

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 5 of this Circular apply, *mutatis mutandis*, throughout this Circular, including this cover page.

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

The General Meeting convened in terms of this Circular will be held at 10:30 on Monday, 28 November 2016 at the registered office of Ecsponent, Acacia House, Green Hill Village Office Park, Cnr of Nentabos and Botterklapper Street, The Willows, Pretoria East, 0181.

Action required

- This Circular is important and should be read in its entirety, with particular attention to the section entitled "Action required by Ecsponent Shareholders" which commences on page 3.
- If you are in any doubt as to what action you should take, please consult your Broker, banker, attorney, CSDP or other professional advisor immediately.
- If you have disposed of all your Ecsponent Shares, this Circular should be handed to the purchaser of such Ecsponent Shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.



Ecsponent Limited

(Incorporated in the Republic of South Africa)

Registration number 1998/013215/06

Share code: ECS ISIN: ZAE000179594

("the Company" or "Ecsponent")

CIRCULAR TO ECSPONENT SHAREHOLDERS

regarding:

- **the Waiver of the requirement for the Underwriter to make a Mandatory Offer in terms of Regulation 86(4) of the Companies Regulations;**
- **approval to issue the Rights Offer Shares in pursuance of the proposed Rights Offer, which have voting rights in excess of 30% of the total voting rights as at the date of this Circular, as required by section 41(3) of the Companies Act;**

and incorporating:

- **a notice convening a General Meeting of Shareholders; and**
- **a form of proxy (*blue*) to vote at the General Meeting (for use by Certificated and "own-name" Dematerialised Shareholders only).**

Corporate adviser and sponsor



Date of issue: 31 October 2016

Copies of this Circular, in English only, may be obtained at the Company's registered office or at the offices of the Corporate Advisor and Sponsor, during normal business hours from 08:00 to 16:00 or Ecsponent's website (www.ecsponentlimited.com) from Monday, 31 October 2016 until Monday, 28 November 2016. The addresses of the Company and the Corporate Advisor and Sponsor are set out in the "Corporate information and advisers" section.

IMPORTANT NOTICE: FORWARD-LOOKING STATEMENTS

This Circular contains statements about Ecsponent that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation those concerning: the economic outlook for the industry; Ecsponent's strategy, growth prospects and operational outlook; Ecsponent's liquidity and capital resources; and Ecsponent's cash costs and expenditure.

These forward-looking statements are not based on historical facts, but rather reflect Ecsponent's current expectations concerning future results and events, and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases. Similarly, statements that describe Ecsponent's objectives, plans or goals are or may be forward-looking statements. Ecsponent's actual future performance could differ materially from these forward-looking statements and you are cautioned not to place undue reliance on them.

By their very nature, these forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Ecsponent's actual results, performance or achievements expressed or implied by these forward-looking statements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although Ecsponent believes that the expectations reflected in these forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct.

Shareholders should carefully review all information contained in this Circular. The forward-looking statements included in this Circular are made only as at the Last Practicable Date. Ecsponent expressly disclaims any obligation or undertaking to disseminate and/or publicly release any update or revisions to any forward-looking statements contained herein to reflect any changes in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

All written and oral forward-looking statements attributable to Ecsponent or any director, employee, adviser or agent of Ecsponent or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above.

CORPORATE INFORMATION AND ADVISERS

Directors of Ecsponent

Executive

TP Gregory (Chief Executive Officer)
B Shanahan (Group Financial Director)

Independent non-executive

RJ Connellan (Chairman)
KA Rayner
B Topham

Non-executive

P Matute
E Engelbrecht

Company secretary and registered office

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

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor, 70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Date of incorporation of Ecsponent

9 July 1998

Place of incorporation of Ecsponent

Johannesburg, South Africa

Registered office of Ecsponent

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

Sponsor and Corporate Advisor

Questco Proprietary Limited
(Registration number 2002/005616/07)
First Floor, Yellowwood House
Ballywoods Office Park
33 Ballyclare Drive, Bryanston
Johannesburg, 2191
(PO Box 98956, Sloane Park, 2152)

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Form of proxy – General Meeting (<i>blue</i>)	Attached

ACTION REQUIRED BY ECSPONENT SHAREHOLDERS

Please take careful note of the following provisions regarding the action to be taken by Ecsponent Shareholders

- If you are in any doubt as to what action you should take arising from this Circular, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.
- If you have disposed of all of your Ecsponent Shares, please forward this Circular to the purchaser of such Ecsponent Shares or the CSDP, Broker, banker or other agent through whom the disposal was affected.
- The General Meeting convened in terms of the notice to Ecsponent Shareholders incorporated in this Circular will be held at Acacia House, Green Hill Village Office Park, Cnr of Nentabos and Botterklapper Street, The Willows, Pretoria East, 0181 at 10:30 on Monday, 28 November 2016, for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions set out in the attached notice of General Meeting.

If you have dematerialised your Ecsponent Shares and have elected

1. *Own-name registration*

- 1.1 You are entitled to attend in person, or be represented by proxy, at the General Meeting.
- 1.2 If you are unable to attend the General Meeting but wish to be represented thereat, you must complete and return the attached form of proxy (*blue*) in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 10:30 on Thursday, 24 November 2016.

2. *Registration other than own-name registration*

- 2.1 If you wish to attend or be represented at the General Meeting, you must advise your CSDP or Broker timeously that you wish to attend or be represented at the General Meeting, in the manner stipulated in the custody agreement governing the relationship between you and your CSDP or Broker. These instructions must be provided to your CSDP or Broker by the cut-off date and time advised by your CSDP or Broker for instructions of this nature. Your CSDP or Broker will be required to issue the necessary letter of representation to you to enable you to attend or to be represented at the General Meeting.
- 2.2 If you do not wish to attend or be represented at the General Meeting but wish to vote, and your CSDP or Broker has not contacted you, you are advised to contact your CSDP or Broker and provide them with your voting instructions, in the manner stipulated in the custody agreement governing the relationship between you and your CSDP or Broker. These instructions must be provided to your CSDP or Broker by the cut-off date and time advised by your CSDP or Broker for instructions of this nature. If your CSDP or Broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.
- 2.3 You must **not** complete the attached form of proxy (*blue*).

If you hold Certificated Shares

3. *Certificated Shareholders*

- 3.1 You are entitled to attend in person, or be represented by proxy, at the General Meeting.
- 3.2 If you are unable to attend the General Meeting but wish to be represented thereat, you must complete and return the attached form of proxy (*blue*), in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 10:30 on Thursday, 24 November 2016.

General

4. *Dematerialisation*

If you wish to dematerialise your Ecsponent Shares, please contact your Broker.

IMPORTANT DATES AND TIMES

2016

Record date to determine which Shareholders are eligible to receive the Circular	Friday, 21 October
Circular and notice of General Meeting posted to Shareholders and announced on SENS on	Monday, 31 October
Last day for Shareholders to make representations relating to the Waiver to the TRP	Monday, 14 November
Last day to trade in Ecsponent Shares in order to be entitled to attend, participate in and vote at the General Meeting	Tuesday, 15 November
Record date to be eligible to attend and vote at the General Meeting	Friday, 18 November
Last day for lodging forms of proxy for the General Meeting by 10:30 on	Thursday, 24 November
General Meeting held at 10:30 on	Monday, 28 November
Announcement of results of General Meeting released on SENS on	Monday, 28 November
Expected finalisation date in respect of the Rights Offer (Note 1)	Monday, 28 November

Notes:

1. The above dates and times are subject to change. Any changes will be announced on SENS and published in the South African press. All times referred to in this Circular are local times in South Africa.
2. Dematerialised Shareholders, other than those with "own-name" registration, must inform your Broker or CSDP of your intention to attend the General Meeting in order for such Broker or CSDP to be able to issue you with the necessary letter of representation to enable you to attend the General Meeting. Alternatively, should you wish to vote but not attend the General Meeting, you should provide your Broker or CSDP with your voting instructions. This must be effected in terms of the custody agreement entered into between the Dematerialised Shareholder and your Broker or CSDP.

DEFINITIONS AND INTERPRETATIONS

In this Circular (inclusive of the pages preceding these definitions) and the appendices hereto, unless otherwise stated or clearly indicated by the context, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and *vice versa*, words incorporating one gender include the other gender and expressions denoting natural persons include juristic persons and associations of persons:

“Broker”	any person registered as a broking member (equities) in terms of the rules of the JSE made in accordance with the provisions of the Financial Markets Act;
“Business Day”	any day other than a Saturday, Sunday or public holiday in South Africa;
“Certificated Shares”	Ecsponent Shares represented by a share certificate or other physical document of title, which have not been surrendered for dematerialisation in terms of the requirements of Strate;
“Certificated Shareholders”	registered holders of the Certificated Shares;
“CIPC”	Companies and Intellectual Property Commission;
“Circular”	this bound document, dated 31 October 2016, the Notice of General Meeting and the Form of Proxy;
“Companies Act” or “Act”	the Companies Act, No 71 of 2008, as amended;
“Companies Regulations”	the Companies Regulations, 2011, published in terms of the Companies Act, as amended;
“Conditions Precedent”	conditions precedent to the launch of the Rights Offer, being: (i) the approvals of the Proposed Resolutions by the requisite majorities of Shareholders in general meeting; and (ii) the granting by the TRP of an exemption from the requirement to make a mandatory offer;
“Corporate adviser and sponsor”	Questco Proprietary Limited (registration number 2002/005616/07), a private company duly registered and incorporated in accordance with the laws of South Africa;
“CSDP”	the central securities depository participant, registered in terms of the Financial Markets Act and appointed by the respective Dematerialised Shareholders to record the ownership of their Dematerialised Shares in its sub-register;
“Dematerialise” or “Dematerialisation”	the process by which Certificated Shares are converted into electronic form as Dematerialised Shares and are recorded in the Uncertificated Securities Register forming part of Ecsponent’s Securities Register;
“Dematerialised Shares”	Ecsponent Shares that have been dematerialised and are recorded in the Uncertificated Securities Register forming part of Ecsponent’s Securities Register;
“Dematerialised Shareholders”	all registered holders of Dematerialised Shares;
“Directors”	the directors of Ecsponent at the Last Practicable Date, details of whom are set out in the “Corporate information and advisors” section to this Circular;
“Ecsponent” or “the Company”	Ecsponent Limited (registration number 1998/013215/06), a public company duly registered and incorporated under the laws of South Africa and listed on the Main Board of the JSE;
“Ecsponent Board”	collectively, the Directors of Ecsponent;

“Ecsponent Shares” or “Shares”	ordinary shares of no par value in the authorised and issued share capital of Ecsponent;
“Ecsponent Shareholders” or “Shareholders”	collectively, Dematerialised Shareholders and Certificated Shareholders;
“Financial Markets Act”	the Financial Markets Act, No. 19 of 2012, as amended or replaced from time to time;
“General Meeting”	the general meeting of Shareholders to be held at 10:30 on Monday, 28 November 2016 at the registered office of Ecsponent, which meeting is convened in terms of the notice of General Meeting attached to this Circular;
“the Group”	Ecsponent and its subsidiary companies;
“Independent Board”	the directors of Ecsponent other than P Matute and E Engelbrecht;
“JSE”	JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated with limited liability under the laws of South Africa, listed on the JSE and licensed as an exchange under the Financial Markets Act;
“Last Practicable Date”	the last practicable date prior to finalisation of this Circular, being 21 October 2016;
“Listings Requirements”	the JSE Listings Requirements in force as at the Last Practicable Date;
“Mandatory Offer”	a mandatory offer in terms of section 123 of the Companies Act;
“MOI”	the memorandum of incorporation of Ecsponent;
“Ordinary Resolution”	the ordinary resolution, to be proposed at the General Meeting, waiving the requirement for the Underwriter to make a mandatory offer in terms of Regulation 86(4) of the Companies Regulations;
“Notice of General Meeting”	the notice of General Meeting attached to and forming part of this Circular;
“Proposed Resolutions”	collectively, the Ordinary Resolution, the Special Resolution and the general enabling resolution;
“Rand” or “R”	South African Rand, the lawful currency of South Africa;
“Rights Offer”	the renounceable rights offer which the Company proposes to launch, subject to the fulfilment of the Conditions Precedent, in terms of which Shareholders will be entitled to subscribe for the Rights Offer Shares at the Rights Offer Price, enabling the Company to raise a maximum of R50 million;
“Rights Offer Price”	the issue price of the Rights Offer Shares of 15 cents per Share;
“Rights Offer Record Date”	the date on which Ecsponent Shareholders must be registered as such, at 17:00, in order to participate in the Rights Offer, which date will be determined immediately after the fulfilment of the Conditions Precedent and published on SENS and in the press;
“Rights Offer Shares”	a maximum 333 333 292 new Ecsponent Shares to be issued in terms of the Rights Offer;
“Securities Register”	the securities register of Ecsponent Shareholders maintained by Ecsponent in terms of the Companies Act including the register of Certificated Ecsponent Shareholders and the sub-registers of Dematerialised Ecsponent Shareholders maintained by the relevant CSDPs in accordance with the Companies Act;
“SENS”	the Stock Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;

“Special Resolution”	the special resolution to issue Shares in the authorised and unissued share capital of the Company with voting rights that exceed 30% of the voting rights currently in issue, in terms of section 41(3) of the Companies Act;
“Strate”	Strate Proprietary Limited (registration number 1998/022242/07), a limited liability private company duly incorporated in accordance with the laws of South Africa, which is a registered central securities depository and which is responsible for the electronic settlement system used by the JSE;
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company registered and incorporated in accordance with the laws of South Africa, full details of which are set out in the “Corporate information and advisers” section of this Circular;
“TRP”	the Takeover Regulation Panel established by section 196 of the Companies Act;
“Uncertificated Securities Register”	the sub-register of Ecsponent Dematerialised Shareholders forming part of the Ecsponent Securities Register and maintained by the relevant CSDPs in accordance with the Companies Act;
“Underwriter”	Mason Alexander Proprietary Limited (registration number 2015/351662/07), a private company registered and incorporated in accordance with the laws of South Africa, being a wholly-owned subsidiary of Mylesland Investment Holdings Limited, a company beneficially owned by George Manyere;
“Underwriting Agreement”	the agreement entered into between Ecsponent and the Underwriter, dated 21 October 2016, in terms of which the Underwriter has agreed, subject to certain limitations, to subscribe for 133 333 333 Rights Offer Shares (with a total subscription of R20 million) in the event that such number of shares are not taken up by Qualifying Shareholders and/or their renounees in terms of the Rights Offer; and
“Waiver”	the waiver by Ecsponent Shareholders of a Mandatory Offer made by the Underwriter in terms of Regulation 86(4) of the Companies Regulations, as detailed in paragraph 2 of this Circular.



Ecsponent Limited

(Incorporated in the Republic of South Africa)

Registration number 1998/013215/06

Share code: ECS ISIN: ZAE000179594

("the Company" or "Ecsponent")

Directors

TP Gregory (Chief Executive Officer)
B Shanahan (Group Financial Director)
RJ Connellan (Chairman)*
KA Rayner*
BR Topham*
E Engelbrecht#
P Matute#

* *Independent non-executive*

Non-executive

CIRCULAR TO ECSPONENT SHAREHOLDERS

1. BACKGROUND AND INTRODUCTION

Shareholders are referred to the announcement released on SENS on 10 October 2016, in which shareholders were advised that the Company intends to undertake the Rights Offer in order to:

- provide additional working capital for the Group's operations, and
- provide additional capital for deployment in respect of potential private equity acquisitions.

Ecsponent functions as a holding company which develops interests in operational subsidiaries and private equity investments. Ecsponent focuses on the following operational segments:

- Financial Services in Africa;
- Financial Services in South Africa; and
- Private Equity.

Ecsponent ensures the strategic alignment of its investment targets by applying a highly focused approach to acquisitions. Core to the approach is that the target businesses should provide high barriers to entry and high gross profits resulting in above average levels of sustainable returns.

The Rights Offer will provide management with additional capital which will be deployed in accelerating the growth of the Group and its underlying profitability.

The Rights Offer will be underwritten by the Underwriter in terms of the Underwriting Agreement concluded.

It is anticipated that the Rights Offer shares will result in Shares being issued that exceed 30% of the voting rights of Shares in issue at the time of the Rights Offer. Accordingly, in terms of section 41(3) of the Companies Act, Shareholders are required to approve the issue of the Shares through a special resolution, requiring the approval of at least 75% of Shareholders present in person or by proxy.

2. WAIVER OF THE MANDATORY OFFER

The Underwriter currently owns, or controls, the voting rights in relation to 34.9% of the Shares.

The Underwriter has agreed to underwrite a maximum of 133 333 333 Rights Offer Shares, to the extent that Shareholders do not follow their Rights. Other than pursuant to its underwriting, the Underwriter does not intend to follow its rights in terms of the Rights Offer.

Depending on the outcome of the Rights Offer, there is a possibility that the shareholding of the Underwriter may equal or exceed 35%. Accordingly, independent Ecsponent Shareholders, being the Ecsponent Shareholders other than the Underwriter, will be asked to waive the requirement that a Mandatory Offer be made by the Underwriter in terms of Regulation 86(4) of the Companies Regulations as a condition of the Underwriting Agreement.

The TRP has indicated that it is willing to consider the application to grant an exemption from the obligation to make the Mandatory Offer by the Underwriter at a Mandatory Offer price of 15 cents per Share if the majority of independent Ecsponent Shareholders waive their entitlement to receive the Mandatory Offer as aforesaid.

Any Ecsponent Shareholder who wishes to make representations to the TRP relating to the exemption shall have 10 Business Days from the date of posting this Circular to make such representations to the TRP before the TRP ruling is considered. Representations should be made in writing and delivered by hand, posted or faxed to:

If delivered by hand or courier:

The Executive Director
Takeover Regulation Panel
1st Floor Block 2
Freestone Park
135 Patricia Road
Atholl

If posted:

The Executive Director
Takeover Regulation Panel
1st Floor Block 2
Freestone Park
135 Patricia Road
Atholl
2196

If faxed:

The Executive Director
Takeover Regulation Panel
+27 11 642 9284

In order to be considered, the representations should reach the TRP by no later than the close of business on 14 November 2016. If any representations are made to the TRP within the permitted timeframe, the TRP will consider the merits thereof before making a ruling.

3. **PURPOSE OF THIS CIRCULAR**

The purpose of the Circular is to:

- provide Shareholders with information regarding the Rights Offer;
- provide Shareholders with information regarding the Proposed Resolutions;
- provide Shareholders with information in respect of the Mandatory Offer and Waiver; and
- convene a General Meeting to consider and, if deemed fit, approve with or without modification, the Proposed Resolutions.

4. **THE RIGHTS OFFER**

4.1 **Terms of the Rights Offer**

The Rights Offer will be launched on fulfilment of the Conditions Precedent, following which Shareholders registered as such on the Rights Offer Record Date will be entitled to subscribe for 35.80346 Rights Offer Shares for every 100 Shares held, at the Rights Offer Price, being a price of 15 cents per Rights Offer share

To the extent that the Rights Offer is fully subscribed, a maximum of 333 333 292 Rights Offer Shares will be issued, and a maximum of R50 million will be raised by the Company

Full details of the Rights Offer will be set out in a separate circular to Shareholders and Shareholders will be notified of the posting of the said Rights Offer circular on SENS.

4.2 **The Underwriting Agreement**

The Company has entered into the Underwriting Agreement with the Underwriter, in terms of which the Underwriter shall underwrite a maximum of 133 333 333 Rights Offer Shares.

The Underwriting Agreement is subject to the following suspensive conditions:

- (a) the applying for the listing of the Rights Offer shares and letters of allocation be approved by the JSE in terms of the timetable set out in the Listings Requirements;
- (b) approval of the Proposed Resolutions; and
- (c) the JSE, and TRP approving the documentation required for the Rights Offer.

In terms of the Underwriting Agreements, no underwriting fee will be payable by the Company to the Underwriter.

The Independent Board has made due and careful enquiry to confirm that the Underwriter is able to meet its commitment in terms of the Underwriting Agreement.

The Underwriting Agreement is available for inspection as set out in paragraph 12 below.

4.3 **Conditions precedent to the implementation of the Rights Offer**

The launch of the Rights Offer is conditional upon:

- the receipt of the requisite approvals of Shareholders of the Proposed Resolutions; and
- the granting by the TRP of an exemption from the requirement to make a Mandatory Offer.

In terms of section 125(3)(b)(ii) of the Companies Act, the Ordinary Resolution must be approved by more than 50% of the independent holders of the Shares. Accordingly, the Underwriter may not vote on the Ordinary Resolution.

4.4 **Further announcements and Rights Offer circular**

The outcome of the General Meeting will be published on SENS on Monday, 28 November 2016 together with additional information regarding the Rights Offer, including expected salient dates and times. Should the conditions set out in paragraph 5.3 above be fulfilled, a further circular containing information regarding the implementation of the Rights Offer will be posted to shareholders in accordance with the Listings Requirements.

5. **AUTHORITIES SOUGHT**

5.1 **The Waiver**

As set out in paragraph 1 above, the Underwriter has agreed to subscribe for a maximum of 133 333 333 Rights Offer Shares, subject to the approval of the Waiver by the requisite majority of Shareholders in General Meeting and subject to the granting by the TRP of an exemption from the obligation to make a Mandatory Offer in the event that the issue of the Rights Offer Shares results in the aggregate shareholding of the Underwriter equal to or exceeding 35%. Accordingly, the Notice of General Meeting contains Ordinary Resolution Number 1, which must be passed by more than 50% of independent shareholders present at the General Meeting and entitled to vote thereon, before application will be made to the TRP for such exemption.

The Underwriter may not vote on Ordinary Resolution Number 1.

Section 86(7) of the Companies Regulations provides that a waiver of a mandatory offer requires a fair and reasonable opinion to be included in the circular in all instances *other than a rights offer at a discount to the prevailing market price at the date of announcement*. The prevailing Ecsponent share price was 17 cents per share at the time of the announcement of the Rights Offer, being 10 October 2016. The Rights Offer Price, being 15 cents per share, is therefore priced at a discount to the prevailing share price on the date of the announcement and accordingly, no fair and reasonable opinion is required.

5.2 **Authority to issue more than 30% of the Shares currently in issue**

In terms of section 41(3) of the Act, an issue of shares requires approval of the shareholders by special resolution if the voting power of the class of shares that are issued or issuable as a result of the transaction will be equal to or exceed 30% of the voting power of all the shares of that class held by shareholders immediately before the transaction. The Rights Offer Shares represent approximately 36% of the Ecsponent Shares currently in issue. Accordingly, the Notice of General Meeting contains Special Resolution Number 1, which, if passed by the requisite majority, will authorise the Board to issue the Rights Offer Shares.

6. SHARE CAPITAL

Ecsponent's authorised and issued share capital as at the Last Practicable Date are set out in the table below.

	R'000
Authorised	
Authorised Ordinary Shares	
1 000 000 000 Ordinary Shares of no par value	No par value
Authorised Preference Shares	
1 000 000 000 Class A Preference Shares	No par value
1 000 000 000 Class B Preference Shares	No par value
1 000 000 000 Class C Preference Shares	No par value
1 000 000 000 Class D Preference Shares	No par value
1 000 000 000 Class E Preference Shares	No par value
1 000 000 000 Class F Preference Shares	No par value
1 000 000 000 Class G Preference Shares	No par value
Issued	
931 008 600 Ordinary Shares of no par value	123 966
386 752 Class A Preference Shares	36 338
1 157 155 Class B Preference Shares	115 716
3 660 818 Class C Preference Shares	366 082

7. DEALINGS BY THE UNDERWRITER AND DIRECTORS AND/OR TRUSTEES OF THE UNDERWRITER

During the six-month period preceding the date of this Circular, there have been no dealings in Ecsponent Shares by the Underwriter (or directors and/or trustees of the Underwriter (as applicable)), save as set out below:

Date	Nature of trade	Price per Share	Volume traded and percentage	Total value
29 September 2016	Off-market acquisition	15 cents	324 728 910 (34.90%)	R48 709 337

8. DIRECTORS' AND INDEPENDENT BOARD RESPONSIBILITY STATEMENT

The Directors and the Independent Board, whose names are set out in the "Corporate information and advisers" section of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which, would make any statement false or misleading and that they have made all reasonable enquiries to ascertain such facts have been made and that this Circular contains all the information required by law and the Listings Requirements.

9. OPINIONS AND RECOMMENDATIONS

The Independent Board has considered the terms and conditions of the Waiver and is of the opinion that the terms and conditions thereof are fair to Ecsponent Shareholders.

The Independent Board accordingly recommends that Ecsponent Shareholders vote in favour of all the resolutions as tabled in the notice of General Meeting and advise that, in respect of their own shareholdings in Ecsponent, they intend to vote in favour of all the resolutions contained in such notice.

The Ecsponent Board has, in making its recommendations to the Ecsponent Shareholders, complied with all relevant provisions of the Companies Act.

10. NOTICE OF GENERAL MEETING

A General Meeting of Ecsponent Shareholders will be held on Monday, 28 November 2016, at 10:30, to consider, and, if deemed fit, pass, with or without modification, the resolutions contained in the Notice of General Meeting.

A notice convening the General Meeting and a form of proxy (*blue*), for use by Shareholders holding Certificated Shares and Dematerialised Shares with “own-name” registration, are attached to and form part of this Circular. Duly completed forms of proxy (*blue*) must be received by the Transfer Secretaries by no later than 10:30 on Thursday, 24 November 2016.

11. CONSENTS

The Corporate Adviser and Sponsor and Transfer Secretaries have all consented, in writing, to act in the capacities stated and to their names being used in this Circular and have not withdrawn their consents prior to the publication of this Circular.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by the Shareholders at the registered offices of Ecsponent during business hours from 08:00 until 17:00 from Monday, 31 October 2016 until Monday, 28 November 2016, at the address set out in the “Corporate information and advisers” section of this Circular:

- the MOI of Ecsponent and its subsidiaries;
- the audited annual financial statements of Ecsponent for the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 and the reviewed condensed interim financial statements for the six months ended 30 June 2016;
- a copy of the Underwriting Agreement;
- the letter of approval from the TRP;
- a copy of the SENS announcement released on 10 October 2016 wherein the Rights Offer and Rights Offer price was first announced;
- the letters of consent referred to in paragraph 11 above; and
- a signed copy of this Circular.

By order of the Board

TP Gregory

Chief Executive Officer

Pretoria

31 October 2016

HISTORIC FINANCIAL INFORMATION FOR THE GROUP

Condensed consolidated statement of financial position for the period ended 30 June 2016 and for the years ended 31 December 2013 to 31 December 2015

	Reviewed 30 June 2016 Group R'000	Audited 31 Dec 2015 Group R'000	Audited 31 Dec 2014 Group R'000	Audited 31 Dec 2013 Group R'000
ASSETS				
Non-current assets				
Property, plant and equipment	10 567	8 475	6 134	4 716
Intangible assets and goodwill	20 131	8 557	1 132	706
Investment in associates	–	–		
Other financial assets	70 980	98 066	54 406	13 666
Deferred tax	18 150	12 191	12 737	11 138
Other non-current receivables	4 314	3 127	2 042	–
Total current assets				
Assets of disposal groups	–	–	–	4 047
Inventories	2 045	1 819	2 099	1 721
Other financial assets	509 455	278 450	51 894	15 234
Trade and other receivables	100 401	40 379	12 752	8 585
Current tax payable	88	–		
Cash and cash equivalents	40 936	15 115	6 987	885
TOTAL ASSETS	777 067	466 179	150 183	60 698
EQUITY AND LIABILITIES				
Equity	47 322	78 191	56 667	23 773
Non-controlling interest	(26 569)	(4 653)	(3 795)	(1 240)
Non-current liabilities				
Other financial liabilities	517 441	324 840	49 029	18 798
Deferred revenue	11 396	9 552	4 350	
Deferred tax	4 232	5 939	1 169	768
Current liabilities				
Other financial liabilities	173 559	17 259	10 984	5 035
Deferred revenue	3 513	4 144	4 744	1 305
Current tax payable	15 358	3 142	54	–
Trade and other payables	30 790	22 391	13 045	12 092
Provisions	–	–	–	167
Bank overdraft	25	5 374	13 936	–
TOTAL EQUITY AND LIABILITIES	777 067	466 179	150 183	60 698

Condensed consolidated statement of profit and loss and other comprehensive income for the interim period ending 30 June 2016 and for the years ended 31 December 2013 to 31 December 2015

	Reviewed six months ended 30 June 2016 Group R'000	Audited 12 months ended 31 Dec 2015 Group R'000	Audited 12 months ended 31 Dec 2014 Group R'000	Audited 12 months ended 31 Dec 2013 Group R'000
Revenue	116 704	159 712	57 396	37 317
Cost of sales	(20 926)	(27 123)	(9 046)	(8 215)
Gross profit	95 778	132 589	48 350	29 102
Other income	18 543	21 953	478	75
Operating expenses	(55 915)	(107 161)	(37 729)	(21 206)
Operating profit	58 406	47 381	11 099	7 971
Fair value adjustments	–	5 639	598	–
Net finance costs	(29 867)	(27 195)	(5 214)	(1 818)
Income from equity accounted investment	–	1 742		
Bargain purchase			166	–
Profit before taxation	28 539	27 567	6 650	6 153
Taxation	(11 080)	(7 633)	(2 601)	(1 725)
Profit from continuing operations	17 459	19 934	4 049	4 428
Profit from discontinued operations	–	–	1 182	(3 395)
Profit for the period	17 459	19 934	5 231	1 033
Other comprehensive income/(loss)	113	(301)	(70)	–
Total comprehensive income	17 572	19 633	5 161	1 033
Loss attributable to non-controlling interest	2 631	3 298	1 575	1 092
Total comprehensive income attributable to ordinary shareholders	20 203	22 931	6 736	2 125
Profit attributable to owners of the parent from:				
Continuing operations	20 090	23 359	5 609	5 520
Discontinued operations	–	–	1 182	(3 395)
	20 090	23 359	6 791	2 125
Total comprehensive income/(loss) attributable to:				
Owners of the parent	20 203	22 931	6 736	2 125
Non-controlling interest	(2 631)	(3 298)	(1 575)	(1 092)
	17 572	19 633	5 161	1 033
Basic and fully diluted earnings per share (cents) from continuing operations attributable to equity holders of the parent	2.226	2.591	0.983	1.243
Basic and fully diluted earnings/(loss) per share (cents) from discontinued operations attributable to equity holders of the parent	–	–	0.207	(0.764)
Basic and fully diluted earnings per share (cents) attributable to equity holders of the parent	2.226	2.591	1.190	0.479

Condensed statement of changes in equity for the six months ended 30 June 2016 and for the years ending 31 December 2013 to 31 December 2015

	Share capital R'000	Share distributable reserve R'000	Non- distributable reserve R'000	Foreign currency translation reserve R'000	Common control reserve R'000	Accumulated profit/(loss) R'000	Non- controlling interest R'000	Total equity R'000
Balance at 1 Jan 2013	55 226	3 912	–	–	–	(37 421)	(193)	21 524
Total comprehensive profit for the year	–	–	–	–	–	2 125	(1 092)	1 033
Purchase of non-controlling interest	–	(70)	–	–	–	–	45	(25)
Balance at 1 Jan 2014	55 226	3 842	–	–	–	(35 296)	(1 240)	22 532
Total comprehensive profit for the year	–	–	(55)	–	–	6 791	(1 575)	5 161
Issue of shares	62 845	–	–	–	–	–	–	62 845
Business combinations	–	–	–	–	(36 687)	–	(980)	(37 667)
Balance at 1 Jan 2015	118 071	3 842	(55)	(55)	(36 687)	(28 505)	(3 795)	52 871
Total comprehensive profit for the year	–	–	(428)	–	–	23 359	(3 298)	19 633
Purchase of non-controlling interest	–	(3 842)	–	–	–	2 435	2 440	1 033
Balance at 1 Jan 2016	118 071	–	(483)	(483)	(36 687)	(2 711)	(4 653)	73 537
Issue of shares	5 869	–	–	–	–	–	–	5 869
Business combinations	–	–	–	–	(56 824)	–	(19 400)	(76 224)
Total comprehensive profit for the six months	–	–	–	62	–	20 090	(2 580)	17 572
Profit for the six months	–	–	–	–	–	20 090	(2 631)	17 459
Other comprehensive income	–	–	–	62	–	–	51	113
Purchase of non-controlling interest	–	–	–	–	–	(65)	65	–
Balance at 30 June 2016	123 940	–	(421)	(421)	(93 511)	17 314	(26 568)	20 754

Condensed consolidated cash flow statement for the six months ended 30 June 2016 and for the years ending 31 December 2013 to 31 December 2014

	Reviewed six months ended 30 June 2016 Group R'000	Audited 12 months ended 31 Dec 2015 Group R'000	Audited 12 months ended 31 Dec 2014 Group R'000	Audited 12 months ended 31 Dec 2013 Group R'000
Net cash inflow from operating activities	20 271	1 002	2 745	2 405
Net cash outflow from investing activities	(211 075)	(251 845)	(63 538)	(1 707)
Net cash inflow from financing activities	222 386	268 244	52 958	(49)
Movement in cash and cash equivalents for the period	31 582	17 401	(7 835)	649
Cash and cash equivalents at the beginning of the period	9 741	(6 950)	885	236
Effect of exchange rate movement on cash balances	(413)	(710)	–	–
Cash and cash equivalents at the end of the period	40 910	9 741	(6 950)	885

ACCOUNTING POLICIES, BASIS OF PREPARATION OF RESULTS AND REVIEW OPINION

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), (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 principal accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the comparative consolidated annual financial statements.

EARNINGS AND FULLY DILUTED EARNINGS PER SHARE

	Reviewed 30 June 2016 R'000	Audited 31 December 2015 R' 000	Audited 31 December 2014 R' 000	Audited 31 December 2013 R' 000
Basic and headline earnings				
Basic earnings	20 090	23 359	6 791	2 125
Headline earnings	8 900	22 453	5 334	2 335
Basic and fully diluted earnings per share (cents) attributable to equity holders of the parent	2.226	2.591	1.19	0.48
Headline and fully diluted headline earnings per share (cents) attributable to equity holders of the parent	0.986	2.490	0.94	0.53
Number of shares in issue	930 531 435	901 588 049	901 588 049	444 131 678
Weighted average number of shares	902 676 200	901 588 049	570 498 813	444 131 678
Reconciliation between basic earnings and headline earnings				
IAS 33 Basic earnings	20 090	23 359	6 791	2 125
IAS 16 (Profit)/Loss on disposal of property, plant and equipment	(25)	10	(3)	147
IAS 16 Impairment of property, plant and equipment	–	–	7	63
IAS 38 Impairment of intangible assets	–	494	–	–
IFRS 10 Gain on disposal of subsidiary	(11 165)	(1 410)	–	–
IFRS 3 Gain on bargain purchase	–	–	(135)	–
IFRS 5 Gain on disposal of discontinued operations	–	–	(1 326)	–
Headline earnings	8 900	22 453	5 334	2 335

ACQUISITIONS AND DISPOSALS

The Board actively investigates acquisition opportunities aimed at improving earnings and cash generation for the Group. The below summarises acquisitions and disposals in the last reporting period.

Return on Innovation Proprietary Limited (“ROi”)

ROi provides strategic management inputs across all media platforms from the rumblings on social media, through the wide variety of print media to radio and TV – all managed through one intelligence platform. The business provides a strategic high ground for its corporate clients. For Ecsponent, this acquisition is in line with its growth strategy in that ROi is an opportunity that is high tech, offers high margins, high barriers to entry and can effectively be applied in both a South African as well as in an international context. The Group concluded an agreement to acquire 51% of the Company, effective 1 March 2016. ROi reported sales amounting to R3.3 million, and a loss after tax and contributions toward Group overheads of R977 588 for the interim period ended 30 June 2016.

Fair value of the assets acquired and liabilities assumed are as follows:

	2016 R
Property, plant and equipment	3 221 303
Deferred taxation	1 434 674
Trade and other receivables	1 570 226
Cash and cash equivalents	282 528
Other financial liabilities	(6 059 728)
Trade and other payables	(1 714 290)
Total identifiable net liabilities	(1 265 287)
Non-controlling interest	619 991
Common control reserve	2 145 296
Purchase consideration	1 500 000

Ecsponent Development Fund Proprietary Limited (“ECS Developments”)

ECS Developments, a 74% owned subsidiary of the Company, agreed to acquire the business conducted by Ecsponent Investment Holdings Proprietary Limited as a going concern. The business provides high yielding financing opportunities which offer an attractive proposition for the Company. The Group concluded an agreement to acquire the business of the Company, effective 30 June 2016.

Fair value of the assets acquired and liabilities assumed are as follows:

	2016 R
Property, plant and equipment	368 871
Deferred taxation	446 087
Trade and other receivables	44 608 966
Trade and other payables	(357 332)
Total identifiable net assets	45 066 592
Non-controlling interest	19 211 569
Common control reserve	54 679 081
Purchase consideration	118 957 242

Clade Investment Management Proprietary Limited (“Clade”) and its subsidiary

Ecsponent acquired 51% of the ordinary share capital of Clade, which wholly own the shares of Exchange Trade Fund Limited, effective 30 June 2016. It has category 2 and 2A investment licences with the Financial Services Board.

Fair value of the assets acquired and liabilities assumed are as follows:

	2016 R
Property, plant and equipment	8 606
Deferred taxation	3 400 896
Trade and other receivables	1 621 142
Cash and cash equivalents	11 453 166
Other financial liabilities	(11 452 166)
Trade and other payables	(1 608 171)
Bank overdraft	(2 360)
Total identifiable net assets	3 421 113
Non-controlling interest	(1 676 345)
Intangible assets and goodwill	9 255 232
Purchase consideration	11 000 000

Start-up businesses

The Board of Directors established the following new businesses in line with the expansion strategy:

Ecsponent Asset Management Proprietary Limited Botswana (“Ecsponent Asset Management”)

Ecsponent Asset Management was awarded a licence to operate as an Investment Company with Variable Capital (ICVC). Ecsponent through its local holding structures has a 70% interest in this operation. The Group is currently rolling out products in the sector.

Disposals

Disposal of 51% of Ligagu Investments Proprietary Limited Swaziland (“Ligagu Investments”)

Ecsponent entered into an agreement to dispose of its 51% shareholding in Ligagu Investments, its subsidiary in Swaziland providing retail credit loans to individuals. The investment was effectively sold on 30 June 2016 for a total purchase consideration of R16 million, payable in 12 equal instalments from 31 July 2016.

Fair value of the assets and liabilities disposed of are as follows:

	2016 R
Property, plant and equipment	199 222
Intangible assets	275 321
Deferred taxation	759 219
Other financial assets	29 629 448
Trade and other receivables	751 854
Cash and cash equivalents	2 615 690
Other financial liabilities	(19 897 090)
Trade and other payables	(9 746 114)
Current tax payable	(1 729 620)
Total identifiable net assets	2 857 930
Non-controlling interest	(1 245 645)
Net assets derecognised	1 612 285
Profit on disposal	14 387 715
Consideration receivable	16 000 000

Disposal of acquired debt collection books

Ecsponent decided, as part of its new focus on financial services, to dispose of its collection books. This disposal consideration of R9 million is payable in cash to Ecsponent Credit Services Proprietary Limited for the acquired debt books in 12 equal instalments. The collection books had a carrying value of R8.9 million on the effective date.

OTHER FINANCIAL ASSETS

The other financial asset category incorporates the benefits provided to employees against payroll facilities contracts, business funding and purchase price repayment facilities. Provided below is the detail regarding the Group's other financial assets:

	Reviewed Group 30 June 2016 R'000	Audited Group 31 December 2015 R'000	Audited Group 31 December 2014 R'000	Audited Group 31 December 2013 R'000
<i>At fair value through profit and loss – designated</i>				
Acquired debt	–	8 874	3 241	2 543
<i>Loans and receivables</i>				
Employee benefit loans	80 397	77 645	64 321	12 878
Secured SME loans	112 377	73 140	34 921	6 979
Ecsponent Capital RF Limited	247 082	134 917	3 817	6 500
Ecsponent Investment Holdings Proprietary Limited	114 282	81 940	–	–
Getbucks Proprietary Limited – purchase price facility	2 571	–	–	–
Virtual Shared Services Proprietary Limited – purchase price facility	16 000	–	–	–
Ecsponent Business Finance Proprietary Limited – purchase price facility	7 726	–	–	–
Total other financial assets	580 435	376 516	106 300	28 900
Total included in non-current assets	70 980	98 066	54 406	13 666
Total included in current assets	509 455	278 450	51 894	15 234

PREFERENCE SHARE CAPITAL

Ecsponent's business model requires funding for both existing business growth and to pursue further acquisitions. Funding is deployed in the growth of financial services assets and the acquisition of new assets which contribute to the growth strategy. Preference shares are considered an optimal source of funding for these ongoing business needs and accordingly the Company has registered a R5 billion preference share programme ("the Programme") under which Ecsponent may, from time to time, issue multiple tranches of preference shares. The Programme was approved by the JSE on 8 September 2014 and again on 15 December 2015. By 30 June 2016 Ecsponent Limited had received subscription investments of R441 million.

Reconciliation of the number of preference shares in issue as at 30 June 0216, being the last reporting date:

	Ecsponent Limited (South Africa)		
	Class A	Class B	Class C
Reported at the beginning of the period	326 798	688 485	1 641 290
Issue of preference shares during the year	30 790	319 804	1 414 569
	357 588	1 008 289	3 055 859
Weighted average issue price per share (Rand)	95.33	100.00	100.00

	Ecsponent Limited (Swaziland)	
	Class A	Class E
Reported at the beginning of the period	18 058 000	18 174 000
Issue of preference shares during the year	9 158 000	11 910 700
	27 216 000	30 084 700
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	14 764 000	2 067 000
Repayment of preference shares during the year	(1 014 000)	–
	13 750 000	2 067 000
Weighted average issue price per share (Pula)	1.00	1.00
Weighted average issue price per share (Rand)	1.33	1.33

OTHER FINANCIAL LIABILITIES

In terms of IFRS the preference share capital is classified as debt and disclosed as other financial liabilities in the condensed consolidated statement of financial position. Consequently, the preference share dividends are classified as funding costs and disclosed as such in the condensed consolidated statement of profit and loss and other comprehensive income.

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:

	Reviewed Group 30 June 2016 R'000	Audited Group 31 December 2015 R'000	Audited Group 31 December 2014 R'000	Audited Group 31 December 2013 R'000
<i>Held at amortised cost</i>				
Preference share liability	508 828	313 837	48 522	–
Experite NV Group	6 445	6 498	5 201	4 935
Capital bank – Term loan facilities	34 647	8 977	–	–
Getbucks Proprietary Limited	–	4 054	–	–
Ecsponent Capital (RF) Limited	1 082	–	–	18 798
Ecsponent Projects Proprietary Limited	684	4 873	–	–
Ecsponent Investment Holdings – purchase price facility	118 957	–	–	–
Debentures	11 452	–	–	–
Capital protected investments	2 668	–	–	–
Komo funding	–	–	4 271	–
Other	6 237	3 860	712	100
Total other financial liabilities	691 000	342 099	60 014	23 833
Total included in non-current liabilities	517 441	324 840	49 029	18 798
Total included in current liabilities	173 559	17 259	10 985	5 035

RELATED PARTY DISCLOSURES

The Group entered related party transactions with its holding company and related subsidiaries during the financial period. Below is a summary of the relevant balances and transactions in this regard:

	Reviewed 30 June 2016 R'000	Audited 31 December 2015 R'000	Audited 31 December 2014 R'000	Audited 31 December 2013 R'000
Related party balances				
Loan accounts – Owing (to)/by related parties				
Ecsponent Capital (RF) Limited	247 082	134 917	3 817	(18 798)
Ecsponent Capital (RF) Limited	(1 082)	–	–	–
Ecsponent Investment Holdings Proprietary Limited	114 282	81 940	–	–
Ecsponent Investment Holdings Proprietary Limited	(118 957)	–	–	–
Ecsponent Business Finance Proprietary Limited	7 726	–	–	–
Ecsponent Projects Proprietary Limited	(684)	(4 873)	–	–
Escalator Capital Global Limited	–	–	–	6 300
Amounts included in trade receivable/ (trade payable) regarding related parties				
Ecsponent Capital (RF) Limited	4 015	–	–	–
Ecsponent Capital (RF) Limited	(113)	–	–	–
Ecsponent Investment Holdings Proprietary Limited	1 373	–	–	–
Ecsponent Investment Holdings Proprietary Limited	(218)	–	–	–
Ecsponent Business Finance Proprietary Limited	41	–	–	–
Ecsponent Business Finance Proprietary Limited	(549)	–	–	–
Related party transactions				
Interest (received from)/paid to related parties				
Ecsponent Capital (RF) Limited	(26 304)	(14 110)	2 130	2 972
Ecsponent Investment Holdings Proprietary Limited	(20 400)	(18 644)	–	–
Administration fees paid to/(received from) related parties				
Ecsponent Capital (RF) Limited	(630)	(5 962)	–	(6 500)
Ecsponent Investment Holdings Proprietary Limited	(780)	(3 240)	–	–
Return on Innovation Proprietary Limited	(216)	–	–	–
Commission paid to/(received from) related parties				
Ecsponent Business Finance Proprietary Limited	(1 114)	(1 500)	–	–
Ecsponent Investment Holdings Proprietary Limited	(500)	–	–	–
Recoveries paid to/(received from) related parties				
Ecsponent Capital (RF) Limited	(2 844)	–	–	–
Ecsponent Business Finance Proprietary Limited	(40)	–	–	–
Ecsponent Investment Holdings Proprietary Limited	(37)	–	–	–
Return on Innovation Proprietary Limited	117	–	–	–

FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

Financial instruments measured in the statement of financial position at fair value require disclosure. Financial instruments of the Group carried at fair value are disclosed below.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

	<i>Reviewed 30 June 2016</i>	
Financial instrument carried at fair value	Carrying value – Designated at fair value R'000	Fair value – Level 3 R'000
Other financial assets	–	–
	<i>Audited 31 December 2015</i>	
Financial instrument carried at fair value	Carrying value – Designated at fair value R'000	Fair value – Level 3 R'000
Other financial assets	8 874	8 874
	<i>Audited 31 December 2014</i>	
Financial instrument carried at fair value	Carrying value – Designated at fair value R'000	Fair value – Level 3 R'000
Other financial assets	3 241	3 241
	<i>Audited 31 December 2013</i>	
Financial instrument carried at fair value	Carrying value – Designated at fair value R'000	Fair value – Level 3 R'000
Other financial assets	2 543	2 543

	Reviewed 30 June 2016	Audited 31 December 2015	Audited 31 December 2014	Audited 31 December 2013
Financial instrument carried at fair value				
Fair value gains recognised in profit and loss	–	5 639	–	–
Financial instrument carried at fair value				
Opening balance at the start of the period	8 874	3 241	2 543	*
Purchases and revaluations	126	5 854	1 985	*
Transfer of realised gains recognised in profit and loss	–	(221)	(1 287)	*
Disposal of financial instrument	(9 000)	–		
Balance at the end of the period	–	8 874	3 241	2 543

* Information not available

Measurements of fair value – valuation techniques and significant unobservable inputs

The following table reflects the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Acquired debt	The fair value of acquired debt is determined by applying the discounted cash flow valuation technique, which incorporates the determination of discount rate containing an appropriate risk premium.	The expected future cash flows are determined with reference to the current collection performance of the book, benchmark information available within the debt collection industry as well as expected recovery rates determined by the collection service provider. The expected recovery rates are measured against the collection service provider's model that takes key considerations into account like the quality of the contact details of the individual debtors contained in the book, the age of the debt and the quality of the original loan. A risk adjusted discount rate of 16.5% was applied.	The estimated fair value would increase/(decrease) if: – the forecast collections were higher/(lower); or – the risk adjusted discount rate was lower/(higher).

FINANCIAL INSTRUMENTS

The carrying amount of all significant financial instruments approximates the fair value.

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 year ended 31 December 2015.

SUMMARISED CONSOLIDATED SEGMENTAL INFORMATION

The segments identified are based on the operational and financial information reviewed by management for performance assessment and resource allocation. There has been no change in the basis of operational segmentation or in the basis of measurement of segment profit or loss since the 2015 annual financial statements.

The continued expansion of the Group has resulted in the need for geographic segmentation in addition to the operational segmentation.

Period ended 30 June 2016

Operating segment	Revenue R'000	Operating profit/(loss) R'000
Financial services	142 567	92 661
Private equity	30 810	(2 746)
Collections	1 873	(2 170)
Corporate	37 479	43 801
Eliminations	(96 025)	(73 140)
Group total	116 704	58 406

Geographic segment	Revenue R'000	Operating profit/(loss) R'000
South Africa	171 884	114 518
Botswana	23 243	10 918
Swaziland	16 431	7 409
Namibia	233	135
Zambia	938	(1 434)
Eliminations	(96 025)	(73 140)
Group total	116 704	58 406

Year ended 31 December 2015

Operating segment	Revenue R'000	Operating profit/(loss) R'000
Financial services	132 833	65 193
Private equity – Biotechnology	39 623	(5 644)
Collections	16 209	(258)
Corporate	57 727	30 618
Eliminations	(86 679)	(42 528)
Group total	159 713	47 381

Geographic segment	Revenue R'000	Operating profit/(loss) R'000
South Africa	190 292	63 494
Botswana	40 956	20 969
Swaziland	13 438	6 362
Namibia	562	(157)
Zambia	1 143	(759)
Eliminations	(86 679)	(42 528)
Group total	159 712	47 381

Year ended 31 December 2014

Operating segment	Revenue R'000	Operating profit/(loss) R'000
Financial services	23 415	3 196
Private equity – Biotechnology	20 081	(1 853)
Collections	7 166	(370)
Agricultural packaging (discontinued operations)	576	959
Corporate	37 065	27 946
Eliminations	(29 577)	(17 267)
Transfer to discontinued operations	(1 330)	(1 512)
Group total	57 396	11 099

Geographic segment	Revenue R'000	Operating profit/(loss) R'000
South Africa	77 169	23 150
Botswana	8 356	5 722
Swaziland	2 404	917
Namibia	374	89
Eliminations	(29 577)	(17 267)
Transfer to discontinued operations	(1 330)	(1 512)
Group total	57 396	11 099

Year ended 31 December 2013

Operating segment	Revenue R'000	Operating profit/(loss) R'000
Financial services	8 724	4 643
Private equity – Biotechnology	20 611	(310)
Collections	–	–
Agricultural packaging (discontinued operations)	4 138	(3 373)
Corporate	11 350	784
Eliminations	(3 368)	2 803
Transfer to discontinued operations	(4 138)	3 423
Group total	37 317	7 970

EVENTS AFTER THE LAST REPORTING PERIOD

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

DIVIDENDS

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

The Company has issued and listed three classes of Preference Shares 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; and
- Class C – prime plus 4% floating rate monthly dividend.

CONTINGENCIES

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

COMPANY SECRETARY

During the period, Mr Dirk van der Merwe was appointed as the Company Secretary.

AUDITORS

Nexia SAB&T continued in office as auditors for the Group for 2016 financial interim period.

At the Annual General Meeting held on 27 May 2016, shareholders reappointed Nexia SAB&T as the independent external auditors of the Group for the 2016 financial year.

GOING CONCERN

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the condensed consolidated interim financial statements for the six months ended 30 June 2016 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. 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.



Ecsponent Limited

(Incorporated in the Republic of South Africa)

Registration number 1998/013215/06

Share code: ECS ISIN: ZAE000179594

("the Company" or "Ecsponent")

NOTICE OF GENERAL MEETING

All terms and definitions commencing on page 5 of the Circular to which this notice of General Meeting is attached shall bear the same meanings when used in this notice of General Meeting.

Notice is hereby given that a General Meeting of the Shareholders of Ecsponent will be held at 10:30 on Monday, 28 November 2016 at the registered office of Ecsponent, Acacia House, Green Hill Village Office Park, Cnr of Nentabos and Botterklapper Street, The Willows, Pretoria East, 0181 to consider and, if deemed fit, pass, with or without modification, the resolutions set out below.

The record date on which Ecsponent Shareholders must be recorded in the Securities Register maintained by the Transfer Secretaries for the purposes of being entitled to attend and vote at the General Meeting is Friday, 18 November 2016. Accordingly, the last day to trade to be eligible to attend and vote at the General Meeting is Tuesday, 15 November 2016.

In terms of section 63(1) of the Companies Act, 71 of 2008 ("Act"), any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or a proxy of a shareholder) has been reasonably verified. Accordingly, all Ecsponent Shareholders will be required to provide identification reasonably satisfactory to the chairman of the General Meeting in order to participate in and vote at the General Meeting.

ORDINARY RESOLUTION NUMBER 1

"RESOLVED THAT independent Ecsponent Shareholders hereby waive the benefits of a Mandatory Offer by the Underwriter to acquire the Shares of all other Shareholders in the Company at 15 cents per share, in terms of regulation 86(4) of the Companies Regulations."

In terms of the Companies Regulations, the abovementioned ordinary resolution will require the approval of independent Ecsponent Shareholders (being Ecsponent Shareholders other than the Underwriter) holding more than 50% of the general voting rights of all the issued Shares of the Company, present in person or represented by proxy.

SPECIAL RESOLUTION NUMBER 1

"RESOLVED THAT, in terms of section 41(3) of the Act, the Company be approved to issue 333 333 292 authorised but unissued shares available for issue pursuant to the proposed Rights Offer, which will be equal to or exceed 30% of the voting power of all the shares of that class held by Shareholders immediately before the Rights Offer."

In order to be adopted, the abovementioned special resolution must be supported by 75% or more of the voting rights exercised on such resolution.

ORDINARY RESOLUTION NUMBER 2

"RESOLVED THAT any director of the Company be and is hereby authorised to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the ordinary and special resolutions approved in accordance with the provisions of this notice of general meeting."

In order to be adopted, the abovementioned ordinary resolution must be supported by more than 50% of the voting rights exercised on such resolution.

VOTING

On a show of hands, every Ecsponent Shareholder who is present in person, by proxy or represented at the General Meeting shall have one vote (irrespective of the number of Ecsponent Shares held) and on a poll, every Ecsponent Shareholder shall have for each share held by him that proportion of the total votes in Ecsponent which the aggregate amount of the nominal value of that share held by him bears to the aggregate of the nominal value of all shares issued by Ecsponent.

PROXIES

An Ecsponent Shareholder entitled to attend and vote at the General Meeting may appoint one or more persons as its proxy to attend, speak and vote in its stead. A proxy need not be a shareholder of Ecsponent.

Ecsponent Shareholders are referred to the attached form of proxy (*blue*) in this regard.

If you are a Certificated Shareholder or a Dematerialised Shareholder with own-name registration and unable to attend the General Meeting and wish to be represented thereat, it is requested that you complete and return the attached form of proxy (*blue*) in accordance with the instructions therein to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by no later than 10:30 on Thursday, 24 November 2016. If you have dematerialised your shares with a CSDP or Broker, other than with own-name registration, you must arrange with them to provide you with the necessary letter of representation to attend the General Meeting or you must instruct them as to how you wish to vote in this regard. This must be done in terms of the agreement entered into between you and the CSDP or Broker, in the manner and cut-off time stipulated therein.

Additional forms of proxy are obtainable from Ecsponent's Company Secretary and must be deposited at the Transfer Secretaries not less than 48 hours before the meeting, which is by 10:30 on Thursday, 24 November 2016.

ELECTRONIC PARTICIPATION

In terms of section 61(10) of the Companies Act every shareholders' meeting of a public company must be reasonably accessible within South Africa for electronic participation by shareholders. Shareholders wishing to participate electronically in the General Meeting are required to deliver written notice to the Transfer Secretaries, Computershare Investor Services Proprietary Limited, at PO Box 61051, Marshalltown, 2107, by no later than 12:00 on Thursday, 24 November 2016 that they wish to participate via electronic communication at the General Meeting (the "Electronic Notice"). In order for the Electronic Notice to be valid it must contain:

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

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

By order of the Board

31 October 2016

Registered office

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



Ecsponent Limited

(Incorporated in the Republic of South Africa)
Registration number 1998/013215/06
Share code: ECS ISIN: ZAE000179594
("the Company" or "Ecsponent")

FORM OF PROXY – GENERAL MEETING

For use by certificated and "own-name" registered dematerialised shareholders of the Company ("Shareholders") at the General Meeting of Ecsponent to be held at 10:30 on Monday, 28 November 2016 at the registered office, Acacia House, Green Hill Village Office Park, on Lynwood Road, Cnr Botterklapper and Nentabos Street, The Willows, Pretoria ("the General Meeting").

I/We (please print full names)

of (address)

Telephone number: ()

Cellphone number:

Email address:

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

1. or failing him,

2. or failing him,

3. the chairperson of the General Meeting,

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

Resolutions proposed	Number of votes		
	For	Against	Abstain
Ordinary resolution number 1 Approval of the Waiver of Mandatory Offer			
Special resolution number 1 Approval of the issue of Shares with voting rights in excess of 30% of the voting rights currently in issue			
Ordinary resolution number 2 General authorising resolution			

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

Signed at on 2016

Signature Assisted by me (where applicable)

Name

Capacity Signature

Notes:

1. This form is for use by certificated shareholders and dematerialised shareholders with "own-name" registration whose shares are registered in their own names on the record date and who wish to appoint another person to represent them at the meeting. If duly authorised, companies and other corporate bodies who are shareholders having shares registered in their own names may appoint a proxy using this form, or may appoint a representative in accordance with the last paragraph below.
Other shareholders should not use this form. All beneficial holders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, and do not have their shares registered in their own name, must provide the CSDP or broker with their voting instructions. Alternatively, if they wish to attend the General Meeting in person, they should request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between the beneficial owner and the CSDP or broker.
2. This form of proxy will not be effective unless received at the Transfer Secretaries office, by no later than Thursday, 24 November at 10:30.
3. This proxy shall apply to all the ordinary shares registered in the name of shareholders at the record date unless a lesser number of shares are inserted.
4. A shareholder may appoint one person as his proxy by inserting the name of such proxy in the space provided. Any such proxy need not be a shareholder of the Company. If the name of the proxy is not inserted, the chairman of the meeting will be appointed as proxy. If more than one name is inserted, then the person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of any persons whose names follow. The proxy appointed in this form of proxy may delegate the authority given to him in this proxy by delivering to the Company, in the manner required by these instructions, a further form of proxy which has been completed in a manner consistent with the authority given to the proxy of this form of proxy.
5. Unless revoked, the appointment of proxy in terms of this form of proxy remains valid until the end of the meeting even if the meeting or a part thereof is postponed or adjourned.
6. If:
 - 6.1 a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against or to abstain from voting on any resolution; or
 - 6.2 the shareholder gives contrary instructions in relation to any matter; or
 - 6.3 any additional resolution/s which are properly put before the Meeting; or
 - 6.4 any resolution listed in the form of proxy is modified or amended, the proxy shall be entitled to vote or abstain from voting, as he thinks fit, in relation to that resolution or matter. If, however, the shareholder has provided further written instructions which accompany this form and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in 6.1 to 6.4, then the proxy shall comply with those instructions.
7. If this proxy is signed by a person (signatory) on behalf of the shareholder, whether in terms of a power of attorney or otherwise, then this form of proxy will not be effective unless:
 - 7.1 it is accompanied by a certified copy of the authority given by the shareholder to the signatory; or
 - 7.2 the Company has already received a certified copy of that authority.
8. The chairman of the meeting may, at his discretion, accept or reject any form of proxy or other written appointment of a proxy which is received by the chairman prior to the time when the meeting deals with a resolution or matter to which the appointment of the proxy relates, even if that appointment of a proxy has not been completed and/or received in accordance with these instructions. However, the chairman shall not accept any such appointment of a proxy unless the chairman is satisfied that it reflects the intention of the shareholder appointing the proxy.
9. Any alterations made in this form of proxy must be initialled by the authorised signatory/ies.
10. This form of proxy is revoked if the shareholder who granted the proxy:
 - 10.1 delivers a copy of the revocation instrument to the Company and to the proxy or proxies concerned, so that it is received by the Company by no later than Thursday, 24 November at 10:30; or
 - 10.2 appoints a later, inconsistent appointment of proxy for the Meeting; or
 - 10.3 attends the General Meeting in person.
11. If duly authorised, companies and other corporate bodies who are shareholders of the Company having shares registered in their own name may, instead of completing this form of proxy, appoint a representative to represent them and exercise all of their rights at the meeting by giving written notice of the appointment of that representative. This form will not be effective at the meeting unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed and is received at the Company's registered office, not later than Thursday, 24 November at 10:30.