

ECSPONENT LIMITED

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

Condensed Consolidated Reviewed second interim results for the 12 months ended 31 March 2018 of Ecsponent and its subsidiaries ("the Group" or "Company")

The Board of Directors ("the Board") is pleased to present the consolidated results for the twelve-month period ended 31 March 2018

Following a series of transactions, announced mid-2017, to further refine the Ecsponent group's business focus, the Group has disposed of several non-core assets and achieved significant asset growth. The Group has begun to leverage the rationalised structure, improving the spread of the asset base to support further expansion and growth.

In line with the rationalisation process, 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 30 June 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 12-month period ended 31 March 2018 reflect the impact of the rationalisation of the Group's operations which has secured a base from which further growth can be pursued after several years of already significant growth.

Due to the change in the financial year-end, the second current interim period comprises the 12-months ended 31 March 2018, while the comparative previous period is for the 15 months ended 31 March 2017.

Highlights of the Group's second interim results ended 31 March 2018 compared to the comparative results for the period ended 31 March 2017 ("**Prior Period**") are set out below:

- Revenue from continuing operations increased by 17.9% to R379.5 compared to the 15-month Prior Period;
- Operating profits from continuing operations increased by 4.8% to R240.2 compared to R229.2 million for the 15-month Prior Period. When excluding the R66.7 million gain on disposal of assets included in the Prior Period's operating profit, the increase in operating profit amounts to 47.9%;

- Headline earnings per share (“**HEPS**”) increased by 787.0% to 0.12623 cents per share compared to 0.01423 cents per share in the Prior Period; and
- Total assets increased by 60.0% to R1 943.3 million compared to R1 214.8 million in the Prior Period.

The Group’s continued growth has translated into an increase of 260% in the Company’s share price to 36 cents per share at market close on Friday, 30 March 2018, compared to 10 cents per share on 31 March 2017.

Of the Group’s R1 943.3 million total assets, R582.8 million, or 30% of total assets, are held outside of the Common Monetary Area. These investments provide a hedge against a weakening Rand but also expose the Group’s results to short-term currency volatility.

In addition, at 31 March 2018 the Group held investments valued at R316.6 million, or 16.3% of total assets, in listed shares. The valuations of these investments are subject to short-term share price volatility.

The Company is considering hedging instruments to mitigate against short-term earnings volatility arising from currency and price risk associated with above mentioned listed shares.

Capital Raising

The Group’s preference share programme (“the Programme”), which raises capital to fund investments, has continued to facilitate the Group’s expansion strategy. The Programme provides retail and institutional investors with returns over a five-year period, after which their capital is returned.

As at 31 March 2018, the Group has raised R1.47 billion from the issue of preference shares since implementation of the Programme in September 2014.

In addition to raising capital through the Programme, the Group has as a strategic objective of lowering its cost of capital through securing further institutional debt funding.

The Company procured debt funding during the period under review of USD15 million (R184 million) on market related terms. The Group deployed the funding to expand its African operations and international asset base. Loans and investments funded remain US dollar or Euro based to avoid exposure to emerging market exchange rate risk, thereby providing additional foreign currency assets.

OPERATIONAL REVIEW

Group Overview

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

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 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. The Investment Services business unit enhanced its product offering in Swaziland by obtaining a license to act as a Collective Investment Scheme (CIS) Manager in Swaziland. Additionally, it introduced a range of traditional investment products to the market, specifically focusing on compulsory retirement funds.

Credit

The Credit business unit provides secured credit to fund the business operations of qualifying entities. The unit has two distinct models that cater to the needs of specific unbanked and underbanked Small to Medium Enterprises (SMEs). Both models offer unique loan and funding products, that are fully secured so that the Group never takes an unsecured position, thereby minimising its risk.

- The Secured Credit model provides wholesale funding to target niche businesses. The nature of these transactions is typically medium-term facilities, but with a short-term call-up to ensure liquidity for the group.
- Ecsponent's Supply Chain Solution and Enterprise Development solutions aim to integrate qualifying vendors into the formal supply chain of large corporate businesses.

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 assets increased by 20.9% from R1 151.4 million to R1 391.9m compared to the comparative period. Operating profit increased by 144% from R160 million to R390 million.

Equity Holdings

The Equity Holdings business unit invests strategically in companies that are well-managed, self-sufficient and provide a balance in the Group's short-term and long-term asset base.

It targets businesses with significant intellectual property, which provide a barrier to entry for competitors, command significant margins and employs a robust business model. As a result, the Group holds investments in innovative and growing sectors, including biotechnology, digital media and Fintech.

At 31 March 2018, the group held 12% in the Frankfurt listed (Luxembourg based) Fintech company MyBucks SA. This investment has the added advantage of providing a foreign currency hedge against local currency frailty.

Total assets increased by 18.7% from R293.0 million to R347.9 million compared to the comparative period and revenue increased by 23.6% from R76.6 million to R94.7 million.

Post 31 March 2018, the Group announced its intention to increase its stake in the Fintech company in the near future. The investment will give the Group access to financial services and related technology, which provides quantifiable value to its operations.

Geographical Footprint

The Group's operations in South Africa are mirrored across the 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;
- increased emphasis on high yield equity opportunities and sector diversification
- 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 reviewed condensed consolidated financial statements for the 12 months ended 31 March 2018.

The Group's rationalisation as initially announced to shareholders on 20 December 2016, was concluded during the current reporting period, resulting in the statement of profit and loss being presented in two categories being Continued and Discontinued Operations.

Condensed Consolidated Interim Statement of Financial Position as at 31 March 2018

	Reviewed 12 months ended 31 March 2018 Group R'000	Audited 15 months ended 31 March 2017 Group R'000
ASSETS		
Non-current assets		
Property, plant and equipment	9 870	6 810
Intangible assets and goodwill	5 327	6 011
Investment in associates	6 318 550	-
Other financial assets	7 1 065 009	667 089
Deferred tax	38 057	28 458
Other non-current receivables	1 000	4 656
Current assets		
Inventories	1 119	1 222
Other financial assets	7 428 294	314 542
Trade and other receivables	50 981	36 150
Current tax receivable	254	186
Cash and cash equivalents	24 854	25 380
Non-current assets held for sale	4 -	124 313
TOTAL ASSETS	1 943 315	1 214 817
EQUITY AND LIABILITIES		
Equity	119 279	106 986
Non-controlling interest	(8 200)	(11 429)
Non-current liabilities		
Other financial liabilities	10 143 807	872
Preference share liability	10 1 495 343	921 925
Deferred revenue	15 401	2 538
Deferred tax	576	13 454

Current liabilities			
Other financial liabilities	10	61 949	10 475
Preference share liability	10	12 185	6 048
Deferred revenue		2 800	148
Current tax payable		68 025	11 864
Trade and other payables		30 290	20 778
Finance lease liabilities		1 070	-
Bank overdraft		790	469
Liabilities of disposal groups held for sale	4	-	130 689
TOTAL EQUITY AND LIABILITIES		1 943 315	1 214 817

Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income for the interim period ending 31 March 2018

		Reviewed 12 months ended 31 March 2018 Group R'000	Audited 15 months ended 31 March 2017 Group R'000
<i>Continuing operations</i>			
Revenue		379 529	321 795
Cost of sales		(63 721)	(43 782)
GROSS PROFIT		315 808	278 013
Other income		25 644	88 543
Operating expenses		(108 870)	(137 370)
Fair value adjustments		7 608	-
			-
OPERATING PROFIT		240 190	229 186
Fair value adjustments		-	(11 017)
Loss from equity accounted investment		(595)	-
Net finance costs		(192 985)	(130 351)
PROFIT BEFORE TAXATION		46 610	87 818
Taxation	11	(49 289)	(23 094)
LOSS/PROFIT FROM CONTINUING OPERATIONS		(2 679)	64 724
Profit from discontinued operations	4	15 312	2 852
PROFIT FOR THE PERIOD		12 633	67 576
Other comprehensive income/(loss)		1 164	282
TOTAL COMPREHENSIVE INCOME		13 797	67 858
Loss attributable to non-controlling interest		4 103	10 239
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		17 900	78 097
<i>Profit attributable to owners of the parent from:</i>			
Continuing operations		1 424	75 160
Discontinued operations		15 312	2 852
		16 736	78 012

Total comprehensive income/(loss) attributable to:

Owners of the parent	17 900	78 097
Non-controlling interest	(4 093)	(10 239)
	13 807	67 858
Basic and fully diluted earnings per share (cents) from continuing operations attributable to equity holders of the parent	0.132	8.074
Basic and fully diluted earnings/(loss) 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	3 1.550	8.380

Condensed Interim Statement of Changes in Equity for the 12 months ended 31 March 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
Total comprehensive profit for the year	-	85	-	78 012	(10 239)	67 858
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 1 April 2017	145 169	(398)	-	(37 785)	(11 429)	95 557
Total comprehensive profit for the 12 months	-	1 164	-	16 736	(4 093)	13 807
Profit for the 12 months	-	-	-	16 736	(4 103)	12 633
Other comprehensive income	-	1 164	-	-	10	1 174
Disposal of subsidiary	-	-	-	-	7 322	7 322
Adjustments to Retained earnings	-	-	-	(5 607)	-	(5 607)
Balance at 31 March 2018	145 169	766	-	(26 656)	(8 200)	111 079

Condensed Consolidated Cash Flow Statement for the 12 months ended 31 March 2018

	Reviewed 12 months ended 31 March 2018 Group R'000	Audited 15 months ended 31 March 2017 Group R'000
Cash generated by operations	251 208	177 263
Interest Income	-	-
Finance cost	(143 428)	(106 732)
Taxation paid	(17 766)	(25 234)
NET CASH INFLOW FROM OPERATING ACTIVITIES	90 014	45 297
Proceeds/(cash disposed of) through sale of investment in subsidiary	5 (7 369)	(24 994)
Investment in financial assets	(835 289)	(797 841)
Proceeds from financial assets	109 557	133 063
Business combinations	-	10 233
Investments in associates	(57 885)	-
Purchase of PPE	(4 040)	(4 439)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(795 026)	(683 978)
Proceeds from other financial liabilities	710 819	656 597
Repayment of other financial liabilities	(9 471)	(18 899)
Proceeds from rights offer	-	19 465
Other	-	(111)
NET CASH INFLOW FROM FINANCING ACTIVITIES	701 348	657 052
Movement in cash and cash equivalents for the period	(3 664)	18 371
Cash and cash equivalents at the beginning of the period	26 481	9 741
Effect of exchange rate movement on cash balances	1 247	(1 631)
Cash and cash equivalents at the end of the period	24 064	26 481

Notes to the Condensed Consolidated Reviewed Financial statements for the interim 12 months ended 31 March 2018

1. ACCOUNTING POLICIES, BASIS OF PREPARATION OF RESULTS AND REVIEW OPINION

The condensed consolidated reviewed interim 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 condensed consolidated reviewed interim financial statements are in terms of the International Financial Reporting Standards and are consistent with those applied in the comparative consolidated annual financial statements.

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

These condensed consolidated reviewed interim financial statements for the period ended 31 March 2018 have been reviewed by Nexia SAB&T Inc., who expressed an unmodified review conclusion. A copy of the auditor's review report is available for inspection at the Company's registered office together with the condensed consolidated reviewed interim financial statements identified in the auditor's report.

2. REVIEW OF RESULTS AND FINANCIAL POSITION

The condensed consolidated reviewed interim financial results represent the trading results of the Company and its subsidiaries which are active in the Investment services, Credit and Equity Holding markets. There remained increased expansion to the portfolio of business credit and equity assets. 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 products.

3. EARNINGS AND FULLY DILUTED EARNINGS PER SHARE

	Reviewed 31 March 2018	Audited 31 March 2017
BASIC AND HEADLINE EARNINGS	R'000	R' 000
Basic earnings	16 736	78 012
Headline earnings	1 363	132
Basic and diluted basic earnings per share (cents) attributable to equity holders of the parent	1.55000	8.38000
Headline and diluted headline earnings per share (cents) attributable to equity holders of the parent	0.12623	0.01423
Number of shares in issue	1 079 550 795	1 079 550 795
Weighted average number of shares	1 079 550 795	930 907 328
RECONCILIATION BETWEEN BASIC EARNINGS AND HEADLINE EARNINGS		
Basic earnings	16 736	78 013
(Profit)/Loss on disposal of property plant and equipment	-	252
Impairment of intangible assets	65	-
Gain on disposal of subsidiary	-	(25 795)
Gain on disposal of discontinued operations	(15 438)	(52 338)
Headline earnings	<u>1 363</u>	<u>132</u>

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.

4. DISCONTINUED OPERATIONS

The Group undertook a process of rationalising its operations and investments during the latter part of 2016. This included a series of financial transactions designed to streamline operations and re-align the Group for increased strategic growth.

The financial transactions as referred to above were concluded and finalised effective 31 March 2017, except for the disposal of the Groups interest in the Botswana retail operation and the dilution through the subscription agreement of the retail operation in Zambia. These two transactions were concluded and finalised during the current reporting period.

The combined results of the discontinued operations included in the profit for the year are set out below. The following disposal groups continued to be classified as held for sale for the period ended 31 March 2018:

<u>Profit and loss – 12 months ended 31 March 2018</u>	Botswana	Zambia	TOTAL:
	R'000	R'000	R'000
Revenue	8 469	406	8 875
Cost of sales	(1 580)	(2)	(1 582)
Gross profit	6 889	404	7 293
Other Income	125	514	639
Operating expenses	(860)	(31)	(891)
Operating profit/(loss)	6 154	887	7 041
Investment revenue	-	-	-
Finance Costs	(6 112)	(1 297)	(7 409)
Profit/(loss) before taxation	42	(410)	(368)
Taxation	70	173	243
Net profit/(loss) after tax	112	(237)	(125)
Gain (loss) on measurement to fair value less cost to sell	10 452	6 384	16 836
Tax thereon	(1 399)	-	(1 399)
Profit/(loss) for the period from discontinuing operations	9 165	6 147	15 312

<u>Assets classified as held for sale – 31 March 2018</u>	Botswana	Zambia	Subtotal	Disposal	TOTAL:
	R'000	R'000	R'000	R'000	R'000
Property, plant and equipment	930	692	1 622	(1 622)	-
Intangible assets	-	4 488	4 488	(4 488)	-
Other financial assets	87 425	4 770	92 195	(92 195)	-
Deferred tax	1 935	3 525	5 460	(5 460)	-
Income tax receivable	103	-	103	(103)	-
Trade Receivables	12 635	-	12 635	(12 635)	-
Cash and cash equivalents	11 601	404	12 005	(12 005)	-
	114 629	13 879	128 508	(128 508)	-
<u>Liabilities of disposal groups</u>					
Other Financial Liabilities	(103 157)	(16 901)	(120 058)	120 058	-
Deferred income	(6 233)	-	(6 233)	6 233	-
Trade Payables	(448)	(24)	(472)	472	-
Bank overdraft	(4 636)	-	(4 636)	4 636	-
	(114 474)	(16 925)	(131 399)	131 399	-

<u>Cash flows from discontinued operations – 12 months ended 31 March 2018</u>	Botswana	Zambia	TOTAL:
	R'000	R'000	R'000
Net cash flows from operating activities	(852)	(384)	(1 236)
Net cash flows from investing activities	2 485	(404)	2 081
Net cash flows from financing activities	4 218	752	4 970
Net cash flow movement	5 851	(36)	5 815
Operating segment	Credit	Credit	
Geographical segment	Botswana	Zambia	

5. DISPOSALS

The Group concluded the remaining two transactions in relation to the process of rationalisation detailed above, during the current interim reporting period. Refer below for more details regarding these transactions.

Aggregated business disposals for the period

	Group 31 March 2018 R'000
Property, plant and equipment	1 622
Intangible assets	4 488
Deferred tax asset	5 460

Other financial assets	92 195
Income tax receivable	103
Trade and other receivables	12 635
Cash and cash equivalents	12 005
Loans from group companies	(86 081)
Other financial liabilities	(33 976)
Deferred income	(6 233)
Trade and other payables	(471)
Bank overdraft	(4 636)
Total identifiable net assets/(liabilities)	<u>(2 889)</u>
Non-controlling interest	1 716
Foreign currency translation reserve	685
Loans from group companies settled through loan implementation	-
Net assets/(liabilities) derecognised	<u>(488)</u>
Recognition of 25% investment in associate at fair value	(3 698)
Profit/(loss) on disposal	16 836
Consideration receivable	<u>12 650</u>

The gains on disposals have been included in 'Other income' of profit or loss from discontinued operations.

Net cash flow on disposal

Purchase consideration (*)	-
Net cash (balance)/overdraft disposed of	(7 369)
	<u>(7 369)</u>

* The purchase considerations are payable on deferred payment terms, and no balance was payable at the effective date. All cash flow movements are therefore recognised through the movements in Other financial assets.

Business disposals during the 2018 financial period

Disposal of 50% of Sure Choice (Pty) Ltd (Botswana) ("Botswana")

Ecsponent entered into an agreement to dispose of its 50% shareholding in Botswana, a subsidiary which provides retail credit loans to individuals. The commercial terms of the agreement were concluded on 29 June 2017. The total consideration of P10 million is payable in twelve equal instalments from 31 July 2017. Interest at 12.5% per annum accrued on the deferred consideration.

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

	Group 31 March 2018 R'000
Property, plant and equipment	930
Deferred tax asset	1 935
Other financial assets	87 425
Income tax receivable	103
Trade and other receivables	12 635

Cash and cash equivalents	11 601
Loans from group company	(69 597)
Other financial liabilities	(33 560)
Deferred income	(6 233)
Trade and other payables	(448)
Bank overdraft	(4 636)
Total identifiable net assets	155
Non-controlling interest	1 716
Foreign currency translation reserve	327
Net assets derecognised	2 198
Profit on disposal	10 452
Consideration receivable	12 650
Net cash flow on disposal	
Purchase consideration (*)	-
Net cash balance disposed of	(6 965)
	(6 965)

(*) The disposal proceeds are receivable on deferred payment terms and no balance was received at the effective date. All cash flow movements are therefore recognised through the movements in Other Financial Assets.

Dilution of shareholding in Ecsponent Financial Services Ltd ("Zambia")

The issue of 1 500 000 new shares by Zambia, equating to 75% of the total issued share capital in the company after the issue, to GetBucks Limited ("GetBucks MU"), for a subscription price equal to ZMW 7 500 000, payable in cash ("the EFS Zambia Subscription"), resulting in a dilution of Ecsponent's interest from 100% to 25%, resulting in the loss of control.

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

	Group 31 March 2018 R'000
Property, plant and equipment	692
Deferred tax asset	3 525
Intangible asset	4 488
Other financial assets	4 770
Cash and cash equivalents	404
Loans from group company	(16 485)
Other financial liabilities	(414)
Trade and other payables	(24)
Total identifiable net assets	(3 044)
Foreign currency translation reserve	358
Net assets derecognised	(2 686)
Recognition of 25% investment in associate at fair value	(3 698)
Profit on disposal	6 384

Consideration receivable	-
Net cash flow on disposal	
Net cash balance disposed of	(404)
	(404)

6. INVESTMENT IN ASSOCIATE

Investment in associates consists of:	31 March 2018
	R'000
At cost:	
Ecsponent Financial Services Ltd Zambia	22 119
	22 119
Share of post-acquisition results net of dividend received	(596)
	21 523
<i>Market value – Ecsponent Financial Services Ltd Zambia</i>	21 523
At fair value:	
MyBucks SA - Listed shares*	295 019
Fair value adjustment	2 008
	297 027
*Fair value hierarchy is level 1	
Total Investments in Associates	
Held at cost	21 523
Held at fair value	297 027
	318 550

Name of companies	Holding company	Place of incorporation	Proportion of ownership interest (%)	
			Mar 2018	Mar 2017
Ecsponent Financial Services Zambia	Ecsponent Ltd SA	Lusaka, Zambia	25.0%	100.0%
MyBucks SA	Ecsponent Ltd (BOT)	Luxembourg	12.0%	9.4%

The investment in the Zambian associate is accounted for using the equity method in these consolidated financial statements. The investment in MyBucks has been accounted for using the fair value model. The investment in MyBucks was reported on a fair value basis as part of other financial assets in the Prior Period. At 30 September 2017 Ecsponent obtained significant influence and classified the investment in MyBucks as an equity accounted associate. The application of the fair

value model in the current reporting period has had no material impact on the financial results previously reported.

The financial period end date of Zambia is still 31 March annually. No change of reporting date was therefore required. For the purposes of applying the equity method of accounting, the management accounts of Zambia for the period ended 31 March 2018 have been used.

As at 31 March 2018, the group had significant influence over MyBucks SA and EFS Zambia by virtue of its voting powers affecting returns and the appointment of directors at the shareholders meeting of the Group.

7. OTHER FINANCIAL ASSETS

The other financial asset category incorporates secured credit advance listed ordinary and preference shares, a listed bond, secured business funding and purchase price repayment facilities. Provided below is the detail regarding the Group's other financial assets:

	Reviewed Group 31 March 2018 R '000	Audited Group 31 March 2017 R '000
<i>At fair value through profit and loss – designated</i>		
Listed shares	-	232 980
<i>On 30 March 2017, the Group acquired 1 100 000 foreign denominated listed equities, representing 9.4% of the issued share capital of the MyBucks Group, as part of its private equity portfolio. The shares are listed on the Frankfurt stock exchange. The investment was reclassified during the period.</i>		
Listed Bond	61 681	-
<i>The bond relates to the investment in the GetBucks Listed Bond in Botswana. This is listed on the Botswana Stock Exchange. The annual rate of this financial instrument is 1.55%.</i>		
Preference shares	100 000	-
<i>The preference share investment comprises 1 666 667 preference shares held in VSS Financial Services (Pty) Ltd.</i>		
<i>Loans and receivables</i>		
Business funding – advances (per industry)		
- Fintech	493 631	339 770
<i>The Business funding advances are secured, via a cession of the underlying equity and/or assets, ranging between 125 - 150%. The</i>		

advances bear interest at fixed interest rates based on the entity risk profile, ranging between 24 - 30% (2017: 24 - 30%) and repayment terms are facility specific, ranging between 1 - 4 years.

- Financial services and Investments	825 830	408 881
<i>The Business funding advances are secured, via a cession of the underlying equity and/or assets, ranging between 125 - 150%. The advances bear interest at fixed interest rates based on the entity risk profile, ranging between 24 - 30% (2017: 24 - 30%) and repayment terms are facility specific, ranging between 2 - 5 years.</i>		
Disposal proceeds facility	12 161	-
<i>Repayment facility relating to the Botswana disposal, repayable over 12 months.</i>		

TOTAL OTHER FINANCIAL ASSETS	1 493 303	981 631
Total included in non-current assets	1 065 009	667 089
Total included in current assets	428 294	314 542

8. TRADE AND OTHER RECEIVABLES

The trade and other receivables are made up of the following:

	Reviewed Group 31 March 2018 R '000	Audited Group 31 March 2017 R '000
Trade receivables	24 951	27 622
Deposits	462	267
VAT	9 072	7 228
Prepayments	15 693	5 432
Other receivables	1 803	257
TOTAL TRADE AND OTHER RECEIVABLES	51 981	40 806
Total included in non-current liabilities	1 000	4 656
Total included in current liabilities	50 981	36 150

9. 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 ongoing 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 31 March 2018, Ecsponent Limited had received subscription investments of R1.47 billion.

Reconciliation of the number of preference shares in issue:

	<u>Ecsponent Limited (South Africa)</u>					
	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	1 553 535	1 320 075	634 725	649 270	19 050
	783 069	3 211 236	7 344 514	634 725	649 270	19 050
Weighted average issue price per share (Rand)	96.89	100.00	100.00	100.00	100.00	100.00

Ecsponent Limited (Swaziland)

	Class A	Class E
Reported at the beginning of the period	53 195 000	53 727 700
Issue of preference shares during the period	70 763 000	31 605 000
	123 958 000	85 332 700
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	11 750 000	2 067 000
Repayment of preference shares during the period	-1 400 000	-
	10 350 000	2 067 000
Weighted average issue price per share (Pula)	1.00	1.00

Weighted average issue price per share (Rand)	1.21	1.21
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10. OTHER FINANCIAL LIABILITIES

The preference share capital is classified as debt and separately disclosed in the Condensed Consolidated Statement of Financial Position as at 31 March 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 12 months ended 31 March 2018.

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 31 March 2018 R '000	Audited Group 31 March 2017 R '000
<i>Held at amortised cost</i>		
Preference share liability	1 507 528	927 973
Esperite NV Group	6 226	6 197
Scipion	122 336	-
GetBucks (Pty) Ltd	-	4 241
Everprosperous	61 949	-
Other	15 245	909
TOTAL OTHER FINANCIAL LIABILITIES	1 713 284	939 320
Total included in non-current liabilities	1 639 150	922 797
Total included in current liabilities	74 134	16 523

11. RECONCILIATION OF THE TAX EXPENSE

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

	Reviewed Group 31 March 2018 %	Audited Group 31 March 2017 %
Applicable tax rate	28.00	28.00
Different tax rates applied in foreign subsidiaries	4.22	0.05
Previously unrecognised deferred tax asset	-	(0.48)
Disallowable charges - preference share dividends and miscellaneous	77.49	22.30
Disallowable charges - penalties	-	0.54

Income from equity accounted investments	(0.36)	-
Exempt income	(1.80)	-
Effect of unused tax losses and tax offsets not recognised as deferred tax asset	-	(4.00)
Capital gains tax*	(1.80)	(24.88)
	105.75	21.53

12. 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 (also being a Non-executive director on the MyBucks SA Group Board) Esperite NV
Associate companies where the Company has significant influence	MyBucks SA and its subsidiaries Ecsponent Financial Services Ltd (Zambia)

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

	Reviewed 31 March 2018 R'000	Audited 31 March 2017 R'000
<i>Related party balances</i>		
Investments in:		
Associate companies	318 550	273 285
Other financial assets owing (to)/by:		
Associate companies	500 615	-
Shareholders with significant influence	(6 226)	(6 197)
Amounts included in Trade receivable/(Trade Payable):		
Associate companies	(272)	-
<i>Related party transactions</i>		
Interest received from/(paid to):		
Associate companies	780	-

13. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

Group – 31 March 2018	Carrying amounts R '000 Designated at fair value	Carrying amounts R '000 Loans & receivables/ Liabilities at amortised cost	Carrying amounts R '000 Non- financial instruments	Fair value R '000 Level 1
Financial assets measured at fair value				
Other financial assets – listed equities	19 600			19 600
Financial assets that are not measured at fair value				
Other financial assets		1 473 703		
Trade receivables		26 754	25 227	
Cash and cash equivalents		24 854		
Financial liabilities that are not measured at fair value				
Cash and cash equivalents		(790)		
Preference shares		(1 507 528)		
Other financial liabilities		(205 756)		
Trade and other payables		(26 724)	(3 566)	
Group – 31 March 2017				
	Carrying amounts R '000 Designated at fair value	Carrying amounts R '000 Loans & receivables/ Liabilities at amortised cost	Carrying amounts R '000 Non- financial instruments	Fair value R '000 Level 1
Financial assets measured at fair value				
Other financial assets – listed equities	232 980			232 980
Financial assets that are not measured at fair value				
Other financial assets		748 651		
Trade receivables		27 880	12 926	
Cash and cash equivalents		25 380		
Financial liabilities that are not measured at fair value				
Cash and cash equivalents		(469)		
Preference shares		(927 973)		
Other financial liabilities		(11 347)		
Trade and other payables		(16 012)	(4 766)	

Financial instrument carried at fair value (level 1)	Reviewed 31 March 2018	Audited 31 March 2017
Opening balance at the start of the period	232 980	-
Purchases	14 000	262 570
Revaluation	5 600	(29 590)
Transfer to Investment in Associate	(232 980)	-
Balance at the end of the period	19 600	232 980

Financial Instruments

Financial assets at fair value through profit and loss are recognised at fair value, which is therefore equal to their carrying amounts.

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 are 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.

Risk Management

The Group's risk management objectives and policies, relating to capital risk, financial risk, liquidity risk, interest rate risk, credit risk and foreign exchange risk, are consistent with those disclosed in the consolidated annual financial statements as at and for the year ended 31 March 2017. This note is a condensed disclosure note, the full version is available on the Group's website, at the issuer's registered offices and upon request. This announcement is itself not reviewed but extracted from the underlying reviewed information.

14. SUMMARISED CONSOLIDATED 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 the prior financial period also resulted in a change to the basis of operational segmentation and on the basis of measurement of segment profit or loss since the 2017 annual financial statements. The change has therefore resulted in the re-presentation of the prior period results, in order to reflect the same basis of measurement for comparative purposes.

The Group has the following operating segments:

- **Investment Services** (previously 'Financial Services'). The division changed by introducing new products to the market, changing the segment to a profit centre and not only a capital raising vehicle.
- **Credit** (previously part of 'Financial Services'). The deployment of capital in the Group is now managed separately as a profit centre through the products offered as secured business credit provision and Enterprise Development. The Group disposed of all its retail lending operations.
- **Equity Holdings** (previously 'Private Equity'). At the end of the 2017 financial period, the Group expanded its Equity Holdings to also include listed equities. This division houses all the equity investments that do not fall within the investment services environment.
- **Corporate** (unchanged). This segment represents the Group's shared services operations.

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

Period ended 31 March 2018

Operating Segment	Total Assets	Revenue	Operating profit/(loss)
	R' 000	R' 000	R'000
Credit	1 391 864	291 277	390 340
Investment Services	348 317	177 626	259 966
Equity Holdings	347 927	94 747	(17 063)
Corporate	12 708	37 616	(3 420)
Eliminations	(157 501)	(212 862)	(382 592)
Discontinued operations	-	(8 875)	(7 041)
Group total	1 943 315	379 529	240 190

Geographic Segment	Total Assets	Revenue	Operating profit/(loss)
	R' 000	R' 000	R'000
South Africa	1 233 538	474 511	499 299
Botswana	688 111	44 037	54 349
Swaziland	165 138	81 804	75 295
Namibia	194	508	(5)
Zambia	13 835	406	885
Eliminations	(157 501)	(212 862)	(382 592)
Discontinued operations	-	(8 875)	(7 041)
Group total	1 943 315	379 529	240 190

Year ended 31 March 2017 (Re-presented)

Operating Segment	Total Assets	Revenue	Operating profit/(loss)
	R' 000	R' 000	R'000
Credit	1 151 412	249 942	160 070
Investment Services	1 083 560	92 996	17 309
Equity Holdings	293 007	76 649	(18 106)
Corporate	7 355	112 951	57 748
Eliminations	(1 320 517)	(165 900)	19 170
Discontinued operations	(124 313)	(44 843)	(7 005)
Group total	1 090 504	321 795	229 186

Geographic Segment	Total Assets	Revenue	Operating profit/(loss)
	R' 000	R' 000	R'000

South Africa	1 944 539	406 740	168 382
Botswana	425 344	75 300	28 277
Swaziland	152 731	47 981	24 418
Namibia	187	626	19
Zambia	12 533	1 891	(4 075)
Eliminations	(1 320 517)	(165 900)	19 170
Discontinued operations	(124 313)	(44 843)	(7 005)
Group total	1 090 504	321 795	229 186

15. 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. Refer to www.ecsponentlimited.com for the full announcement and relevant details of each of these matters.

- The Company announced the following transactions on 23 May 2018:
 - a proposed investment into Capitis Equities (Pty) Ltd, 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 approved an immediate investment of R156 million, with further investments of up to R400 million by the end of 30 June 2019, subject to shareholder approval.
 - The proposed acquisition of a further 1 498 610 MyBucks SA ("MyBucks") shares, comprising an additional investment of 11.568% in MyBucks. The proposed acquisitions comprise:
 - the acquisition of 352 612 shares from DTM Capital (Pty) Ltd in settlement of DTM's loan owing to the Ecsponent Group; and
 - the acquisition of 1 145 998 shares from Coronado Trading 258 (Pty) Ltd.
 - On 18 June 2018, it announced the disposal of the going concern business of Return on Innovation (Pty) Ltd, a 100% subsidiary of the Company, to iKGB Media Information Services (Pty) Ltd for R7.3 million.
 - The disposal of the Group's 50% equity holding in Cryo-Save South Africa (Pty) Ltd and Salveo Swiss Technologies Ltd, to Go Life International for R10 million, effective 30 June 2018.
 - The Group entered into a securitisation transaction of a retail loan book with GetBucks SA, to the value

16. CORPORATE ACTIONS

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 of Class D, Class E, Class F and Class G. Shareholders approved the proposed amendments on 14 August 2017 via written consent in terms of Section 60 of the Companies Act.

These amended classes of preference shares contain provisions for conversion into ordinary shares on certain default events. Specific approval for the issue of convertible Class G Preference Shares was previously obtained from shareholders in a general meeting held on 3 May 2016.

A Prospectus was issued during September 2017 offering Class D, E and G Preference Shares to the public. The Company listed 10 000 Class D, 10 000 Class E and 2 500 Class G Preference Shares on 4 October 2017, subject to the directors’ general authority to issue shares.

Specific approval for the issue of convertible Class D and E Preference Shares was obtained from shareholders in a general meeting on 20 October 2017, with the meeting taking place after the current interim period end date.

Amendments to Classes A, B and C Preference Shares

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

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

17. SHARE CAPITAL

No ordinary shares were issued during the 12 months ended 31 March 2018.

	Number of shares	Issued share capital	Total
	`000	R’000	R’000
Opening balance 1 January 2016	901 588	118 072	118 072
Acquisition of Clade Investment Management	19 096	4 000	4 000
Odd-lot offer - repurchase and cancellation	(543)	(112)	(112)
Shares issued pursuant to the Directors’ Issue	11 629	2 112	2 112
Director share issue - incentives	12 022	1 631	1 631
Capitalisation of share issue expenses	-	(898)	(898)
Proceeds from rights offer	135 758	20 364	20 364
Closing balance 31 March 2017	1 079 550	145 169	145 169
Movement for the current period	-	-	-
Closing balance 31 March 2018	1 079 550	145 169	145 169

18. 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 R182million accrued to investors for the 12 months ended 31 March 2018. The dividends are classified as finance costs and included in the finance cost expense in the Condensed Consolidated Statement of Profit and Loss and Comprehensive Income.

19. 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.

20. 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 a non-executive director effective 31 May 2017.

21. COMPANY SECRETARY

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

22. AUDITORS

Nexia SAB&T Inc. continued in office as the Group's auditors for the 2018 interim financial period. At the Annual General Meeting held on 4 August 2017, shareholders reappointed Nexia SAB&T Inc. as the independent external auditors of the Group for the 2017/2018 financial year.

23. 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 12 months ended 31 March 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.

For and on behalf of the Board

TP Gregory

Pretoria

29 June 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