring the Memorandum of Incorporation of Ecsponent in line with the Listings Requirements, as amended from time to time.

This special resolution requires approval by at least 75% of the voting rights of Shareholders exercised on the resolution, in accordance with section 65(9) of the Companies Act and the Memorandum of Incorporation.

ORDINARY RESOLUTION 2 - General authorising resolution

“RESOLVED THAT, any director or the company secretary of Ecsponent be and is hereby authorised to do all things and sign all documents required to give effect to the Ordinary and Special Resolutions contained in this Notice.”

Explanatory note on ordinary resolution number 2

The passing of ordinary resolution 2 is subject to a simple majority of votes by Shareholders, present in person or by proxy at the General Meeting, being cast in favour thereof.

Voting

The date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for purposes of being entitled to attend and vote at this General Meeting is 17 October 2014, with the last day to trade being 10 October 2014. General meeting participants may be required to provide identification to the reasonable satisfaction of the chairman of the General Meeting. Shareholders entitled to attend and vote at the General Meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a member of the Company. A form of proxy, in which are set out the relevant instructions for its completion, is enclosed for the use of a certificated shareholder or “own name” registered dematerialised shareholder who wishes to be represented at the General Meeting.

Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder’s proxy) at the General Meeting. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretaries of the Company at the address given below by no later than 09:00 on 22 October 2014.

Dematerialised shareholders, other than “own name” registered dematerialised shareholders, who wish to attend the General Meeting in person, will need to request their Central Securities Depository Participant (“CSDP”) or broker to provide them with the necessary Letter of Representation in terms of its custody agreement entered into between such shareholders and the CSDP or broker.

On a poll, ordinary shareholders will have one vote in respect of each share held. Dematerialised shareholders, other than “own name” or registered dematerialised shareholders, who are unable to attend the General Meeting and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.

By order of the Board.

Timbavati Business Consultants
Company Secretary
Registered office

Transfer Secretaries
Link Market Services South Africa (Pty) Limited,
Registration Number: 2000/007239/07),

13th Floor, Rennie House,
19 Ameshoff Street, Braamfontein, Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)



Ecsponent Limited
 (Formerly John Daniel Holdings Limited)
 (Incorporated in the Republic of South Africa, registration number 1998/013215/06)
 Share code: ECS ISIN ZAE000179594
 ("the Company" or "Ecsponent")

Form of Proxy

(for use by certificated and own name dematerialised shareholders only)

Ecsponent Limited ("Ecsponent")

(Previously John Daniel Holdings Limited and Escalator Investment Holdings Limited)

(Incorporated in the Republic of South Africa) • (Registration number 1998/013215/06) Share code: JDH
 ISIN ZAE000136677 • ("the Company" or "ESC")

For use by certificated and "own name" registered dematerialised shareholders of the Company ("shareholders") at the general meeting of Ecsponent to be held at 09h00 on Friday, 24 October 2014 at the registered office, Acacia House, Green Hill Village Office Park, on Lynwood Road, Cnr Botterklapper and Nentabos Street, The Willows, Pretoria ("the General Meeting").

I/We (please print full names)

.....
 of (address)

.....

Telephone number: _() _____ Cellphone number: _____

e-mail address: _____

being the holder/s of ordinary no par value shares in Ecsponent, appoint (see note 1):

1. or failing him,
2. or failing him,

3. the chairperson of the General Meeting,
 as my/our proxy to act for me/us and on my/our behalf at the General Meeting which will be held for the purpose of considering, and if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 2):

Proposed special resolutions	Number of Votes		
	For	Against	Abstain
Ordinary Resolution Number 1 (subject to 75% approval level)– Approval for the issue of Preference shares and potential conversion in terms of the Listings Requirements			

Special Resolution Number 1 – Amend the Memorandum of Incorporation for increase in ordinary share capital			
Special Resolution Number 2 – Amend the Memorandum of Incorporation for amendment of terms of Preference Shares			
Special Resolution Number 3 Approval for the issue of Shares with voting rights in excess of 30% of voting rights on Shares currently in issue in terms of Section 41(3) of the Companies Act			
Special Resolution Number 4 – Amend the Memorandum of Incorporation for permitted written resolutions			
Ordinary Resolution Number 2 – General authorising resolution			

(Indicate instruction to proxy by way of a cross in the relevant space provided above)

Signed at on

Signature Assisted by me (where applicable)

Name

Capacity

Signature.....

Notes:

1. This form is for use by certificated shareholders and dematerialised shareholders with “own-name” registration whose shares are registered in their own names on the record date and who wish to appoint another person to represent them at the meeting. If duly authorised, companies and other corporate bodies who are shareholders having shares registered in their own names may appoint a proxy using this form, or may appoint a representative in accordance with the last paragraph below.

Other shareholders should not use this form. All beneficial holders who have dematerialised their shares through a Central Securities Depository Participant (“CSDP”) or broker, and do not have their shares registered in their own name, must provide the CSDP or broker with their voting instructions. Alternatively, if they wish to attend the General Meeting in person, they should request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between the beneficial owner and the CSDP or broker.

2. This proxy form will not be effective unless received at the Transfer Secretaries offices, by not later than Wednesday 22 October 2014 at 09h00.
3. This proxy shall apply to all the ordinary shares registered in the name of shareholders at the record date unless a lesser number of shares are inserted.
4. A shareholder may appoint one person as his proxy by inserting the name of such proxy in the space provided. Any such proxy need not be a shareholder of the company. If the name of the proxy is not inserted, the chairman of the meeting will be appointed as proxy. If more than one name is inserted, then the person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of any persons whose names follow. The proxy appointed

in this proxy form may delegate the authority given to him in this proxy by delivering to the company, in the manner required by these instructions, a further proxy form which has been completed in a manner consistent with the authority given to the proxy of this proxy form.

5. Unless revoked, the appointment of proxy in terms of this proxy form remains valid until the end of the meeting even if the meeting or a part thereof is postponed or adjourned.
6. If
 - 6.1. a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against or to abstain from voting on any resolution; or
 - 6.2. the shareholder gives contrary instructions in relation to any matter; or
 - 6.3. any additional resolution/s which are properly put before the Meeting; or
 - 6.4. any resolution listed in the proxy form is modified or amended, the proxy shall be entitled to vote or abstain from voting, as he thinks fit, in relation to that resolution or matter. If, however, the shareholder has provided further written instructions which accompany this form and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in 6.1 to 6.4, then the proxy shall comply with those instructions.
7. If this proxy is signed by a person (signatory) on behalf of the shareholder, whether in terms of a power of attorney or otherwise, then this proxy form will not be effective unless:
 - 7.1. it is accompanied by a certified copy of the authority given by the shareholder to the signatory; or
 - 7.2. the Company has already received a certified copy of that authority.
8. The chairman of the meeting may, at his discretion, accept or reject any proxy form or other written appointment of a proxy which is received by the chairman prior to the time when the meeting deals with a resolution or matter to which the appointment of the proxy relates, even if that appointment of a proxy has not been completed and/or received in accordance with these instructions. However, the chairman shall not accept any such appointment of a proxy unless the chairman is satisfied that it reflects the intention of the shareholder appointing the proxy.
9. Any alterations made in this form of proxy must be initialled by the authorised signatory/ies.
10. This proxy form is revoked if the shareholder who granted the proxy:
 - 10.1. delivers a copy of the revocation instrument to the company and to the proxy or proxies concerned, so that it is received by the company by not later than 22 October 2014 at 09h00; or
 - 10.2. appoints a later, inconsistent appointment of proxy for the Meeting; or
 - 10.3. attends the Meeting in person.
11. If duly authorised, companies and other corporate bodies who are shareholders of the company having shares registered in their own name may, instead of completing this proxy form, appoint a representative to represent them and exercise all of their rights at the meeting by giving written notice of the appointment of that representative. This form will not be effective at the meeting unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed and is received at the company's registered office, not later than 22 October 2014 at 09h00.