

Capital Appreciation

Capital Appreciation Limited

Incorporated in the Republic of South Africa
(Registration number 2014/253277/06)
JSE share code: CTA ISIN: ZAE000208245
(the "Company")

SHORT-FORM PRESS ANNOUNCEMENT OF THE 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. However, 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 Listings 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.

By order of the Board

Michael Sacks
Chairman

Alan Salomon
Chief Financial Officer

Directors

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

Registered Office

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

Company Secretary

Horwath Leveton Boner

Auditors

Ernst & Young Inc.

Sponsor

Investec Bank Limited

Published 20 May 2016

SUMMARY STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

	2016 R	2015 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		
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	
	1 003 617 768	*
Liabilities		
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

SUMMARY 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

SHORT-FORM NOTICE

This short-form announcement is the responsibility of the Directors of the Company. It is a summary of the announcement released on SENS and published on the Company's website (www.CapitalAppreciation.co.za), and does not contain the complete announcement details. Copies of the full announcement are available for inspection and may also be requested at the Company's registered office during office hours at no charge. Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement.