

Abridged Audited Consolidated Results

for the 15 months ended 30 June 2018



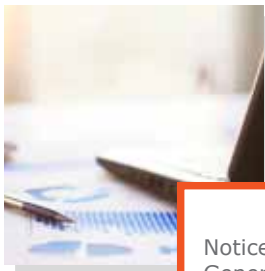
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Consolidated financial results



Ecsponent Limited

Incorporated in the Republic of South Africa

Registration number: 1998/013215/06

JSE Code: ECS - ISIN: ZAE000179594

Debt Issuer Code: ECSP

("the Company", or "Ecsponent" or "the Group")

Abridged Audited Consolidated Results for the 15 months ended 30 June 2018

The Board of Directors ("the Board") is pleased to present the abridged consolidated results for the 15 months ended 30 June 2018 of Ecsponent and its subsidiaries ("the Group" or "Company").

The results continue the Group's seven-year trend of achieving exponential growth. Most notably during the reporting period, growth in headline earnings, share price and sound diversification in the Equity Holdings investment portfolio. During the June 2018 financial period the Group continued to focus on its core business activities, building on the foundation created through a series of rationalisation transactions in the previous period. The Group achieved this by strengthening and expanding its operations in respect of the provision of secured credit solutions for a range of businesses and targeted investment products. The Group balanced its exposure to short-term, cash generative investments by expanding its private and listed equity holdings in high-growth sectors with longer term investment

horizons. These investments have added further strength to the Group's growing balance sheet and provide the Group with significant diversification across sectors, geographies and currencies.

The Company changed its financial year-end during the 2018 financial year, changing the reporting date from 31 March to 30 June. The change resulted in the 2018 financial period being extended to a 15-month period, commencing on 1 April 2017. This followed on the Company's changed financial year-end for the 2017 financial year, where the reporting date changed from 31 December to 31 March. The 2017 financial period was extended to a 15-month period, commencing on 1 January 2016.

"The Group achieved this by strengthening and expanding its operations."

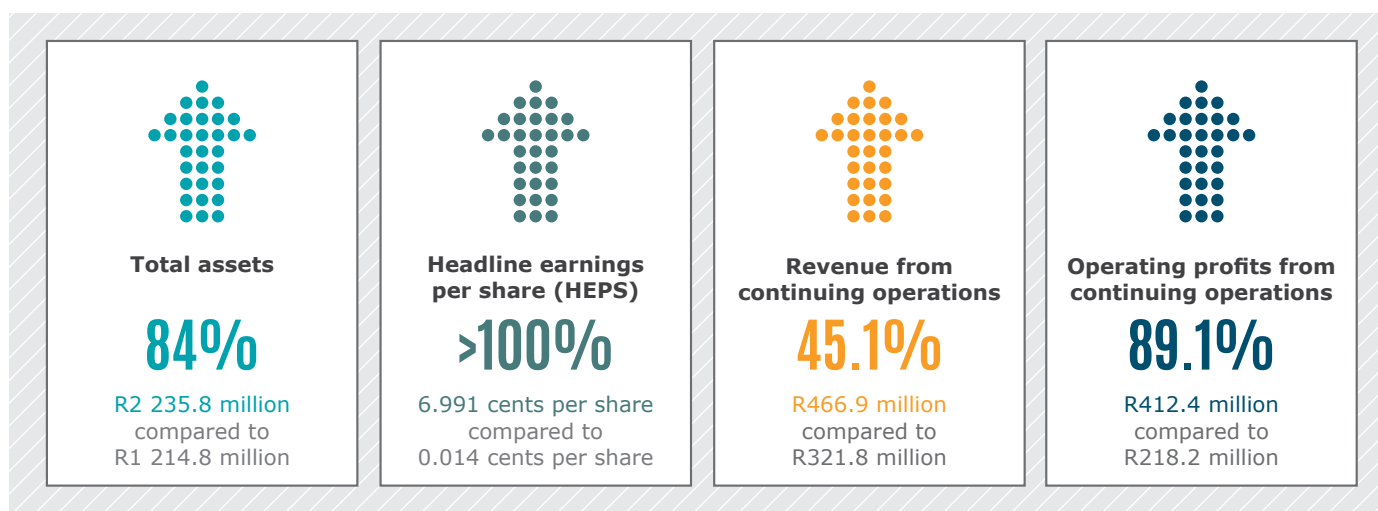


Results highlights

The financial results of the 15-month period ended 30 June 2018 reflect the impact of the rationalisation of the Group's operations, which establish a base from which further growth can be pursued.

Both the current and comparative periods comprise of 15-month periods which ended 30 June 2018 and 31 March 2017 respectively.

Highlights of the Group's results ended 30 June 2018 compared to the prior period are set out below:



The Group's continued growth translated into an increase of 550% in the Company's share price to 65 cents per share at market close on Friday, 29 June 2018, compared to 10 cents per share at the end of the comparative reporting period on 31 March 2017.

R811.9 million, or 36.3% of the Group's total assets of R2 235.8 million are held outside of the Common Monetary Area. These foreign denominated assets provide a hedge against a weakening rand but also exposes the Group's results to short-term currency volatility.

In addition, at 30 June 2018 the Group held, investments valued at R280.7 million, or 12.6% of total assets, in listed shares. The valuation of these investments is subject to short-term price volatility but provide the Group with a rand hedge and significant longer-term growth prospects. The Group entered into an option agreement during the reporting period to hedge against the price volatility experienced within its listed share portfolio.

Management continues to consider additional hedging instruments to further mitigate against inherent short-term earnings volatility arising from market risks associated with investments in listed foreign equities.

“The financial results reflect the impact of the rationalisation of the Group's operations, which establish a base from which further growth can be pursued.”

Operational review

Group overview

Below is an overview of the Group's operations for the 2018 period end.



Credit

The Group's Credit operations provide secured credit to its commercial client base. The secured credit solutions address the demand for funding and other challenges that SMEs face, while supporting large corporate businesses to meet their

preferential procurement targets. Through a combination of secured finance, logistics and procurement support, skills development and training, these credit solutions support different business sectors, including:

- Emerging businesses and individuals
- Small & Medium Enterprises (SMEs)
- Large corporate businesses
- Green project developers

Broadly, these products include:

- SME credit, a model that provides wholesale funding to its target market. The nature of these facilities is typically medium-term, with a short-term call-up clause to ensure liquidity;
- Enterprise development, which supports large corporate businesses in meeting their preferential procurement targets through Supplier and Enterprise Development of emerging, qualifying vendors;
- Specialist procurement and logistics; which provides procurement support, credit terms, skills development and training to emerging businesses.

These credit models offer unique products, that are fully secured so that the Group never takes an unsecured position, thereby minimising risk.

The Group controls all credit operations centrally, which significantly improves both governance and consistency across the operations. In addition, the centralised procurement and logistics operations provide the critical mass required to support enterprise development in each of the territories. At the same time, it contributes to securing the Group's interests in transactions related to the supply chain and enterprise development activities.

The demand for credit from the SME sector remains buoyant and has resulted in continued, sustained growth of the business across the Group's footprint.

Total loans and advances increased by 65.4% from R748.7 million at 31 March 2017 to R1 238.4 million at 30 June 2018. Credit segment's operating profit increased to R363 354 for the 15 months.



Investment Services

The Group's ability to deliver effective investment and other financial services products to the retail market is one of its core competencies. To leverage opportunities offered through the established distribution channel, the Investment Services business unit introduced additional

preference share products to the South African market. These products will give the Investment Services unit the ability to meet multiple investment needs of the investor base and lead to additional profit opportunities for the Group. Additionally, it introduced a range of traditional investment products to the market, specifically focusing on compulsory retirement funds.

The Investment Services business unit furthermore enhanced its product offering in Swaziland by obtaining a license to act as a Collective Investment Scheme (CIS) Manager in Swaziland.

"These products will give the Investment Services unit the ability to meet multiple investment needs of the investor base and lead to additional profit opportunities for the Group."



Equity Holdings

Fundamental to Ecsponent's success is the ability to conclude mergers and acquisitions that provide sustainable medium-to long-term capital growth. The Equity Holdings business unit invests strategically in companies that are well-managed, profit focused and

provide a balance in the Group's short- and long-term asset base.

It targets businesses with significant intellectual property, which provide a barrier to entry for competitors, command significant margins and apply a robust business model. The Group holds investments in innovative and fast-growing market sectors, including fintech, renewable energy, healthcare, and digital media and marketing.

At 30 June 2018, the Group held 12.1% in the Frankfurt listed (Luxembourg based) Fintech company MyBucks SA Limited ("MyBucks"). This investment has the added advantage of providing a foreign currency hedge against local currency frailty.

Total Other Financial Assets increased by 257.32% from R232.9 million to R832.2 million compared to the comparative period. Operating profits increased to R139.0 million for the 15 months ended 30 June 2018.

The Group announced transactions during June 2018 that, amongst other investments, will result in the increase in its investment of 12.1% to more than 25% of MyBucks during the first half of the June 2019 financial year. The investment will give the Group enhanced exposure to financial services and related technology, across multiple geographies and currencies which provide quantifiable value to its operations.

Geographical footprint

The Group's operations in South Africa are mirrored across its operational footprint in Swaziland and Botswana, with in-country client representation in each territory. In Zambia, the Group holds a 25% stake in the local entity, which is registered as a deposit-taking financial institution under the GetBucks brand.

The back-office infrastructure of each territory is centrally managed from South Africa.

Prospects

Key elements of the Group's on-going growth strategy are:



The abovementioned approach is aimed at the continued development of a robust and complementary financial services group which continues to provide sustainable returns.

“Striving to achieve industry-leading and sustainable growth in shareholder value.”

Financial results

Presented below are the abridged consolidated financial statements for the 15 months ended 30 June 2018.

Abridged Consolidated Statement of Financial Position as at 30 June 2018

Notes	Audited 30 June 2018 R'000	Audited 31 March 2017 R'000
Assets		
Non-current assets		
Loans and advances	5 803 599	667 089
Other financial assets	6 537 232	-
Investment in associates	4 21 500	-
Intangible assets and goodwill	4 066	6 011
Property, plant and equipment	4 005	6 810
Deferred tax asset	49 635	28 458
Trade and other receivables	-	4 656
Current assets		
Loans and advances	5 434 753	81 562
Other financial assets	6 294 956	232 980
Cash and cash equivalents	45 086	25 380
Trade and other receivables	37 878	36 150
Current tax receivable	2 440	186
Inventories	654	1 222
Non-current assets held for sale	-	124 313
Total assets	2 235 804	1 214 817
Equity and liabilities		
Equity	193 139	106 986
Non-controlling interest	362	(11 429)
Non-current liabilities		
Preference share	7 1 694 362	921 925
Other financial liabilities	8 150 523	871
Finance lease liabilities	879	-
Trade and other payables	1 616	2 538
Deferred tax liability	93 831	13 454
Current liabilities		
Preference share	7 7 613	6 048
Other financial liabilities	8 72 432	10 476
Current tax payable	138	11 864
Finance lease liabilities	158	-
Trade and other payables	19 970	20 926
Bank overdraft	781	469
Liabilities of disposal groups held for sale	-	130 689
Total equity and liabilities	2 235 804	1 214 817

Financial results (continued)

Abridged Consolidated Statement of Profit and Loss and Other Comprehensive Income for the period ended 30 June 2018

	Notes	Audited 30 June 2018 R'000	Audited 31 March 2017 R'000
Continuing operations			
Revenue		466 984	321 795
Cost of sales		(83 637)	(43 782)
Other income		52 162	88 543
Operating expenses		(175 838)	(137 370)
Fair value adjustments		153 951	(11 017)
Loss from equity accounted investment		(1 173)	-
Operating profit		412 449	218 169
Finance costs		(260 585)	(130 351)
Profit before taxation		151 864	87 818
Taxation	9	(69 812)	(23 094)
Profit from continuing operations		82 052	64 724
Profit from discontinued operations for the period	3.1	15 311	2 852
Profit for the period		97 363	67 576
Other comprehensive (loss) / income		(2 547)	282
Total comprehensive income		94 816	67 858
Comprehensive income attributable to non-controlling interest		4 805	10 239
Total comprehensive income attributable to ordinary shareholders		99 621	78 097
Profit attributable to owners of the parent from			
Owners of the parent		102 180	78 012
Non-controlling interest		(4 817)	(10 436)
		97 363	67 576
Total comprehensive income attributable to			
Owners of the parent		99 621	78 097
Non-controlling interest		(4 805)	(10 239)
		94 816	67 858
Basic and fully diluted earnings per share (cents) from continuing operations			
attributable to equity holders of the parent		8.047	8.074
Basic and fully diluted earnings per share (cents) from discontinued operations			
attributable to equity holders of the parent		1.418	0.306
Basic and fully diluted earnings per share (cents) attributable to equity holders of the parent	10	9.465	8.380

Financial results (continued)

Abridged Consolidated Statement of Changes in Equity for the 15 months ended 30 June 2018

	Share capital	Foreign currency translation reserve	Common control reserve	Accumulated profit/(loss)	Non-controlling interest	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 1 January 2016	118 071	(483)	(36 687)	(2 711)	(4 653)	73 537
Profit for the period	-	-	-	78 012	(10 436)	67 576
Other comprehensive income	-	85	-	-	197	282
Issue of shares	27 098	-	-	-	-	27 098
Business combination and common control acquisitions	-	-	(56 824)	-	(18 155)	(74 979)
Realisation of common control reserve	-	-	93 511	(93 511)	-	-
Disposal of subsidiaries	-	-	-	-	2 043	2 043
Purchase of non-controlling interest	-	-	-	(19 575)	19 575	-
Balance at 31 March 2017	145 169	(398)	-	(37 785)	(11 429)	95 557
Profit for the 15 months	-	-	-	102 180	(4 817)	97 363
Other comprehensive income	-	(2 559)	-	-	12	(2 547)
Issue of shares	1	-	-	-	-	1
Disposal of subsidiary / Purchase of non-controlling interest	-	-	-	(13 469)	16 596	3 127
Balance at 30 June 2018	145 170	(2 957)	-	50 926	362	193 501

Financial results (continued)

Abridged Consolidated Statement of Cash Flow Statement for the 15 months ended 30 June 2018

	Audited 30 June 2018 R'000	Audited 31 March 2017 R'000
Cash generated by operations	343 682	177 263
Dividend received	3 000	-
Finance cost	(203 723)	(106 732)
Taxation paid	(33 647)	(25 234)
Net cash from operating activities	109 312	45 297
Purchase of property, plant and equipment	(1 405)	(5 513)
Proceeds on disposal of property plant and equipment	-	1 261
Investment in intangible assets	(80)	(187)
Cash and cash equivalents disposed of	(6 754)	(24 994)
Proceeds on disposal of associate	10 000	-
Investment in other financial assets	(327 801)	(232 980)
Disbursement of loans and advances	(921 003)	(564 862)
Repayments of loans and advances received	303 081	133 064
Business combinations and common control acquisitions	-	10 233
Net cash flow from investing activities	(943 962)	(683 978)
Proceeds on preference share issues	685 667	579 442
Other financial liabilities raised	184 287	77 154
Repayment of other financial liabilities	(13 452)	(18 899)
Proceeds from rights offer	-	19 465
Odd lot offer share buy back	-	(112)
Finance lease payments	(1 141)	-
Net cash from financing activities	855 361	657 050
Total cash and cash equivalents movement for the period	20 711	18 369
Cash and cash equivalents at the beginning of the period	26 480	9 741
Effect of exchange rate movement on cash balances	(2 886)	(1 630)
Cash and cash equivalents at the end of the period	44 305	26 480

Notes to the Abridged Consolidated Financial statements for the 15 months ended 30 June 2018

1. Accounting policies, basis of preparation of results and audit opinion

The abridged consolidated financial statements have been prepared in accordance with International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements. The principle accounting policies applied in the preparation of the abridged consolidated financial statements are in terms of the International Financial Reporting Standards and are consistent with those applied in the comparative audited consolidated financial statements.

The results of the Group were prepared under supervision of the Group's financial director, Mr. DP van der Merwe CA (SA).

The directors of Ecsponent Ltd ("the Board") take full responsibility for the preparation of the abridged consolidated financial statements. The financial information has been correctly extracted from the underlying financial statements.

This abridged report is extracted from audited information, but is not itself audited. The consolidated financial statements were audited by Nexia SAB&T, who expressed an unmodified opinion thereon. The audited consolidated financial statements and the auditor's report thereon are available for inspection at the company's registered office.

2. Review of results and financial position

The abridged consolidated financial results represent the trading results of the Company and its subsidiaries which are active in the Credit, Equity Holdings and Investment Services markets. The Credit and Equity Holding portfolios continued to increase. Funding for the expansions was sustained through the Group's listed preference share programme. The market subscription of the preference shares continues to reflect healthy demand for the Company's investment products.

3. Rationalisation of Group operations and comparative figures

The Group announced a rationalisation process during 2016 designed to streamline and re-align its operations to sustain increased strategic growth. The process continued into the current financial period with the finalisation of the sale of the Group's credit retail operations in Botswana and the dilution to a 25% interest in the credit retail operations in Zambia.

In addition to finalising the two transactions initiated during the previous financial period, the Group, amongst other corporate actions, disposed of its Cryo-Save and Salveo biotechnology operations as well as the controlling interest in its media monitoring business, Return on Innovation (Pty) Ltd ("ROI").

The process results in an Ecsponent Group structure at 30 June 2018 which is focused on the Credit, Equity Holdings and Investment Services operations. At this date the Group no longer holds a controlling stake in or operational responsibility for any business that is not core to its focus areas.

Certain of the comparative period's figures have been reclassified to align the financial disclosures to the altered Group structure and enhance the users understanding of the Ecsponent operations. It is, however, important to note that none of the comparative figures have been restated and, as noted in 1 above, the accounting policies have been consistently applied.

The following comparative figures in the consolidated statement of financial position have been reclassified:

- An additional asset class "Loans and Advances" has been disclosed in the statement of financial position and as a separate note. These assets were previously disclosed as part of the other financial asset class in the comparative results. The additional asset class was added to distinguish the Credit operation's assets from those of the Equity Holding assets, which continue to be included under "Other Financial Assets".

Notes to the Abridged Consolidated Financial statements for the 15 months ended 30 June 2018

Assets

Non-current assets

Loans and advances	667 089	n/a
Other financial assets	-	667 089

Current assets

Loans and advances	81 562	n/a
Other financial assets	232 980	314 542

Total

A	B
R'000	R'000
667 089	n/a
-	667 089
81 562	n/a
232 980	314 542
981 631	981 631

Deferred revenue is no longer a significant component of the core operations due to the rationalisation process. As a result, the deferred revenue liability has been included in the trade and other payable balance and disclosed separately in the accounting policy note.

Liabilities

Non-current liabilities

Trade and other payables	2 538	n/a
Deferred revenue	n/a	2 538

Total non-current liabilities

2 538	n/a
n/a	2 538
2 538	2 538

Current liabilities

Trade and other payables	20 926	20 778
Deferred revenue	n/a	148

Total current liabilities

20 926	20 778
n/a	148
20 926	20 926

A – The comparative figures relating to the period ended 31 March 2017, as disclosed in the 30 June 2018 financial statements.

B – As disclosed in the 31 March 2017 financial statements.

The following comparative figures in the consolidated statement of profit or loss have been reclassified:

- The nature of the Group's core operation predominantly gives rise to interest, investment and service income. The disclosure of "gross profit" in the statement of profit and loss has become irrelevant to the Group results. The 30 June 2018 statement of profit or loss no longer includes gross profit disclosure, and as a result, the comparative information has been adjusted accordingly.
- The Equity Holding operations invest with the objective to earn a combination of investment income and capital appreciation. The comparative figures have been adjusted to include the fair value adjustments relating to Equity Holding investments in the Group's operating results.

Refer below for an extract of the 31 March 2017 consolidated statement of profit or loss as disclosed in the 31 March 2017 financial statements. The effect of the abovementioned reclassifications to the comparative figures for 30 June 2018 is to reduce the operating profit to R218.2 million from the R229.2 million as disclosed in 31 March 2017 financial statements. The profit before taxation, however, remains unchanged.

Notes to the Abridged Consolidated Financial statements for the 15 months ended 30 June 2018

	31 March 2017 R'000
Revenue	321 795
Cost of sales	(43 782)
Gross profit	278 013
Other income	88 543
Operating expenses	(137 370)
Operating profit	229 186
Fair value adjustments	(11 017)
Finance costs	(130 351)
Profit before taxation	87 818

3.1. Discontinued operations

The transactions to dispose of the Group's interest in the Botswana retail operation and the dilution through the subscription agreement of the retail operation in Zambia, initiated during the financial period ended 31 March 2017, were concluded during the current financial period.

The combined results of the discontinued operations included in the profit for the period are set out below:

	Audited 30 June 2018 R'000
Profit and loss – 15 months ended 30 June 2018	
Revenue	8 875
Cost of sales	(1 580)
Other income	638
Operating expenses	(893)
Operating profit	7 040
Finance costs	(7 409)
Loss before taxation	(369)
Taxation	242
Loss after tax	(127)
Gain on measurement to fair value less cost to sell	16 837
Tax thereon	(1 399)
Profit for the period from discontinuing operations	15 311

Cash flows from discontinued operations – 15 months ended 30 June 2018

Net cash flows from operating activities	(1 235)
Net cash flows from investing activities	2 080
Net cash flows from financing activities	4 970
Net cash flow movement	5 815

Notes to the Abridged Consolidated Financial statements for the 15 months ended 30 June 2018

3.2. Disposal of subsidiary's business

The Board announced on 19 June 2018 the disposal of the going concern business of ROi, a 100% owned subsidiary of Ecsponent. The disposal of the ROi business as a going concern was for a total consideration of R7.3 million with effect from 18 June 2018.

	Audited 30 June 2018 R'000
Aggregated business disposals for the period	
Property, plant and equipment	208
Intangible assets	1 165
Trade and other receivables	1 990
Cash and cash equivalents	147
Trade and other payables	(1 634)
Total identifiable net assets derecognised	1 876
Profit on disposal included in continued operations	5 424
Consideration receivable	7 300
Net cash flow on disposal	
Purchase consideration*	-
Net cash (balance)/overdraft disposed off	(147)
	(147)

* The purchase consideration is payable through the settlement of a loan. All cash flow movements are therefore recognised through the Other Financial Asset and/or Liabilities movements.

Notes to the Abridged Consolidated Financial statements for the 15 months ended 30 June 2018

3.3. Loss of control – investment in subsidiary deconsolidated and classified as investment in associate

The 50% investment in Cryo-Save South Africa (Pty) Ltd, its 100% subsidiary, Cryo-Save Namibia (Pty) Ltd and Salveo Swiss Technologies Limited was in the past classified as investments in subsidiary because the Group was exposed, or held rights, to variable returns from its involvement with these companies and held the ability to affect those returns through its power over the investments. The management team reported directly into the Ecsponent Group Executive structure for strategic guidance and assistance and the Group provided disproportionate financing to the subsidiaries.

Effective on 1 April 2018, the Group entered into an agreement with the 50% non-controlling shareholder which resulted in Ecsponent foregoing the power to direct the activities of these investments. As a result, the judgement applied previously whereby the 50% investment in the mentioned companies was classified as investments in subsidiaries was reconsidered. Due to the changes brought about by the agreement, it was concluded that the Group had lost control from the effective date of the agreement.

Consequently, the investment in the mentioned companies was deconsolidated as from 1 April 2018 and classified as investments in associates.

	Audited 30 June 2018 R'000
Aggregated business disposals for the period	
Property, plant and equipment	4 036
Deferred tax asset	8 552
Trade and other receivables	14 623
Cash and cash equivalents	793
Loans from group companies	(33 094)
Deferred income	(3 272)
Trade and other payables	(8 696)
Tax payable	(12)
Total identifiable net liabilities	(17 070)
Non-controlling interest	9 276
Net liabilities derecognised	(7 794)
 Amount capitalised to Investments in associate	 7 794
Net cash flow on disposal	
Net cash balance disposed off	(793)
	(793)

Notes to the Abridged Consolidated Financial statements for the 15 months ended 30 June 2018

4. Investment in associate

The following investments in associates were made during the period under review:

Ecsponent Financial Services Zambia

The Group diluted its shareholding in Ecsponent Financial Services (Pty) Ltd from 100% to 25% and elected to treat the 25% investment as an equity accounted Investment in an Associate as defined in IAS 28.

Cryo-Save South Africa and Salveo Swiss Technologies

As detailed in the loss of control note above, the Group deconsolidated its investment in Cryo-Save South Africa (Pty) Ltd and Salveo Swiss Technologies Limited from 1 April 2018. These investments were revalued to fair value and classified as an equity accounted Investment in Associates from the deconsolidation date.

The Board announced on 29 June 2018 the disposal of the Group's investment in Cryo-Save South Africa and Salveo for R10 million resulting in a profit on disposal of R553 783.

	Audited 30 June 2018 R'000
Investment in associate consists of:	
Cost of investment in associate	22 119
Reclassification from investment in subsidiary	10 000
Equity accounted post-acquisition loss	(1 173)
	30 946
Disposal of investment in associate	(9 446)
Investment in equity accounted investment	21 500
Acquisition date fair value of consideration paid	
Cash consideration paid	10 000

Name of associate	Place of incorporation and operations	Proportion of ownership interest (%)	
		2018	2017
Ecsponent Financial Services (Pty) Ltd*	Zambia	25%	100%
Cryo-Save South Africa (Pty) Ltd**	South Africa	0%	50%
Salveo Swiss Technologies Limited**	South Africa	0%	50%

* The associate is accounted for using the equity method in these consolidated financial statements.

** Associates reclassified from subsidiaries and subsequently disposed.

Notes to the Abridged Consolidated Financial statements for the 15 months ended 30 June 2018

5. Loans and advances

Loans and advances carried at amortised cost

Business credit

The Business Credit service offering offers commercial advances that are secured, via a cession of the underlying equity and/or assets, target security cover ranging between 100 - 150%. These advances bear interest at fixed interest rates commensurate with the client's risk profile, ranging between 24 - 30% (2017: 24 - 30%). Repayment terms are facility specific, ranging between 2 - 5 years.

Supply chain funding

The Enterprise Development and Supply Chain Advances service offerings are of a short-term nature with an average transaction cycle being 30 to 45 days. These advances provide annualised returns of between 31.2% to 54.0%. Ecsponent secures the exposure via the transactions terms and where appropriate additional covering security is obtained.

Total loans and advances

Credit impairments

Impairments for non-performing loans and advances

Impairments for performing loans and advances

Net loans and advances after credit impairments

Non-current assets

Current assets

Total loan and advances

Audited 30 June 2018 R'000	Audited 31 March 2017 R'000
1 281 443	750 788
36 788	-
1 318 231	750 788
(79 879)	(2 137)
(22 289)	-
(57 590)	(2 137)
1 238 352	748 651
803 599	667 089
434 753	81 562
1 238 352	748 651

Notes to the Abridged Consolidated Financial statements for the 15 months ended 30 June 2018

6. Other financial assets

At fair value through profit or loss – designated

Listed shares - MyBucks

During the current financial period, the Group acquired additional foreign denominated listed equities of the MyBucks S.A Limited ("MyBucks") to the value of R59.2 million. MyBucks is a FinTech company listed on the Frankfurt stock exchange. The acquisition increased Ecspontent's ownership to 12.1% of the issued share capital of MyBucks as at 30 June 2018.

Listed shares - Go Life International

The Group acquired 68.2 million ordinary shares in Go Life International, a healthcare company registered in the Republic of Mauritius. The company's primary listing is on the Mauritian stock exchange with a secondary listing on the JSE's Alt X.

Preference shares

The preference share investment comprises 1 666 667 preference shares held in VSS Financial Services (Pty) Ltd ("VSS"). The preference shares are cumulative perpetual instruments with VSS holding the right to redeem or to convert to an alternative class of share. Dividends are declared at the discretion of the VSS board.

Capitis Equities

The Group invested in a Section 12J company, Capitis Equities (Pty) Ltd, by acquiring a 19% stake in the ordinary shares of the entity. The Group further invested in the qualifying 12 J investment portfolio of Capitis. The Board assesses the portfolio's fair value on a regular basis, at a minimum at each reporting period.

Option agreement

In June 2018, the Group entered into a put option agreement with Sunblaze Investment Holdings Incorporated and MHMK Group Limited, the Option Issuers. In terms of the agreement the Group holds an unconditional and non-exclusive option to require the Option Issuers to purchase, jointly or severally, all or any portion of the Option Shares, being the total number of MyBucks S.A ordinary shares held by Ecspontent as at 31 December 2021, at an Option Strike price of €18.

The option can be exercised directly after the Option Period's expiration date being 31 December 2021, during the 30-day Option Exercise Period which follows. The Black-Scholes model was used to value the investment at year end.

Loans and receivables carried at amortised cost

Listed bond

Bond issued by GetBucks Botswana, listed on the Botswana stock exchange. The bond has a fixed coupon rate of 18% per annum and matures on 31 December 2021.

Total other financial assets

Non-current assets

At fair value through profit and loss - designated

At amortised cost

Current assets

At fair value through profit and loss - designated

At amortised cost

Total other financial assets

Audited 30 June 2018 R'000	Audited 31 March 2017 R'000
236 960	232 980
43 740	-
100 000	-
146 857	-
238 904	-
766 461	232 980
65 727	-
65 727	-
832 188	232 980
485 761	-
51 471	-
537 232	-
280 700	232 980
14 256	-
294 956	232 980
832 188	232 980

Notes to the Abridged Consolidated Financial statements for the 15 months ended 30 June 2018

7. Preference share capital

Ecsponent's business model requires funding for both organic business growth and to pursue further acquisitions. Funding is deployed in the growth of credit assets and the acquisition of new equity investments. Preference shares are considered a reliable source of funding for these on-going business needs and accordingly the Company has registered a R5 billion preference share programme. The Programme was approved by the JSE on 8 September 2014 and again on 15 December 2015. By 30 June 2018 Ecsponent Limited had received subscription investments of R1.3 billion from the South African programme and a further combined R262 million in the Swaziland and Botswana markets.

The preference share capital is classified as debt and separately disclosed in the Abridged Consolidated Statement of Financial Position as at 30 June 2018 in line with the principles of IFRS. Consequently, the preference share dividends are classified as finance costs and disclosed as such in the Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income for the 15 months ended 30 June 2018.

Reconciliation of the number of preference shares in issue:

	Ecsponent Limited (South Africa)					
	Class A	Class B	Class C	Class D	Class E	Class G
Reported at the beginning of the period	415 595	1 657 701	6 024 439	-	-	-
Issue of preference shares during the period	367 474	1 859 403	1 320 075	798 925	741 970	20 210
Preference shares reserved for issue at period end	-	171 540	-	619 900	150 950	10 900
	783 069	3 688 644	7 344 514	1 418 825	892 920	31 110
Weighted average issue price per share (Rands)	96.80	100.00	100.00	100.00	100.00	100.00

	Ecsponent Limited (Swaziland)	
	Class A	Class E
Reported at the beginning of the period	53 195	53 727
Issue of preference shares during the period	95 013	38 978
	148 208	92 705

Weighted average issue price per share (converted to Rand)	1.00	1.00
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	Ecsponent Limited (Botswana)	
	Class A	Class B
Reported at the beginning of the period	11 750	2 067
Repayment of preference shares during the period	(1 400)	(40)
	10 350	2 027

Weighted average issue price per share (Pula)	1.00	1.00
Weighted average issue price per share (Rand)	1.27	1.27

Notes to the Abridged Consolidated Financial statements for the 15 months ended 30 June 2018

8. Other financial liabilities

The other financial liabilities category incorporates external funding facilities with either banks, individuals or corporate funding entities. Provided below is the detail regarding the Group's other financial liabilities:

	Audited 30 June 2018 R'000	Audited 31 March 2017 R'000
Held at amortised cost		
Scipion Active Trading Fund		
<i>USD 10 million term loan facility that bears interest at 10% plus 12-month LIBOR screen rate amortised and payable monthly. 50% of the capital is payable by May 2021 and the remaining 50% is payable by July 2021.</i>	138 385	-
Ever Prosperous Worldwide Limited		
<i>USD 6 million loan is unsecured, bears interest at 2.5% per month and is repayable by 31 December 2018.</i>	72 432	-
Colyn Promissor		
<i>This loan bears interest at 8% per annum, interest is payable monthly, and the capital is repayable by 20 March 2021.</i>	12 138	-
Esperite AG (formerly Cryo-Save AG)	-	3912
Cryo-Save Labs	-	1 671
Esperite NV (formerly Cryo-Save NV)	-	494
Esperite NV (formerly Cryo-Save NV)	-	120
GetBucks (Pty) Ltd (Botswana)	-	4 241
Standard Bank - Property bond	-	909
Total other financial liabilities	222 955	11 347
Total included in non-current liabilities	150 523	871
Total included in current liabilities	72 432	10 476

Notes to the Abridged Consolidated Financial statements for the 15 months ended 30 June 2018

9. Reconciliation of the tax expense

Reconciliation between the applicable tax rate and average effective tax rate.

	Audited 30 June 2018 %	Audited 31 March 2017 %
Applicable tax rate	28.00	28.00
Disallowable charges - preference share dividends	26.73	22.30
Disallowable charges - penalties	0.01	0.54
Exempt income	(0.22)	-
Income from equity accounted investments	(0.51)	-
Previously unrecognised deferred tax asset	-	(0.48)
Effect of unused tax losses and tax offsets not recognised as deferred tax asset	-	(4.00)
Different tax rates applied in foreign subsidiaries	(2.18)	0.05
Capital gains tax	(5.10)	(24.88)
	46.73	21.53

10. Earnings and fully diluted earnings per share

	Audited 30 June 2018 R'000	Audited 31 March 2017 R'000
Basic and headline earnings		
Basic earnings	102 180	78 012
Headline earnings	75 474	132
Basic and diluted basic earnings per share (cents) attributable to equity holders of the parent	9.46506	8.38028
Headline and diluted headline earnings per share (cents) attributable to equity holders of the parent	6.99117	0.01423

There are no dilutionary instruments in issue. 4 569 ordinary shares were issued at 15 cents per share during the financial period ended 30 June 2018.

Number of shares in issue	1 079 555 364	1 079 550 795
Weighted average number of shares	1 079 551 326	930 907 328

Reconciliation between basic earnings and headline earnings

Basic earnings	102 180	78 012
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Notes to the Abridged Consolidated Financial statements for the 15 months ended 30 June 2018

10. Earnings and fully diluted earnings per share (continued)

	Audited 30 June 2018 R'000	Audited 31 March 2017 R'000
IAS 16 Loss on disposal of property, plant and equipment	5	254
IAS 38 Loss on disposal of intangible assets	811	-
IFRS 3 Gain on disposal of subsidiary and/or associate	(399)	(11 495)
IFRS 5 Gain on disposal groups held for sale	(3 905)	(52 338)
IFRS 5 Gain on disposal of discontinued operations	(15 438)	(14 301)
IFRS 10 Gain on the loss of control and deconsolidation of subsidiary	(7 780)	-
Headline earnings	75 474	132

The calculation of earnings per share ("EPS") is based on the profit for the period attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the period. Headline earnings per share ("HEPS") are calculated in accordance with Circular 4/2018 issued by the South African Institute of Chartered Accountants.

11. Related party disclosures

The Group has transacted with the following related parties during the period:

Relationship

Shareholders with significant influence:

Mason Alexander (Pty) Ltd – Represented by G. Manyere
MHMK Capital Limited – Represented by G. Manyere
TP Gregory
DP van der Merwe

Associate companies where the Company has significant influence:

Ecsponent Financial Services Ltd (Zambia)

Below is a summary of the relevant balances and transactions in this regard:

Related party balances

Other financial assets

MHMK Capital Limited – option agreement	238 904	-
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Investments in

Associate companies	21 500	-
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Loan accounts owing (to):

Espirite AG	-	(5 583)
Espirite NV	-	(614)

Related party transactions

Associate companies - equity accounted loss	(1 173)	-
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Notes to the Abridged Consolidated Financial statements for the 15 months ended 30 June 2018

12. Financial instruments - fair value and risk management

Financial instruments measured in the abridged audited consolidated Statement of Financial Position at fair value require certain disclosures which are set out below.

Financial instrument carried at fair value

Listed equities (Level 1)
Other financial assets (Level 3)

Audited 30 June 2018 R'000	Audited 31 March 2017 R'000
280 700	232 980
485 761	-

Financial instrument carried at fair value (level 3)

Opening balance at the start of the period
Purchases and revaluations
Foreign currency loss recognised in profit and loss
Fair value loss recognised in profit and loss
Impairment of financial asset
Disposal of financial instrument

Balance at the end of the period

-	8 874
260 059	126
6 108	-
232 796	-
(13 202)	-
-	(9 000)
485 761	-

Financial instrument carried at fair value (level 1)

Opening balance at the start of the period
Purchases
Fair value loss recognised in profit and loss
Revaluation
Foreign exchange

Balance at the end of the period

232 980	-
88 234	262 570
(82 557)	-
-	(29 590)
42 043	-
280 700	232 980

Financial instruments

The carrying amount of all financial assets and liabilities approximates the fair value. Directors consider the carrying value of financial instruments of a short-term nature, that mature in 12 months or less, to approximate the fair value of such assets or liability classes. The carrying value of longer-term assets is considered to approximate their fair value as these instruments bear interest at interest rates appropriate to the risk profile of the asset or liability class.

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated annual financial statements as at and for the period ended 30 June 2018.

Notes to the Abridged Consolidated Financial statements for the 15 months ended 30 June 2018

13. Segmental information

The segments identified are based on the operational and financial information reviewed by management for performance assessment and resource allocation.

The Group rationalisation as concluded in prior periods also resulted in a change to the basis of operational segmentation and the basis of measurement of segment profit or loss from the 2018 annual financial statements. The Financial Services segment was split into Investment Services and Credit and the Collections segment was dissolved. The previous consolidated segmental information was not re-presented for this change.

The Group has the following operating segments:

- **Credit:** The Credit operations provide secured credit funding to commercial clients via two specific products. Business credit in the form of medium term loans subject to appropriate security cover and Supply Chain and/or Enterprise Development solutions with the aim to integrate vendors into the supply chain.
- **Investment Services:** The operations provide financial investment products to the retail market.
- **Equity Holdings:** Strategic investments in well managed, profit focussed companies.
- **Corporate:** This segment represents the Group's corporate head office which provides shared services across the operational segments.

	Reportable segments					
	Investment Services	Equity Holdings	Credit	Corporate	Eliminations	Total continued operations
	R'000	R'000	R'000	R'000	R'000	R'000
Period ended 30 June 2018						
External revenues	3 294	39 336	421 781	2 573	-	466 984
Inter-segment revenue	359 115	2 000	75 795	35 411	(472 321)	-
Segment revenue	362 409	41 336	497 576	37 984	(472 321)	458 109
Depreciation and amortisation	(143)	(1 476)	(21)	(360)	139	139
Fair value adjustments	-	157 805	-	-	(3 854)	153 951
Non-cash transactions - foreign currency gain (loss)	246	(7 341)	29 803	-	15 710	38 418
Segment operating profit / (loss)	288 994	138 955	363 354	724	(379 578)	412 449
Finance costs	(237 713)	(8 368)	(409 965)	(2 856)	398 317	(260 585)
Taxation	(45 368)	(28 963)	11 127	583	(7 191)	(69 812)
Segment profit / (loss) after tax	5 913	101 624	(35 484)	(1 549)	11 548	82 052
Segment assets	375 771	617 150	1 422 870	16 307	(196 294)	2 235 804
Segment liabilities	(248 244)	(167 885)	(1 856 513)	(13 923)	244 262	(2 042 303)
Capital expenditure	1 063	42	112	2 314	-	3 531
Revenues from major clients:						
Major client 1	-	-	116 061	-	-	116 061
Major client 2	-	-	108 892	-	-	108 892

Notes to the Abridged Consolidated Financial statements for the 15 months ended 30 June 2018

13. Segmental information (continued)

	Geographic segments										Total continued operations	Discontinued operations	Total reported
	South Africa	Botswana	Swaziland	Namibia	Mauritius	Zambia	Eliminations	R'000	R'000	R'000			
Period ended 30 June 2018	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
External revenues	386 926	48 115	31 267	508	168	-	-	-	-	466 984	(8 875)	-	458 109
Inter-segment revenue	405 628	-	66 693	-	-	-	(472 321)	-	-	-	-	-	-
Segment revenue	792 554	48 115	97 960	508	168	-	(472 321)	-	-	466 984	(8 875)	-	458 109
Depreciation and amortisation	(1 960)	-	(40)	-	-	-	139	-	-	(1 861)	139	-	(1 722)
Fair value adjustments	15 763	142 042	-	-	-	-	(3 854)	-	-	153 951	-	-	153 951
Non-cash transactions - foreign currency gain (loss)	4 050	18 658	-	-	-	-	15 710	-	-	38 418	-	-	38 418
Segment operating profit / (loss)	550 965	147 491	85 551	(5)	8 025	-	(379 578)	-	-	412 449	(7 040)	-	405 409
Finance costs	(511 594)	(53 704)	(85 274)	-	(8 330)	-	398 317	-	-	(260 585)	7 409	-	(253 176)
Taxation	(41 785)	(20 683)	(163)	2	8	-	(7 191)	-	-	(69 812)	(242)	-	(70 054)
Segment profit / (loss) after tax	(2 414)	73 104	114	(3)	(297)	-	11 548	-	-	82 052	127	-	82 179
Segment assets	1 448 080	795,912	171 965	194	2 112	13 835	(196 294)	-	-	2 235 804	-	-	2 235 804
Segment liabilities	(1 694 720)	(241 354)	(182 588)	(304)	(150 675)	(16 924)	244 262	-	-	(2 042 303)	-	-	(2 042 303)
Capital expenditure	3 524	-	7	-	-	-	-	-	-	3 531	-	-	3 531
Revenues from major clients:													
Major client 1	70 761	14 350	30 950	-	-	-	-	-	-	-	-	-	116 061
Major client 2	108 892	-	-	-	-	-	-	-	-	-	-	-	108 892

13. Segmental information (continued)

	Reportable segments						Total
	Financial Services	Private Equity	Collections	Corporate	Eliminations	Discontinued operations	
Period ended 31 March 2017	R'000	R'000	R'000	R'000	R'000	R'000	R'000
External revenues	217 905	74 621	3 139	70 973	-	(44 843)	321 795
Inter-segment revenue	106 601	2 028	4 782	52 489	(165 900)	-	-
Segment revenue	324 506	76 649	7 921	123 462	(165 900)	(44 843)	321 795
Segment operating profit / (loss)	169 149	(18 106)	2 866	63 112	19 170	(7 005)	229 186
Finance costs	(230 073)	(8 257)	(5 943)	(83 995)	169 954	27 964	(130 351)
Depreciation and amortisation	(1 237)	(2 202)	(491)	(342)	218	892	(3 161)
Fair value adjustments	-	(11 017)	-	-	-	-	(11 017)
Non-cash transactions - foreign currency gain (loss)	(21 662)	337	-	(1 233)	-	204	(22 354)
Taxation	12 243	3 848	837	(23 339)	(12 497)	(4 187)	(23 094)
Segment profit / (loss) after tax	56 817	(21 307)	(2 063)	(4 972)	39 101	(2 852)	64 724
Segment assets	2 193 710	293 007	2 380	46 237	(1 320 517)	(124 313)	1 090 504
Segment liabilities	(2 077 065)	(319 333)	(17 988)	(40 679)	1 335 804	130 690	(988 571)
Capital expenditure	3 066	922	369	1 156	-	(3 834)	1 679
Revenues from major clients:							
Major client 1	110 516	-	-	-	-	-	110 516
Major client 2	44 355	-	-	-	-	-	44 355

Notes to the Abridged Consolidated Financial statements for the 15 months ended 30 June 2018

13. Segmental information (continued)

	Geographic segments							
South Africa	Botswana	Swaziland	Namibia	Zambia	Eliminations	Discontinued operations	Total reported	
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Period ended 31 March 2017								
External revenues	271 332	18 044	626	1 891	-	(44 843)	321 795	
Inter-segment revenue	135 408	555	29 937	-	(165 900)	-	-	
Segment revenue	406 740	75 300	47 981	626	1 891	(44 843)	321 795	
Segment operating profit / (loss)	168 383	24 418	18	(4 075)	19 170	(7 005)	229 186	
Finance costs	(253 653)	(46 648)	-	(3 656)	169 953	27 964	(130 351)	
Depreciation and amortisation	(2 915)	(428)	-	(670)	219	892	(3 161)	
Fair value adjustments	-	(11 017)	-	-	-	-	(11 017)	
Non-cash transactions - foreign currency gain (loss)	(22 558)	-	-	-	-	204	(22 354)	
Taxation	(11 128)	2 150	(126)	(6)	2 700	(4 187)	(23 094)	
Segment profit / (loss) after tax	40 913	(7 657)	222	12	(5 015)	(2 852)	64 724	
Segment assets	1 944 539	425 343	152 731	188	12 533	(124 313)	1 090 504	
Segment liabilities	(1 858 273)	(427 578)	(153 800)	(294)	(15 120)	130 690	(988 571)	
Capital expenditure	1 279	1 798	399	-	2 037	(3 834)	1 679	
Revenues from major clients:								
Major client 1	105 771	4 745	-	-	-	-	110 516	
Major client 2	35 256	-	9 099	-	-	-	44 355	

Notes to the Abridged Consolidated Financial statements for the 15 months ended 30 June 2018

14. Acquisitions and disposals

The following acquisitions / investments were concluded within the Group's Equity Holdings operations during the financial period:

VSS preference share

R100m investment in cumulative perpetual preference shares issued by VSS Financial Services (Pty) Ltd a wholly owned subsidiary of MyBucks SA Limited.

MyBucks SA Limited

Investment of R59.2 million in an additional 444 000 MyBucks SA Limited shares at a subscription price of Euro 9.00 per share. Total investment in MyBucks SA Limited ordinary shares after the transaction amounts to 1 568 884 shares comprising a total holding of 12.1%.

Capitis Equities

Acquired 19% of the ordinary voting equity of Capitis Equities (Pty) Ltd (Capitis), a black woman owned (as defined by the Black Economic Empowerment Act 2003) venture capital company, with specialist skills, focused on the acquisition and management of equity investments.

The Board further approved an immediate investment of R156 million into the Capitis Section 12J SMME fund. At

30 June 2018 the approved investment of R156 million was placed with Capitis. The Board approved a further investment of R244 million by the end of 30 June 2019 which would increase the total investment to a maximum of R400 million. The additional investment planned for 2019 financial period is subject to shareholders' approval in general meeting.

Go Life International

Ecsponent acquired 68.2 million shares comprising 6.78% of Go Life International for R24.1m. Go Life is a healthcare group of companies with its primary listing in Mauritius and a secondary listing on the JSE AltX. Go Life has established operations in frail care, nutraceuticals and the cosmeceutical industry.

Ecsponent disposed of its 50% shareholding in the biotechnology companies Cryo-Save SA, Cryo-Save Namibia as well as Salveo Swiss Technologies Limited to Go Life International for R10 million.

ROI

Ecsponent disposed of the media monitoring business housed in ROI a 100% subsidiary of the Group for R7.3 million.

15. Corporate actions

In addition to the transactions mentioned above the following corporate actions were implemented during the period under review with the objective of expanding the Group's Preference Share product range thereby providing additional investment products with enhanced flexibility to clients in response to market demands.

Amendments to Classes D, E, F and G Preference Shares

The Board proposed amendments to the Company's Memorandum of Incorporation ("MOI") amending the terms of the Company's unissued Preference Shares comprising Class D, E, F and G. Shareholders approved the proposed amendments on 14 August 2017 via written consent in terms of Section 60 of the Companies Act.

A prospectus was subsequently issued during September 2017 offering Class D, E and G Preference Shares to the public. 10 000 Class D, 10 000 Class E and 2 500 Class G Preference Shares were taken up in the initial offer and listed on 4 October 2017. Due to the conversion rights to ordinary shares in specific circumstances held by the preference shares, as defined in the company's MOI, the issue of Class D and E preference shares was limited under the directors' general authority to issue ordinary shares.

At the general meeting held on 27 October 2017 shareholders ratified the initial public offering noted above, approved further issues of class D and E preference shares under the Groups' preference share programme and provided a general authority to issue ordinary shares in terms of the preference share rights to convert.

Specific approval for the issue of convertible Class G Preference Shares was previously obtained from shareholders at a general meeting held on 3 May 2016.

Amendments to Classes A, B and C Preference Shares

The Board proposed further amendments to the Company's MOI amending the terms of the Class A, Class B and Class C Preference Shares to incorporate voluntary redemption terms at the option of the Company.

Ordinary shareholders and Preference shareholders with investments in the effected Class A, B and/or C Preference Shares approved the proposed amendments to the MOI at a general meeting held on 2 November 2017.

Notes to the Abridged Consolidated Financial statements for the 15 months ended 30 June 2018

16. Events after the reporting period

The directors are not aware of any material event, other than the matters listed below, which occurred after the reporting date and up to the date of this report, which require disclosure.

The Board announced a number of transactions prior to 30 June 2018, which at the reporting date remained

subject to suspensive conditions. These transactions are expected to be concluded during the first half of the 30 June 2019 financial year, subject to achieving the conditions precedent.

Below we have summarised the transactions and the status at the date of this report.

Event after the reporting date	Status of transaction at the date of issue of this report
R400m investment in Capitis On 23 May 2018 the board announced a proposed investment of up to R400m in Capitis Equities (Pty) Ltd ("Capitis") by the end of the 30 June 2019 financial year. The board additionally announced its approval, as permitted under the JSE Listing Requirements, of an initial investment of up to R156.5 million of the total R400 million proposed investment in Capitis. It furthermore confirmed that any funds invested in excess of the R156.5 million approved amounts are subject to shareholders' approval as required by the JSE. At 30 June 2018, the Company had invested R156 million in Capitis in terms of the Board approval. The proposed investment above this value up to the R400 million maximum, however, remained conditional, subject to Ecsponent shareholders' approval.	The prerequisite number of eligible to vote shareholders approved the proposed investment of up to R400 million in Capitis by the end of the next financial year at a general meeting held at the Company's registered office on 5 September 2018. At the date of this report, the transaction is unconditional, but no further investments have been made in Capitis. The balance of R243.5 million increasing the total investment up to the proposed R400 million maximum remains available for investment during the balance of the June 2019 financial year subject to the directors and investment committee discretion.
352 612 MyBucks shares acquisition The board announced on 23 May 2018 the proposed acquisition of 352 612 MyBucks shares from DTM Capital (Pty) Ltd ("DTM"), in settlement of a BWP65 million Business Credit loan owing by DTM to Ecsponent Limited Botswana. The proposed investment comprises 2.720% of MyBucks' issued share capital and would increase the Group's interest in MyBucks from 12.100% to 14.820%. At 30 June 2018, the transaction remained conditional, subject to South African Reserve Bank ("SARB") approval.	The Group's bankers have submitted an approval motivation to the SARB and are awaiting a formal response. The final condition will be satisfied on confirmation of SARB's approval.
1 145 998 MyBucks share acquisition The board announced on 23 May 2018 the proposed acquisition of 1 145 998 MyBucks shares from Coronado Trading 258 CC ("Coronado"), in settlement of a R260 million Business Credit loan owing by Coronado to Ecsponent Treasury Services (Pty) Ltd. The proposed investment comprises 8.839% of MyBucks' issued share capital and would increase the Group's interest in MyBucks from 12.100% to 20.939%. At 30 June 2018, the transaction remained conditional, subject to Ecsponent shareholders' and the SARB approval.	The prerequisite number of eligible to vote shareholder approved the transactions in terms of the JSE listing requirements in a general meeting held at the company's registered office on 5 September 2018. The Group's bankers have submitted an approval motivation to the SARB and are awaiting a formal response. The final condition will be satisfied on confirmation of SARB's approval.

Notes to the Abridged Consolidated Financial statements for the 15 months ended 30 June 2018

16. Events after the reporting period (continued)

Event after the reporting date	Status of transaction at the date of issue of this report
<p>Related party transactions</p> <p>On 22 May 2018 the Board advised shareholders of a strategy of investing in assets that would inter alia provide the Group with medium to long term capital growth, reduce the balance sheet concertation risk and provide a balance in the Group's portfolio of assets between short-term cash generating assets and assets to be held for capital appreciation.</p> <p>On 29 June 2018, the Company announced, in furtherance of the abovementioned strategy, a range of transactions. The proposed transactions trigger the need for a related party circular as George Manyere, a non-executive director, holds indirect interests in some of the parties contracting with Ecspontent.</p> <p>At 30 June 2018, the transactions remain conditional, subject to shareholder approval in terms of the JSE Listing Requirements specific to related party transactions requiring shareholders' approval. In addition, elements of the proposed transactions require SARB approval.</p>	<p>At the date of this report the required shareholders' approval for the related party transaction remains outstanding, and the transactions remain conditional.</p> <p>The process of drafting and obtaining JSE approval for the required related party circular is ongoing. This includes the approval request submission to the SARB.</p>

17. Dividends

No ordinary dividends have been declared or proposed for the year.

The Company has issued and listed three additional classes of Preference Shares. Six classes are now in issue with the following dividend terms:

- Class A – 10% fixed rate monthly dividend;
- Class B – 0% monthly dividend, but redeeming at a rate equal to 170% of the Initial Issue Price;
- Class C – prime plus 4% floating rate monthly dividend;
- Class D – 12.5% fixed rate monthly dividend;
- Class E – 11.25% fixed rate monthly dividend;
- Class G – 10% fixed rate monthly dividend.

Preference Share dividends and interest of 241.1 million accrued to investors for the 15 months ended 30 June 2018. The dividends are classified as finance costs and included in the finance cost expense in the Consolidated Statement of Profit and Loss and Comprehensive Income.

Notes to the Abridged Consolidated Financial statements for the 15 months ended 30 June 2018

18. Contingencies

The directors are not aware of any material contingent liability which existed at the reporting date and up to the date of this report that requires disclosure.

19. Director changes

Dirk van der Merwe (previous Group Company Secretary) took over the role of Financial Director from Bryan Shanahan with effect from 1 February 2018. Eune Engelbrecht resigned as non-executive director on 31 May 2017.

20. Company secretary

Lezanne du Preez-Cilliers was appointed as the Company secretary for the Group on 1 February 2018.

21. Auditors

At the Annual General Meeting held on 4 August 2017, shareholders reappointed Nexia SAB&T as the independent external auditors of the Group for the 2018 financial period.

Shareholders will be requested to reappoint Nexia SAB&T at the next Annual General Meeting for the 30 June 2019 financial year.

22. Going concern

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the Abridged Consolidated Financial Statements for the 15 months ended 30 June 2018 have been prepared on a going

concern basis. The directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient equity and borrowing facilities to meet its foreseeable cash requirements.

The directors are not aware of any new material changes that may adversely affect the Group's ability to continue as a going concern. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

23. Notice of annual general meeting

Notice is hereby given that the fifteenth Annual General Meeting ("AGM") of the Company's shareholders will be held on Friday, 2 November 2018 at the Company's registered office, Fintech Campus, On Lynnwood Road, Corner Botterklapper and Ilanga Street, The Willows, Pretoria East at 09:00, to consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions set out in the notice of AGM.

The record date on which shareholders must be recorded as such in the Company's share register in order to be entitled to attend and vote at the AGM is Friday, 26 October 2018. The last day to trade to be eligible to participate and vote at the AGM is Tuesday, 23 October 2018.



Terence Gregory
Chief Executive Officer
October 2018

Directors:

RJ Connellan* (Chairman), KA Rayner*, BR Topham*, W Oberholzer*, P Matute#, G Manyere (Vice Chairman)#, TP Gregory (Chief Executive Officer) and DP van der Merwe (Financial Director).

* Independent non-executives

Non-executive

Company Secretary: L Du Preez-Cilliers

Registered Office:

Fintech Campus, Cnr Botterklapper and Ilanga Street, The Willows, Pretoria East, PO Box 39660, Garsfontein East 0060

Transfer Secretaries: Computershare Investor Services Proprietary Limited, (Registration number 2004/003647/07), 2nd Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, (PO Box 61051, Marshalltown, 2107)

Auditors: Nexia SAB&T Inc.

Sponsor: Questco Corporate Advisory (Pty) Ltd

Notice of Annual General Meeting



Ecsponent Limited

Incorporated in the Republic of South Africa

Registration number: 1998/013215/06

JSE Code: ECS - ISIN: ZAE000179594

("the Company" or "Ecsponent")

Notice

Notice is hereby given that the fifteenth Annual General Meeting ("AGM") of the members of Ecsponent Limited will be held on Friday, 2 November 2018 at the Company's registered office, Fintech Campus, On Lynnwood Road, Corner Botterklapper and Ilanga Street, The Willows, Pretoria East at 09:00, to consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions 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 to be entitled to attend and vote at the AGM is Friday, 26 October 2018. The last day to trade to be recorded on the register on the record date is Tuesday, 23 October 2018.

Quorum

The quorum for a shareholders' meeting to begin or for a matter to be considered shall be at least three (3) shareholders entitled to attend and vote and present at the meeting. In addition, the meeting may not begin unless sufficient persons are present at the meeting to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised on a matter on the agenda.

Electronic participation

In terms of section 61(10) of the Companies Act, 71 of 2008 (hereinafter "the Companies Act"), 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 AGM are required to deliver written notice to the transfer secretaries, Computershare Investor Services (Pty) Ltd,

at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa or PO Box 61051, Marshalltown, 2107 by no later than 08:30 on Tuesday 30 October 2018 that they wish to participate via electronic communication at the AGM (the "electronic notice").

For the electronic notice to be valid it must contain:

- if the shareholder is an individual, a certified copy of his identity document and/or passport;
- 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 from whom the relevant entity is authorised to represent the relevant entity at the annual general meeting via electronic communication; and
- 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 AGM, notify a shareholder who has delivered a valid electronic notice, at its contact address/number of the relevant details through which the shareholder can participate via electronic communication.

Please take note that:

- shareholders will merely be able to participate, but not vote, via electronic communication;
- the costs of accessing the means of electronic participation provided by the Company will be borne by the shareholder so accessing the electronic participation; and
- the Company reserves the right not to provide for electronic participation at the meeting if it proves impractical to do so.

Documents referenced in the notice and the proxy can be viewed on the Company's website:

- Integrated Report; and
- Audited Financial Statements

Both are accessible via: <https://www.ecsponentlimited.com/2018-financial-results/>

1. Ordinary resolutions

The purpose of the AGM is to consider and, if deemed fit, pass the ordinary resolutions set out below with or without modification as ordinary resolutions.

Unless otherwise indicated, for each of the ordinary resolutions to be adopted, the support of more than 50% of the voting rights exercised on the resolutions by shareholders, present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution, is required.

1.1. Adoption of the consolidated financial statements (ordinary resolution 1)

Explanatory note

At the AGM the directors must present the audited financial statements for the period ended 30 June 2018 to shareholders together with the reports of the social and ethics committee, directors and auditor as contained in the 2018 Annual Financial Statements for adoption.

Ordinary resolution number 1

Adoption of the financial statements

"RESOLVED THAT: the financial statements of the Company and its subsidiaries for the period ended 30 June 2018, together with the reports of the social and ethic committees, directors and auditor thereon, be received, considered and adopted, as required by section 30(3) of the Companies Act."

1.2. Re-election of retiring non-executive directors (ordinary resolutions 2 to 3)

Explanatory note

In accordance with the Memorandum of Incorporation ("MOI") of the Company, one third of the longest serving non-executive directors are required to retire annually. The retiring directors are eligible for re-election at the Company's next AGM.

Retiring directors available for re-election

Brief curricula vitae of the non-executive directors who retire in terms of the rotation of directors in accordance with the Company's MOI, and who have made themselves available for re-election are listed below.

The Board has considered the performance of the directors' standing for re-election and found them suitable for re-appointment.

PJ Matute (35)

Patrick is a seasoned investment professional with experience in corporate finance advisory and private equity. He is well-known and respected in the South African and African financial markets, with many years' experience in finance and equity. Additionally, he has more than nine years' experience in mining resources and general corporate finance in sub-Saharan Africa.

W Oberholzer, CA SA, M. Com (Tax) (45)

Willem has 20 years' experience in start-ups, company formations, company turnarounds, mergers and acquisitions, complex tax structures, tax dispute resolutions and tax litigation. While holding several directorships, he also lectures on Taxation at Master's level at the University of Pretoria.

Ordinary resolution number 2

Re-elect retiring director – PJ Matute

"RESOLVED THAT: PJ Matute, who retires by rotation in terms of the rotation of non-executive directors' clause in the Company's MOI, and being eligible is hereby re-elected as non-executive director of the Company."

Ordinary resolution number 3

Re-elect retiring director – W Oberholzer

"RESOLVED THAT: W Oberholzer, who retires by rotation in terms of the rotation of non-executive directors' clause in the Company's MOI, and being eligible is hereby re-elected as an independent non-executive director of the Company."

1.3. Confirmation of director's appointment (ordinary resolution 4)

Explanatory note

In accordance with the MOI of the Company, any director appointed to fill a vacancy or as an additional appointment to the Board must be confirmed by shareholders at the next general meeting or AGM.

In terms of paragraph 10.16(c) of the Listings Requirements of the JSE Limited ("JSE Listings Requirements"), section 68(1) of the Companies Act and clause 26.1.2 of the Company's Memorandum of Incorporation ("MOI"), the appointment of a director during the financial year must be ratified at the AGM.

Directors appointments

A brief curriculum vitae of a director appointed to the Board, requiring confirmation of appointment from shareholders is listed below.

DP van der Merwe, CA (SA) (45)

Dirk is a qualified Chartered Accountant. He has gained experience across a wide range of industries and organisations during his career which included a decade at one of the big four international auditing firms. Dirk's experience includes financial statement audits and financial reporting for a wide range of entities including publicly traded entities, governance and control assessments, assurance services for large IT projects, risk management and exposure to corporate finance disciplines.

Notice of Annual General Meeting (continued)

Ordinary resolution number 4

Confirmation of appointment as director DP van der Merwe

"RESOLVED THAT: the appointment of DP van der Merwe as the executive financial director of the Company with effect from 1 February 2018 be and is hereby confirmed."

1.4. Audit and Risk committee appointments (ordinary resolutions 5 to 7)

Explanatory note

In accordance with the Companies Act, the appointment or re-appointment of members of the Audit and Risk Committee is required to be confirmed at each AGM of the Company.

Ordinary resolution number 5

Audit and Risk Committee appointment: BR Topham

"RESOLVED THAT: the appointment of BR Topham as a member and the chairman of the Audit and Risk Committee of the Company for the year ending 30 June 2019 be and is hereby approved."

BR Topham, CA (SA), B.Proc, LLM (47)

Brandon is a chartered accountant and an attorney of the High Court of South Africa, an admitted solicitor in England and Wales, and a Certified Fraud Examiner (USA). He is also an associate member of both the Institute of Chartered Management Accountants UK as well as England & Wales (non-practising). Brandon has served as a director of many companies and still serves on the Boards of Telemasters Holdings Limited and SEESA (Pty) Limited. As a forensic accountant, he has acted as an inspector for the Financial Services Board and has also worked with other regulators and government departments.

Ordinary resolution number 6

Audit and Risk Committee appointment: W Oberholzer

"RESOLVED THAT: subject to the approval of ordinary resolution number 3, the appointment of W Oberholzer as a member of the Audit and Risk Committee of the Company for the year ending 30 June 2019 be and is hereby approved".

Refer to W Oberholzer's summarised curriculum vitae in section 1.2 of this notice above containing ordinary resolutions 2 to 3.

Ordinary resolution number 7

Audit and Risk Committee appointment: KA Rayner

"RESOLVED THAT: the appointment of KA Rayner as a member of the Audit and Risk Committee of the Company for the year ending 30 June 2019 be and is hereby approved".

KA Rayner, CA (SA) (61)

Keith is a member of the JSE Limited's (JSE) Issuer Regulation Advisory Committee and assisted the Takeover Regulation Panel (TRP) with the compilation of regulations concerning South African takeover law. Widely recognised as an expert on the JSE Listings Requirements and the Companies Act, Keith leverages his experience and knowledge advising the Ecsponent board. Keith serves as a director on a number of private companies' boards and is an independent non-executive director of Sibanye Gold Ltd.

1.5. Appointment of auditors (ordinary resolution 8)

Explanatory note

In terms of the Companies Act, the Company auditors must be re-appointed each year at the AGM.

Nexia SAB&T Chartered Accountants Incorporated ("Nexia SAB&T") have indicated their willingness to continue as the Company's auditors until the next AGM.

The Group Audit and Risk Committee has satisfied itself as to the independence of Nexia SAB&T.

Ordinary resolution number 8

Appointment of auditors

"RESOLVED THAT: the appointment of Nexia SAB&T Chartered Accountants Incorporated as the auditors of the Company for the ensuing financial period, with T de Kock as the designated auditor, be and is hereby approved."

1.6. Placing unissued shares under the directors' control (ordinary resolution 9)

Explanatory note

Shareholders are requested to approve the placing of unissued ordinary and preference shares under the control of the directors.

Ordinary resolution number 9

Placing unissued ordinary shares under control of directors

"RESOLVED THAT: the authorised but unissued ordinary shares in the share capital of the Company be placed under the control of the directors of the Company until the next AGM and that the Company and the directors be, and hereby are, authorised and empowered to allot, issue and otherwise dispose of such shares, on terms and conditions and at such times as the directors' in their discretion deem fit."

1.7. General authority to allot and issue ordinary shares for cash (ordinary resolution 10)

Explanatory note

In terms of the JSE Listings Requirements, ordinary resolutions relating to general issues of shares for cash require the support of at least a 75% majority of the

votes cast by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution.

Ordinary resolution number 10

General authority to allot and issue shares for cash

"RESOLVED THAT, subject to the provisions of the Companies Act, the JSE Listings Requirements and the Company's MOI, as a general authority valid until the next AGM of the Company and provided that it shall not extend past 15 months from the date of this AGM, the authorised but unissued ordinary shares of the Company be and are hereby placed under the control of the directors who are hereby authorised to allot, issue, grant options over or otherwise deal with or dispose of these shares (or securities convertible into ordinary shares) to such persons at such times and on such terms and conditions and for such consideration whether payable in cash or otherwise, as the directors may think fit, provided that:

- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;
- the shares, options or convertible securities must be issued only to public shareholders (as defined in the JSE Listings Requirements);
- upon any issue of a class of shares which, together with prior issues constitute 5% or more of the number of shares in issue of that class (as at the date of this AGM), the Company shall by way of an announcement on Stock Exchange News Service ("SENS"), give full details thereof, in compliance with the JSE Listings Requirements;
- the number of ordinary shares that may be issued shall not, in aggregate, exceed 30% (being 323 866 609 shares) of the Company's listed ordinary shares as at the date of this notice (including securities which are compulsorily convertible into shares of that class) provided that the calculation of the listed equity securities is an actual assessment of the listed equity securities as at the date of this notice, excluding treasury shares;
- in the event of a sub-division or consolidation of issued securities, this authority must be adjusted accordingly to represent the same allocation ratio; and
- the maximum discount at which such shares may be issued is 10% of the weighted average traded price of the Company's shares over the 30 business days prior to the date that the price of the issue is determined or agreed between the Company and the party subscribing for the shares or options or convertible securities ordinary.

2. Non-binding advisory votes

The purpose of the AGM is to consider the non-binding advisory votes set out below, thereby providing the Company with the views of the shareholders regarding the:

- Remuneration policy contained in the remuneration and nomination committee's report; and
- Implementation report in regard to the remuneration policy.

Unless otherwise indicated, for each of the non-binding advisory votes to be adopted, the support of more than 50% of the voting rights exercised on the resolutions by shareholders, present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution, is required.

2.1. General approval of the Company's remuneration policy and implementation report (non-binding advisory vote 1 and 2)

Explanatory note

King IV recommends that every year the Company's remuneration be disclosed in three parts, namely:

- a background statement;
- an overview of the remuneration policy;
- an implementation report;

and that shareholders be requested to pass separate non-binding advisory votes on the policy and the implementation report at the AGM.

Voting on the above resolutions enables shareholders to express their views on the remuneration policy adopted and on its implementation.

The Remuneration and Nominations Committee prepared, and the Board considered and accepted the remuneration policy and implementation report thereon, as set out in the 2018 integrated report.

The remuneration policy also records the measures the Board will adopt in the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the voting rights exercised by shareholders. In such event, the Company will, in its announcement of the results of the AGM, provide dissenting shareholders with information as to how to engage with the Company in regard to this matter and the timing of such engagement.

Non-binding advisory vote 1

Approval of Company's remuneration policy

"RESOLVED THAT: the Company's remuneration policy, as set out in the Remuneration and Nominations Committee report set out on the Company's website at <https://www.ecsponentlimited.com/group-remuneration-policy/>, be and is hereby endorsed by way of a non-binding advisory vote."

Notice of Annual General Meeting (continued)

Non-binding advisory vote 2

Approval of Company's remuneration implementation report

"RESOLVED THAT: the Company's implementation report in regard to its remuneration policy, as set out set out in its Integrated Report, be and is hereby endorsed by way of a non-binding advisory vote."

3. Special resolutions

The purpose of the AGM is to consider and, if deemed fit, pass the special resolutions set out below with or without modification as special resolutions.

Unless otherwise indicated, in order for each of the special resolutions to be adopted, the support of at least 75% of the voting rights exercised on the resolutions by shareholders, present or represented by proxy at

the AGM and entitled to exercise voting rights on the resolution, is required.

3.1. Non-executive directors' remuneration (special resolution 1)

Explanatory note

Section 66(8) (read with section 69(9)) of the Companies Act provides that, to the extent permitted in the Company's MOI, the Company may pay remuneration to its directors for their services as such, provided that such remuneration may only be in accordance with a special resolution approved by shareholders within the previous two years.

Special resolution number 1

Non-executive directors' remuneration

"RESOLVED THAT the remuneration payable to the non-executive directors for the financial period ending 30 June 2019 be and is hereby approved as follows:

Director	Retainer per month (up to a maximum)	Fee per meeting attendance (up to a maximum of five meetings)	Fee for ad-hoc services (up to a maximum)
RJ Connellan	23 000	10 000	100 000
G Manyere	22 000	10 000	100 000
PJ Matute	21 000	10 000	100 000
W Oberholzer	21 000	10 000	100 000
KA Rayner	21 000	10 000	100 000
BR Topham	21 000	10 000	100 000

3.2. General authority to enter into funding agreements, provide loans or other financial assistance (special resolution 2)

Explanatory note

The Companies Act requires that a company obtain approval from its shareholders by way of a special resolution if the Company is to provide financial assistance to any related party, subsidiary, associate, holding company, directors and/or prescribed officers.

Special resolution number 2

General authority to enter into funding agreements, provide loans or other financial assistance

"RESOLVED THAT: in terms of Section 44 and 45 of the Companies Act, the Company be and is hereby granted approval to enter into direct or indirect funding agreements or guarantee a loan or other obligation, secure any debt or obligation or to provide loans or financial assistance between subsidiaries or between itself and its directors, prescribed officers, subsidiaries,

or any related or inter-related persons from time to time, subject to the provisions of the JSE Listings Requirements, and as the directors in their discretion deem fit."

3.3. Repurchase of the Company's shares (special resolution 3 and 4)

Explanatory note

The purpose of this resolution is to enable the Company to buy back its shares should the opportunity arises.

Refer to Annexure 3 in the Company's 2018 Annual Financial Statements for the disclosures and working capital statements as required in terms of paragraph 11.26 of the JSE Listings Requirements.

Special resolution number 3

Repurchase of the Company's ordinary shares

"RESOLVED THAT: the directors of the Company be and they are hereby authorised, subject to the provisions of the Companies Act, the JSE Listings Requirements, and the Company's MOI and without limiting the generality

thereof, to approve the purchase by the Company or any of its subsidiaries of any of its ordinary shares, upon such terms and conditions and in such amounts as the Board may from time to time determine, provided that:

- (i) the repurchase of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- (ii) this general authority shall only be valid until the earlier of the Company's next AGM or the expiry of a period of 15 months from the date of passing of this special resolution;
- (iii) the price at which the Company's ordinary shares are acquired in terms of this general authority may not be at a price greater than 10% above the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the five trading days immediately preceding the date on which the transaction is effected;
- (iv) the repurchase of ordinary shares shall not in the aggregate in any one financial period exceed 20% of the Company's issued ordinary share capital, subject to section 48(8) of the Companies Act or 10% as treasury stock if repurchased by a subsidiary of the Company;
- (v) the Company may only effect the repurchase once a resolution has been passed by the Board confirming that the Board has authorised the repurchase, that immediately after the repurchase the Company would satisfy the solvency and liquidity test, and that from the time the test was applied, there have been no material changes to the financial position of the Group;
- (vi) the Company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in the JSE Listings Requirements, unless a repurchase programme is in place and the dates and quantities of securities to be traded during

the relevant period are fixed (not subject to any variation) and full details of the programme have been submitted to the JSE in writing prior to the commencement of the prohibited period. The Company will instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;

- (vii) an announcement, containing full details of repurchase/s in accordance the JSE Listings Requirements, will be published once the Company has cumulatively repurchased 3% of the number of the particular class of shares in issue at the time this general authority is granted (initial number), and for each 3% in aggregate of the initial number acquired thereafter; and
- (viii) at any point in time, the Company may only appoint one agent to effect any repurchase/s on its behalf."

Special resolution number 4

Repurchase of the Company's preference shares

"RESOLVED THAT: the directors of the Company be and they are hereby authorised, subject to the provisions of the Companies Act, the JSE Listings Requirements, the ZAR5 000 000 000 Preference Share Programme memorandum and the Company's MOI and without limiting the generality thereof, to approve the purchase by the Company of any of its classes of preference shares, and the purchase of such preference shares in the Company by any of its subsidiaries, upon such terms and conditions and in such amounts as the Board may from time to time determine."



Voting and right to appoint a proxy

AGM participants may be required to provide identification to the reasonable satisfaction of the chairman of the AGM.

Shareholders entitled to attend and vote at the AGM may in terms of Section 58 of the Companies Act, 71 of 2008, appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder 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 AGM.

Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM. It is requested that the instrument appointing a proxy and the authority (if any) under which it is signed reach the transfer secretaries of the Company at the address given below by Wednesday, 31 October 2018. Alternatively, they may be handed to the chairman at the commencement of the AGM.

Dematerialised shareholders, other than "own name" registered dematerialised shareholders, who wish to

attend the AGM in person, will need to request their Central Securities Depository Participant ("CSDP") or broker to provide them with the necessary authority 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 AGM 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.

L du Preez-Cilliers

Company Secretary
October 2018

The background of the slide features a blurred image of business documents, including a bar chart and a pie chart, with a network of white lines and dots overlaid on a light beige background. A dark red rectangular box is positioned in the lower-left corner, containing the text "Form of proxy" in white.

Form of proxy

Form of proxy

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



Ecsponent Limited

(Incorporated in the Republic of South Africa)

(Registration number 1998/013215/06)

Share code: ECS ISIN ZAE000179594

("the Company" or "ECS")

For use by certificated and "own name" registered dematerialised shareholders of the Company ("shareholders") at the Annual General Meeting of ECS to be held at 09:00 on, Friday 2 November 2018 at the Company's registered office, Fintech Campus, Lynnwood Road, Cnr Botterklapper and Ilanga Street, The Willows, Pretoria ("the AGM").

I/We (please print full names)

of (address)

Contact numbers

Office:

Home:

Mobile:

Email:

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

1. _____ or failing him,
2. _____ or failing him,
3. the chairman of the Annual General Meeting,

as my/our proxy to act for me/us and on my/our behalf at the AGM 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 ordinary resolutions	Number of votes		
	For	Against	Abstain
Ordinary Resolution number 1 – Approve and adopt the financial statements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution number 2 – Re-elect PJ Matute as a non-executive director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution number 3 – Re-elect W Oberholzer as an independent non-executive director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution number 4 – Confirm appointment of DP van der Merwe as an executive financial director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Proposed ordinary resolutions (continued)	Number of votes		
	For	Against	Abstain
Ordinary Resolution number 5 – Appoint BR Topham as a member and chairman of the Audit and Risk Committee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution number 6 – Appoint W Oberholzer as a member of the Audit and Risk Committee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution number 7 – Appoint KA Rayner as a member of the Audit and Risk Committee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution number 8 – Re-appoint independent external auditors, Nexia SAB&T Chartered Accountants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution number 9 – Place the unissued ordinary shares under the directors' authority	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution number 10 – Approve a general authority to issue all or any of the authorised but unissued shares for cash as the directors in their discretion deem fit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-binding advisory			
Non-binding advisory vote 1 – Confirm the Group's remuneration policy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-binding advisory vote 2 – Confirm the Group's remuneration policy implementation plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special resolutions			
Special Resolution number 1 – Approve non-executive directors' remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution number 2 – Approve a general authority to enter into funding agreements, provide loans and other financial assistance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution number 3 – Approve a general authority to repurchase the Company's ordinary shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution number 4 – Approve a general authority to repurchase the Company's preference shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Signed at _____

Date

Y	Y	Y	Y	M	M	D	D
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Signature: _____

Assisted by me (where applicable): _____

Name: _____

Capacity: _____

Signature: _____

Please read the notes on the reverse side hereof.

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 AGM 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 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.
3. 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 and will vote in favour of all resolutions. 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.
4. 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.
5. If
 - 5.1. 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
 - 5.2. the shareholder gives contrary instructions in relation to any matter; or
 - 5.3. any additional resolution/s which are properly put before the meeting; or
 - 5.4. 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 5.1 to 5.4, then the proxy shall comply with those instructions. Any proxy that the chairman holds and votes in respect of will result in the chairman voting in favour of all resolutions.

6. 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:
 - 6.1. it is accompanied by a certified copy of the authority given by the shareholder to the signatory; or
 - 6.2. the Company has already received a certified copy of that authority.
7. 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.
8. Any alterations made in this form of proxy must be initialed by the authorised signatory/ies.
9. This proxy form is revoked if the shareholder who granted the proxy:
 - 9.1. 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 Wednesday, 31 October 2018 at 9:00;
 - 9.2. appoints a later, inconsistent appointment of proxy for the meeting; or
 - 9.3. attends the meeting in person.
10. 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 notice 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 Wednesday, 31 October 2018 at 09:00.
11. Summary of Rights established by section 58 of the Companies act, as required in terms of sub-section 58(8)(B)(i)
 - 11.1. A shareholder may at any time appoint any individual, including a non-shareholder of the Company, as a proxy to participate in, speak and vote at a shareholders' meeting

- on his or her behalf (section 58(1)(a)), or to give or withhold consent on behalf of the shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (section 58(1)(b)).
- 11.2. A proxy appointment must be in writing, dated and signed by the shareholder and remains valid for one year after the date on which it was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 11.6.3 or expires earlier in terms of paragraph 11.10.4 below (section 58(2)).
- 11.3. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (section 58(3)(a)).
- 11.4. A proxy may delegate his or her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument") (section 58(3)(b)).
- 11.5. A copy of the proxy instrument must be delivered to the Company, or to any other person acting on behalf of the Company, before the proxy exercises any rights of the shareholder at a shareholders' meeting (section 58(3)(c)) and in terms of the MOI of the Company at least 48 hours before the meeting commences.
- 11.6. Irrespective of the form of instrument used to appoint a proxy:
- 11.6.1 the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (section 58(4)(a));
- 11.6.2 the appointment is revocable unless the proxy appointment expressly states otherwise (section 58(4)(b)); and
- 11.6.3 if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company (section 58(4)(c)).
- 11.7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 11.6.3 above (section 58(5)).
- 11.8. If the proxy instrument has been delivered to the Company, as long as that appointment remains in effect, any notice required by the Companies Act or the Company's MOI to be delivered by the Company to the shareholder must be delivered by the Company to the shareholder (section 58(6)(a)), or the proxy or proxies, if the shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so (section 58(6)(b)).
- 11.9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).
- 11.10. If a company issues an invitation to shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of proxy instrument:
- 11.10.1 the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised (section 58(8)(a));
- 11.10.2 the invitation or form of proxy instrument supplied by the Company must:
- 11.10.2.1 bear a reasonably prominent summary of the rights established in section 58 of the Companies Act (section 58(8)(b)(i));
- 11.10.2.2 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder (section 58(8)(b)(ii)); and
- 11.10.2.3 provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting (section 58(8)(b)(iii));
- 11.10.3 the Company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and
- 11.10.4 the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above (section 58(8)(d)).

Annexure 1

General authority to repurchase shares

Introduction

In terms of paragraph 11.26 of the JSE Listings Requirements, the below disclosures are made pursuant to special resolution 3 and 4 regarding the general repurchase of ordinary and preference shares:

1. Major shareholders

Material shareholders are detailed in the Company's 2018 Audited Financial Statements.

2. Material change

Other than the facts and developments reported on in the Integrated Report, there have been no material changes in the financial or trading position of the Company and its subsidiaries between 30 June 2018 (being the last financial period end) and the date of this notice.

3. Share capital of the Company

Refer to page 72 of the Audited Financial Statements for share capital detail.

4. Utilisation of the general repurchase authority

The Board of directors will utilise the authority to acquire such shares when the opportunity exists to add value for both the Company and shareholders.

5. Working capital statement

The general authority will only be utilised once the directors, after considering the effect of a maximum repurchase, are of the opinion that:

- (i) the Company and the Group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the notice of the AGM;
- (ii) the assets of the Company and the Group, fairly valued, will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the notice of the annual general meeting. For this purpose, the assets and liabilities have been recognised and measured in accordance with the accounting policies used in the latest audited consolidated Group financial statements;

- (iii) the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the AGM;
- (iv) the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the AGM; and
- (v) a resolution by the Board of directors has been passed authorising the repurchase, that the Company and its subsidiaries have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Group.

6. Responsibility statement

The directors, whose names appear on page 36 of the Integrated Report, jointly and severally accept full responsibility for the accuracy of the information pertaining to the special resolutions 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 this notice contains all information required by the Companies Act and the JSE Listings Requirements.



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