CAPITAL APPRECIATION

CONDENSED UNAUDITED INTERIM RESULTS

FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2017

ABOUT CAPPREC

CAPPREC is an investment holding company focused on investing in and developing financial technology ("Fintech") enterprises, their platforms, solutions, products and applications. CAPPREC presently has two divisions – "Payments and Payment Infrastructure" and "Software and Solutions". The Payments businesses presently innovate, develop, manage and promote payment product and payment infrastructure solutions for established and emerging institutional clients and other organisations that need to receive or make payments. The Software and Solutions business addresses the complex technology needs of Financial Institutions.

SALIENT FEATURES

124%
Increase in Profits after Tax

87%
Increase in EPS and HEPS

Maiden Dividend
2,0 cents
per share

Cash Resources
R463.1 million

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Unaudited 6 months ended 30 September 2017	Change	Unaudited 6 months ended 30 September 2016	Audited year ended 31 March 2017
REVENUE	**223 408 986**		39 745 134	80 172 952
Sales and services income (Note 1)	**201 775 680**			
Cost of sales	**(120 289 977)**			
Gross profit	**81 485 703**			
Investment income	**19 596 811**		39 745 134	80 172 952
Marketing and distribution costs	**(6 429 863)**			
Administration costs	**(9 040 185)**		(2 351 661)	(5 083 751)
Trading profit	**85 612 466**	129%	37 393 473	75 089 201
Share-based payment expense	**(25 985)**			
Depreciation	**(3 260 565)**		(32 962)	
Operating profit	**82 325 916**	120%	37 360 511	75 089 201
Costs associated with acquisition of viable assets				(14 774 993)
Finance income	**2 036 496**			
Finance costs	**(180 421)**			
Equity-accounted loss	**(452 526)**			
Profit before taxation	**83 729 465**	124%	37 360 511	60 314 208
Taxation	**(23 595 263)**		(10 466 306)	(21 109 406)
Profit after taxation	**60 134 202**	124%	26 894 205	39 204 802
Other comprehensive income	**–**		–	–
Total comprehensive income for the period	**60 134 202**	124%	26 894 205	39 204 802
Profit for the year attributable to ordinary shareholders	**60 134 202**		26 894 205	39 204 802
Ordinary shares in issue (Note 4)	**1 555 000 000**		1 250 000 000	1 250 000 000
Weighted average number of shares	**1 495 935 842**		1 250 000 000	1 250 000 000
Diluted weighted average number of shares	**1 520 198 137**		1 250 000 000	1 250 000 000
Basic earnings per share (cents)	**4,02**	87%	2,15	3,14
Headline earnings per share (cents)	**4,02**	87%	2,15	3,14
Diluted earnings per share (cents)	**3,96**	84%	2,15	3,14

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2017

Figures in Rand	Unaudited 30 September 2017	Unaudited 30 September 2016	Audited 31 March 2017
ASSETS			
Property, plant and equipment	**15 864 752**	175 046	211 725
Intangible assets	**345 978**		
Goodwill (Note 2)	**753 158 608**		
Deferred tax	**3 020 684**		
Other financial assets	**16 952 674**		
Interest in associates (Note 3)	**36 333 335**		
Non-current assets	**825 676 031**	175 046	211 725
Trade and other receivables	**98 703 029**	591 145	589 232
Taxation receivable	**247 229**		247 229
Cash and cash equivalents	**463 481 526**	1 037 033 673	1 047 788 681
Current assets	**562 431 784**	1 037 624 818	1 048 625 142
Total assets	**1 388 107 815**	1 037 799 864	1 048 836 867
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**1 234 340 906**	1 000 002 500	1 000 002 500
Constituent ordinary share capital		4 000 000	4 000 000
Constituent costs		(22 543 311)	
Share-based payment reserve	**25 985**		
Retained income	**102 954 272**	49 052 784	38 820 070
Total equity	**1 337 321 163**	1 030 511 973	1 042 822 570
Deferred income	**8 391 667**		
Non-current liabilities	**8 391 667**		
Trade and other payables	**26 755 169**	1 132 680	6 014 297
Bank overdraft	**349 869**		
Short-term borrowings	**7 370 229**		
Deferred income	**662 500**		
Taxation payable	**7 257 218**	6 155 211	
Current liabilities	**42 394 985**	7 287 891	6 014 297
Total equity and liabilities	**1 388 107 815**	1 037 799 864	1 048 836 867

Note 1. Consolidated segment analysis

Figures in Rand	Payments*		Software and services*		Corporate		Group	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016	30 September 2017	30 September 2016	30 September 2017	30 September 2016
Sales and services income	**164 169 444**		**37 606 236**				**201 775 680**	–
Trading profit	**54 765 156**		**10 792 629**		**20 054 681**	37 393 473	**85 612 466**	37 393 473
Depreciation	**3 028 900**		**191 141**		**40 524**	32 962	**3 260 565**	32 962
Profit before tax	**52 925 936**		**10 806 240**		**19 997 289**	37 360 511	**83 729 465**	37 360 511
Total assets	**163 844 145**		**35 563 336**		**1 188 700 334**	1 037 799 864	**1 388 107 815**	1 037 799 864
Total liabilities	**32 837 841**		**15 465 803**		**2 483 008**	7 287 891	**50 786 652**	7 287 891
Net assets	**131 006 304**		**20 097 533**		**1 186 217 326**	1 030 511 973	**1 337 321 163**	1 030 511 973
Goodwill					**753 158 608**		**753 158 608**	–

* The financial information for the Payments and Software and Services division represents trading for five months, as the acquisitions became unconditional on 5 May 2017.

Note 2. Goodwill

Figures in Rand	30 September 2017	30 September 2016
Carrying amount	**753 158 608**	
Movement in goodwill		
Carrying value at the beginning of the period	**–**	
Acquisition of businesses	**753 158 608**	
Carrying value at the end of the period	**753 158 608**	–

In terms of IFRS 3 – Business Combinations, management is currently considering the purchase price allocation (‘PPA’) to determine any fair value adjustments to the assets and liabilities acquired. A final PPA allocation will be determined during the course of the 2018 financial year. The cost of aquisitions as the basis to determine any Business Combination allocations are set out and described in the consolidated interim financial statements available for inspection at our offices.

Figures in Rand	30 September 2017	30 September 2016

Note 3. Interest in associates

Investment in associates at cost	**31 476 520**	
Long-term loan to associate	**5 309 341**	
Attributable share of loss of associate for the period	**(452 526)**	
	36 333 335	–

Note 4. Share capital

	Number	Number
Reconciliation of issued ordinary shares		
Number of issued ordinary shares at the beginning of the year	**1 250 000 000**	1 250 000 000
Number of ordinary shares issued during the period	**305 000 000**	
	1 555 000 000	1 250 000 000
Number of ordinary shares repurchased during the period (treasury shares)	**(25 000 000)**	–
Number of issued ordinary shares, net of treasury shares at the end of the period	**1 530 000 000**	1 250 000 000

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Ordinary share capital	Constituent ordinary share capital	Constituent costs	Share-based payment reserve	Retained income	Total equity
Balance at 1 April 2016	**1 000 002 500**	**4 000 000**	**(22 543 311)**		**22 158 579**	**1 003 617 768**
Total comprehensive income for the year ended 31 March 2017					39 204 802	39 204 802
Transfer of constituent costs to retained income			22 543 311		(22 543 311)	–
Balance at 31 March 2017	**1 000 002 500**	**4 000 000**	**-**	**-**	**38 820 070**	**1 042 822 570**
Issue of ordinary share capital	253 150 000					253 150 000
Repurchase of constituent ordinary share capital		(4 000 000)			4 000 000	–
Share–based payment reserve				25 985		25 985
Purchase of 25 million ordinary shares (treasury shares)	(18 811 594)					(18 811 594)
Total comprehensive income for the six months ended 30 September 2017					60 134 202	60 134 202
Balance at 30 September 2017	**1 234 340 906**	**-**	**-**	**25 985**	**102 954 272**	**1 337 321 163**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Figures in Rand	Unaudited 30 September 2017	Unaudited 30 September 2016	Audited 31 March 2017
Cash generated/(utilised) from operations	**40 645 255**	(6 223 058)	(18 770 820)
Finance income received	**2 036 496**		
Investment income received	**19 596 811**	39 745 134	80 166 500
Taxation paid	**(22 409 002)**	(4 396 879)	(21 442 419)
Net cash inflow from operating activities	**39 869 560**	29 125 197	39 953 261
Cash flows from investing activities			
Purchase of property, plant and equipment	**(5 126 371)**	(111 928)	(184 984)
Purchase of intangible assets	**34 345**		
Proceeds on disposal of property, plant and equipment	**(115 319)**		
Purchase of investments, net of cash acquired	**(569 889 865)**		
Purchase of associate	**(29 746 520)**		
Loan advanced to associate	**(5 024 791)**		
Decrease in loan receivables	**4 153 531**		
Net cash outflow from investing activities	**(605 714 990)**	(111 928)	(184 984)
Cash flows from financing activities			
Repurchase of 25 million ordinary shares (treasury shares)	**(18 811 594)**		
Net cash inflow from financing activities	**(18 811 594)**	–	–
Net (decrease)/increase in cash and cash equivalents	**(584 657 024)**	29 013 269	39 768 277
Cash and cash equivalents at beginning of period	**1 047 788 681**	1 008 020 404	1 008 020 404
Cash and cash equivalents at end of period	**463 131 657**	1 037 033 673	1 047 788 681
Split as follows:			
Cash and cash equivalents	**463 481 526**	1 037 033 673	1 047 788 681
Bank overdraft	**(349 869)**		
Cash and cash equivalents at end of period	**463 131 657**	1 037 033 673	1 047 788 681

INTRODUCTION AND REVIEW

Shareholders will be aware that CAPPREC's viable asset "Fintech" acquisitions became unconditional on 5 May 2017 and, with effect from that date, the company was no longer classified as a SPAC under the JSE list of "Non-Equity Investment Instruments", but was appropriately transferred to the JSE list under the sector "Software and Computer Services".

The Board takes pleasure in presenting CAPPREC's group results for the six-month period ended 30 September 2017 ("the interim period"), this being the first reporting period to include earnings contributions from trading operations of the viable asset acquisitions (for the five months from May).

Since concluding the acquisitions, CAPPREC, through a focused and cooperative effort between the company and the respective management teams, has been able to successfully on-board the three acquisitions into the group. These maiden results are therefore particularly pleasing, revealing the character, commitment and dedication of senior management to ensure consistent and optimal outcomes.

To provide additional context to these interim results, it should be noted that the comparative 2016 interim results substantially relate to CAPPREC's managed investment activities as prescribed in the JSE rules applicable to SPACs.

BASIS OF PREPARATION

The condensed unaudited interim results for the six months ended 30 September 2017 have been prepared in compliance with the Listings Requirements of the JSE Limited, the requirements of the International Financial Reporting Standards, IAS 34: Interim financial reporting, SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act, No. 71 of 2008. The Board of directors take full responsibility for the set of financial results which have been prepared by A.C. Salomon CA(SA), Chief Financial Officer who supervised the preparation thereof in conjunction with the Financial Manager, C. Sacharowitz CA(SA).

The fair value disclosures required by IAS 34:16A(j) and (i) are not disclosed in this announcement but are included in the consolidated interim financial statements which are available for inspection at our offices.

ACCOUNTING POLICIES

The accounting policies adopted are consistent with those adopted in the preparation of the Annual Financial Statements for the year ended 31 March 2017. The accounting policies of the newly acquired viable asset acquisitions are consistent with that of the Company.

GROUP FINANCIAL INFORMATION

Gross revenues for the period under review amounted to R223.4 million (2016 – R39.7 million). Net profit before taxation amounted to R83.7 million (2016 – R37.4 million), with net profit after taxation, being R60.1 million (2016 – R26.9 million). These financial statistics translate into EPS and HEPS for the interim period of 4.02 cents per share, an increase of 87% over the comparable EPS and HEPS in 2016 of 2.15 cents per share.

The company closely monitors its earnings before interest, tax and depreciation (EBITDA) and is pleased to report that EBITDA for the period was R85.6 million (2016 – R37.4 million), including CAPPREC's investment income of R19.6 million. Cash generation for the interim period amounted to R60.2 million, which, when aggregated with the Group's cash resources after the viable asset acquisitions, a buy-back of 25 million shares at an average cost of 75 cents per share and other cash applications, is R463.1 million. This capital will be employed by CAPPREC to support its existing businesses, fund organic growth and pursue new acquisition opportunities in businesses complementary to the existing portfolio.

The performance statistics set out above are consistent with the results assessed through CAPPREC's due diligence review when the viable asset acquisitions were considered. The market has speculated on the valuation parameters relating to the aggregate cost of our acquisitions and these results now confirm our expected forward EBITDA multiple range of less than six times (excluding CAPPREC's investment income).

Sector of interest

CAPPREC's group focus is technologies specifically related to the financial services sector, a sector experiencing unprecedented change due to increasing market regulation, evolving consumer expectations and accelerating disruption to historic value chains. Much of this change is attributable to inventive technologies and the innovative application of such technologies, not only in the financial services sector, but in all areas of the economy. These factors, and their material influence in the financial services sector, formed the principal rationale for CAPPREC's decision to invest in the Fintech sector.

African Resonance Solutions and Dashpay ("AR" and "DP" respectively)

AR and DP now comprise the "Payments and Payment Infrastructure" division within CAPPREC and the companies are well integrated within the Group.

AR's performance over the course of the last five months has been extremely pleasing. AR continued to expand its market reach through several new client contracts, resulting in an increase in its market share and growing penetration within its traditional banking and financial institutional client base. AR's state-of-the-art proprietary technologies, its innovative operating protocols and disruptive creativity continues to be recognised by its institutional clients. We are pleased with the growing customer order pipeline (for the rest of this fiscal year and next year) and the positive indications that emerge through this support going forward.

DP has similarly made very good progress over the last five months and its specialised payment platform, driven by the most advanced technology concepts, is almost complete and ready for national roll-out.

The platform integrates seamlessly into point-of-sale terminals, as well as those supplied and managed by AR, and, more importantly, the extant legacy banking and related systems of large financial and other institutions. The official launch and roll-out of DP's new platform is an important development and is expected to receive substantial support from the group's institutional client base. The Board is cautiously confident that DP's initiatives will make a meaningful contribution to the Group going forward.

Several engagements are also presently taking place with potential clients in Africa, to similarly provide payment solutions, systems and functional payment infrastructure. This aspect is an exciting work in progress, as the continent of Africa presents an extremely fertile opportunity for both AR and DP's growth and expansion.

In addition to the "developed market" opportunity set, the CAPPREC payment and payment infrastructure assets are well suited to address the challenge of financial inclusion and delivering financial services to unserved markets. "Financial Inclusion" is a term used to describe a deliberate endeavour to make financial services available to people that have no access to formal financial services. The World Bank estimates more than 2 billion people globally fall into this category. The IFC estimates that this represents a market opportunity of more than US$2 trillion.

These opportunities start with providing simple and easy access to an account for savings and affordable transacting. Over time, this also means having access to affordable credit, being able to engage in commerce (accept payments), save and invest, run a business or transfer money to third parties and family. Technology is key to unlocking this opportunity and, given the growing demand for such service platforms and secure operating models in South Africa and elsewhere, it has become an increasingly interesting area for commercial assessment by CAPPREC.

Synthesis Software Technologies ("SST")
SST comprises the "Software and Solutions" division within CAPPREC. SST has continued to post solid growth and enjoys an extraordinary reputation with its client base. Recent contract wins, recognition by and accolades from engaged clients, many of whom are also clients of AR, is very pleasing and is a testament to the team's focus on execution excellence. SST offers highly specialised software development, consulting and integration services and technology solutions to banking and other financial institutions in South Africa as well as in other emerging markets. SST is an Amazon Web Services "advanced partner" (the first one

accredited in Africa), whereby SST combines specialized technical knowledge of "the cloud", simplifying the complexities and customising applications with expertise, agility and innovation. The vendors of SST provided CAPPREC with a structured three-year profit warranty and there exists a cautious expectation, that the profit warranty threshold will not only be attained, but exceeded.

Resonance Australia ("RA")

CAPPREC has a 17.45% minority interest in RA, an entity presently in development in that region. Over the past months RA has made impressive progress in its marketing and capacity planning in order to provide services in Australia similar to those services presently provided by AR and soon to be provided by DP in South Africa. RA incurred a trading loss during the period under review and an attributable loss of R452 526 has been accounted for in the Consolidated Statement of Comprehensive Income.

PROSPECTS

Technology is evolving rapidly and its myriad applications are impacting almost all features of commerce, life and human behaviour. It is disrupting conventional patterns of conduct and processes, and progressively accelerating its reach into almost all professional, manufacturing, commercial, trading businesses, including lifestyle sectors everywhere. The same is true for its impact on the financial services sector.

Whether it is the introduction of technology based solutions by new entrants in the financial services sector, the adoption of technology by incumbents to defend against competitive start-ups, or the application of technology to achieve operational efficiency through innovative financial products and solutions, the prospects for future sector growth, not only in South Africa but globally, are strong. In this regard, CAPPREC'S subsidiary and associate businesses are well capitalised, well managed and have highly skilled and competent technology specialists who are loyally committed to the success of the Group. The Group is, accordingly, well positioned to participate in the FinTech revolution and, in many instances, could well play a leadership role in this process.

CAPPREC is also fortunate to have significant resources for further acquisitions and expansion within the sector, such propositions continually being brought to our attention for consideration.

South Africa at the present time, however, is challenged with both economic and political uncertainties, these broad conditions further exacerbated by high levels of unemployment, growing inflation, unstable foreign currency conversion rates and the risks of being additionally burdened with a non-investment grade sovereign rating.

Notwithstanding these unpredictable and erratic circumstances, there is nevertheless a degree of positive expectation, that the trend and performance posted during this interim period, will continue into the second half of the financial year, hopefully enhanced through a repeat of past patterns of organic growth, the successful closure of contracts in the course of negotiation, including certain technology transfer opportunities for easy implementation and management into other African destinations and elsewhere.

BLACK ECONOMIC EMPOWERMENT

When CAPPREC was constituted in 2015, Broad-Based Black Economic Empowerment (B-BBEE) partnership ranked as a deliberate priority and this modus for participation continues to be an important feature and consideration in all of the groups commercial interactions. In addition to the ownership by several black owned, black represented and black controlled direct shareholder entities, CAPPREC introduced two additional empowerment structures in the form of The Capital Appreciation Empowerment Trust ("CAET") and the Capital Appreciation 67 Scheme. These two entities collectively own 81,7 million CAPPREC shares. The B-BBEE economic interest in CAPPREC is approximately 31.1% and the B-BBEE voting interest in CAPPREC is approximately 39.1%. The Group's principal subsidiary acquisitions, AR and SST, enjoy Level 4 BB-BEE and level 6 BB-BEE rating certificates respectively.

DIRECTORS AND OFFICERS

On 13 November 2017, Professor Hanoch Neishlos, the major vendor in AR, was appointed to the Board as a Non-Executive Director. There were no other changes to the Board during the period under review.

DIVIDENDS

The Board has pleasure in announcing that an interim maiden dividend of 2,0 cents per ordinary share (gross) has been declared for the six months ended 30 September 2017. Dividends are subject to dividends withholding tax. The payment date for the dividend is Monday, 4 December 2017. This interim dividend will constitute part of the group's annual dividend to be considered in due course, based on the results for the year ending 31 March 2018.

- Dividends have been declared out of profits available for distribution
- Local Dividends Withholding Tax rate is 20%
- Gross dividend amount is 2,0 cents per ordinary share
- Net cash dividend amount is therefore 1,6 cents per ordinary share
- CAPPREC has 1 555 000 000 ordinary shares in issue at the declaration date
- CAPPREC's Income Tax Reference Number is 9591281176.

The salient dates relating to the dividend are as follows:

Last day to trade *cum* dividend	Tuesday, 28 November 2017
Shares commence trading *ex*-dividend	Wednesday, 29 November 2017
Dividend record date	Friday, 1 December 2017
Dividend payment date	Monday, 4 December 2017

Share certificates for ordinary shares may not be dematerialised or rematerialised between Wednesday, 29 November 2017 and Friday, 1 December 2017, both days inclusive.

UNAUDITED INTERIM FINANCIAL STATEMENTS

This announcement contains certain forward-looking statements with respect to the economy and the results of the operations of CAPPREC, which by their nature, involve risk and uncertainty on economic circumstances that may or may not occur in the future.

Neither the financial information contained in this Interim results presentation, nor any of the forward-looking statements recorded herein, have been audited or reviewed by CAPPREC's external auditors.

By order of the Board

Chairman	*Joint Chief Executive Officers*	
Motty Sacks	**Bradley Sacks**	**Michael Pimstein**

Directors

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

**Executive*   *# Non-Executive*   *@ Independant*

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Sandton
14 November 2017

Capital Appreciation Limited
Incorporated in the Republic of South Africa
(Registration number 2014/253277/06)
Share code: CTA
ISIN: ZAE000208245
("**CAPPREC**")

www.capitalappreciation.co.za