

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.

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:

- Total assets increased by 84.0% to R2 235.8 million compared to R1 214.8 million;
- Headline earnings per share ("HEPS") increased by more than 100% to 6.991 cents per share compared to 0.014 cents per share.
- Revenue from continuing operations increased by 45.1% to R466.9 million compared to R321.8 million; and
- Operating profits from continuing operations increased by 89.1% to R412.4 million compared to R218.2 million.

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.

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.

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 257.26% 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 continued focus on core businesses;
- the continued investment in the Group's credit operations;
- achieving a reduction in concentration risk;
- increased emphasis on high yield equity opportunities and sector diversification;
- increased focus on technology to facilitate trade;
- obtaining rand-based and foreign currency institutional funding; and
- aggressive cost rationalisation/reduction.

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

FINANCIAL RESULTS

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

It should be noted that there have been no changes to the numbers disclosed in the financial statements, however the disclosures in note 7, 10, 11 and 13 of the financial statements have been updated to provide additional information.

Abridged Consolidated Statement of Financial Position as at 30 June 2018

		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

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

		Audited 15 months ended 30 June 2018 R'000	Audited 15 months ended 31 March 2017 R'000
<i>Continuing operations</i>			
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	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	9.465	8.380

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

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

	Audited 15 months ended 30 June 2018 R'000	Audited 15 months ended 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 INFLOW 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 OUTFLOW 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 INFLOW 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 summary 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 summary 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.

The complete audited financial statements of the Company can be viewed at <https://www.ecsponentlimited.com/2018-financial-results/>.

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".

	Colum A R'000	Colum B R'000
Assets		
<i>Non-current assets</i>		
Loans and advances	667 089	n/a
Other financial assets	-	667 089
<i>Current assets</i>		
Loans and advances	81 562	n/a
Other financial assets	232 980	314 542
Total	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.

	Colum A R'000	Colum B R'000
Liabilities		
<i>Non-Current liabilities</i>		
Trade and other payables	2 538	n/a
Deferred revenue	n/a	2 538
Total non-current liabilities	2 538	2 538
<i>Current liabilities</i>		
Trade and other payables	20 926	20 778
Deferred revenue	n/a	148
Total current liabilities	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.

	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:

<u>Profit and loss – 15 months ended 30 June 2018</u>	Audited 30 June 2018
	R'000
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

<u>Cash flows from discontinued operations – 15 months ended 30 June 2018</u>	Audited 30 June 2018
	R'000
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

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 Ecspontent. 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.

<u>Aggregated business disposals for the period</u>	Audited 30 June 2018
	R'000
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.

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.

Aggregated business disposals for the period	Audited 30 June 2018 R'000
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)

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 SA 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.

Investment in associate consists of:	Audited 30 June 2018 R'000
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
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Name of associate	Place of incorporation	Proportion of ownership interest (%)	
		Jun 2018	Mar 2017
Ecsponent Financial Services (Pty) Ltd	Zambia	25%	100%
Cryo Save SA (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.

5. LOANS AND ADVANCES

	Audited 30 June 2018 R'000	Audited 31 March 2017 R'000
Loans and advances carried at amortised cost		
Business credit	1,281,443	750,788
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	36,788	-
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	1,318,231	750,788
Credit impairments	(79,879)	(2,137)
Impairments for non-performing loans and advances	(22,289)	-
Impairments for performing loans and advances	(57,590)	(2,137)
Net loans and advances after credit impairments	1,238,352	748,651
Non-current assets	803,599	667,089
Current assets	434,753	81,562
Total loan and advances	1,238,352	748,651

6. OTHER FINANCIAL ASSETS

	Audited 30 June 2018 R '000	Audited 31 March 2017 R '000
<i>At fair value through profit and loss – designated</i>		
Listed shares – MyBucks	236 960	232 980
<i>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.</i>		
Listed shares - Go Life International	43 740	-
<i>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.</i>		
Preference shares	100 000	-
<i>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.</i>		
Capitis Equities	146 857	-
<i>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.</i>		
Option agreement	238 904	-
<i>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.</i>		
<i>The option can be exercised directly after the Option Period's expiration date being 31 December 2021, during the 30-day</i>		

Option Exercise Period which follows. The Black-Scholes model was used to value the investment at year end.

	766 461	232 980
Loans and receivables carried at amortised cost		
Listed bond	65 727	-
<i>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.</i>		
	65 727	-
TOTAL OTHER FINANCIAL ASSETS	832 188	232 980
Non-current assets		
At fair value through profit and loss - designated	485 761	-
At amortised cost	51 471	-
	537 232	-
Current assets		
At fair value through profit and loss - designated	280 700	232 980
At amortised cost	14 256	-
	294 956	232 980
TOTAL OTHER FINANCIAL ASSETS	832 188	232 980

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

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

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
<i>Held at amortised cost</i>		
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

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	Audited 31 March 2017
BASIC AND HEADLINE EARNINGS	R'000	R' 000
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 a 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
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:

	Audited 30 June 2018 R'000	Audited 31 March 2017 R'000
<i>Related party balances</i>		
Other Financial Assets		
MHMK Capital Limited – option agreement	238 904	-
Investments in:		
Associate companies	21 500	-
Loan accounts owing (to):		
Espirite AG	-	(5 583)
Espirite NV	-	(614)
<i>Related party transactions</i>		
Associate companies - equity accounted loss	(1 173)	-

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**Audited
30 June****Audited
31 March**

	2018	2017
Listed equities (Level 1)	280 700	232 980
Other financial assets (Level 3)	485 761	-

Financial instrument carried at fair value (level 3)	Audited 30 June 2018	Audited 31 March 2017
Opening balance at the start of the period	-	8 874
Purchases and revaluations	260 059	126
Foreign currency loss recognised in profit and loss	6 108	
Fair value loss recognised in profit and loss	232 796	
Impairment of financial asset	(13 202)	
Disposal of financial instrument	-	(9 000)
Balance at the end of the period	485 761	-

Financial instrument carried at fair value (level 1)	Audited 30 June 2018	Audited 31 March 2017
Opening balance at the start of the period	232 980	-
Purchases	88 234	262 570
Fair value loss recognised in profit and loss	(82 557)	
Revaluation		(29 590)
Foreign exchange	42 043	-
Balance at the end of the period	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.

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.

Period ended 30 June 2018

	Reportable segments							Total
	Investment Services	Equity Holdings	Credit	Corporate	Eliminations	Total Continued	Discontinued operations	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
External revenues	3,294	39,336	421,781	2,573	-	466,984	(8,875)	458,109
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)	466 984	(8,875)	458,109
Depreciation and amortisation	(143)	(1,476)	(21)	(360)	139	(1,861)	139	(1,722)
Fair value adjustments	-	157,805	-	-	(3,854)	153,951	-	153,951
Non-cash transactions - foreign currency gain (loss)	246	(7,341)	29,803	-	15,710	38,418	-	38,418

Segment operating profit / (loss)	288,994	138,955	363,354	724	(379,578)	412,449	(7,040)	405,409
Finance costs	(237,713)	(8,368)	(409,965)	(2,856)	398,317	(260,585)	7,409	(253,176)
Taxation	(45,368)	(28,963)	11,127	583	(7,191)	(69,812)	(242)	(70,054)
Segment profit / (loss) after tax	5,913	101,624	(35,484)	(1,549)	11,548	82,052	127	82,179
Segment assets	375,771	617,150	1,422,870	16,307	(196,294)	2,235,804	-	2,235,804
Segment liabilities	(248,244)	(167,885)	(1,856,513)	(13,923)	244,262	(2,042,303)	-	(2,042,303)
Capital expenditure	1,063	42	112	2,314	-	3,531-	-	3,531

Revenues from major clients:

- Major client 1	-	-	116,061	-	-	-	-	116,061
- Major client 2	-	-	108,892	-	-	-	-	108,892

Geographic segments

	South Africa	Botswana	Swaziland	Namibia	Mauritius	Zambia	Eliminations	Total Continued	Discontinued operations	Total
	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

Period ended 31 March 2017

31-Mar-17	Reportable segments						
	Financial Services	Private Equity	Collections	Corporate	Eliminations	Discontinued operations	Total
	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

31-Mar-17	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
External revenues	271,332	74,745	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	(165,900)	(44,843)	321,795
Segment operating profit / (loss)	168,383	28,277	24,418	18	(4,075)	19,170	(7,005)	229,186
Finance costs	(253,653)	(46,648)	(24,311)	-	(3,656)	169,953	27,964	(130,351)
Depreciation and amortisation	(2,915)	(428)	(259)	-	(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	(12,497)	(4,187)	(23,094)
Segment profit / (loss) after tax	40,913	(7,657)	222	12	(5,015)	39,101	(2,852)	64,724

Segment assets	1,944,539	425,343	152,731	188	12,533	(1,320,517)	(124,313)	1,090,504
Segment liabilities	(1,858,273)	(427,578)	(153,800)	(294)	(15,120)	1,335,804	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

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 R7.3million.

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.

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
<p>R400m investment in Capitis</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>

<p>352 612 MyBucks shares acquisition</p> <p>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.</p> <p>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%.</p> <p>At 30 June 2018, the transaction remained conditional, subject to South African Reserve Bank ("SARB") approval.</p>	<p>The Group's bankers have submitted an approval motivation to the SARB and are awaiting a formal response.</p> <p>The final condition will be satisfied on confirmation of SARB's approval.</p>
<p>1 145 998 MyBucks share acquisition</p> <p>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.</p> <p>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%.</p> <p>At 30 June 2018, the transaction remained conditional, subject to Ecsponent shareholders' and the SARB approval.</p>	<p>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.</p> <p>The Group's bankers have submitted an approval motivation to the SARB and are awaiting a formal response.</p> <p>The final condition will be satisfied on confirmation of SARB's approval.</p>
<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</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>

indirect interests in some of the parties contracting with Ecsponent.	
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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.	
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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.

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.

24. AVAILABILITY OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ANNUAL COMPLIANCE REPORT

Shareholders are hereby notified that, in accordance with the JSE Listings Requirements, the Company's annual compliance report in terms of section 13G(2) of the Broad-Based Black Economic Empowerment Act 53 of 2003 (read with the Broad-Based Black Economic Empowerment Amendment Act 46 of 2013), is available on the Company's website: <https://www.ecsponentlimited.com/governance/>.

For and on behalf of the Board

TP Gregory

Pretoria

4 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, on Lynnwood, 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