

Capital Appreciation Limited
 Incorporated in the Republic of South Africa
 (Registration number 2014/253277/06)
 Tax number 9591281176
 JSE Share Code: CTA
 ISIN: ZAE000208245
 (the "Company")

CONDENSED AUDITED RESULTS FOR THE PERIOD ENDED 31 MARCH 2016

INTRODUCTION

The directors have pleasure in submitting their report for the period ended 31 March 2016.

Capital Appreciation Limited issued a Pre-Listing Statement on 28 September 2015 for the purpose of raising capital and being listed on the Main Board of the Johannesburg Stock Exchange ("JSE"). The Company raised R1 billion through a private placement and obtained a listing on 16 October 2015 on the JSE in the Non-Equity Investment Instrument sector as a Special Purpose Acquisition Company ("SPAC"). The primary purpose of the SPAC is to pursue the acquisition of a viable asset being an investment in a commercial enterprise with high growth potential.

Unless and until such viable asset is acquired, the only material asset of a SPAC is the cash which it holds pursuant to the capital raise through the issue of shares. That cash is held in escrow and invested conservatively for the protection of the Company's shareholders. If the acquisition of a viable asset is not completed within a period of 24 months from the date on which the SPAC was listed or such later date as the JSE may permit, the SPAC is required to return the subscription funds initially invested to shareholders, plus accrued interest, less certain permissible expenses and taxation.

REVIEW OF ACTIVITIES

The Company did not acquire a viable asset during the period under review. Basic and Headline Earnings per share of 1,77 cents consists of interest received from funds managed, less operating expenses and taxation.

Both before and after the Company's listing, the Executive Directors made it known in the market that the Company was seeking the acquisition of a viable asset. Since the listing, management has diligently evaluated numerous potential acquisition opportunities and engaged with certain vendors on propositions that would satisfy the Company's vision and values. As of the date hereof, discussions are in progress with certain of the aforesaid vendors

It is certainly comforting to know that the Company has sufficient resources to make a meaningful investment, using cash, equity and debt, or a combination of the three if required. Given the market volatility and uncertainty during the period under review, the Company has been purposely cautious in its objectives.

While the Board is mindful of its mandate on behalf of shareholders to acquire a viable asset, the Board has consciously concluded that the right investment takes preference over any investment. Therefore, in accordance with the JSE Listing Requirements and the SPAC rules, shareholders will be informed of developments towards the conclusion of such an acquisition as and when the Company is in a position to do so. In the meantime, the Company's funds are being well managed by the executive, with compliance oversight by the appointed Escrow Agents. The yield on the Company's funds have increased by 100 basis points since the listing in October 2015, yielding an annualised interest return of approximately R80 million.

CONDENSED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

	2016	2015
	R	R
Assets		
Non-Current Assets		
Property, plant and equipment	172,685	
	172,685	
Current Assets		
Accounts receivable and prepayments	479,640	
Cash and cash equivalents	1,008,020,404	*
	1,008,500,044	*
Total Assets	1,008,672,729	*
Equity and Liabilities		
Equity		
Redeemable ordinary share capital	1,000,002,500	*
Constituent ordinary share capital	4,000,000	
Constituent costs	(22,543,311)	
Accumulated profit	22,158,579	

Liabilities	1,003,617,768	*
Current Liabilities		
Accounts payable	4,969,177	
Tax liability	85,784	
	5,054,961	
Total Equity and Liabilities	1,008,672,729	*

*Less than R1

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	2016
	R
Revenue	32,995,626
Operating expenses	(2,214,856)
Profit before taxation	30,780,770
Taxation	(8,622,191)
Profit for the period	22,158,579
Other comprehensive income	-
Total comprehensive profit for the period	22,158,579

Earnings per share (cents)	
Basic and diluted earnings per share (cents)	1,77
Headline earnings per share (cents)	1,77
Number of redeemable ordinary shares in issue	1,250,000,000

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Redeemable ordinary share capital	Constituent ordinary share capital	Constituent costs	Accumulated profit	Total equity
	R	R	R	R	R
Issue of ordinary share capital	*				*
Balance at 1 March 2015	*				*
Conversion of ordinary share capital to constituent ordinary share capital	*	*			
Issue of redeemable ordinary share capital	1,000,000,000				1,000,000,000
Issue of founders' initial ordinary share capital	7,500				7,500
Issue of constituent ordinary share capital		4,000,000			4,000,000
Redemption of founders' initial ordinary share capital	(5,000)				(5,000)
Redemption of constituent ordinary share capital		*			*
Constituent costs			(22,543,311)		(22,543,311)
Total comprehensive profit for the period				22,158,579	22,158,579
Balance at 31 March 2016	1,000,002,500	4,000,000	(22,543,311)	22,158,579	1,003,617,768

*Less than R1

CONDENSED STATEMENT OF CASH FLOWS

	2016
	R
Cash flows from operating activities	2,283,658
Interest income	32,995,626
Tax paid	(8,536,407)
Net cash from operating activities	26,742,877
Cash flows from investing activities	
Property, plant and equipment	(181,662)
Net cash from investing activities	(181,662)
Cash flows from financing activities	
Issue of redeemable ordinary share capital	1 000,000,000
Issue of founders' initial ordinary share capital	2,500

Issue of constituent ordinary share capital	4,000,000
Payment of constituent costs	(22,543,311)
Net cash from financing activities	981,459,189
Total cash movement for the year	1,008,020,404
Total cash at end of the year	1,008,020,404

1. Basis of preparation

The condensed audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34 Interim Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the South African Companies Act, 71 of 2008, as amended and the Listings Requirements of the JSE Limited. The accounting policies and methods of computation used in the preparation of this report are consistent with those of the previous year and with those applied in the annual financial statements for the period ended 31 March 2016.

2. Share capital

	2016	2015
	Number	Number
Authorised shares		
10,000,000,000 redeemable ordinary shares of no par value	10,000,000,000	4,000
4,000 constituent ordinary shares of no par value	4,000	
Issued shares		
	R	R
1,250,000,000 redeemable ordinary shares of no par value	1,000,002,500	*
4 constituent ordinary shares of no par value	4,000,000	
	1,004,002,500	
Reconciliation of issued redeemable ordinary shares		
Balance at the beginning of the period		*
Founders Initial ordinary shares issued at date of listing	750,000,000	
Subscription for redeemable ordinary shares at date of listing	1,000,000,000	
Redemption of founders initial ordinary shares	(500,000,000)	
Balance at the end of the period	1,250,000,000	

*Less than R1

3. Revenue

Bank - interest income	R
	32,995,626

Total interest income is calculated, using the negotiated interest rates with ABSA Bank and Investec Bank respectively, on cash held in the bank and on call and notice deposit accounts.

4. Related parties

4.1 In terms of International Accounting Standards (IAS 24) the Company is obliged to disclose parties that directly or indirectly fall within the scope and definition of a Related Party.

4.2 The Company has established the Capital Appreciation Empowerment Trust ("the Trust") with the object of facilitating economic empowerment of and advancing the interests of Black Persons, by conferring vested interests in redeemable ordinary shares held by the Trust. The Trust initially subscribed for 50,000,000 redeemable ordinary shares and 25,000,000 founders initial ordinary shares. These shares are currently held by CAET Holdings (Pty) Ltd of which the Trust is a 100% shareholder. The funding for the initial subscription was facilitated through facilities granted by CAET Holdings (Pty) Ltd. The Trust is included as a Related Party as the Chairman of the Company serves as a Trustee of the Trust. The Company is indebted to the Trust to the sum of R11,584 related to certain administrative expenses.

4.3 Given the 26.66% shareholding by the Public Investment Corporation (PIC) in the Company and their representation on the Board, their interest is deemed to enable the PIC to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the Company. Accordingly, the PIC fall within the definition of a Related Party. During the period the Public Investment Corporation subscribed for 250,000,000 redeemable ordinary shares and 83,333,333 founders initial ordinary shares.

4.4 In terms of the undertakings by the constituent shareholders set out in the Pre-Listing Statement, the constituent shareholders subscribed for 4 constituent ordinary shares in the Company in the amount of R4 million. The proceeds thereof were used as a contribution towards the constituent costs. The constituent shareholders, B Sacks, M Sacks, M Pimstein and A Salomon consequently and collectively fall within the definition of a Related Party.

5. Fair Values

The fair values of the recognised financial instruments are not materially different from the carrying amounts reflected in the statement of financial position.

6. Going Concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern.

7. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial period.

8. Year end

During the period the Company changed its year end from 28 February to 31 March.

9. Dividends

No dividend was declared during the period under review.

10. Preparation

Mr. A Salomon (CA(SA)), Chief Financial Officer, is responsible for this set of financial statements and has supervised the preparation thereof in conjunction with the Financial Manager, Ms. C Sacharowitz (CA(SA)). These summary financial statements for the year ended 31 March 2016 have been audited by Ernst & Young Inc. who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these summary financial statements were derived. A copy of the auditor's report on the summary financial statements and of the auditor's report on the annual financial statements are available for inspection at the Company's registered office.

The auditor's report does not necessarily report on all of the information contained in this announcement. Any reference to pro forma or future financial information included in this announcement has not been reviewed or reported on by the auditors. Shareholders are advised that in order to obtain a full understanding of the nature of the auditors' engagement they should obtain a copy of that report together with the accompanying financial information from the Company's registered office.

By order of the Board

Chairman
Michael Sacks

Chief Financial Officer
Alan Salomon

Directors

M Sacks (Chairman), M Pimstein*(Chief Executive), B Sacks*(Chief Executive), A Salomon*, Dr. D Matjila, R Morar, B Bulo, J M Kahn, V Sekese, C Valkin *Executive

Registered Office

4th Floor, 1 Vdara, 41 Rivonia Road, Sandhurst, 2196

Company Secretary
Horwath Leveton Boner

Auditors
Ernst & Young Inc.

Sponsor
Investec Bank Limited

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Sandton
19 May 2016