Capital Appreciation Limited

2016

ANNUAL REPORT

CONTENTS

Corporate mandate and objectives

The Company 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 a 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 a 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 is invested in investment grade securities 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.

Directorate

Michael (Motty) Sacks (73)
CA(SA), AICPA (Isr)
Chairman

Motty has more than 45 years' experience as a consultant, advisor and mentor to numerous local and foreign companies and executives. He has also held Executive and Non-Executive office in various business sectors, including healthcare, financial services, technology, education, property and manufacturing. Motty was a co-founder of Netcare Limited, having served as its Executive Chairman for 12 years and thereafter as Non-Executive Chairman and Non-Executive Director. Motty was also a co-founder and Chairman of Aplitec Limited (now Net 1) and co-founder of and mentor to BEE controlled Afrocentric Investment Corporation Limited. Motty has served as Chairman and/or Director on several Boards including, Fedsure Holdings, Federated Employers Mutual, The Automobile Association, Clinic Holdings, Advtech Limited, The International Association of Political Consultants and, more recently, was appointed an Independent Non-Executive Director of Adcock Ingram Limited.

Executive Directors

Michael Pimstein (61)
BComm Acc (Wits)
Joint Chief Executive

Michael has more than 30 years' experience as a senior executive in the steel, engineering and manufacturing sector having served most recently as CEO of Macsteel Service Centres SA, a position he held from 1999 through 2013. Michael has been and is a member of various government, labour and business committees that address industrial policy, growth and development plans, infrastructure requirements and investment, labour mediation and wage negotiations. Michael has served as President of the Steel and Engineering Industries Federation of Southern Africa, President of the Southern African Stainless Steel Development Association and President of the Association of Steel Service Centres. He served on the advisory committee of The Adopt-A-School Foundation.

Bradley Sacks (49)
BEconSc (Wits), MBA/JD Hons (Duke University School of Business and School of Law)
Joint Chief Executive

Bradley has more than 20 years' experience in the financial services and investment business. Bradley is the Managing Partner of Centric Capital Ventures LLC. Previously Bradley was Managing Director, Global Head of Technology, Media and Telecommunications Mergers & Acquisitions for Bank of America. Bradley was also an investment banker with Citigroup, having started his investment banking career at Salomon Brothers. Bradley started his professional career as an associate in the corporate department of Fried, Frank, Harris, Shriver & Jacobson, a law firm based in New York. Over the course of his career Bradley has been involved in evaluating, advising and investing in strategic and financing transactions with an aggregate value exceeding US$100 billion. Bradley is a director of various private companies in which Centric Capital Venture LLC has invested, among others, giving him extensive experience in the operational management of these portfolio companies.

Alan Salomon (67)
BSc Hons (University of London), CA(SA)
Chief Financial Officer

Alan has more than 35 years' experience as a senior executive in an array of financial services and industrial sectors. Most recently Alan served as the CEO of Bidvest Bank, a subsidiary of The Bidvest Group Limited, a position he held for eight years. In addition to banking and financial services, Alan has also held executive management positions in waste management and waste recycling, stationery, packaging, catering equipment, services, property, import and export and distribution. He also has extensive experience in various manufacturing businesses. Other directorships held by Alan include Executive Director of The Bidvest Group Limited (from 1990 to 2012), CEO of AFCOM Group Limited, Non-Executive Director of Transpaco Limited, Non-Executive Director of Voltex Limited and Non-Executive Director of Enviroserv Holdings Limited.

Directorate *(continued)*

Non-Executive Directors

Bukelwa Bulo (38)
BBusSc, PGDA (UCT), CA(SA)

Bukelwa is a founder and executive director of Jade Capital, a principal investment firm with a focus on the property sector, including direct property investments as well as investments in property services companies. She started her career in finance with Investec Limited as part of their TOPP programme. Bukelwa soon moved into the Investec Private Equity division where she was intimately involved in various investments made by the group in companies in the hospitality, quick service restaurant, industrial services, engineering, retail and wholesale sectors. Bukelwa is a director of Unispan Holdings Proprietary Limited, Netcare Ltd and Franki Geotechnical Proprietary Limited having first been exposed to Franki as an Investec representative prior to Franki's joining with Esor. Bukelwa is also a Trustee of the Franki Africa Employee and Community Trust. Bukelwa completed the Program for Leadership Development at the Harvard Business School.

Jacob Meyer Kahn (77)
BA (Law), MBA, DCom (hc)
Lead Independent Director

Meyer is the former Chairman and Group Managing Director of SABMiller Plc having joined the company in 1966 and retired in 2012. During 1997 to 1999 he was seconded full-time to the South African Police Service as its Chief Executive and was awarded the South African Police Star for Outstanding Service in 2000. Meyer is non-executive chairman of Netcare Limited. He is a co-founder and non-executive director of Afrocentric Investment Holdings Limited. Meyer has served on the boards of numerous companies, has been active in various charitable and civic organisations and has been recognised with various business and leadership awards over his career.

Dr Daniel (Dan) Matjila (54)
PhD (Wits), MSc (Rhodes), BSc Hons (Fort Hare)

Dan is a senior leader and respected figure in the investment management industry and has substantial expertise and experience as a finance and investment specialist, investment risk management specialist and investment strategist. Dan is the Chief Executive Officer of Public Investment Corporation (PIC) where he is responsible for managing and investing funds for a diversified group of clients. He joined the PIC in 2003 as a Risk Manager before being promoted to the position of the Chief Investment Officer and Executive Director in 2005. Dan is also currently a Non-Executive Director and board member at Afrisam Limited, Entabeni Holdings (Chairman) and Harith General Partners. Prior to joining PIC, he was the Senior Manager Quantitative Research Analysis for Stanlib, and before that he worked for Anglo American where he was the Senior Manager of Quantitative Research Analysis. Dan started his career as a Senior Mathematics lecturer at the University of the North and worked in academia for over nine years.

Roshan Morar (49)
CA(SA), CFE

Roshan is a Chartered Accountant and the Managing Director of Morar Incorporated, Public Accountants and Auditors. Roshan is the Non-Executive Deputy Chairman of PIC. He also serves as the Non-Executive Deputy Chairman of the Airports Company (SOC) Limited, is a Non-Executive Director of the South African National Road Agency (SOC) Limited and a Non-Executive Director of Adcock Ingram Holdings Limited.

Victor Sekese (50)
BComm (Wits), BAcc (Wits), CA(SA)

Victor is the immediate past national Vice-Chairman of the South African Institute of Chartered Accountants. He has also served as the Chairman of the audit committee and as a member of the strategy committee of the South African Institute of Chartered Accountants. Victor is active in the accounting profession having served on the board of the South African Institute of Chartered Accountants for the last 10 years. He is also past National President of the Association for the Advancement of Black Accountants.

Victor is the Chief Executive of SizweNtsalubaGobodo, the largest national black-owned accounting firm and fifth largest national audit and accounting firm in Southern Africa. He has extensive audit and consulting experience in various key industries such as transport, logistics, energy and the public sector.

He is a former member of the Assurance and Auditing Standards Committee, a committee of the Independent Regulatory Board for Auditors, which is tasked with setting Auditing Standards in South Africa.

Charles Valkin (82)
BComm LLB (Wits), H Dip Tax (Wits)

Charles was the most senior partner in Bowman Gilfillan's Corporate, Commercial and Financial Services department. He has extensive experience in M&A and financing transactions. Chambers and Partners has ranked him as one of South Africa's foremost corporate/M&A and banking and finance lawyers. Charles has been the lead lawyer in some of the largest transactions in which Bowman Gilfillan has acted as legal advisors. Charles is currently working on a full-time basis as a Special Counsel to Bowman Gilfillan.

Chairman's and executive's report

The Company did not acquire a viable asset during the period under review nor has it concluded an acquisition at the date of this report. 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 in October 2015, 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 several vendors on propositions that would satisfy the Company's objectives. As of the date hereof, the executive continue in discussions with certain of those vendors.

The Company has significant resources to make a meaningful investment, using either cash, equity and debt, or a combination of the three if required. However, given the market volatility and uncertainty during the period under review, compounded by faltering global currencies and discordant politics, the Company has been purposely cautious in its decision-making.

While the Board is mindful of its mandate on behalf of shareholders, to acquire a viable asset, it 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 immediately be informed of any developments towards the conclusion of an acquisition. In the meantime, the Company's funds are being well managed, with compliance oversight by the appointed Escrow Agents. The yield on the Company's funds has increased by 100 basis points since the listing in October 2015. This is expected to yield an annualised interest return of approximately R80 million.

Broad-Based Black Economic Empowerment

Broad-Based Black Economic Empowerment was always a guiding imperative in the constitution of the Company. Apart from certain private black controlled corporate investors, the Company purposely constituted two further empowerment structures, details of which are summarised hereunder.

Capital Appreciation Empowerment Trust ("CAET")

This Trust was specifically created by the Company for the recognition and benefit of black individuals and other historically disadvantaged South Africans. CAET holds 75 million shares in the Company representing 6% of the total shares in issue.

The Capital Appreciation 67 Scheme

As part of the Company's commitment to black economic empowerment, the Company and the Student Support Programme ("SSP"), a non-profit trust, have created the SSP Capital Appreciation 67 Entrepreneurial Scheme (the "Capital Appreciation 67 Scheme").

The motivation behind the Capital Appreciation 67 Scheme is to recognise the achievements of SSP's alumni for their academic excellence by creating an entrepreneurial fund which will be used to fund 67 business ventures to be started and/or operated by SSP alumni.

The Capital Appreciation 67 Scheme holds 6.7 million shares in the Company.

Corporate Governance and the King Code

1. THE BOARD

Considerable thought is given to Board balance and composition. Collectively, the Board believes the current mix of knowledge, skill and experience meets the requirements to lead the Company effectively. The Board has 10 directors, comprising seven non-executive directors and three executive directors.

Of the seven non-executive directors, four are independent. No individual director has unfettered powers of decision-making.

The names and capacity of each director are set out below:

Name	Capacity
Michael Pimstein	Joint Chief Executive Officer
Bradley Sacks	Joint Chief Executive Officer
Alan Salomon	Chief Financial Officer
Michael (Motty) Sacks	Non-executive Chairman
Dr Daniel (Dan) Matjila	Non-executive Director
Roshan Morar	Non-executive Director
Bukelwa Bulo	Independent Non-executive Director
Jacob Meyer Kahn	Independent Non-executive Director
Victor Sekese	Independent Non-executive Director
Charles Valkin	Independent Non-executive Director

To ensure a rigorous and transparent procedure, any new appointment of a director will be considered by the Board as a whole, on the recommendation of the nomination committee. The selection process will involve considering the existing balance of skills and experience, and a continual process of assessing the needs of the Company.

Responsibility for running the Board and executive responsibility for conducting the business of the Company are differentiated. M Sacks, a non-executive director, is the Chairperson of the Board and M Pimstein and B Sacks, each an executive director, are the joint chief executive officers. The role of the chairman is *inter alia*, to lead the Board, ensuring its effectiveness and setting its agenda. The joint chief executive officers lead the executive team in running the business of the Company. The Company has also appointed M Kahn as the lead independent director.

A Salomon is the executive financial director of the Company. Annually, the audit and risk committee will evaluate the expertise and experience of the executive financial director.

2. BOARD COMMITTEES

2.1 Audit and risk committee

The audit and risk committee consists of V Sekese (Chairman), C Valkin and B Bulo, all of whom will meet at least twice a year and shall be responsible for performing the functions required of it in terms of section 94(7) of the Companies Act, and the other functions in terms of its mandate. These functions include: (i) nominating and appointing the Company's auditors and ensuring that the auditors are independent of the Company; (ii) determining the auditors' fees and terms of engagement; (iii) ensuring that the appointment of the auditors complies with the provisions of the Companies Act, and any other relevant legislation; (iv) determining, from time to time, the nature and extent of non-audit services to be provided by the Company's auditors and to pre-approve any agreement in respect of their services; (v) preparing a report to be included in the annual report of the Company, in compliance with the Companies Act; (vi) dealing with any complaints (whether from within or outside the Company) relating to accounting practices, internal audits of the Company or the content of the Company's financial statements and related matters; (vii) making submissions to the Board on any matter concerning the Company's accounting policies and financial control; and (viii) overseeing the Company's integrated reporting process.

The audit and risk committee has determined that it is satisfied with A Salomon's current expertise, experience and performance as the Company's executive financial director.

2.2 Investment committee

The members of the investment committee, who must be independent non-executive directors, are M Kahn (Chairman), B Bulo, V Sekese and C Valkin. In terms of the JSE listing, the first acquisition of a viable asset must be approved by the members of the investment committee, prior to the approval by an ordinary resolution of shareholders at a general meeting.

2.3 Nominations and remuneration committee

Members of this committee are M Kahn (Chairman) and R Morar.

2.4 Social and ethics committee

Members of this committee are B Bulo (Chairperson), R Morar and M Sacks.

3. COMPANY SECRETARY

Horwath Leveton Boner is the Company Secretary, duly appointed by the Board in accordance with the Companies Act. The Board considered and is satisfied that the Company Secretary is properly qualified and experienced to competently carry out the duties and responsibilities of Company Secretary and that there is an arm's length relationship between itself and the Company Secretary.

The Company Secretary will be subjected to an annual evaluation by the Board wherein the Board will satisfy itself as to the competence, qualifications and experience of the Company Secretary.

The Company Secretary provides the Board as a whole and directors individually with guidance on discharging their responsibilities. It is also a central source of information and advises the Board and the Company on matters of ethics and good corporate governance. The Company Secretary ensures that, in accordance with pertinent laws, the proceedings and affairs of the Board and its members, the Company itself and, where appropriate, the owners of securities in the Company are properly administered. It also assists and ensures that the Board, individual directors and Board committees are evaluated annually.

The Company Secretary ensures compliance with the JSE Listings Requirements and other statutory requirements applicable to the Company.

4. APPLICATION OF THE KING CODE

The Company's key point of reference for its governance structures is the King Code. Detailed below is a full report which, to the best of the knowledge and belief of the Board, sets out the extent of the Company's current application of the principles of the King Code and explains the non-application of certain of its principles where principles are not fully applied.

Corporate Governance and the King Code *(continued)*

COMPLIANCE WITH RECOMMENDATIONS OF THE KING CODE OF CORPORATE GOVERNANCE

Introduction

Given the Company's present status as a SPAC, certain intended principles hereunder do not practically qualify to be rated at level 3 (applied). Consideration for level 3 ratings to lesser rated matters will be given as soon as a viable asset has been acquired and needs, demands and circumstances are identified and better known.

Key – Level of Compliance

1. Not applied/will not be applied
2. In process/partially applied
3. Applied

	Principle	Level of Compliance	Comments
1.	**ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP**		
1.1	The Board should provide effective leadership based on an ethical foundation.	3	Ethics form an integral part of the values of the Company and, as such, the Board provides effective leadership based on an ethical foundation.
1.2	The Board should ensure that the Company is, and is seen to be, a responsible corporate citizen.	3	The Board is responsible for ensuring that the Company protects, enhances and invests in the well-being of the economy, society and the environment.
1.3	The Board should ensure that the Company's ethics are managed effectively.	3	The social and ethics committee, is responsible for, *inter alia*, the management of the Company's ethics.
2.	**BOARD AND DIRECTORS**		
2.1	The Board should act as the focal point for, and custodian of, corporate governance.	3	The Board ensures that the Company applies the governance principles contained in the King Code and continues to further entrench and strengthen recommended practices, governance structures, systems, processes and procedures.
2.2	The Board should appreciate that strategy, risk, performance and sustainability are inseparable.	3	The Board approves and monitors the implementation of the strategy and business plan of the Company, sets objectives, reviews key risks, evaluates performance against the background of economic, environmental and social issues relevant to the Company and international political and economic conditions.
2.3	The Board should provide effective leadership based on an ethical foundation.	3	Ethics form an integral part of the values of the Company and, as such, the Board provides effective leadership based on an ethical foundation.
2.4	The Board should ensure that the Company is, and is seen to be a responsible corporate citizen.	3	The Board is responsible for ensuring that the Company protects, enhances and invests in the well-being of the economy, society and the environment.

	Principle	Level of Compliance	Comments
2.5	The Board should ensure that the Company's ethics are managed effectively.	3	The social and ethics committee, is responsible for, *inter alia*, the management of the Company's ethics.
2.6	The Board should ensure that the Company has an effective and independent audit committee.	3	The audit and risk committee has been established, and consists of three independent non-executive directors. The members of the audit and risk committee have the necessary experience and skills.
2.7	The Board should be responsible for the governance of risk.	3	The Board is responsible for the governance of risk and ensures that the Company has an effective risk management system.
2.8	The Board should be responsible for information technology (IT) governance.	3	The Board bears ultimate responsibility for IT governance.
2.9	The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	3	The Board is responsible for ensuring that the Company complies with applicable laws and considers adhering to non-binding rules, codes and standards.
2.10	The Board should ensure that there is an effective risk-based internal audit.	2	As the Company has not acquired a viable asset, it has not yet appointed an internal auditor. Once an internal auditor has been appointed, the Board will ensure that an effective risk-based internal audit is performed.
2.11	The Board should appreciate that stakeholders' perceptions affect the Company's reputation.	3	The Board appreciates the importance of stakeholders and ensures that the Company operates on the basis of transparency, best practice disclosure, consistent communication and equal and timely dissemination of information to all stakeholders.
2.12	The Board should ensure the integrity of the Company's integrated report.	3	The Board has satisfied itself of the integrity of the Company's integrated report.
2.13	The Board should report on the effectiveness of the Company's system of internal controls.	2	The Board reports on the effectiveness of the Company's system of internal control. The Company's audit and risk committee provides the Board with assurance on the effectiveness of the internal control framework. An internal auditor will be appointed once a viable asset has been acquired, whereafter the Board will report on the effectiveness of the Company's system of internal controls based on the report of the audit and risk committee and the written assessment of the Company's internal auditor.
2.14	The Board and its directors should act in the best interests of the Company.	3	In its deliberations, decisions and actions, the Board is sensitive to the legitimate interests and expectations of the Company's stakeholders. The Board as a whole acts as a steward of the Company and each director acts with intellectual honesty and independence of mind in the best interests of the Company and its stakeholders.
2.15	The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the Company is financially distressed as defined in the Companies Act.	3	The Board is aware of the requirements of the Companies Act, regarding business rescue.

Corporate Governance and the King Code *(continued)*

	Principle	Level of Compliance	Comments
2.16	The Board should elect a Chairman of the Board who is an independent non-executive director. The CEO of the Company should also not fulfil the role of Chairman of the Board.	3	The Chairman is not the Chief Executive Officer of the Company. The roles of the Chairman and Chief Executive Officer are separate and clearly defined. The Chairman of the Board is not an independent non-executive director, accordingly a lead independent director has been appointed to lead the matter in areas where independence is required.
2.17	The Board should appoint the Chief Executive Officer and establish a framework for the delegation of authority.	3	The Board has appointed joint chief executive officers and a delegation of authority is in place.
2.18	The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	3	Considerable thought is given to Board balance and composition. The Board has 10 directors, comprising seven non-executive directors and three executive directors. Of the seven non-executive directors, four are independent.
2.19	Directors should be appointed through a formal process.	3	To ensure a rigorous and transparent procedure, any new appointment of a director will be considered by the Board as a whole, on the recommendation of the nomination committee. The selection process will involve considering the existing balance of skills and experience, and a continual process of assessing the needs of the Company.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	3	Directors have been inducted to the extent that is compatible with the Company's status as a SPAC which has not yet acquired a viable assets.
2.21	The Board should be assisted by a competent, suitably qualified and experienced Company Secretary.	3	Horwath Leveton Boner is the Company Secretary, duly appointed by the Board in accordance with the Companies Act, and the JSE Listings Requirements. The Board is satisfied that the Company Secretary is properly qualified and experienced to competently carry out the duties and responsibilities of Company Secretary.
2.22	The evaluation of the Board, its committees and the individual directors should be performed every year.	3	The performance of the Board as a whole and the Board committees individually will be evaluated annually.
2.23	The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	3	These committees will operate in accordance with written terms of reference approved by the Board and reviewed annually.
2.24	A governance framework should be agreed between the Group and its subsidiary boards.	3	The governance framework will be implemented by the Company and its subsidiaries, if applicable.
2.25	Companies should remunerate directors and executives fairly and responsibly.	3	The Board will determine the remuneration of directors and executives based on recommendations made by the remuneration committee taking into account market conditions, expert advice from remuneration specialists and in accordance with the remuneration policy.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives.	3	The Company has disclosed directors' remuneration in the integrated report.
2.27	Shareholders should approve the Company's remuneration policy.	3	The remuneration policy of the executive directors will not be subject to approval at the Company's AGM. Remuneration for executives will remain the responsibility of the Board remuneration committee and the Board. The remuneration of non-executive directors and independent directors will, however, be subject to shareholder approval at the Company's annual general meeting.
3.	**AUDIT COMMITTEES**		
3.1	The Board should ensure that the Company has an effective and independent audit committee.	3	An audit and risk committee has been established. The terms of reference of the audit and risk committee have been approved by the Board.
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors.	3	The audit and risk committee comprises three independent non-executive directors, who are suitably skilled and experienced. The Chairperson of the Board is not a member of the audit and risk committee.
3.3	The audit committee should be chaired by an independent non-executive director.	3	The audit and risk committee is chaired by an independent non-executive director.
3.4	The audit committee should oversee integrated reporting.	3	In accordance with its terms of reference, the audit and risk committee is responsible for overseeing the Company's integrated reporting process.
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	2	The audit and risk committee is mandated to ensure that a combined assurance model is applied. An internal auditor will be appointed once a viable asset has been acquired.
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the Company's finance function.	3	The audit and risk committee has satisfied itself of the effectiveness of the Chief Financial Officer and has satisfied itself of the expertise, resource and experience of the Company's finance function. This will be revaluated formally on an annual basis.
3.7	The audit committee should be responsible for overseeing of internal audit.	2	The audit and risk committee will formulate and monitor the Company's risk management policies, monitor the Company's governance compliance and oversee the scope and performance of internal audit, once a viable asset has been acquired.
3.8	The audit committee should be an integral component of the risk management process.	3	The audit and risk committee forms an integral component of the risk management process. The committee's terms of reference set out its responsibilities in terms of risk management.

Corporate Governance and the King Code *(continued)*

Principle		Level of Compliance	Comments
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	3	The audit and risk committee is responsible for overseeing the external audit process, fees and terms of engagement of the external auditors and to recommend the same for approval to the Board. The committee is responsible for determining the nature and extent of non-audit services provided by the auditors to the Company.
3.10	The audit committee should report to the Board and shareholders on how it has discharged its duties.	3	The Chairperson of the audit and risk committee reports to the Board after each meeting of the committee. The audit and risk committee compiles a written report on how it has discharged its duties annually. This report will be included in the integrated report of the Company.
4.	**THE GOVERNANCE OF RISK**		
4.1	The Board should be responsible for the governance of risk.	3	The Board bears ultimate responsibility for risk governance.
4.2	The Board should determine the levels of risk tolerance.	2	It is intended that once a viable asset has been acquired, specific limits be set annually at the risk committee meeting which limits will be approved by the Board. These limits will take account of both external and internal risk factors.
4.3	The risk committee or audit committee should assist the Board in carrying out its risk responsibilities.	3	The audit and risk committee has been established to assist the Board in carrying out its risk responsibilities, oversees internal financial controls, fraud risks and IT risks as they relate to financial reporting.
4.4	The Board should delegate to management the responsibility to design, implement and monitor the risk management plan.	3	Management is accountable to the Board, through the audit and risk committee, for embedding the risk management process in the business. Day-to-day responsibility for the management of the risk management plan will rest with the head of risk management.
4.5	The Board should ensure that risk assessments are performed on a continual basis.	3	The risk assessment process identifies risks and opportunities and the process is formalised and regular.
4.6	The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	3	The audit and risk committee provides assistance to the Board for the implementation of these frameworks and methodologies.
4.7	The Board should ensure that management considers and implements appropriate risk responses.	3	The Board ensures implementation of controls, existing and new, are monitored on an ongoing basis.
4.8	The Board should ensure continual risk monitoring by management.	3	There is continual risk monitoring and the process is monitored by management.

Principle		Level of Compliance	Comments
4.9	The Board should receive assurance regarding the effectiveness of the risk management process.	2	It is intended that an internal auditor will be appointed after the acquisition of a viable asset. The internal auditor (once appointed) will provide assurance to the Board in respect of the risk management processes.
4.10	The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	2	The Board will consider the top risks facing the Company after the acquisition of a viable asset.
5.	**THE GOVERNANCE OF INFORMATION TECHNOLOGY**		
5.1	The Board should be responsible for IT governance.	3	The Board bears ultimate responsibility for IT governance.
5.2	IT should be aligned with the performance and sustainability objectives of the Company.	2	IT will be fully integrated into the strategic planning process ensuring strategic, tactical and operational alignment in the achievement of business objectives.
5.3	The Board should delegate to management the responsibility for the implementation of an IT governance framework.	2	As the Company has not yet acquired a viable asset, the IT governance framework has not yet been finalised. Management will be responsible for the implementation of the IT governance framework, once a viable asset has been acquired.
5.4	The Board should monitor and evaluate significant IT investments and expenditure.	3	IT investments and expenditure forms part of the normal budgeting process, and therefore has to be approved by the Board.
5.5	IT should form an integral part of the Company's risk management.	2	IT will be considered an integral part of risk management.
5.6	The Board should ensure that information assets are managed effectively.	3	The Audit and Risk Committee assists the Board in its responsibility for ensuring that systems are in place for the management of information which includes security, information management and privacy.
5.7	A risk committee and audit committee should assist the Board in carrying out its IT responsibilities.	2	IT will be represented at the audit and risk committee and this committee will review key elements of IT practice including IT internal controls and risk management, once a viable asset has been acquired.
6.	**COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS**		
6.1	The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	3	The Board is responsible for ensuring that the Company complies with applicable laws and considers adhering to non-binding rules, codes and standards.
6.2	The Board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the Company and its business.	3	Training will be provided to the Board and each individual director from time to time as required.
6.3	Compliance risk should form an integral part of the Company's risk management process.	3	Compliance is an integral part of the Company's risk management process.

	Principle	Level of Compliance	Comments
6.4	The Board should delegate to management the implementation of an effective compliance framework and processes.	2	As the Company has not yet acquired a viable asset, the compliance framework and processes have not yet been finalised. Once an internal auditor has been appointed, the Board will ensure that an effective risk-based internal audit is performed.
7.	**INTERNAL AUDIT**		
	Please see comments alongside.	1	As the Company has not yet acquired a viable asset, it has not yet appointed an internal auditor. See comments in 2.10
8.	**GOVERNING STAKEHOLDER RELATIONSHIPS**		
8.1	The Board should appreciate that stakeholders' perceptions affect the Company's reputation.	3	The Board appreciates the importance of stakeholders and ensures that the Company operates on the basis of transparency, best practice disclosure, consistent communication and equal and timely dissemination of information to all stakeholders.
8.2	The Board should delegate to management to proactively deal with stakeholder relationships.	3	Stakeholder relationships are critical for the Company and management is responsible for dealing proactively with stakeholder relationships.
8.3	The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company.	3	Stakeholders are identified through a wide range of channels. Where concerns are legitimate, the Company addresses these, listens to suggestions and engages honestly.
8.4	Companies should ensure the equitable treatment of shareholders.	3	The Company is a strong proponent of transparency, best practice disclosure, consistent communication and equal and timely dissemination of information to all shareholders and the legitimate interests of minority shareholders are protected in accordance with the Companies Act, and JSE Listings Requirements.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	3	Communication to stakeholders is the responsibility of the executive team and the Company Secretary, and is monitored by the Board.
8.6	The Board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible.	3	The Board ensures that alternative dispute resolution provisions are incorporated in agreements. Each dispute is handled in accordance with the provisions of the governing agreement, the primary objective being to ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.
9.	**INTEGRATED REPORTING AND DISCLOSURE**		
9.1	Please see comments alongside.	2	The Company adheres to the relevant principles contained in the King Code relating to integrated reporting and disclosure. However, in the event that a viable asset is acquired, the level of compliance herein will be reviewed.

ANNUAL FINANCIAL STATEMENTS

for the period ended 31 March 2016

2016

Index

The reports and statements set out below comprise the financial statements presented to shareholders:

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).

Published 18 May 2016

Company Secretary's certification

I, the Company Secretary, certify that the Company has lodged with the Registrar of Companies all such returns as are required of a public company, in terms of the Companies Act, No 71 of 2008, as amended, and that all such returns are true, correct and up to date.

P Katz
Horwath Leveton Boner

Johannesburg
18 May 2016

Audit and risk committee report

1. **Members of the audit and risk committee**

   The members of the audit and risk committee are all independent, non-executive directors of the Company and include:

Name	Qualification
V Sekese *(Chairman)*	BComm (Wits), BAcc (Wits), CA(SA)
B Bulo	BBusSc PGDA (UCT), CA(SA)
C Valkin	BComm LLB (Wits), H Dip Tax (Wits)

   The Board is satisfied that the members of the audit and risk committee have the required knowledge and experience as set out in section 94(5) of the Companies Act, 71 of 2008 and Regulation 42 of the Companies Regulation, 2011.

2. **Meetings held by the audit and risk committee**

   The audit and risk committee performs the duties set out in section 94(7) of the Companies Act, 71 of 2008, holding sufficient scheduled meetings to discharge its duties, subject to a minimum of two meetings per year. This being the first period during which the Company commenced its investing activities, only one audit and risk committee meeting was held. Unrestricted access is granted to the external auditors.

3. **External auditor**

   The audit and risk committee has satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act, 71 of 2008 and as per the standards stipulated by the auditing profession. Requisite assurance was sought in terms of the Companies Act, 71 of 2008 that internal governance processes within the audit firm support and demonstrate their claim to independence.

   The audit and risk committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, including scope of the work required.

4. **Financial statements**

   Following the review of the annual financial statements the audit and risk committee recommend Board approval thereof.

On behalf of the audit and risk committee

V Sekese
Chairman audit and risk committee

Johannesburg
18 May 2016

Directors' responsibilities and approval

The directors are required in terms of the Companies Act, 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and places considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Company's cash flow forecast for the year to 31 March 2017 and, in the light of this review and the current financial position, they are satisfied that the Company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Company's financial statements. The financial statements have been examined by the Company's external auditors and their report is presented on page 21.

The financial statements set out on pages 22 to 43, which have been prepared on the going-concern basis, were approved by the Board on 18 May 2016 in accordance with section 30(3)(c) of the Companies Act, 71 of 2008 and were signed on their behalf by:

Approval of financial statements

M Sacks
Chairman

M Pimstein
Joint Chief Executive Officer

A Salomon
Chief Financial Officer

B Sacks
Joint Chief Executive Officer

Annual financial statements

for the period ended 31 March 2016

Independent auditor's report

To the shareholders of Capital Appreciation Limited

Report on the financial statements
We have audited the financial statements of Capital Appreciation Limited, which comprise the statement of financial position as at 31 March 2016, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the period then ended, and a summary of significant accounting policies, and other explanatory notes, as set out on pages 26 to 43.

Directors' responsibility for the financial statements
The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 71 of 2008 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Capital Appreciation Limited as at 31 March 2016, its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act, 71 of 2008.

Other reports required by the Companies Act
As part of our audit of the financial statements for the period ended 31 March 2016, we have read the directors' report and the audit and risk committees report for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. Reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on other legal and regulatory requirements
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Capital Appreciation Limited for one year. We confirm that we are independent in accordance with the IRBA Code of Professional conduct for Registered Auditors and other independence requirements applicable to the independent audit of Capital Appreciation Limited.

Ernst & Young Inc.

Ernst & Young Inc.
Director – **Lance Ian Neame Tomlinson**

Registered Auditor
Chartered Accountant (SA)

Johannesburg
18 May 2016

Directors' report

The directors submit their report for the period ended 31 March 2016.

1. **Main business and operations**

The Company is engaged in and operates principally in South Africa.

The Company 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 a 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.

The operating results and state of affairs of the Company are fully set out in the attached financial statements.

2. **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, it 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.

3. **Going concern**

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

4. **Events after the reporting period**

Save for the comment recorded in 2 above, the directors are not aware of any matter or circumstance arising since the end of the financial period.

5. **Authorised and issued share capital**

The authorised share capital of the Company compromise 10 000 000 000 redeemable ordinary shares and 4 000 constituent ordinary shares. The issued share capital of the Company compromises 1 250 000 000 redeemable ordinary shares and four constituent ordinary shares.

Annual financial statements

for the period ended 31 March 2016

Directors' report *(continued)*

6. **Dividends**

No dividend was declared nor paid during the period under review.

7. **Material resolutions**

The following special resolutions were passed during the period:

- On 31 July 2015, authorisation of the conversion of the ordinary shares and the increase of the Company's shares in terms of section 36(2)(a) of the Companies Act.
- On 4 August 2015, all of the ordinary shares, including one ordinary share held by subscriber, Alan Salomon, were converted into constituent ordinary shares and the Company's authorised shares were increased by the creation of 10 000 000 000 redeemable ordinary shares.
- On 8 September 2015, approval of the issue of redeemable ordinary shares pursuant to the private placement in accordance with the provisions of the Pre-Listing Statement in terms of section 41 of the Companies Act.
- On 8 September 2015, approval of the issue of the constituent ordinary shares and the founders' initial ordinary shares.
- On 8 September 2015, approval for the repurchase of the founders' initial ordinary shares.
- On 8 September 2015, approval of the repurchase of the one ordinary share held by subscriber, Alan Salomon in terms of section 48(8) of the Companies Act.
- On 8 September 2015, in accordance with section 14 of the JSE Listings Requirements, The Capital Appreciation Share Option Plan was approved by an ordinary resolution.
- On 8 September 2015, the non-executive directors' fees were approved by a special resolution passed by the shareholders of the Company in terms of section 66(9) of the Companies Act.
- On 8 September 2015, in terms of section 45 of the Companies Act, approving, as a general authority, the provision by the Company of direct financial assistance (as defined by section 45 of the Companies Act) to subsidiaries which the Company may have after the listing date.
- On 21 September 2015, the Company issued an aggregate of four constituent ordinary shares to the Underwriters at a subscription price of R1 000 000 per constituent ordinary share with the result that, following the issue of those shares, the Company had five constituent ordinary shares in issue.
- On 21 September 2015, the Company issued the founder initial ordinary shares to the founders for the aggregate subscription price of R7 500.
- On 21 September 2015, approval of the repurchase of the issued constituent ordinary shares after the completion by the Company of an acquisition of viable assets in terms of section 48 of the Companies Act.

Directors' report *(continued)*

8. Directorate

The names of the directors and the number of meetings attended by each of the directors up until the date of this report, are as follows:

Directors	Appointment date	Board	Audit and risk committee
Non-executives			
M Sacks *(Chairman)*	3 March 2015	2/2	
B Bulo	14 September 2015	2/2	1/1
J Kahn	20 September 2015	2/2	
Dr D Matjila	18 September 2015	2/2	
R Morar	14 September 2015	1/2	
V Sekese	17 September 2015	2/2	1/1
C Valkin	18 September 2015	2/2	1/1
Executives			
M Pimstein	3 March 2015	2/2	
B Sacks	15 March 2015	2/2	
A Salomon	3 March 2015	2/2	

9. Directors' shareholding

The individual interest declared by the current directors and officers held in the Company share capital as at 31 March 2016:

Beneficial directors	Number of redeemable ordinary shares	Number of constituent ordinary shares
J Kahn	3 600 000	
R Morar	100 000	
M Pimstein	55 903 542	1
B Sacks	70 833 333[1]	1
M Sacks	40 973 750	1
A Salomon	55 903 542	1
C Valkin	250 000	
Total	**227 564 167**	**4**

[1] *Held through Centric Capital Ventures LLC.*

Directors' report *(continued)*

10. Directors' remuneration

The remuneration paid to directors while in office in the Company during the period ended 31 March 2016:

Non-executive directors	R
B Bulo	20 000
J Kahn	20 000
Dr D Matjila	20 000
R Morar	20 000
M Sacks	–
V Sekese	20 000
C Valkin	20 000
Total	**120 000**

Until such time as the Company completes an acquisition of a viable asset executive directors will not receive any remuneration for services rendered to the Company.

Until such time as the Company has completed an acquisition of a viable asset each non-executive director will receive R20 000 per directors' meeting attended for services rendered to the Company, save for M Sacks, who has waived such remuneration.

11. Directors' and officers' disclosure of interest in contacts

During the financial year no contracts were entered into in which directors and officers of the Company had an interest and would significantly affect the business of the Company. The directors have no interest in any third party or company responsible for managing any of the business activities of the Company.

12. Share option plan

No share options were granted during the year.

13. Year-end

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

14. Auditors

Ernst & Young Inc. will continue in office in accordance with section 90 of the Companies Act, 71 of 2008.

15. Comparative financials

No comparative financial data has been presented for the statement of comprehensive income and statement of cash flows as the Company was only incorporated on 3 December 2014 and conducted no business and had no operations during the 2015 financial period.

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

	Notes	2016 R	2015 R
ASSETS			
Non current assets			
Property, plant and equipment	3	172 685	
		172 685	
Current assets			
Accounts receivable and prepayments	4	479 640	
Cash and cash equivalents	5	1 008 020 404	*
		1 008 500 044	*
Total assets		**1 008 672 729**	*
EQUITY AND LIABILITIES			
Equity			
Redeemable ordinary share capital	6	1 000 002 500	*
Constituent ordinary share capital	6	4 000 000	
Constituent costs	7	(22 543 311)	
Accumulated profit		22 158 579	
		1 003 617 768	*
LIABILITIES			
Current liabilities			
Accounts payable	8	4 969 177	
Tax liability	11	85 784	
		5 054 961	
Total equity and liabilities		**1 008 672 729**	*

**Less than R1*

Annual financial statements

for the period ended 31 March 2016

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2016 R
Revenue	9	32 995 626
Operating expenses	10	(2 214 856)
Profit before taxation		**30 780 770**
Taxation	11	(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)	16	
Basic and diluted earnings per share cents		1.77
Headline earnings per share cents		1.77

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

STATEMENT OF CASH FLOWS

	Notes	2016 R
Cash flows from operating activities	12	2 283 658
Interest income		32 995 626
Tax paid	11	(8 536 407)
Net cash from operating activities		**26 742 877**
Cash flows from investing activities		
Property, plant and equipment	3	(181 662)
Net cash from investing activities		**(181 662)**
Cash flows from financing activities		
Issue of redeemable ordinary share capital	6	1 000 000 000
Issue of founders' initial ordinary share capital	6	2 500
Issue of constituent ordinary share capital	6	4 000 000
Payment of constituent costs	7	(22 543 311)
Net cash from financing activities		**981 459 189**
Total cash movement for the period		**1 008 020 404**
Total cash at end of the period	5	**1 008 020 404**

Accounting policies

1. **Presentation of financial statements**

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act, 71 of 2008. The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments to fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is used in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

Property, plant and equipment

The useful lives of assets are based on management's estimation. Management considers the impact of changes in technology, service requirements, availability of capital funding and required return on assets and equity to determine the optimum useful life expectation of each individual item of equipment. The estimation of residual values of assets is based on management's judgement of whether the assets will be sold and what their condition will be at that time.

Redeemable ordinary share classification

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.

It is the directors' judgement that any decision to invest in a viable asset is under their control and as such the redeemable ordinary shares are considered to be equity.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the Company holds for its own use and which are expected to be used for more than one period.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition. Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Company. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of office and computer equipment have been assessed as three years. This is depreciated using the straight-line method.

Impairment tests are performed on office and computer equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

1.3 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the Company becomes a party to the contractual provisions of the instruments. The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

The Company's financial assets include accounts receivables, prepayments, and cash and cash equivalents.

The Company's financial liabilities include accounts payable which is classified as financial liabilities at amortised cost.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

Impairment of financial assets

At each reporting date the Company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available for sale.

Loans and receivables

Loans and receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Accounts receivable and prepayments are classified as loans and receivables.

Accounting Policies *(continued)*

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.5 Operating leases

Leases of assets under which the lessor effectively retains all the risks and benefits of ownership are classified as operating leases. Lease payments arising from operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

1.6 Impairment of assets

The Company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. During the period there were no indicators of impairments.

The Company assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 Share capital and equity

All shares are classified as equity. Incremental costs directly attributable to the issue of the all shares are recognised as a deduction from equity, net of any tax effects, if applicable.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.9 Provisions and contingencies

Provisions are recognised when:

- the Company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

1.10 Revenue

Revenue consists of bank interest income which is calculated using the effective interest rate method.

1.11 Related parties (see note 15)

Related parties are entities which have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Key management is defined as individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. All individuals from the level of executive management up to the Board of Directors are regarded as key management per the definition of the standard. Close family members of key management personnel are considered to be those family members who may be expected to influence, or be influenced by key management individuals in their dealings with the entity.

Other related party transactions are also disclosed in terms of the requirements of IAS 24.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current period, the Company has adopted the following standards and interpretations that are effective for the current financial period and that are relevant to its operations:

Amendment to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets

The amendment to IAS 36: *Impairment of Assets* now require:

- disclosures to be made of all assets which have been impaired, as opposed to only material impairments;
- the disclosure of each impaired asset's recoverable amount; and
- Certain disclosures for impaired assets whose recoverable amount is fair value less costs to sell in line with the requirements of IFRS 13: *Fair Value Measurement*.

The effective date of the amendment is for years beginning on or after 1 January 2014.

Accounting Policies *(continued)*

This amendment had no impact on the Company.

Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities
The amendments define an investment entity and introduce an exception to consolidating particular subsidiaries for investment entities. These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in accordance with IFRS 9: *Financial Instruments* in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27.

The effective date of the amendments is for years beginning on or after 1 January 2014.

This amendment had no impact on the Company.

Amendment to IAS 32: Offsetting Financial Assets and Financial Liabilities
Clarification of certain aspects concerning the requirements for offsetting financial assets and financial liabilities.

This amendment had no impact on the Company.

Amendment to IFRS 3: Business Combinations: Annual improvements project
The amendment to the scope exclusions removes reference to the formation of joint ventures. It now excludes from the scope, the formation of a joint arrangement in the financial statements of the joint arrangement itself.

This amendment had no impact on the Company.

The amendment clarifies that contingent consideration in a business combination which meets the definition of a financial instrument shall be classified as a financial liability or equity. It further stipulates that contingent consideration which is required to be measured at fair value shall be done so by recognising changes in fair value through profit or loss. Reference to measuring contingent consideration to fair value through other comprehensive income has been deleted.

The effective date of the amendment is for years beginning on or after 1 July 2014.

This amendment had no impact on the Company.

Amendment to IFRS 2: Share-based Payment: Annual improvements project
Amended the definitions of "vesting conditions" and "market conditions" and added definitions for "performance condition" and "service condition."

This amendment had no impact on the Company.

Amendment to IAS 24: Related Party Disclosures: Annual improvements project
The definition of a related party has been amended to include an entity, or any member of a group of which it is a part, which provides key management personnel services to the reporting entity or to the parent of the reporting entity ("management entity"). Disclosure is required of payments made to the management entity for these services but not of payments made by the management entity to its directors or employees.

The effective date of the amendment is for years beginning on or after 1 July 2014.

This amendment had no impact on the Company.

Amendment to IAS 16: Property, Plant and Equipment: Annual improvements project
The amendment adjusts the option to proportionately restate accumulated depreciation when an item of property, plant and equipment is revalued. Instead, the gross carrying amount is to be adjusted in a manner consistent with the revaluation of the carrying amount. The accumulated depreciation is then adjusted as the difference between the gross and net carrying amount.

The effective date of the amendment is for years beginning on or after 1 July 2014.

2.1 Standards and interpretations effective and adopted in the current year (continued)
Amendment to IFRS 13,: Fair Value Measurement
Amendments resulting from Annual Improvements 2010 – 2012 Cycle (Amendments to measurement requirements)

The amendments clarify the requirements for those short-term receivables and payables.

This amendment did not have any financial or disclosure impact on the Company's results.

Amendments resulting from Annual Improvements 2011 – 2013 Cycle (Clarification of portfolio exception)

The scope of the portfolio exception for measuring the fair value of a group of financial assets and liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with IAS 39 or IFRS 9, regardless of whether they meet the definitions of a financial asset or financial liability as per IAS 32.

This amendment did not have any financial or disclosure impact on the Company's results.

IAS 40: Investment Property Amendments resulting from Annual Improvements 2011 – 2013 Cycle (Interrelationship between IFRS 3 and IAS 40)

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (ie property, plant and equipment).

The amendment clarifies that IFRS 3, not the description of ancillary services in IAS 40, is used to determine whether the transaction is the purchase of an asset or business combination.

This amendment did not have any financial or disclosure impact on the Company's results.

Accounting Policies *(continued)*

2.2 Standards and interpretations not yet effective

The Company has not applied the following IFRS and IFRIC Interpretations that have been issued but are not yet effective and will be adopted by the Company when they become effective. These are as follows:

Standard/amendment	Applied/effective	Impact
IFRS 16 Leases New standard	1 January 2019	The impact of these amendments are still being evaluated by the Company.
IFRS 9 Financial Instruments	1 January 2018	The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.
IFRS 15 Revenue from Contracts with Customers	1 January 2018	The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.
Amendments to IFRS 11 Joint Arrangements:		
Accounting for Acquisitions of Interests	1 January 2016	These amendments are not expected to have any impact to the Company.
Amendments to IAS 16 and IAS 38:		
Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	These amendments are not expected to have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.
Amendments to IAS 27 Equity Method in Separate Financial Statements	1 January 2016	These amendments are not expected to have any impact to the Company.
IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations – Changes in methods of disposal	1 January 2016	These amendments are not expected to have any impact to the Company.
IFRS 7 Financial Instruments: Disclosure – Servicing contracts	1 January 2016	These amendments are not expected to have any impact to the Company.
IFRS 7 Financial Instruments: Disclosure – Applicability of the offsetting disclosures to condensed interim financial statements	1 January 2016	These amendments are not expected to have any impact to the Company.
IAS 19 Employee Benefits – Discount rate: regional market issue	1 January 2016	These amendments are not expected to have any impact to the Company.
IAS 34 Interim Financial Reporting – Disclosure of information elsewhere in the interim financial report	1 January 2016	These amendments are not expected to have any impact to the Company.
IAS 1 Presentation of Financial Statements – Disclosure initiative	1 January 2016	These amendments are not expected to have any impact to the Company.

Notes to the annual financial statements
(continued)

for the period ended 31 March 2016

3. Property, plant and equipment

	Cost	Accumulated depreciation	Carrying value
	R	R	R
Office and IT equipment	181 662	8 977	172 685
Total	**181 662**	**8 977**	**172 685**

Reconciliation of property, plant and equipment

2016	Opening balance	Additions	Depreciation	Carrying value
	R	R	R	R
Office and IT equipment	– –	181 662	8 977	172 685
	–	181 662	8 977	172 685

4. Accounts receivable and prepayments

	2016 R	2015 R
Interest receivable	216 665	
Prepayments	192 975	
Deposits	70 000	
	479 640	

Interest receivable is received within 30 days.

5. Cash and cash equivalents

Cash and cash equivalents consists of:

	2016	2015
Cash on hand		*
Bank balances	1 030 254	
Short-term call and notice deposits – ABSA Bank	506 857 572	
Short-term call and notice deposits – Investec Bank	500 132 578	
	1 008 020 404	*

**Less than R1.*

Cash and cash equivalents comprises cash deposits with banks maturing within three months. These attract interest at market-related rates.

R500 million is held in a 60-day notice deposit account with ABSA Bank accruing interest at period-end at 7.75% nominal annual compounded monthly (NACM). This interest rate is linked to the movement in the prime interest rate.

R500 million is held in a 90-day notice deposit account with Investec Bank accruing interest at period-end at 7.85% nominal annual compounded monthly (NACM). This interest rate is linked to the movement in the prime interest rate.

6. Share capital

	2016	2015
Authorised shares	**Number**	**Number**
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

	Number	
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.

The unissued shares are under the control of the directors.

Redeemable ordinary shares

Each redeemable ordinary share entitles the holder thereof, subject to any preferences, rights or other share terms of any class of shares ranking prior to the redeemable ordinary shares:

- to vote on any matter to be decided by shareholders in accordance with the Companies Act, and the Memorandum of Incorporation ("MOI");
- to receive any distribution in accordance with the holder's voting power;
- on a liquidation of the Company, to receive the net assets of the Company in accordance with the holder's voting power;
- to all of the preferences, rights or other terms set out in the Companies Act, or the MOI; and
- to any other rights at common law insofar as such rights are not inconsistent with the Companies Act, or the MOI.

Founders' initial ordinary shares

Each founder has undertaken to the Company, and to each of the other founders, that he or it will not dispose of any of his or its:

- founders' initial ordinary shares until the later of (i) the first anniversary of the completion of an acquisition of viable assets by the Company, and (ii) redeemable ordinary shares having traded on the JSE at a volume weighted average price of R1.20 for 20 out of 30 consecutive trading days after the completion of an acquisition of viable assets by the Company; and
- redeemable ordinary shares (other than his or its founders' initial ordinary shares) until the first anniversary of the completion of an acquisition of viable assets by the Company, subject to the redemption and any repurchase of founders' initial ordinary shares contemplated in paragraph 6 of the Pre-Listing Statement.

6. Share capital (continued)

Constituent ordinary shares

Each constituent ordinary share entitles the holder thereof, subject to any preferences, rights or other share terms of any class of Shares ranking prior to the constituent ordinary shares:

- to vote on any matter to be decided by shareholders in accordance with the Companies Act, and the MOI, provided that if and while there is another class of shares in issue which does have voting rights, the holders of constituent ordinary shares will only be entitled to vote on resolutions proposed for an amendment to the MOI which relates to the variation of any preferences, rights, limitations or other terms attaching to the constituent ordinary shares;
- to receive any distribution in accordance with the holder's voting power;
- on a liquidation of the Company, to receive the net assets of the Company in accordance with the holder's voting power;
- subject to above, to all of the preferences, rights or other terms set out in the Companies Act, or the MOI; and
- to any other rights at common law insofar as such rights are not inconsistent with the Companies Act, or the MOI.

7. Constituent costs

Constituent costs are the costs, VAT inclusive, associated with the listing of the Company.

	2016 R
The following items are included within constituent costs:	
Financial advisor and bookrunner fees	5 187 000
Institutional placement and retail advisory fees	8 120 188
Legal fees	6 388 689
Sponsor fees	1 083 000
Auditors and independent reporting accountant fees	152 760
JSE listing and documentation fees	449 982
Printing	226 700
Other	934 992
	22 543 311

It was recorded in the Pre-Listing Statement that the constituent costs (preliminary expenses and share issue expenses) would amount to approximately R13.4 million, inclusive of VAT, on the basis that the Company raised only the base underwritten capital amount of R500 million. The total constituent costs amounted to R22.5 million which is R9.1 million greater than the amount reflected in the Pre-Listing Statement, which is accounted for as follows:

- The Company raised R1 billion and accordingly was contracted to pay incremental fees to the bookrunner, institutional investors and retail intermediaries which amounted to R8 million;
- The Company budgeted R5.4 million for legal fees for the preparation of the Pre-Listing Statement. The Company elected to pay an additional R849 724 for legal fees for the Capital Appreciation Empowerment Trust; and
- The Company elected to pay R285 000 for a debt raising fee relating to the establishment of the Capital Appreciation Empowerment Trust.

8. Accounts payable

	2016 R
Accrued expenses	4 957 593
Amounts owing to Capital Appreciation Empowerment Trust	11 584
	4 969 177

Accrued expenses are non-interest-bearing and are normally settled on 30 to 90-day terms.

9. Revenue

	2016 R
Bank – interest income	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.

10. Operating expenses

The following items are included within operating expenses:

Depreciation of property, plant and equipment	8 977
Directors' emoluments	120 000
Operating lease straight-line expense	331 968
Staff costs	142 688

11. Taxation

Current taxation	8 622 191
Provisional tax paid	(8 536 407)
Tax liability	**85 784**

The Company's effective rate of taxation is 28.01%, due to non-deductible expenses of 0.01%.

12. Cash flows from operating operations

Profit before taxation	30 780 770
Adjustments for:	
Depreciation	8 977
Interest received	(32 995 626)
Changes in working capital	
Accounts receivable and prepayments	(479 640)
Accounts payable and accrued expenses	4 969 177
	2 283 658

13. Operating leases

Minimum lease payments due	
Within one year	983 136
Within two to five years	689 472

Operating lease payments represent rentals payable by the Company for its office property. The Company entered into a two-year fixed term lease together with a renewable two-year option. Rentals are increased at 10% annually.

Notes to the annual financial statements
(continued)

for the period ended 31 March 2016

14. Related parties

14.1 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 (see definition note 1.11)

14.2 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.

14.3 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.

14.4 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.

Transactions with directors

The transactions with directors have been disclosed in the directors' report and note 15.

15. Directors' emoluments

Executive

Executive directors received no remuneration for services rendered to the Company during the current period. The executive directors are also considered to be the key management personnel.

Non-executive

Fees for services as directors"

	2016 R
Non-executive directors	
B Bulo	20 000
J Kahn	20 000
Dr D Matjila	20 000
R Morar	20 000
M Sacks	–
V Sekese	20 000
C Valkin	20 000
Total	**120 000**

16. Earnings per share

Profit for the period attributable to ordinary shareholders (Rand)	22 158 579
Number of redeemable ordinary shares in issue	1 250 000 000
Basic and diluted earnings per share (cents)	1.77
Headline earnings per share (cents)	1.77

17. Risk management

Capital risk management

The share capital is considered to be the capital of the Company. The Company must maintain sufficient financial resources, in the opinion of the Directors to meet its commitments. The Directors monitor the capital of the Company to ensure that the Company continues as a going concern whilst ensuring optimal return for the shareholders.

Financial risk management

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The board provides written principles for overall risk management, as well as policies covering specific areas, such as, interest rate risk, credit risk, and investment of excess liquidity.

Interest rate risk

Cash flow interest rate risk arises on cash balances held. The directors have determined that a fluctuation in interest rate of 50 basis points is reasonably possible. An increase in 50 basis points in interest rates as at the reporting date would have increased the profit before and after tax for the period by approximately R2.3 million and R1.7 million respectively, a decrease of 50 basis points would have an equal but opposite effect. The analysis assumes that all other variables remain constant.

Liquidity risk

Liquidity risk is the risk that the Company fails to maintain adequate levels of financial resources to enable it to meet its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or because of any inability to realise assets in order to meet obligations as they fall due or is only able to realise assets by suffering financial loss.

The Company's liquidity risk derives from the need to have sufficient funds available to cover future commitments. The Company manages liquidity risk through an ongoing review of future cash requirements. Cash flow forecasts are compared to cash available.

The carrying amount of financial liabilities of R5 054 961 represents the Company's maximum exposure to liquidity risk.

Credit risk

Credit risk relates to the secure and unfettered access to and recovery of, cash deposits, cash equivalents and other receivables.

The Escrow Agent must monitor the investment of the Company's funds in escrow in (i) Investment grade Bonds (being debt securities with a rating of "BBB" or above as rated by Standard and Poor's Corporation or an equivalent rating by any similar institution) or (ii) bank deposits with one or more A1 rated recognised banks, in each case as directed by the Board.

The carrying amount of financial assets represents the Company's maximum exposure to credit risk. The maximum exposure of each class of financial asset are as follows:

	2016 R
Accounts receivable and prepayments	479 640
Cash and cash equivalents	1 008 020 404

Notes to the annual financial statements
(continued)

for the period ended 31 March 2016

18. 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.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At 31 March 2016, the Company had no financial instruments carried at fair value.

Shareholder analysis

at 31 March 2016

	Number of shareholders	Number of shares	Number of shares %
Non-public			
Directors of Capital Appreciation Limited	7	227 564 167	18
Sub-total	**7**	**227 564 167**	**18**
Empowerment			
Public Investment Corporation	1	333 333 333	27
CAET Holdings (Pty) Ltd	1	75 000 000	6
African Rainbow Capital (Pty) Ltd	1	50 000 000	4
AKA Capital Holdings (Pty) Ltd	1	50 000 000	4
Afrocentric Empowerment Trust	1	10 000 000	1
Capital Appreciation 67 Entrepreneurial Scheme	1	6 700 000	1
Sub-total	**6**	**525 033 333**	**43**
Other institutional shareholders	110	107 274 793	9
Public investors	1 789	390 127 707	30
Sub-total	**1 899**	**497 402 500**	**39**
Total	**1 912**	**1 250 000 000**	**100**

Performance on the JSE
16 October – 31 March 2016

Trade share prices

Closing (cents)	96
High (cents)	125
Low (cents)	87
Volume of shares trading during the period	194 466 266
Closing market capitalisation	R1 200 000 000

Resolutions

Notice is hereby given that the annual general meeting of shareholders of Capital Appreciation Limited (the Company) will be held at 14:30 on Wednesday, 17 August 2016 at 1 Vdara, 4th Floor, 41 Rivonia Road, Sandhurst, 2196, to consider and, if deemed fit, adopt with or without modification, the ordinary and special resolutions as set out in this notice of annual general meeting and to deal with such other business as may be dealt with at the annual general meeting.

The Board of Directors of the Company (the Board) has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, 71 of 2008, as amended (the Companies Act), the record date for the purpose of determining which shareholders are entitled to participate in and vote at the annual general meeting is Friday, 12 August 2016. Accordingly, the last day to trade in the Company's shares in order to be recorded in the register to be entitled to vote will be Monday, 8 August 2016.

Shareholders are advised that, in terms of section 63(1) of the Companies Act, any person attending or participating in an annual general meeting of shareholders must present reasonably satisfactory identification before being entitled to participate in and vote at the annual general meeting and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or proxy for a shareholder) has been reasonably verified. Forms of identification that will be accepted include original and valid identity documents, driver's licences or valid passports.

RESOLUTIONS FOR CONSIDERATION AND ADOPTION ORDINARY RESOLUTIONS: ORDINARY BUSINESS

1. **Ordinary resolution number 1**
   Acceptance of annual financial statements
   "RESOLVED THAT the audited annual financial statements of the Company for the year ended 31 March 2016, including the Directors' Report, Audit Committee's Report and Independent Auditor's Report as required in terms of section 30(3)(d) of the Companies Act, be and is hereby received and accepted."

   Additional information in relation to ordinary resolution number 1
   The complete audited annual financial statements of the Company for the year ended 31 March 2016, including the Directors' Report, Audit Committee's Report and Independent Auditor's Report are included in the Integrated Annual Report on pages 17 to 43 of which this notice of annual general meeting forms part.

   The shareholders are advised that the Company's complete audited annual financial statements for the year ended 31 March 2016 are available on the Company's website at the following address: www.capitalappreciation.co.za and will be available for a period of no less than 12 months from the date of this notice.

2. **Ordinary resolution number 2 (comprising ordinary resolution numbers 2.1 to 2.3, all inclusive)**
   Re-election of the audit committee members and Chairman
   "RESOLVED THAT, by way of separate ordinary resolutions:
   2.1 V Sekese, be and is hereby re-elected as a member and Chairman of the Company's audit committee;
   2.2 B Bulo, be and is hereby re-elected as a member of the Company's audit committee; and
   2.3 C Valkin, be and is hereby re-elected as a member of the Company's audit committee.

   In terms of section 94(2) of the Companies Act, to hold office until the next annual general meeting of the Company and to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act, and King Report on Governance for South Africa 2009 (King III) and to perform such other duties and responsibilities as may from time to time be delegated by the Board for the Company and all of its subsidiary companies."

Additional information in respect of ordinary resolution number 2

In terms of section 94(2) of the Companies Act, a public company must at each annual general meeting elect an audit committee comprising at least three members who are directors and who meet the criteria of section 94(4) of the Companies Act. In terms of Regulation 42 of the Companies Act, Regulations, 2011, one-third of the members of the audit committee must have appropriate academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resources management.

A brief *curriculum vitae* of each of the Independent non-executive directors mentioned in ordinary resolution number 2 appears on pages 2 to 5 of the Integrated Annual Report of which this notice of annual general meeting forms part.

The Board is satisfied that the proposed members of the audit committee meet all requirements of section 94(4) of the Companies Act, and that they are independent according to King III and that they possess the required qualifications and experience as prescribed in the Companies Act, Regulations, 2011.

3. **Ordinary resolution number 3**

Re-appointment of external auditors

"RESOLVED THAT Ernst and Young Inc. (EY) with L Tomlinson being the designated auditor, be and is hereby reappointed as the external auditors of the Company and of the Company for the financial year ending 31 March 2017 and to hold office until conclusion of the next annual general meeting of the Company, and that their remuneration for the financial year ending 31 March 2017 be determined by the audit committee."

Additional information in respect of ordinary resolution number 3

In accordance with section 90(1) of the Companies Act, EY Inc. is proposed to be reappointed as the external auditors of the Company, as nominated by the Company's audit committee, until the conclusion of the Company's next annual general meeting. The audit committee conducted an assessment of the performance and the independence of the external auditors and considered whether or not the external auditors comply with the requirements of sections 90(2) and 90(3) of the Companies Act, and section 22 of the JSE Limited (JSE) Listings Requirements and the Board considered and accepted the findings.

The Board is satisfied that the proposed external auditors, being EY Inc., and L Tomlinson, the individual registered auditor, who will undertake the audit of the Company for the financial year ending 31 March 2017, comply with the relevant provisions of the Companies Act, and are duly accredited by the JSE.

4. **Ordinary resolution number 4**

"RESOLVED THAT, subject to the Listings Requirements of the JSE Limited, the Companies Act, and the Company's Memorandum of Incorporation, as a general authority valid until the conclusion of the next annual general meeting of the Company, that the Company's authorised but unissued shares be and are hereby placed under the control of the directors to issue, grant options over or otherwise deal with or dispose of, on such terms and conditions and to such persons, whether they be shareholders or not, as the directors in their discretion deem fit and that this general authority includes the shares required for the purpose of carrying out the rules of the Capital Appreciation Share Option Plan."

In order for ordinary resolutions numbers 1, 2, 3 and 4 to be adopted, the resolution is required to be supported by more than 50% (fifty percent) of the voting rights on the resolution by shareholders present or represented by proxy at the meeting.

5. **Special resolution number 1**

Non-Executive Directors' remuneration

"RESOLVED as a special resolution in terms of section 66(9) of the Companies Act, that the Company be and is hereby authorised to pay the following annual remuneration to its non-executive directors for their services as directors for the year ending 31 March 2017 from the date of this annual general meeting or until the non-executive directors' remuneration is amended by way of special resolution of shareholders, whichever comes first.

The fees have been determined by the Board through the remuneration committee on a market-related basis and is in accordance with the provisions set out below:

Non-executive directors	Fees per meeting
Chairman (including committee attendances)	Nil
Other directors	R20 000
Audit, risk and compliance committee	
Chairman	R15 000
Member	R15 000
Until such time as the Company completes an acquisition of a viable asset, executive directors will not receive any remuneration for services rendered to the Company.	
M Sacks, the non-executive chairman of the Company has waived any directors' remuneration.	

Additional information in respect of special resolution number 1

In terms of sections 66(8) and 66(9) of the Companies Act, remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the shareholders of the Company and if not prohibited in terms of the Company's Memorandum of Incorporation. Therefore, the reason for and the effect of special resolution number 1 is to approve the payment of and the remuneration payable by the Company to its non-executive directors for their services as directors of the Company in terms of section 66 of the Companies Act. The fees payable to the non-executive directors are detailed above.

The Remuneration Policy is referred to in the Governance Report, the status and detail of which is included in the Integrated Annual Report on pages 13.

Furthermore, in terms of King III, remuneration payable to non-executive directors should be approved by shareholders in advance.

The percentage of voting rights required for special resolution number 1 to be adopted is more than 75% of the voting rights exercised on such resolution.

Material changes

There have been no material changes in the affairs or the financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice of annual general meeting.

Directors' responsibility statement

The directors, whose names are given on page 24 of the Integrated Annual Report collectively and individually accept full responsibility for the accuracy of the information and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made.

Proxies

An ordinary shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend and act in his/her stead. A proxy need not be a member of the Company. For the convenience of registered members of the Company, a form of proxy is attached hereto.

The attached form of proxy is only to be completed by those ordinary shareholders who:

- hold ordinary shares in certificated form; or
- are recorded on the sub-register in "own name" dematerialised form.

Securities depository participant

Ordinary shareholders who have dematerialised their ordinary shares through a central securities depository participant (CSDP) or broker other than with "own name" registration and who wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with the relevant letter of representation to attend the annual general meeting in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of their custody agreement entered into between them and the CSDP or broker.

Resolutions *(continued)*

Unless you advise your CSDP or broker, in terms of your agreement, by the cut-off time stipulated therein, that you wish to attend the annual general meeting or send a proxy to represent you, your CSDP or broker will assume that you do not wish to attend the annual general meeting or send a proxy.

Voting

On a show of hands, every shareholder present in person or by proxy, and if a member is a body corporate, its representative, will have one vote and, on a poll, every shareholder present in person or by proxy and, if the person is a body corporate, its representative, will have one vote for every share held or represented by him/her.

If you are in any doubt as to what action you should take in respect of the resolutions provided for in this notice, please consult your CSDP, broker, banker, attorney, accountant or other professional adviser immediately.

Lodgement of forms of proxy

Forms of proxy should be lodged with the Company at its registered address at 1 Vdara, 4th Floor, 41 Rivonia Road, Sandhurst, 2196 or the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, South Africa, or posted to the Company's transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa so as to be received by them by no later than 10:00 on Monday, 15 August 2016. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting.

By order of the Board

Form of proxy

CapitalAppreciation Limited

For use only by ordinary shareholders who:

- hold ordinary shares in certificated form (certificated ordinary shareholders); or
- have dematerialised their ordinary shares (dematerialised ordinary shareholders) and are registered with "own name" registration,

at the annual general meeting of shareholders of the Company to be held at 1 Vdara, 4th Floor, 41 Rivonia Road, Sandhurst, 2196, on Wednesday, 17 August 2016 at 14:30.

Dematerialised ordinary shareholders holding ordinary shares other than with "own name" registration who wish to attend the annual general meeting must inform their central securities depository participant (CSDP) or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the relevant letter of representation to attend the annual general meeting in person or by proxy and vote. If they do not wish to attend the annual general meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These ordinary shareholders must not use this form of proxy.

I/We ______________________________

of (address) ______________________________

being the holder(s) of ____________________ Capital Appreciation Limited ordinary shares,

do hereby appoint (see note 2): ______________________________

1. ____________________ of ____________________ or failing him/her,

2. ____________________ of ____________________ or failing him/her,

3. the Chairman of the annual general meeting,

as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the resolutions and/or abstain from voting in respect of the Capital Appreciation ordinary shares registered in my/our name(s), in accordance with the following instructions (see note 3):

	Number of ordinary shares		
	For	Against	Abstain
Ordinary resolution number 1: Acceptance of annual financial statements			
Ordinary resolution number 2.1: Re-election of V Sekese as member and Chairman of the audit committee			
Ordinary resolution number 2.2: Re-election of B Bulo as a member of the audit committee			
Ordinary resolution number 2.3: Re-election of C Valkin as a member of the audit committee			
Ordinary resolution number 3: Reappointment of EY Inc. as external auditors of the Company			
Ordinary resolution number 4: Placement of shares under the control of the directors			
Special resolution number 1: Approval of non-executive directors' remuneration			

Please indicate with an "X" in the space provided above how you wish your votes to be cast.

Signed at ____________________ on ____________________ 2016

Signature ____________________ Assisted by (where applicable) ____________________

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and vote in place of that shareholder at the annual general meeting.

Notes to the form of proxy

Summary of shareholders' rights
In respect of proxy appointments as contained in section 58 of the Companies Act, 71 of 2008, as amended (the Companies Act)

Please note that in terms of section 58 of the Companies Act:
This form of proxy must be dated and signed by the shareholder appointing the proxy.

- You may appoint an individual as a proxy, including an individual who is not a shareholder of the Company, to participate in, speak and vote at a shareholders' meeting on your behalf.
- Your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this form of proxy.
- This form of proxy must be delivered to the transfer secretaries of the Company, namely Computershare Investor Services Proprietary Limited, before your proxy exercises any of your rights as a shareholder at the annual general meeting.
- The appointment of your proxy or proxies will be suspended at any time to the extent that you choose to act directly and in person in the exercise of any of your rights as a shareholder at the Annual General Meeting.
- The appointment of your proxy is revocable unless you expressly state otherwise in this form of proxy.
- As the appointment of your proxy is revocable, you may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the Company. Please note the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the Company and the proxy as aforesaid.
- If this form of proxy has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act, or the Company's Memorandum of Incorporation to be delivered by the Company to you will be delivered by the Company to you or your proxy or proxies, if you have directed the Company to do so, in writing and paid any reasonable fee charged by the Company for doing so.
- Your proxy is entitled to exercise, or abstain from exercising, any voting right of yours at the annual general meeting, but only as directed by you on this form of proxy.

The appointment of your proxy remains valid only until the end of the annual general meeting or any adjournment or postponement thereof unless it is revoked by you before then on the basis set out above.

Notes
The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as a proxy to the exclusion of those whose names follow thereafter.

1. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the form of proxy will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholders' votes exercisable thereat.
2. If no proxy is inserted in the spaces provided, then the Chairman shall be deemed to be appointed as the proxy to vote or abstain as the Chairman deems fit.
3. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy. A proxy shall be entitled to demand that voting take place on a poll.
4. In order to be effective, forms of proxy must reach the registered address of the Company or the Company's transfer secretaries (as set out below) no later than 10:00 on Monday, 15 August 2016 being no later than 48 (forty-eight) hours before the annual general meeting to be held at 14:30 on Wednesday, 17 August 2016, provided that the Chairman of the annual general meeting may, in his discretion, accept proxies that have been delivered after the expiry of the aforementioned period up and until the time of commencement of the Annual General Meeting.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company or waived by the Chairman of the annual general meeting. CSDPs or brokers registered in the Company's sub-register voting on instructions from beneficial owners of shares registered in the Company's sub-register, are requested that they identify the beneficial owner in the sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the Company or to the Company's transfer secretaries, together with this form of proxy.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies, but may not be accepted by the Chairman.
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company.

Registered address	Transfer secretaries
1 Vdara 4th Floor 41 Rivonia Road Sandhurst 2196	Computershare Investor Services Proprietary Limited Ground Floor 70 Marshall Street Johannesburg 2001 South Africa

Corporate information and advisors

General Information	
Country of incorporation and domicile	Republic of South Africa
Date and place of incorporation	The Company was incorporated as a private company on 3 December 2014 under the name Firefly Investment 285 Proprietary Limited. On 2 June 2015 the Company was converted into a public company and changed its name to Capital Appreciation Limited. The Company is incorporated in South Africa.
Registered office	1 Vdara 4th Floor 41 Rivonia Road Sandhurst 2196
Telephone	+27 11 994 8600/+27 82 772 2041
Email	investor@capitalappreciation.co.za
Website	www.capitalappreciation.co.za
Company secretary	Horwath Leveton Boner 3 Sandown Valley Crescent Sandown 2196
Auditors	Ernst & Young Inc. 102 Rivonia Road Sandton 2196
Financial advisor	Macquarie First South Capital Propriety Limited The Place South Building 1 Sandton Drive Sandton 2196
Legal advisors to the Company and escrow agent	Bowman Gilfillan Inc. 165 West Street Sandton 2196
Sponsor	Investec Bank Limited 100 Grayston Drive Sandown Sandton 2196
Transfer secretary	Computershare Investor Services Propriety Limited Ground Floor 70 Marshall Street Johannesburg, 2001
Bankers	ABSA Bank Limited Barclays Towers West 7th Floor 15 Troye Street Johannesburg 2001 Investec Bank Limited 100 Grayston Drive Sandown Sandton 2196

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