ECSPONENT LIMITED
Incorporated in the Republic of South Africa
Registration number: 1998/013215/06
JSE Code: ECS - ISIN: ZAE000179594
Debt Issuer Code: ECSD

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

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019 OF ECSPONENT AND ITS SUBSIDIARIES

The Board of directors of Ecsponent ("the Board") presents the condensed consolidated interim results of the Group for the six months ended 31 December 2019.

The financial results of the six-month interim period ended 31 December 2019 are presented in uncertain times with unprecedented worldwide social and economic turmoil as well as weak economic performance within the major Southern African markets in which the Group's main investments operate.

The Group's credit operations declined as a result of increased client defaults requiring the conversion of credit assets to the underlying security. The most significant being the conclusion of the conversion of the Group's debt held in MyBucks S.A., an African focused banking group incorporated in Luxembourg and listed on the Frankfurt Stock Exchange ("MyBucks"), to equity, which was approved by Ecsponent shareholders on 22 November 2019.

PROSPECTS

Ecsponent private equity operations investment philosophy is to invest in a diversified portfolio of companies operating in high growth sectors and with an ability to generate a minimum return of 30% in South African Rands over a long-term period.

Ecsponent's current portfolio remains exposed to the performance of MyBucks and the Board has taken a number of active steps to protect its investment, which includes increasing its interest to an influential interest through the conversion of non-performing loans to MyBucks equity (as set out in a circular to shareholders dated 11 October 2019). The increased influence enables the Company to direct the strategy of MyBucks going forward and drive the recapitalisation of the MyBucks balance sheet to enable future growth.

In addition, MyBucks has undertaken the following rationalisation steps in order to return to profitability:

- a reduction of head office employees through a retrenchment of approximately 100 employees;
- the establishment of in-country management teams;
- approval by MyBucks Noteholders, on the listed listed Austrian Bond, of deferred repayment. The revised terms extend the maturity date of MyBucks bonds by three years to April 2023 and furthermore defers interest payments to the maturity date. MyBucks reported in the 30 June financial statements a total bond liability of EUR 8,2 million repayable in April 2020; and
- the monetisation of certain non-core assets.

Ecsponent's Board implemented further interventions after the 31 December 2019 reporting date to improve the solvency and liquidity of the Company, including amongst others:

- The announcement on 10 February 2020 of the intended restructure of the preference share programme with the intention of matching the liquidity profile of the Group's equity investments to fund any future voluntary redemptions of the preference share

investments. The restructure will result in Ecsponent reclassifying total debt of R2,249 billion into equity, of which R442m is current debt at 31 December 2019;
- Rationalisation of the business operations to reduce costs;
- Disposal of the Ecsponent Eswatini operations at net asset value; and
- The announcement on 20 March 2020 of the intended issue of 8 808 624 705 Ecsponent ordinary shares to settle debt of R215,8m.

(Refer events after reporting date note below).

The Board believes the steps taken were necessary to protect its investments. The Board believes that the investments have the potential to realise significant value for debt holders and preference shareholders over the medium to longer term.

COVID 19 – IMPACT

The outbreak of Covid-19 (Coronavirus) has resulted in mass production shutdowns and supply chain disruptions resulting in ripple effects across all economic sectors; concomitantly, some countries have revised their growth forecasts. The duration of the Covid-19 pandemic and long-term magnitude of the economic shock on the Group and its Associate companies ("Enlarged Group")' businesses, and those of its clients in the countries in which the Enlarged Group operates, is at this point, unknown and uncertain. While there is no doubt the current developments will have an impact on our clients and the Enlarged Group's financial performance, the high level of uncertainty, is further complicated by evolving scientific data on the virus, which makes it difficult to estimate the financial effects of the pandemic, at this time.

Countries in which the Enlarged Group operates have recorded cases of coronavirus; each country is going through its own set of unique challenges, ranging from partial to full lockdowns. The Enlarged Group is following directives from the respective governments, national health agencies and the World Health Organisation in order to control the spread of the virus. Our banking subsidiaries under MyBucks which are regarded as essential services during this difficult time have implemented measures to ensure business continuity and adequate service and support to clients, whilst ensuring a safe environment under the guidelines of the World Health Organisation.

The Enlarged Group is closely monitoring the situation and is fully committed to ensuring the safety of its clients and employees. In this respect, the Enlarged Group has implemented measures to ensure smooth information dissemination and has also enhanced several preventative measures including significantly increasing hygiene and safety conditions wherever employees are rendering essential services and effectively maintaining and implementing social distancing and/or working from home policies.

As the situation develops, the decisions taken are continually reassessed and additional measures implemented, which may be considered necessary to adapt to changing developments for the good health and safety of employees and clients. The Enlarged Group will update the market of such developments in a timely manner.

OPERATIONAL REVIEW

Group Overview

Below is an overview of the Group's operations for the 2019 interim period end.

Private Equity

The Company announced, during 2019, the conversion of a material amount of its business-to-business interest-bearing loans into the underlying equity investments, most notably the substantial increase in the equity investment in MyBucks to obtain greater influence over the direction of the MyBucks Group.

The current equity portfolio holds value which is estimated to require the next three to five years to fully materialise. MyBucks' past performance was particularly disappointing which necessitated shareholder intervention and culminated in a significant restructure of this Group's operations during 2019.

Going forward, it is Ecsponent's intention that income will be derived wholly or mainly from its private equity portfolio and that Ecsponent will no longer conduct any trading activity that is material to the Group.

Below is summary of the investments expected to contribute to the future value of the Group.

MyBucks

MyBucks is an African focused banking group incorporated in Luxembourg and listed on the Frankfurt Stock Exchange. Through its presence in six African countries (Botswana, Malawi, Mozambique, Uganda, Zambia and Zimbabwe), it provides financial products and services such as impact loans, unsecured credit, banking solutions and insurance products.

MyBucks completed the first phase of its debt recapitalisation in November 2019 through the issue of a total of 63,926,378 shares in the company. This Debt Recapitalisation led to an improvement in the reported equity from a negative equity of over EUR41m as at 30 June 2019 to positive equity as at 31 December 2019. As part of this debt recapitalisation, Ecsponent has converted the loans it has advanced to MyBucks to the value of R450 million or EUR27,829,312 (at an exchange rate of EUR16.17) into MyBucks shares, at a subscription price of EUR1.00 per MyBucks share, resulting in Ecsponent's shareholding in MyBucks of 42.90%, at an average cost price of EUR3.04 per share.

As of 1 January 2020, MyBucks S.A had residual gross holding company debt of c. EUR42 million from a peak of c. EUR110 million as at 30 June 2019. The reduction in debt is expected to significantly improve its financial performance. MyBucks S.A continues to apply significant efforts towards reducing this indebtedness and further strengthen its balance sheet to support its turnaround and achieve its future growth prospects.

Having regard to the recent developments with regard to Covid-19, and the likely impact thereof on capital raising prospects based on current market conditions, MyBucks will postpone the planned rights offer until further notice and focus on internal restructuring measures in the interim.

Invest Solar Africa

Invest Solar Africa, acquired during the period, is an investment vehicle focused on renewable energy opportunities in markets within Africa. It focuses on small projects of up to 30 megawatts, a niche that early movers often ignore owing to a preference for larger scale projects. This project size generally attracts higher feed-in tariffs and, as technology evolves, can be scaled up to reduce the overall investment per megawatt, resulting in improved returns. Invest Solar's project pipeline, coupled with an experienced team and a clear strategic path forward, should ensure that the entity grows from strength to strength.

The company's target is to raise and direct a total sum of USD 150 million in funding for renewable energy projects with an aggregate generation capacity of over 300 megawatts over the next 5-years.

Invest Solar is in the final phases of commissioning the 20-megawatt Harava Phase 1 Solar project. The 30-megawatt Zhenje and the 20-megawatt Harava Phase 2 Solar projects in Zimbabwe are in initial construction phase.

The company has further commenced with the development of the following projects, which, in combination with the Zimbabwean projects, total a pipeline of 150 megawatts:

- a 20-megawatt plant in Botswana;
- a 20-megawatt plant in eSwatini;

- a 20-megawatt plant in Mozambique; and
- a 20-megawatt plant Zambia.

Ngwedi

Ngwedi Capital is an emerging Black-controlled Asset Management Holding Company. The South African domiciled holding company operates under two wholly owned subsidiaries, namely Ngwedi Investment Managers Pty Ltd ("NIM") and Ngwedi Alternative Investment Managers ("NAIM"). Ngwedi Investment Managers is an FSCA licensed traditional asset manager offering fixed income, multi-asset and equity investment solutions to both institutional and retail clients. NIM's product offering is complemented by NAIM, which offers a full suite of alternative investment products covering private credit, private equity and hedge fund solutions. The Group has managed to grow its assets under management (AUM) close to R5bn in its first 15 months of operation.

Chrome Valley Mining

ECS Private Equity Limited (formerly Ecsponent Botswana Limited) acquired 51% during the period of Chrome Valley Mining (Pvt) Ltd, a private registered company incorporated in Zimbabwe. The company holds a total of 2,400-hectare (ha) claims located 40 kilometres Northeast of Guruve town centre in the extreme northern part of the Great Dyke. Zimbabwe is estimated to hold 12% of the world's resource of metallurgical chrome, mainly on the Great Dyke with a chromic oxide range of 47% to 60% and chromium to iron ratios ranging between 2:2 and 4:1.

An independent valuation was undertaken to obtain the mineral asset value performed in compliance with all sections relevant to exploration companies of the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("the SAMREC Code") and the South African Code for the Reporting of Mineral Asset Valuation ("the SAMVAL Code").

The initial trenching work focused mainly on the 600ha first phase, comprising about 25% of the total Mining Claims. 753 metric kiloton (kt) of the Chrome mineral resources potential of 1 903kt was upgraded from a "deposit" to an inferred mineral resource as a result of the trenching work. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially extractable chrome deposits, and therefore the estimated mineral resource tonnage and grade have an associated risk of discovery and development. It is anticipated that further planned assessments during the next phase, being the initial diamond drilling exploration work, will result in an increase in confidence and an upgrade of some or all of the inferred mineral resources to indicated or measured resources.

The indicative fair value placed on the inferred mineral resources contained in the initial 600ha is USD 18,1 million (R253,8 million at 31 December 2019).

The investment is classified as an exploration asset.

MHMK Capital

MHMK Capital is a proprietary corporate venture capital firm, whose mandate is to invest in external start-up companies which are deemed to have both long term strategic and financial benefits to its parent shareholder, Ecsponent Limited. MHMK Capital's current mandate is to develop and strengthen Ecsponent Limited's investment banking capabilities by targeting investments in specialised financial services firms such as Asset Management, Advisory, Stockbroking and Private Equity. MHMK Capital's first investment was in Ngwedi Capital Holdings.

FINANCIAL RESULTS

Presented below are the condensed consolidated financial statements for the six months ended 31 December 2019.

Condensed Consolidated Interim Statement of Financial Position as at 31 December 2019

	Notes	Group 31 December 2019 R'000	Group 31 December 2018 R'000	Audited Group 30 June 2019 R'000
ASSETS				
Cash and cash equivalents		32 179	37 673	37 658
Assets held for sale		3 248	-	-
Inventories		-	683	223
Current tax receivable		5 098	1 541	7 130
Other receivables		14 573	750	17 804
Trade and other receivables		18 989	24 244	39 124
Loans and advances	4	434 999	1 284 155	973 045
Other financial assets	5	220 892	570 152	416 461
Investments in associates	6	650 043	748 420	1 533 896
Mineral and exploration asset	9	20 497	-	-
Deferred tax asset	10	388 117	80 001	138 586
Intangible assets and goodwill		-	23 968	5 704
Property, plant and equipment [1]		16 882	3 591	4 953
TOTAL ASSETS		**1 805 517**	**2 775 178**	**3 174 584**
LIABILITIES				
Bank overdraft		980	388	803
Current tax payable		6 981	8 800	2 368
Trade and other payables		39 771	16 017	19 112
Note programme	11	148 252	5 972	65 395
Other financial liabilities	12	797 903	377 698	677 379
Preference shares	13	2 560 245	2 021 103	2 285 357
Deferred tax		74 246	150 484	185 027
Lease liabilities		10 304	969	201
TOTAL LIABILITIES		**3 638 682**	**2 581 431**	**3 235 642**
ASSETS LESS LIABILITIES		**(1 833 165)**	**193 747**	**(61 058)**
EQUITY				
Equity and reserves				
Share capital		145 170	145 170	145 170
(Accumulated loss) / Retained income		(1 999 432)	45 623	(213 202)
Reserves		6 761	2 219	6 132
Equity attributable to equity holders of parent		**(1 847 501)**	**193 012**	**(61 900)**
Non-controlling interest		14 336	735	842
TOTAL EQUITY		**(1 833 165)**	**193 747**	**(61 058)**

[1] *The increase in property, plant and equipment for December 2019 incorporates the R9,4 million right of use asset arising in the period on the adoption of IFRS16*

Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income for the interim period ended 31 December 2019

	Note	Group 6 months ended 31 December 2019 R'000	Group 6 months ended 31 December 2018 R'000
PROFIT AND LOSS			
Revenue		45 027	118 676
Cost of sales		(39 816)	(101 772)
		5 211	16 904
Lending income			
Interest income		93 175	81 499
Interest expenses		(59 490)	(60 591)
Net interest income		33 685	20 908
Fair value adjustments		(1 657 619)	102 622
Dividend income		174	16 500
Impairments		(26 380)	-
Share of net profit/(loss) from associate		3 978	(233)
Investment income		(1 679 847)	118 889
Other income		22 900	63 054
Credit impairments		(294 448)	(9 826)
Operating expenses		(69 301)	(52 374)
Operating (loss) / profit		**(1 981 800)**	**157 555**
Finance cost		(151 531)	(100 987)
(Loss) / profit after finance cost		**(2 133 331)**	**56 568**
Taxation		353 214	(52 746)
(Loss)/profit for the period		**(1 780 117)**	**3 822**
OTHER COMPREHENSIVE INCOME			
Items that maybe reclassified to profit and loss:			
Exchange differences on translating foreign operations		629	5 176
Total comprehensive (loss)/income		**(1 779 488)**	**8 998**
Total (loss)/profit attributable to:			
Owners of the parent		(1 786 045)	3 449
Non-controlling interest		5 928	373
		(1 780 117)	**3 822**
Total comprehensive (loss)/ income attributable to:			
Owners of the parent		(1 785 416)	8 998
Non-controlling interest		5 928	373
		(1 779 488)	**9 371**
Basic and fully diluted (loss) / earnings per share (cents) attributable to equity holders of the parent	14	(165,443)	0,319

Condensed Consolidated Statement of Changes in Equity for the interim period ended 31 December 2019

	Share capital	Foreign currency translation reserve	Retained profit/ (accumulated loss)	Total attributable to owners of the parent	Non-controlling interest	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 01 July 2018	**145 170**	**(2 957)**	**50 926**	**193 139**	**362**	**193 501**
Profit for the period	-	-	3 449	3 449	373	3 822
Other comprehensive income	-	5 176	-	5 176	-	5 176
IFRS 9 adjustment	-	-	(8 752)	(8 752)	-	(8 752)
Balance at 31 December 2018	**145 170**	**2 219**	**45 623**	**193 012**	**735**	**193 747**
(Loss)/profit for the period	-	-	(258 825)	(258 825)	474	(258 351)
Other comprehensive income	-	3 913	-	3 913	-	3 913
Disposal of subsidiaries	-	-	-	-	1	1
Business combinations	-	-	-	-	(368)	(368)
Balance at 30 June 2019	**145 170**	**6 132**	**(213 202)**	**(61 900)**	**842**	**(61 058)**
(Loss)/profit for the period	-	-	(1 786 045)	(1 786 045)	5 928	(1 780 117)
Other comprehensive income	-	629	-	629	-	629
IFRS 16 adjustment	-	-	(185)	(185)	-	(185)
Business combinations	-	-	-	-	7 566	7 566
Balance at 31 December 2019	**145 170**	**6 761**	**(1 999 432)**	**(1 847 501)**	**14 336**	**(1 833 165)**

Condensed Consolidated Cash Flow Statement for the interim period ended 31 December 2019

	Group 6 months ended 31 December 2019 R'000	Group 6 months ended 31 December 2018 R'000
Cash flow from operating activities		
Cash generated by operations	(7 552)	68 891
Dividends received	-	5 500
Finance costs	(184 716)	(122 138)
Taxation paid	(4 222)	(10 527)
Net cash from operating activities	**(196 490)**	**(58 274)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(1 466)	(60)
Sale of property plant and equipment	1 515	190
Investment in intangible assets	-	(19 915)
Cash acquired through business combination	555	-
Investment in financial assets	(7 774)	(2 494)
Proceeds from financial assets	-	5 987
Repayments of loans and advances received	25 132	293 331
Disbursement of loans and advances	(125 092)	(631 290)
Net cash from investing activities	**(107 130)**	**(354 251)**
Cash flow from financing activities		
Proceeds on preference share issues	276 415	266 919
Preference shares redeemed	(61 118)	-
Proceeds from note issue	80 660	-
Proceeds from other financial liabilities	47 870	199 464
Repayment of other financial liabilities	(51 437)	(58 065)
Lease payments	(1 373)	(68)
Net cash from financing activities	**291 017**	**408 250**
Total cash movement for the period	**(12 603)**	**(4 275)**
Effect of exchange rate movement on cash balances	6 947	(2 745)
Cash at the beginning of the period	36 855	44 305
Total cash at the end of the period	**31 199**	**37 285**

Notes to the Condensed Consolidated Financial Statements for the 6 months ended 31 December 2019

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

The condensed consolidated interim financial statements are prepared in accordance with the JSE Limited Listings Requirements for interim reports and the requirements of the Companies Act of South Africa and in accordance with International Financial Reporting Standards (IAS) 34 Interim Financial Reporting, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

These interim financial results have not been reviewed or reported on by the Company's auditors.

The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements, unless otherwise stated.

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

New accounting policies adopted

Exploration and evaluation of Mineral Resources

All exploration and evaluation expenditure, prior to obtaining the legal rights to explore a specific area, is recognised in profit or loss.

After the legal rights to explore are obtained, exploration and evaluation expenditure, comprising the costs of acquiring prospecting rights and directly attributable exploration expenditure, is capitalised, pending determination of the technical feasibility and commercial viability. The technical feasibility and commercial viability of extracting a mineral resource is generally considered to be determinable through a feasibility study and when proven reserves are determinable to exist. Upon determination of proven reserves, exploration and evaluation assets attributable to those reserves are reclassified from exploration and evaluation assets to another appropriate class of asset.

Subsequently, all costs directly incurred to prepare an identified mineral asset for production are capitalised to mine development assets. Amortisation of these assets commences once these assets are available for use, which is expected to be when the mine is in commercial production. These assets will be measured at cost less accumulated amortisation and impairment losses.

Change in accounting policies

IAS1: Presentation of Financial Statements

The Board advised its ordinary and preference shareholders and noteholders that the Company's strategic focus has shifted from a group which focussed on both private equity investments and financial services to a financial institution that focusses almost exclusively on private equity investment.

Accordingly, the Group has adopted a change in accounting policy in term of IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors*, to provide a more relevant and reliable presentation of its Statement of Financial Position and its Statement of Profit or Loss and Other Comprehensive Income.

Certain of the comparative period's figures have been reclassified to align the financial disclosures to the revised reporting format 31 December 2018 and/or 30 June 2019. It is, however, important to note that none of the comparative figures have been restated and, as noted above, the accounting policies have been consistently applied.

Statement of Financial Position

The Group has adopted the liquidity basis of presentation of the Statement of Financial Position as outlined in *IAS 1 – Presentation of Financial Statement*. As a result, all assets and liabilities are presented in order of liquidity rather than presenting the assets and liabilities as current or non-current. The adoption provides more relevant and reliable information, as the Group activities no longer have material identifiable working capital cycles with assets and liabilities held to investment maturity. The change in strategy, on which the change in presentation is hinged, is supported by the below factors:

- The Company announced, during 2019, the conversion of a material amount of its business-to-business interest-bearing loans into the underlying equity investments, most notably the substantial increase in the equity investment in MyBucks to obtain greater influence over the direction of the MyBucks Group.
- The current equity portfolio holds value which is estimated to require the next three to five years to fully materialise.
- Going forward, it is Ecsponent's intention that income will be derived wholly or mainly from its private equity portfolio and that Ecsponent will no longer conduct any trading activity that is material to the Group, as there has been a change in the business model into that of a private equity investment.

Effect on Statement of Financial Performance

The resultant effect on the presentation of the Statement of Financial Position is that the categories of assets and liabilities has been re-presented in order of liquidity and disclosure of non-current versus current assets and liabilities has been removed. There has been no adjustment to account balances or descriptions from those previously presented.

Statement of Profit or Loss and Other Comprehensive Income

The Group has reorganized the presentation of the Statement of Profit or Loss and Other Comprehensive Income as outlined in *IAS 1 – Presentation of Financial Statement,* by the inclusion of additional line items and subtotals which provides for a more relevant understanding of the Groups financial performance in line with the change in strategy as noted above. The line items have been disaggregated to separately present the financial performance of lending activities, private equity investment activities and operational activities.

Effect on Statement of Profit or Loss and Other Comprehensive Income

The following reclassifications of the 31 December 2018 comparative results occurred:

- R81 499 million of interest income previously disclosed as *Revenue* is reclassified as *Interest Income*;
- R60 591 million of *Finance Costs* relating to credit assets have been reclassified as *Interest Expenses*;

- R16 500 million of dividend income previously included in *Other Income* is reclassified to investment income and presented separately as *Dividend Income;*
- R9 826 million previously disclosed as part of *Operating Expenses* is reclassified and separately disclosed as Credit impairments.

Refer table below summarising above reclassifications

	31 December 2018 as previously disclosed	**Reclassification**	**31 December 2018 Reclassified**
	R'000	**R'000**	**R'000**
Revenue	200 175	(81 499)	118 676
Interest income	-	81 499	81 499
Finance cost	161 578	(60 591)	100 987
Interest expense	-	60 591	60 591
Other income	79 554	(16 500)	63 054
Dividend income	-	16 500	16 500
Operating expenses	62 200	(9 826)	52 374
Credit impairments	-	9 826	9 826

2. NEW STANDARDS AND INTERPRETATIONS

Application of IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases and introduces a single lessee accounting model. The company has adopted the standard for the first time in the 2020 financial statements.

First time adoption application

The Group has adopted IFRS 16, retrospectively from 1 July 2019 and elected the modified retrospective approach. The standard is applied retrospectively with the cumulative effect of initially applying IFRS 16 recognised in the opening balance of retained earnings at the date of initial application, instead of restating comparative information. This led to an adjustment to opening retained earnings of R185 147.

The Group applied the following practical expedients, in accordance with IFRS 16, to leases previously classified as operating leases when applying IAS 17:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics resulting in a weighted average incremental borrowing rate at the date of initial application of 10.55%.
- Leases for which the lease term ends within 12 months of the date of initial application are accounted for in the same way as short-term leases.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impact of first-time adoption

The main changes arising from the issue of IFRS 16 resulted in the recognition of right-of-use assets and lease liabilities.

The recognised right-of-use assets consists solely of premises leased by the Group. The right-of-use assets recognised at 1 July 2019 amounted to R 8.95 million with the related lease liabilities amounting to R 9.20 million.

3. FINANCIAL INSTRUMENTS – FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1 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; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Accounting classification and fair values

The following table sets out the Group's classification of each class of financial asset and financial liability, including their carrying values amounts.

31 December 2019	**Carrying amounts**		
	Designated at fair value	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**
	R'000	**R'000**	**R'000**
Financial assets measured at fair value			
Other financial assets	154 817	-	-
Investment in associate	631 440	-	-
	786 257	**-**	**-**
Financial assets that are not measured at fair value			
Other financial assets	-	66 076	-
Loans and advances	-	434 999	-
Trade and other receivables	-	18 989	-
Cash and cash equivalents	-	32 179	-
	-	**552 243**	**-**
Financial liabilities that are not measured at fair value			
Cash and cash equivalents	-	-	(980)
Preference shares	-	-	(2 560 245)
Note programme	-	-	(148 252)
Other financial liabilities	-	-	(797 903)
Trade and other payables	-	-	(36 765)
	-	**-**	**(3 544 145)**

31 June 2019	Carrying amounts		
	Designated at fair value	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**
	R'000	**R'000**	**R'000**
Financial assets measured at fair value			
Other financial assets	350 574	-	-
Investment in associate	1 494 895	-	-
	1 845 469	**-**	**-**
Financial assets that are not measured at fair value			
Other financial assets	-	65 887	-
Loans and advances	-	972 958	-
Trade and other receivables	-	41 055	-
Cash and cash equivalents	-	37 658	-
	-	**1 117 558**	**-**
Financial liabilities that are not measured at fair value			
Cash and cash equivalents	-	-	(803)
Preference shares	-	-	(2 285 357)
Note programme	-	-	(65 395)
Other financial liabilities	-	-	(677 379)
Trade and other payables	-	-	(15 850)
	-	**-**	**(3 044 784)**

Fair value hierarchy

The following table contains the fair values of assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for assets and liabilities not measured at fair value.

	Fair value		
31 December 2019	**Level 1**	**Level 3**	**Total**
Fair value through Profit / Loss			
Investment in associate	-	631 440	631 440
Other financial assets	6 391	148 426	154 817
	6 391	**779 866**	**786 257**

30 June 2019	**Level 1**	**Level 3**	**Total**
Fair value through Profit / Loss			
Investment in associate	-	1 494 895	1 494 895
Other financial assets	9 299	341 275	350 574
	9 299	**1 836 170**	**1 845 469**

Fair value of other financial assets and liabilities

The fair value of all other financial assets and liabilities are considered to be equal to their carrying values. 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.

The Group's approach to determining the fair value for:

- Listed investments which are suitably liquid investments, the available market prices (calculated at spot on reporting date) is the basis for the measurement of the IFRS Portfolio Value for identical instruments.
- Listed investments where an active market does not exist and unlisted investments, the primary valuation methodologies applied are the income approach ("IA") such as discounted cash flow ("DCF") and dividend discount model ("DDM"), compared against a market approach ("MA"), where appropriate

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.

Type	Valuation technique	Significant unobservable inputs
Investment in associate: MyBucks	For the valuation of the MyBucks Group an IA and MA approach was used. The IA approach made use of a DDM and the MA based on market values.	• A final cost of equity rate of 18.50% was used. • A five-year consolidated forecast was used in the valuation, with the forecast dividend pay-outs used as the basis cash flow. • Dividend pay-out ratio of 20% from 2023 onwards; • Applied a fundamental price to book value ("PBV") of 2.2. • Market price at 31 December 2019 of Euro 0.81. • Recent significant transactions at Euro 1.00 per share. • 31 December 2019 the spot Euro rate to convert to reporting currency.
Investment in associate: GetBucks Microfinance Bank Limited ("GetBucks Zimbabwe")	For the valuation of the GetBucks Zimbabwe an IA and MA approach was used. The IA approach made use of a DDM and the MA based on market value and a peer comparison.	• A discount rate of 25% was used in the DCF valuation. • A five-year forecast was used in the valuation. • The five-year forecast cashflows with the forecast dividend pay-outs used as the basis cash flow. • Dividend pay-out ratio of 20% from 2020 onwards • The local currency was adjusted to USD applying future cash flow factor. • Comparable company method applied a fundamental PBV of 1.4. • 31 December 2019 the spot USD rate to convert to reporting currency.

Investment in associate: Invest Solar Zimbabwe	For the valuation the Invest Solar Zimbabwe the MA was primarily used.	• This approach estimates the value of the solar asset at different stages of the project life cycle per MW of production capacity.
Other Financial Assets: Ngwedi Capital Holdings	The price to assets under management model was applied to determine the value of the investment.	• A 2.1% price to asset under management (P/aum) was used, • P/aum was determined with reference to peers, • AUM of R3.3bn was used
Other Financial Assets: Capitis Equities - S12J portfolio	Each individual asset class within the portfolio's fair value was determined.	• Discount rate of 22% for equity investments, • Loans carried at amortised cost; • 0% dividend yield.

Measurements of fair value

Reconciliation of Level 1 fair values
Below is a reconciliation of the movement in level 1 fair values during the period

	Group	**Audited Group**
	31 December 2019	**30 June 2019**
	R'000	**R'000**
Other financial assets designated as at fair value through profit and loss		
Listed equities	6 391	9 299
Other financial assets designated as at fair value through profit & loss		
Opening balance at the start of the period	**9 299**	**280 700**
Purchases - listed shares	-	357 500
Fair value (loss) / profit recognised in profit and loss	(2 908)	104 279
Transfer to level 3 fair values	-	(727 153)
Disposals	-	(16 720)
Foreign currency loss recognised in profit and loss	-	10 693
Balance at the end of the period	**6 391**	**9 299**

Reconciliation of Level 3 fair values
Below is a reconciliation of the movement in level 3 fair values during the period

Other financial assets designated as at fair value through profit and loss		
Fair value of financial assets	779 866	1 836 170
Other financial assets designated as at fair value through profit & loss		
Opening balance at the start of the period	**1 836 170**	**485 761**
Transfer from level 1 fair values	-	727 153
Purchases	586 647	762 005
Fair value loss recognised in profit and loss	(1 637 047)	(36 884)
Disposals	-	(100 000)
Foreign currency loss recognised in profit and loss	(5 904)	(1 865)
Balance at the end of the period	**779 866**	**1 836 170**

4. LOANS AND ADVANCES

	Group 31 December 2019 R'000	Audited Group 30 June 2019 R'000
Business credit	710 407	989 708
The Business funding advances are secured, via a cession of the underlying equity and/or assets. The advances bear interest at fixed interest rates based on the entity risk profile, ranging between 18% - 28% (30 June 2019: 17% - 30%) and repayment terms are facility specific with loans in the portfolio with terms up to 2 years.		
Supply chain funding	35 790	40 221
Enterprise development and supply chain advances are of a short-term nature with an average transaction cycle of 30 to 45 days. Ecsponent secures the funding via the terms of the transactions and where appropriate additional covering security is obtained.		
TOTAL LOANS AND ADVANCES	**746 197**	**1 029 929**
Expected credit losses per stage of default	**(311 198)**	**(56 885)**
Stage 1: 30 days or less in default	(1 488)	(6 234)
Stage 2: 31 days to 360 days in default	(40 652)	(13 129)
Stage 3: more than 360 days in default	(269 058)	(37 522)
	434 999	**973 044**
NON-CURRENT ASSETS		
At amortised cost	153 672	139 763
CURRENT ASSETS		
At amortised cost	281 083	833 195

Expected credit losses increased significantly due to a major credit asset moving from a stage 2 to a stage 3 credit impaired asset resulting in a 100% impairment.

5. OTHER FIANNCIAL ASSETS

	Group 31 December 2019 R'000	Audited Group 30 June 2019 R'000
Capitis Equities *The company invested in a section 12J company. Capitis Equities (Pty) Ltd, by acquiring a 19% stake in the ordinary shares of the entity. The company further committed to invest in the qualifying 12J investment portfolio of Capitis. The Board assesses the portfolio's fair value on a regular basis and at a minimum at each reporting period.*	115 579	134 756
Ngwedi Capital Holdings *The Group acquired an effective 34.3% stake in Ngwedi Capital Holdings (Pty) Ltd via MHMK Capital (Pty) Ltd in which the group has a 70% stake. This stake was obtained through the issue of an interest free loan as well as staggered dividend preference shares redeemable in ten years. The redemption amount is equal to the issue price of the preferences share. Please refer to the investment in associates for the investment held in Ngwedi.*	32 847	12 226
Option agreement *In June 2018, the Group entered into a put option agreement with MHMK Capital Limited and Sunblaze Holdings Incorporated, the Option Issuers. In term of the agreement the Group holds an unconditional and nonexclusive option to require the Option Issuers to purchase, jointly or severally, all or any portion of the Option Shares, being the total number of MyBucks SA ordinary shares held by Ecsponent as at 31 December 2021, at an Option Strike price of €18.* *The option can be exercised directly after the Option Period's expiration date being 31 December 2021, during the 30-day Option Exercise Period which follows. The Black-Scholes Model was used to value the investment at year end.* *The option agreement has been fully provided for in light of the current uncertainty and significant reduction in in the value of MyBucks. The agreement is being renegotiated in light of the MyBucks recapitalisation issue at Euro 1 per share during November 2019.*	-	194 293
Listed shares *24,2 million ordinary shares in Go Life International, a healthcare company registered in the Republic of Mauritius. The Company's primary listing is on the Mauritian stock exchange with a secondary listing on the JSE AltX.*	6 391	9 299
	154 817	**350 574**

5. OTHER FINANCIAL ASSETS (continued)

	Group	Audited Group
	31 December 2019	**30 June 2019**
	R'000	**R'000**
Listed bond	66 075	65 887
Bond issued by GetBucks Botswana, listed on the Botswana stock exchange. The bond has a fixed coupon rate of 18% per annum and matures on 31 December 2021.		
	66 075	**65 887**
TOTAL OTHER FINANCIAL ASSETS	**220 892**	**416 461**
NON-CURRENT ASSETS		
At fair value through profit or loss	154 816	350 574
At amortised cost	65 037	65 096
	219 853	**415 670**
CURRENT ASSETS		
At fair value through profit or loss	-	-
At amortised cost	1 039	791
	1 039	**791**

The Listed Bond is carried at amortised cost while the balance of the other financial assets is carried at fair value.

6. INVESTMENT IN ASSOCIATES

At 31 December 2019 the Group had significant influence over the entities below by virtue of its interest in these company's shareholding and voting powers:

- MyBucks S.A. incorporated in Luxembourg ("MyBucks");
- Ecsponent Financial Services Limited incorporated in Zambia ("MyBucks Zambia");
- GetBucks Microfinance Bank Limited incorporated in Zimbabwe ("GetBucks Zimbabwe");
- Ngwedi Capital Holdings (Pty) Limited incorporated in South Africa ("Ngwedi"); and
- Invest Solar (Private) Limited incorporated in Zimbabwe ("Invest Solar Zimbabwe").

	Group	Audited Group
	31 December 2019	**30 June 2019**
	R'000	**R'000**
Investment in associates - measured at fair value		
Opening balance	1 494 895	-
Fair value adjustments	(1 444 198)	11 325
Loans converted to equity	450 000	-
Business combination	136 647	-
Cost of investment in associates	-	759 663
Reclassification from other financial assets	-	727 153
Foreign exchange differences	(5 904)	(3 246)
	631 440	**1 494 895**
Investment in associates - equity accounted		
Opening balance	39 001	21 500
Impairment of equity accounted associate	(24 376)	-
Increase due to recapitalisation	-	20 747
Equity accounted post acquisition earnings	3 978	(3 246)
	18 603	**39 001**
Total investment in associates	**650 043**	**1 533 896**

Ecsponent elected to report on investments in associates at fair value based on the Equity segment of Ecsponent being classified as a venture capital segment in terms of IFRS. The classification of the Equity segment as a venture capital segment is based on the following parameters:

› the Group has various listed and unlisted equity investments, which is classified under the Equity segment;

› the Group has various investors including, ordinary shareholders, preference shareholders, listed bonds and debt funders; and

› the Group holds shares in the investments it classified as Equity, however it may have provided funding to some of these investments in the ordinary course of the business, as the Company also operates a Credit Business.

The associate investment in MyBucks Zambia is reported on the equity accounted method.

6. INVESTMENT IN ASSOCIATES (continued)

Debt recapitalisation of MyBucks and investment by Ecsponent

MyBucks completed the first phase of its debt recapitalisation in November 2019 through the issuance of a total of 63.9 million shares in the Company. This Debt Recapitalisation led to an improvement in the reported equity from a negative equity of over EUR40m for the financial year ended 30 June 2019 to positive equity as at 31 December 2019. As part of this debt recapitalisation, Ecsponent converted the loans it has advanced to MyBucks, together with predetermined assets to the value of R450 million or EUR27,829,312 (at exchange rate of EUR16.17) into MyBucks shares at a subscription price of EUR1.00 per MyBucks share, resulting in Ecsponent's shareholding in MyBucks of 42.90%, at an average price of EUR3.04 per share.

The subscription transaction was approved at a general meeting of shareholders held on 20 November 2019.

Investment in Invest Solar Zimbabwe

Ecsponent acquired 70% of Invest Solar Africa Limited ("ISA"), a company registered in Botswana, refer to business combinations note below. ISA invested in Invest Solar Zimbabwe which is classified as an associate in terms of the interest in the company's shareholding and voting powers held by ISA.

Fair value loss

Ecsponent reported a fair value loss of R1.657 billion of which the investment in MyBucks accounts for R1.176 billion. The fair value assessment at the reporting date is impacted by MyBucks Group revised forecasts and budgets to take account of the current uncertain economic environment and the lack of liquidity in capital markets to expand their lending operations.

In addition, the impact of the hyperinflationary environment[2] in which GetBucks Zimbabwe operations operate has resulted in the significant reduction in the fair value assessment of the company, and as a subsidiary impacted the Group MyBucks valuation.

The impact has further resulted in a R285m fair value loss for the period in terms of Ecsponent's direct investment in GetBucks Zimbabwe.

[2] *On 11 October 2019 the Public Accountants and Auditors Board of Zimbabwe pronounced that entities, for financial periods on or after 1 July 2019, who prepare and present financial statements in Zimbabwe apply IAS 29 'Financial Reporting in Hyperinflationary Economies'.*

6. INVESTMENT IN ASSOCIATES (continued)

Details of the Group's associate investments at 31 December 2019

	Principle activity	Place of incorporation	Proportion of ownership interest and voting power (%) 31 Dec 19	30 Jun19
MyBucks	Financial services	Luxembourg	42,9%	39,7%
MyBucks Zambia	Financial services	Zambia	25,0%	25,0%
GetBucks Zimbabwe	Financial services	Zimbabwe	32,8%	34,9%
Ngwedi	Financial services	South Africa	49,0%	49,0%
Invest Solar Zimbabwe	Renewable Energy	Zimbabwe	44,7%	0,0%

	MyBucks	MyBucks Zambia	GetBucks Zimbabwe	Ngwedi	Invest Solar Zimbabwe
Carrying amount/fair value of associates	424 502	18 603	49 223	21 068	136 647

Summarised financial information in respect of the Group's associates is set out below. The summarised financial information represents amounts shown in the associate's management accounts prepared in accordance with IFRS.

	Invest Solar Zimbabwe	MyBucks Zambia	Ngwedi
Post-tax (loss) / profit from continuing operations	(4 830)	44 944	(6 541)
Total comprehensive (loss) / income	(4 830)	44 944	(6 541)
Total assets	286 318	167 026	16 108
Total liabilities	(123 398)	(93 260)	(1 167)

Summarised financial information for the six months ended 31 December 2019

MyBucks listed on the Frankfurt Stock Exchange and GetBucks Zimbabwe listed on the Zimbabwean Stock Exchange and part of the MyBucks Group changed financial yearends to 31 December from 30 June during the period under review. The MyBucks Group is currently finalising its audited results for the six-month financial reporting period ended 31 December 2019. As a result of the price sensitive nature, the summarised financial information for these associate companies cannot be not presented for the period ended 31 December 2019.

The associate investment in MyBucks Zambia is reported based on the equity accounted method and its management accounts for the six-months ended 31 December 2019 was used for the purpose of applying the equity method for these 31 December 2019 interim results. The remaining associates are accounted for using the fair value method in these interim results.

7. BUSINESS COMBINATIONS

Acquisition of 70% of Invest Solar Africa Limited

Ecsponent Botswana Limited, a subsidiary of Ecsponent acquired 70% of the ordinary share capital of Invest Solar Africa Limited, a company incorporated in Botswana, with effect 31 December 2020 for BWP1 from MHMK Group Botswana. (refer section on prospects for more information).

The rationale for the investment is to realise positive returns from the development of solar parks within the Southern Africa region through the development and disposal / partial disposal of solar assets and/or long-term recurring revenue from the generation capacity.

The company reported a profit of BWP2,161 million (R 2,818 million) profit before tax for the six-months ended 31 December 2019.

Fair value of the assets acquired, and liabilities assumed

	31 December 2019 **R'000**
Property, plant and equipment	2 999
Other financial assets	72 283
Investment in associate	136 647
Cash and cash equivalents	555
Trade and other receivables	12
Other financial liabilities	(178 016)
Trade and other payables	(9 262)
Total identifiable net assets	25 218
Non-controlling interest	7 566
Bargain purchase	17 652

Non-controlling interest is measured as the non-controlling interest proportionate share of the acquiree's identifiable net assets.

The recoverability of the trade and other receivables were also assessed to be accurate and no concentration risk was evident relating to these trade receivables.

8. DISPOSAL OF SUBSIDIARY

Disposal of 100% of Ecsponent Business Credit (Pty) Ltd ("EBC")

Ecsponent entered into an agreement to dispose of its 100% shareholding in EBC, its subsidiary in South Africa providing retail credit loans to individuals and SMME's. The investment was disposed on 23 August 2019 for a total consideration of R14 million, payable in full on 31 December 2019.

Fair value of the assets and liabilities disposed of are as follows:	**31 December 2019 R'000**
Deferred tax asset	1 742
Trade and other receivables	(103)
Cash and cash equivalents	30
Loans and advances	22 766
Loans payable	(270)
Trade and other payables	(86)
Current tax payable	(2 546)
Total identifiable net assets	21 533
Non-controlling interest	-
Goodwill	-
Net assets derecognised	21 533
Loss on disposal	(7 533)
Consideration receivable	**14 000**
Net cash flow on disposal	
Purchase consideration*	-
Net cash balance disposed of	30
	30

** The purchase consideration is payable on deferred payment terms and was recovered after 31 December 2019. All cash flow movements are therefore recognised through the Other financial asset and/or liabilities movements.*

9. ACQUISITION – MINERAL AND EXPLORATION ASSET

Chrome Valley Mining (Private) Ltd

During the period under review ECS Private Equity Limited (formerly Ecsponent Botswana Limited) acquired an 51% interest in Chrome Valley Mining (Pvt) Ltd a company incorporated in Zimbabwe.

Chrome Valley Mining (Pvt) Ltd holds a total of 2,400ha mineral claims located 40 kilometres Northeast of Guruve town centre in the extreme northern part of the Great Dyke of Zimbabwe.

The investment is accounted for under IFRS 6 "*Exploration for and Evaluation of Mineral Resources"* and recognised at the cost of purchase. Since acquisition further exploration has been performed indicating reserves of 1 903 000 metric tonnes.

	Group 31 December 2019 R' 000
Acquisition and exploration costs capitalised during the period	20 497

Further exploration work and a technical feasibility study is ongoing to determine proven reserves.

10. DEFERRED TAX

Recognition of deferred tax asset

The Group recognises the net tax benefit relating to deferred tax assets arising from future deductible temporary differences and past income tax losses. The deferred tax asset is recognised to the extent it is probable that taxable income will be available from forecast profits to realise the future tax saving. The expectation of future profits is based on the restructure initiatives already implemented and the future growth prospects of the Group's portfolio of assets.

The deferred tax asset disclosed in the Group statement of financial position comprises:

	Group	**Audited Group**
	31 December 2019	**30 June 2019**
	R'000	**R'000**
Fair value adjustments	264 729	15 874
Tax losses available for set off against future taxable income	12 690	70 699
Capital growth accruals	25 038	28 637
Capital loss	-	4 111
Allowance for credit loss	80 039	16 919
Other deferred tax assets	5 621	2 346
	388 117	**138 586**

The significant movement is mainly due to the following:

- Increased deferred tax asset due to fair value adjustments on the MyBucks and GetBucks Zimbabwe investments. Due to these adjustments the tax base exceeds the carrying amount of the underlying assets.
- Increased allowances for credit losses, (refer Loans and Advances, for additional information)
- Recognition of the lease liability as determined by IFRS 16, which lead to a deferred tax asset of R2.8 million.

11. NOTE PROGRAMME

	Group	**Audited Group**
	31 December 2019	**30 June 2019**
	R'000	**R'000**
HELD AT AMORTISED COST		
Note 1	1 522	1 330
Initial issue price redeemable after three years. Monthly interest is paid at a rate of 9% per annum.		
Note 2	27 921	12 947
Initial issue price redeemable after three years. Monthly interest is paid at a rate of 10% per annum		
Note 3	52 019	29 662
Initial issue price redeemable after three years. Monthly interest is paid at a rate of 12% per annum		

Note 4 *Note redeems at 137.49% of the initial issue price after three years. No monthly interest is paid.*	30 912	9 446
Note 5 *Initial issue price redeemable after three years. Monthly interest is paid at a rate of prime plus 1.5% per annum.*	35 877	12 009
TOTAL NOTES IN ISSUE	**148 251**	**65 394**
NON-CURRENT LIABILITIES		
At amortised cost	147 558	64 659
CURRENT LIABILITIES		
At amortised cost	694	736

12. OTHER FINANCIAL LIABILITIES

	Group 31 December 2019 R'000	Audited Group 30 June 2019 R'000
Tailored Investments *The loan is secured by 1 953 874 shares of MyBucks S.A. Limited, is interest free and is repayable in monthly instalments until June 2022. The company announced on 20 March 2020 that it reached agreement with its major shareholder who acquired the loan from Tailored Investments to issue ordinary shares to settle the liability. The issue of ordinary shares is subject to shareholder approval, refer note dealing with the events after the reporting date. Repayments have been deferred pending the shareholder vote.*	204 955	207 836
Scipion Active Trading Fund *USD 10 million term loan facility that bears interest at 10% plus 12-month LIBOR screen rate amortised and payable monthly. 50% of the capital is payable by May 2021 and the remaining 50% is payable in August 2021. This loan is secured over MyBucks SA shares to the value of 125% of the loan balance. In addition to the shares as security, a further requirement is that an amount of R20m in financial assets of the Group is to be maintained. Due to the significant decline in the value of the MyBucks shares during 2019 the value of the security fell below the facility requirement and a security penalty levied until the security value is restored.*	140 450	140 471
Norsad Finance (Botswana) Limited *USD 5 million loan is secured by a pledge of 444,000 MyBucks shares that bears interest at the three-month LIBOR plus 11% per annum, payable quarterly. The loan is repayable on 11 July 2022.*	70 587	68 404

Norsad Finance (Botswana) Limited *This is a seven-year facility issued to being charged at 9% plus six months Libor which is to be utilised in the construction of Harava Solar Project in Zimbabwe. The loan is payable in March 2026 and capital is payable from October 2020. The facility is secured by shares in Invest Solar Africa as well as the equipment purchased for the Harava Solar Park using the facility.*	72 243	-
Ever Prosperous Worldwide Limited *This is a two-year facility bearing interest at 12% per annum. The loan is to be fully repaid by December 2021, with monthly payments from 31 July 2020. The facility is secured by shares in Invest Solar (Private) Limited, a personal guarantee by Mr G Manyere as well as the equipment purchased using the facility by Harava Solar Park.*	105 733	-
Ever Prosperous Worldwide Limited *USD 14.8 million loan is secured by a pledge of 381,506,336 shares in GetBucks Microfinance Bank Limited, bears interest at 10% per annum, payable monthly. At 31 December 2019 a total of $2.1 million was in arrears comprising capital and interest of which $1.4 million was settled in January 2020. Management have further arranged terms for final settlement of the facility from the process of monetising certain longer-term assets referred to in the going concern note.*	29 391	77 666
Ever Prosperous Worldwide Limited *ZAR 26 million unsecured term loan facility at an interest rate of 12% per annum. The capital and accrued interest is payable on demand, with 60 days' notice from the lender. The lender has issued the notice with repayment due on 13 February 2020. At the reporting date management arranged terms for final settlement of the facility from the process of monetising certain longer-term assets referred to in the going concern note.*	12 484	-
Ever Prosperous Worldwide Limited *ZAR 33,4 million unsecured term loan facility at an interest rate of 12% per annum. At 31 December arrear interest amounted to R910 600. Loan capital is repayable monthly from April 2020 with the last payment on 30 November 2020. At the reporting date management arranged terms for final settlement of the facility from the process of monetising certain longer-term assets referred to in the going concern note.*	27 220	-
Capitis Equities (Pty) Ltd *The loan is unsecured, bears interest at 8% per annum and is repayable on demand.*	96 517	93 605
Chrome Valley Mine Development *Liability relates to the company's commitment to fund $1,5 million for the development of the Chrome mineral assets held by Chrome Valley Mine Development to secure the Group's 51% interest. The funding comprises the intial capital contribution of the company and no fixed payment terms are determined.*	20 497	-

Colyn Promissory note *This loan bears interest at 8% per annum, interest is payable monthly, and the capital is repayable by 25 July 2024.*	13 338	12 362
Ecsponent Eswatini Collective Investment Scheme *The loan is secured by a payment guarantee by Ecsponent Limited, repayable 12 months from date of advance and bears interest at 15% per annum.*	2 247	2 903
GetBucks Ltd (Mauritius) *USD 3.6 million loan facility is unsecured, bears interest at 10.5% per annum and both interest and capital is repayable on demand. This loan was settled as part of the debt conversion transaction.*	-	74 132
Promissory notes *Promissory notes issued bearing interest at 12%. The notes are unsecured with R1m maturing on 30 June 2020 and R1.2million maturing on 2 December 2022.*	2 241	-
TOTAL OTHER FINANCIAL LIABILITIES	**797 903**	**677 379**
NON-CURRENT LIABILITIES		
At amortised cost	504 396	368 107
CURRENT LIABILITIES		
At amortised cost	291 251	309 272

13. PREFERENCE SHARE PROGRAMME

The Company registered a R5 billion preference share programme ("the Programme"). The Programme was approved by the JSE on 8 September 2014 and again on 15 December 2015. At 31 December 2019 Ecsponent Limited had received subscription investments of R2,1 billion. The preference share programme was suspended on 10 February 2020 and Ecsponent Limited is seeking preference shareholder approval to restructure the terms of the current issued preference shares. (refer note on events after the reporting date).

In addition, subsidiary companies in Ecsponent Eswatini Limited and ECS Private Equity Limited (Botswana) raised a combined R311million via registered programmes in these markets.

The preference share capital is classified as debt and separately disclosed in the Condensed Consolidated Statement of Financial Position as at 31 December 2019 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 six-month period ended 31 December 2019.

	Group 31 December 2019 R'000	Audited Group 30 June 2019 R'000
Preference shares issued by Ecsponent Limited (South Africa):		
Preference share - class A	71 899	76 786
Initial issue price redeemable after 5 years. Monthly dividend paid at a rate of 10% per annum.		
Preference share - class B	746 277	658 806
Preference share redeems at 170% of the initial issue after 5 years. No monthly dividends are paid.		
Preference share - class C	703 520	723 425
Initial issue price redeemable after 5 years. Monthly dividend paid at a rate of prime plus 4% per annum.		
Preference share - class D	496 842	340 785
Initial issue price redeemable after 5 years. Monthly dividend paid at a rate of 12.5% per annum.		
Preference share - class E	224 591	195 382
Initial issue price redeemable after 5 years. Monthly dividend paid at a rate of 11.25% per annum.		
Preference share - class G	5 877	5 212
Initial issue price redeemable after 5 years. Monthly dividend paid at a rate of 10% per annum.		
Preference shares issued by Ecsponent Eswatini Limited (Eswatini):		
Preference share - class A	157 461	139 262
5 year income provider with a variable rate redeemable, convertible units of E1 000 comprising E1 preference share and E999 claim. 15% rate at present paid monthly.		
Preference share - class B	19 069	-
5 year capital growth provider with a zero rate redeemable, convertible units of E1 000 comprising E1 preference share and E999 claim. Redeemed at end of 5 years at E2 000.		
Preference share - class E	100 608	127 621
5 year capital growth provider with a zero rate redeemable, convertible units of E1 000 comprising E1 preference share and E999 claim. Redeemed at end of 5 years at E2 000.		
Preference share - class F	19 795	-
5 year capital growth provider with a zero rate redeemable, convertible units of P1 000 comprising P1 preference share and P999 claim. Redeemed at end of 5 years at P1 700.		

Preference shares issued by ECS Private Equity Limited (Botswana):		
Preference share - class A	10 428	13 658
5 year income provider with a variable rate redeemable, convertible units of P1 000 comprising P1 preference share and P999 claim. 15% rate at present paid monthly.		
Preference share - class B	3 879	4 421
5 year capital growth provider with a zero rate redeemable, convertible units of P1 000 comprising P1 preference share and P999 claim. Redeemed at end of 5 years at P2 000.		
TOTAL PREFERENCE SHARES	**2 560 247**	**2 285 358**
NON-CURRENT LIABILITIES		
At amortised cost	2 065 489	1 954 610
CURRENT LIABILITIES		
At amortised cost	494 756	330 747

14. EARNINGS AND FULLY DILUTED EARNINGS PER SHARE

-

	Group 31 December 2019	**Group 31 December 2018**
BASIC AND HEADLINE EARNINGS	**R'000**	**R'000**
Basic earnings	(1 786 045)	3 449
Headline earnings	(1 788 867)	3 359
Basic and fully diluted (loss) / earnings per share (cents) attributable to equity holders of the parent	(165,443)	0,319
Headline and fully diluted headline (loss) / earnings per share (cents) attributable to equity holders of the parent	(165,704)	0,311
Number of shares in issue	1 079 555 364	1 079 555 364
Weighted average number of shares	1 079 555 364	1 079 555 364

RECONCILIATION BETWEEN BASIC EARNINGS AND HEADLINE EARNINGS
Adjusted for (after NCI and taxation)

IAS 33 Basic earnings	(1 786 045)	3 449
IAS 16 Gain on disposal of property, plant and equipment	(30)	(90)
IFRS 3 Bargain purchase	(13 770)	
IFRS 3 Goodwill impairment	5 555	-
IAS 10 Loss on disposal of subsidiary	5 423	-
	(1 788 867)	**3 359**

The Group has announced the restructure of the preference share programme as described under the "Events after the Reporting Period" note below. As mentioned, the preference share terms include the right to convert to equity under certain circumstances. At 31 December 2019 the impact of a possible conversion due to the events after the reporting date is considered to be antidilutive as the loss per share will be reduced should the preference shares convert to ordinary shares.

15. RELATED PARTIES

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

	Group	**Audited Group**
	31 December 2019	**30 June 2019**
	R'000	**R'000**
Related party balances		
Investments in		
Associate companies	650 043	1 533 896
Other financial assets		
MHMK Group Limited	-	194 293
Associate companies	98 922	78 113
Loans owing (to) / by		
Associate companies	370 028	493 661
Other financial liabilities		
Associate companies	(22 744)	(74 132)
Trade and other receivables / (payables)		
Associate companies	3 027	3 931
Associate companies	-	(5)

16. CONDENSED 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 2019 annual financial statements.

Period ended 31 December 2019

	Total assets	Revenue and interest received	Operating profit/ (loss)
	R'000	R'000	R'000
Operating segment			
Business Credit	2 058 441	116 193	(647 633)
Investment services	2 110 145	151 060	(460 672)
Equity holdings	902 208	40 889	(698 204)
Corporate	14 384	13 544	5 068
Elimination	(3 279 661)	(183 484)	(180 359)
Group total	**1 805 517**	**138 202**	**(1 981 800)**
Geographic segment			
South Africa	3 577 517	223 930	(759 397)
Botswana	646 786	28 038	(537 594)
Eswatini	610 061	58 902	44 927
Mauritius	249 406	9 992	(549 939)
Zambia	1 408	824	562
Eliminations	(3 279 661)	(183 484)	(180 359)
Group total	**1 805 517**	**138 202**	**(1 981 800)**

Period ended 31 December 2018

Operating segment			
Business Credit	2 256 384	138 001	107 587
Investment services	2 201 529	181 669	172 408
Equity holdings	560 047	89 174	84 754
Corporate	4 385	12 617	3 952
Elimination	(2 247 167)	(221 286)	(211 146)
Group total	**2 775 178**	**200 175**	**157 555**
Geographic segment			
South Africa	3 878 907	326 557	276 709
Botswana	795 499	24 437	37 263
Eswatini	188 669	61 636	45 204
Mauritius	159 270	8 805	9 660
Zambia	-	26	(135)
Eliminations	(2 247 167)	(221 286)	(211 146)
Group total	**2 775 178**	**200 175**	**157 555**

Period ended 30 June 2019

Operating segment	Total assets	Revenue and interest received	Operating profit/ (loss)
	R'000	R'000	R'000
Business credit	2 724 348	248 816	259 857
Investment services	2 490 438	228 632	283 376
Equity holdings	1 590 800	126 426	45 967
Corporate	7 141	21 202	5 667
Elimination	(3 638 143)	(274 391)	(497 919)
Group total	**3 174 584**	**350 685**	**96 948**
Geographic segment			
South Africa	4 414 265	462 616	415 287
Botswana	796 855	49 683	15 840
Eswatini	542 916	90 787	86 230
Mauritius	1 048 490	21 069	76 743
Zambia	10 201	921	767
Eliminations	(3 638 143)	(274 391)	(497 919)
Group total	**3 174 584**	**350 685**	**96 948**

17. EVENTS AFTER THE REPORTING PERIOD

Preference share restructure

On 10 February 2020 the Board advised its ordinary and preference shareholders and noteholders that the Company's strategic focus has shifted from a group which focussed on both private equity investments and financial services to that of almost exclusively a private equity investment business.

The company announced conversion of a material amount of its business-to-business interest-bearing loans into the underlying equity investments, most notably the increase in the equity investment in MyBucks to obtain greater influence over the direction of the MyBucks.

The Company's resultant asset base is aimed towards long-term capital growth and is not capable of conversion into cash in a short space of time without significant loss of value for stakeholders.

The Board further advised shareholders that, having assessed its immediate and future obligations and the funding currently available to the Company, it expects that the Company will not be in a position to continue to the redemption of the preference shares specifically those due in March 2020 and ongoing dividend payments to its various classes of preference shares.

The Preference Share Programme Memorandum provides for a default conversion of the preference shares into ordinary shares if the Company fails to redeem preference shares within three months of the redemption date and/or fails to declare three consecutive monthly dividends.

The Company did not redeem Series 2, Class A, B and C preference shares, which were due for redemption on 6 March 2020 and indicated that it would no longer pay monthly dividend on the Class A, C, D E and G preference shares.

In terms of the current Preference Share Programme and the Memorandum of Incorporation (MOI) preference shareholders will convert to ordinary shares by 6 June 2020.

The Board however intends to propose an amendment to the company's MOI, subject to shareholders and preference shareholders approval, to allow preference shareholders to retain their preference share investment and consequently their preference rights. A further announcement will be made in this regard informing shareholders of the issue of the MOI amendment circular, subject to final approval.

Recapitalisation of the Company

On 20 March 2020 the Board announced that Ecsponent entered into a binding term sheet with MHMK Group Limited ("MHMK Group") in terms of which MHMK Group will subscribe for, and the Company will issue, 8,808,624,705 ordinary shares ("Specific Issue Shares") to MHMK Group at a subscription price of ZAR0.0245 per ordinary share ("Subscription Price"), resulting in a total subscription consideration of ZAR215 811 305 ("Subscription Consideration") ("the Specific Issue").

The Subscription Consideration will not be paid in cash but will be offset against ECS Mauritius Private Equity Limited's liability amounting to ZAR215 811 305 towards Tailored Investments Limited ("Tailored Investments"), a third party, unrelated creditor ("Tailored Claim"), following the acquisition by MHMK Group of the Tailored Claim from Tailored Investments.

Following the Specific Issue, MHMK Group will hold, directly and indirectly, 9,419,183,232 of the ordinary shares in Ecsponent's share capital, comprising 95.2% of the Company's total issued share capital after the Specific Issue.

Eswatini restructuring

As part of the shift in strategic focus, the Group entered into a transaction with a related party, to dispose of its non-core operations in Eswatini. These operations were disposed with effect from 30 March 2020.

Volatility of the Rand and Zimbabwe dollar and the impact of Covid 19

The South African Rand and Zimbabwe dollar has been two of the most volatile emerging market currencies in recent years. The Rand has depreciated significantly post year end, weighed down by global risks in the form of the Coronavirus outbreak and concerns over SA's debt projections resulting in a Moody's downgrade on 27 March 2020.

Zimbabwe's central bank has reintroduced the use of foreign currency for the purchase of local goods and services as a stabilising measure as the coronavirus pandemic strikes, exactly eight months after it instituted the exclusive use of the Zimbabwe dollar for local transactions. It added that the exchange rate for those local transactions would be fixed at Z$25 for every US$1.

The local and global impact of the COVID-19 pandemic subsequent to the reporting period is expected to have an impact on our associate businesses The Group is highly susceptible to fluctuations in the Rand and Zimbabwe Dollar due to its investment in the MyBucks Group. The devaluation of the Rand linked to the spread of Covid 19 and the reintroduction of the use of foreign currency in Zimbabwe is expected to have a positive effect, post year end, on the valuation of its investment in MyBucks.

Change of year end

The Board announced on 30 March 2020 that the financial year end will be changed from June to March to closer align the reporting periods with that of its major investments. The first financial year end will be 31 March 2020.

Company restructure
The Board has implemented various measures to significantly reduce the company cost structure including staff retrenchment effective end of March 2010. The measure will contribute to the sustainability of the planned business model of the Group.

18. GOING CONCERN

The consolidated interim financial results have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

In performing the going concern assessment, the Board considered historical data relating to resources and reserves, available information about the future, the possible outcomes of planned events, changes in future conditions and the responses to such events and conditions that would be available to the Board.

The Board has, inter alia, considered the following specific factors in determining whether the Group is a going concern:

- the total comprehensive loss for the interim financial period of R1,779 billion resulting in the total liabilities exceeding its total assets by R1,833 billion;
- whether the net current liability position would result in the Group not having access to enough cash through the conversion of liquid assets into cash resources as and when required to facilitate the payment of liabilities;
- assessment of the solvency and liquidity position in terms of the Companies Act, 2008;
- whether the Group has sufficient cash resources to pay its creditors and maturing liabilities as and when they fall due and meet its operating costs for the ensuing twelve months;
- whether there is any significant pending litigation that will threaten the going concern status of the Group;
- whether the Group has available cash resources to deploy in developing and growing existing operations or invest in new opportunities; and
- significant value accretive decisions taken and events after the reporting date.

The Board believes that the current economic outlook presents some challenges in the near term, predominantly evidenced by the fair value reduction in the Group's investments and the current macro-economic conditions.

The Board has contemplated that the combination of the circumstances above could represent a material uncertainty that may cast doubt upon the Group's ability to continue as a going concern and therefore, the Group may possibly be unable to realise its assets and discharge its liabilities or meet its financial obligations in the normal course of business.

The directors have evaluated the Group's solvency and liquidity position in terms of the Companies Act, 2008 in terms of which preference shares are equity and have concluded that the Group's total assets fair value exceeded its total liabilities fair value by R402million and therefore remains in a solvent position.

The Board's medium-term outlook for its investments remains positive with the expectation that the fair value will improve over the next 3 to 5 years and that some or all these investments will ultimately realise value for all stakeholders.

The Board implemented interventions after the 31 December 2019 reporting date as referred to in the events after the reporting date to further improve the solvency and liquidity. In addition, the Board has been cutting operational expenses with specific focus in reducing head office costs. The Board has further implemented a process of monetising certain longer-term assets to support liquidity while implementing capital raise initiatives to aimed at funding future growth of the current and new investments.

As such, the Board continues to adopt the going concern basis of accounting in preparing the consolidated financial statements.

19. CONTINGENCIES

A non-routine investigation by the Financial Services Conduct Authority ("FSCA") is ongoing involving Ecsponent Financial Services (Pty) Limited ("EFS"), a subsidiary of the Ecsponent. Preliminary findings have been issued by the FSCA and EFS is in the process of deliberation and reply. The final outcome of the ongoing investigation remains uncertain and as a result no further information is disclosed.

20. DIVIDENDS

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

Preference Share dividends of R169 million accrued to investors for the 6 months ended 31 December 2019. 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.

The Company has six classes of preference shares in issue with the following summarised 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; and
- Class G – 10% fixed rate monthly dividend.

21. DIRECTORS CHANGES

The following changes to the Board of Directors occurred

S Sisulu	Appointed	01 January 2020
G Nyengedza	Appointed	01 January 2020
RMH Pitt	Appointed	09 March 2020
TJ de Kock	Appointed	31 March 2020
C Lyons	Appointed	01 April 2020
W Oberholzer	Resigned	31 July 2019
TP Gregory	Resigned	31 December 2019

R Connellan	Resigned	28 February 2020
S Sisulu	Resigned	10 February 2020
DP van der Merwe	Resigned	31 March 2020

22. COMPANY SECRETARY

L du Preez-Cilliers continued in office as the company secretary for the Group.

For and on behalf of the Board

G Manyere
Pretoria
17 April 2020

Directors: C Lyons (Chairman)#, R Pitt*, K Rayner*, G Nyengedza*, P Matute*, G Manyere (Chief Executive Officer) and T de Kock (Chief Financial Officer)
(* Independent Non-Executives)
(# Non-Executive)
Company Secretary: L du Preez-Cilliers
Registered Office: 43 Garsfontein Road, Waterkloof, Pretoria, 0145, 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