CAPITAL APPRECIATION LIMITED

REVIEWED RESULTS '18

for the year ended
31 March 2018

CAPITAL APPRECIATION

ABOUT CAPITAL APPRECIATION

We own, manage, invest in, and promote enterprises that innovate and seek to serve or partner with established and emerging Financial Institutions

PAYMENTS & PAYMENT INFRASTRUCTURE

African Resonance

dashpay

SOFTWARE & SERVICES

synthesis

INTERNATIONAL *

Resonance Australia

CAPITAL APPRECIATION

* 17.5% interest

2018 HIGHLIGHTS

OPERATIONAL ACCOMPLISHMENTS

Completed and bedded down three acquisitions and one international investment

Expanded client relationships in all sectors
- Doubled terminal estate
- Contracts with new clients

Solidified pipeline through FY2019

Good growth in the demand for payment, regulatory and cloud offerings

Transferred from a SPAC to the "Software and Computer Services" sector on the Main Board of the JSE

Recruited accomplished talent
- Increased talent pool by 43%
- 18 learnerships

Solid B-BBEE rating
- Significant increase in group BEE spend

Continued to innovate with new technologies

FINANCIAL HIGHLIGHTS

Revenue	R 571 million
EBITDA	R 177 million
Profit after tax	R 143 million
Normalised profit after tax	R 152 million
Equity	R 1.392 billion
NAV per share	90 cents
Cash flow from operations	R 167 million
Cash conversion (% of PAT)	117%
Cash available for investment	R 513 million
Cash value per share	33 cents

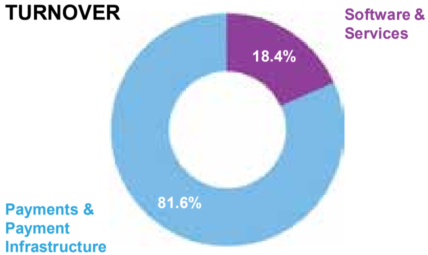
Earnings

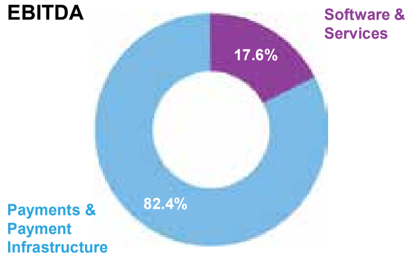
HEPS	9.53 cents
NHEPS	10.12 cents

Dividends

H1	2 cents
H2	2 cents
Total	4 cents

DIVISIONAL PERFORMANCE





HIGHLIGHTS

PAYMENTS & PAYMENT INFRASTRUCTURE

- Expanded client base
- Strong pipeline
- Doubled the number of devices supplied to market
- Invested in specialised payment, transacting and billing platform
- Continued development of innovative products
- Soft launch of new Dashpay platform

SOFTWARE & SERVICES

- Expanded client base
- Increased penetration of existing clients
- First in Africa and Middle East to achieve "Advanced Consulting Partner" AWS accreditation
- Continued to cement AWS leadership
- Diversified revenue stream to include US$ income

CHANGES TO THE BOARD OF DIRECTORS

INDEPENDENT

Kuseni Dlamini (May 2018)

- Chairman, Massmart
- Chairman, Aspen Pharmacare
- Former CEO, Old Mutual SA

Errol Kruger (May 2018)

- Director, Nedbank Group
- Chairman, Nedbank Private Wealth
- Former Registrar of Banks, SA Reserve Bank
- Former MD of Supervision & Authorisation, Qatar Financial Centre Regulatory Authority

NON-INDEPENDENT

Mathukana Mokoka (May 2018)

Replaces Dr Dan Matjila

- Director, Contract Services Group
- Director, Sanlam
- Director, Palabora Mining
- Director, PIC

Eitan Neishlos (May 2018)

- CEO, Resonance Australia

Prof. Hanoch Neishlos (Nov 2017)

- Founder, African Resonance

THE OPPORTUNITY

CHARACTERISTICS OF FUTURE PAYMENTS GLOBALLY

Innovations will make payments more cashless and invisible also enabling data driven engagement platforms for clients

CASHLESS // UBER

More cash will be displaced by electronic transactions as payments innovations make it beneficial for clients to use currencies other than cash

BACK OF MIND // App Store

As more transactions become virtual and automated, more payments processes become invisible to end clients, changing their needs and behaviours

ENGAGEMENT // amazon

As payments and mobility becomes more integrated, the importance of payment transactions as a potential customer interaction point will increase for merchants and financial institutions

DATA DRIVEN // NETFLIX

With greater adoption of electronic payments, more data will be accumulated from payment transactions, allowing financial institutions, services providers and merchants to gain greater understanding of clients and businesses

ACCESS TO LOANS // PayPal

As more payments are processed through electronic rails, financial institutions' visibility into individuals' and businesses' cash flow and spending patterns will increase, improving their ability to extend loans to clients previously less understood

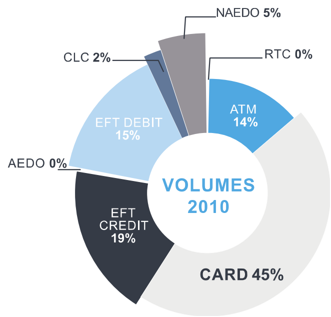
REDUCED COSTS // Google

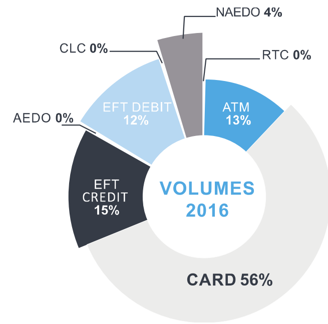
Because innovative solutions build on the existing infrastructure, which has very low variable costs, the cost of making electronic transactions will fall as electronic payments gain more volume

MOVE TO ELECTRONIC PAYMENTS CONTINUES

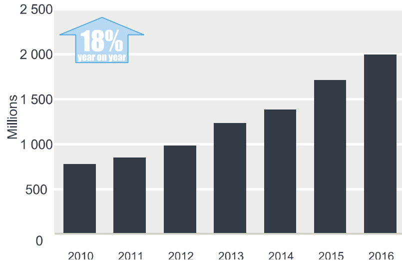
South Africa

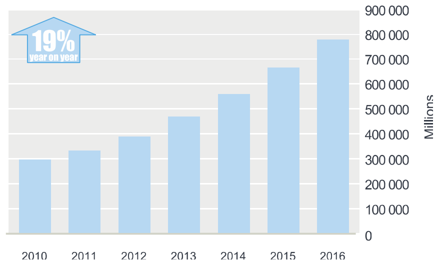
RETAIL PAYMENTS





CARD ACTIVITY

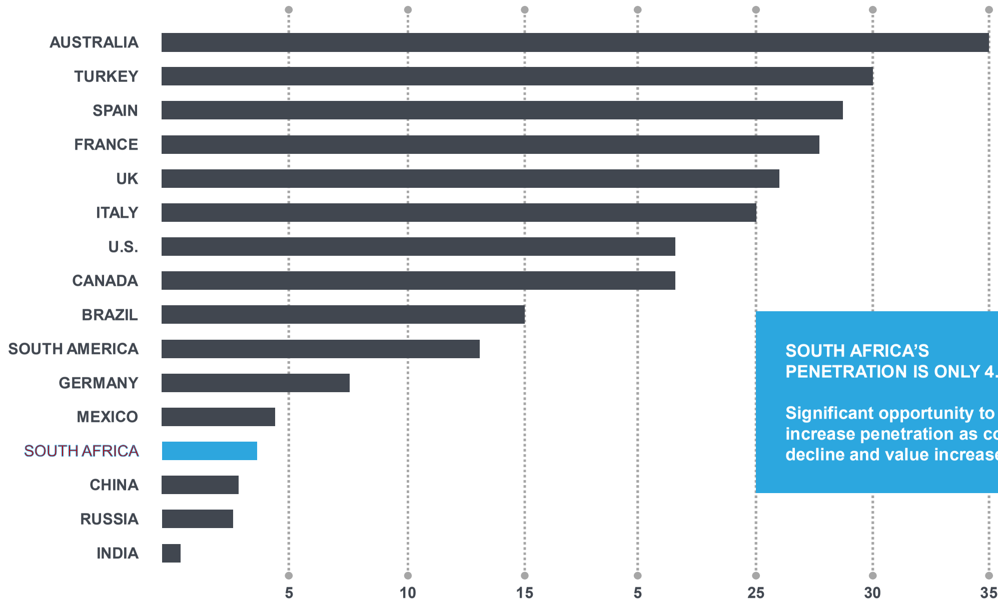




SOURCE: PASA ANNUAL REPORT 2016

POS DEVICE PENETRATION

POS installed devices per 1 000 people



SOUTH AFRICA'S PENETRATION IS ONLY 4.5

Significant opportunity to increase penetration as costs decline and value increases

SOURCE: BANK OF INTERNATIONAL SETTLEMENTS

CAPITAL APPRECIATION GROWTH STRATEGY

Capital Appreciation is well capitalised, with the management skills and technology to drive it's growth strategy

ORGANIC GROWTH

PAYMENTS & PAYMENT INFRASTRUCTURE

- Continue to grow POS device estate
  - Existing clients
  - New clients
  - New applications
- Deployment of new platforms across estates
- Introduction of new products

SOFTWARE & SERVICES

- Licensing of software applications for regulatory compliance
- Cloud migration opportunities continue to accelerate
- International expansion of service offerings
- New technology deployments (blockchain, AI, etc.)

ACQUISITIONS

- Pursue attractive investment and acquisition opportunities in Payments & Payment Infrastructure sector in South Africa, Africa and other international markets that (i) expand our capabilities, (ii) expand our market opportunity, and (iii) build on our business models
- Pursue attractive acquisition opportunities in Software & Services sector in South Africa

ABOUT OUR INVESTMENTS

CAPITAL APPRECIATION EXECUTION STRATEGY

PARTNER	INNOVATE	EXECUTE
Work with financial institutions	State of the art proprietary technology platforms for services	Service excellence
Create ecosystems for collaboration	Entrepreneurial culture	Alleviate pain points
B2B	Hardware agnostic	User experience
B2B2C	Add value	Create eco-system
Deliver solutions to help clients realise their strategy	Integrate seamlessly with legacy systems	Act as an innovation catalyst for clients
Focus on infrastructure	Grow market	Engender trust

PAYMENTS & PAYMENT INFRASTRUCTURE SEGMENT

African Resonance & Dashpay

Enables banks and corporates to extract additional value and differentiate at the point of acquiring

PROPRIETARY PLATFORM

Unique, proprietary technology platform enabling rapid development and implementation of customised corporate solutions across a diverse range of sectors

BLUE CHIP CLIENTS

Provide and operate payment and processing solutions for leading brands and International Banks

END-TO-END SOLUTIONS

Design, develop, implement and manage innovative, end-to-end solutions thereby enhancing and strengthening the relationships between banks, corporates and their clients

COMPREHENSIVE OFFERINGS

Available on a turn-key all inclusive basis or a la carte

UNIVERSAL ACQUIRING

Pioneer of "Universal Acquiring" by supporting one uniform infrastructure for financial and non-financial transactions

PAYMENTS REVENUE MODEL

POS DEVICES

- Sales generate gross profit
- Rental generates monthly recurring revenue
- Relationship with major clients subject to long-term master supply agreements

Predictable but lumpy

POS ESTATE MANAGEMENT

- Generates monthly recurring annuity revenue depending on level and scope of services contracted

Annuity tied to the size of the estate

MAINTENANCE & REPAIRS

- Generates monthly recurring annuity revenue depending on level and scope of services contracted

Annuity and predictable

TRANSACTIONS

- Variable based on transaction type and value of transaction

Unlimited subject to established economic models

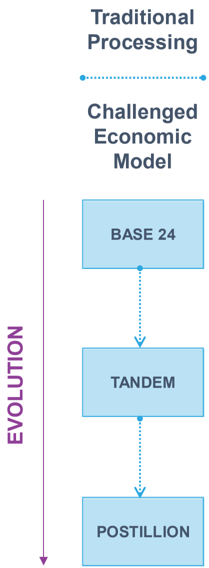
LICENSING & SOLUTIONS

- Generates monthly recurring annuity revenue dependent on solution
  - Flat fee
  - Commission

Unlimited

DASHPAY – INNOVATION IN PROCESSING

Creating new value opportunities through platform ecosystem



New Economic Model – Platform Economics

- Introduces brutal efficiency to transaction processing
- Universal processing - processes all transaction types on a single platform
- Platform economics drives boundary, frictional and transactional costs lower
- Multi-party environment leads to multi-product opportunity
  - Opportunity for new B2B applications – those that don't exist and those that benefit from digitisation
  - Opportunity to integrate multiple disparate products on single platform
- Traditional acquiring is possible but not the focus
  - To be done in cooperation with banking clients

CAPITAL APPRECIATION

DASHPAY COMPLEMENTS BANK ACQUIRING SERVICES

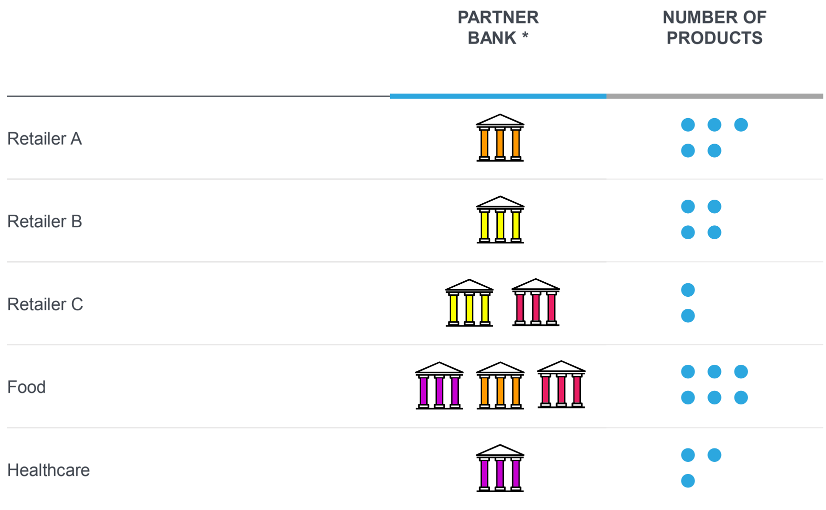
A positive impact on the market

- Acquiring market and margins under pressure
- Merchants needs are evolving
- Merchants are cost conscious and view acquiring fees as a grudge purchase
- Dashpay delivers value to the merchant
- Assists banks to retain merchants, reduce churn and retain acquiring revenue

PARTNER WITH EXISTING BANKS

ILLUSTRATIVE DASHPAY IMPLEMENTATIONS

A soft launch of Dashpay services with various partner banks



* Different colours represent different banks

CAPITAL APPRECIATION

SOFTWARE & SERVICES SEGMENT - SYNTHESIS

Leading provider of technology products and solutions within the Financial Services industry

BLUE CHIP CLIENTS

Absa, Investec, Standard Bank, HSBC, Nedbank CIB, Citibank, RMB, Capitec, Afgri and others

CLIENT CENTRIC

Delivering the highest business value with a strong service ethic

THOUGHT LEADERS

Acquiring and retaining the best software development skills

EXPERIENCED

Highly innovative team with track record of only successful delivery

FOCUSED

Exclusive focus in the financial services sector

STRATEGIC RELATIONSHIPS

Key partnerships with Amazon’s AWS, the top rated provider of cloud services

OPERATING UNITS WITHIN SYNTHESIS

synthesis

CLOUD CONSULTING

Cloud transformation to assist the Enterprise in becoming cloud ready, execute mass migrations and to harness the benefits of public cloud platform

First AWS Advanced Consulting partner in MEA

DIGITAL CHANNELS

Delivering exceptional end-user client experience web and mobile touch points for financial services institutions while maintaining information security and transactional integrity

PLATFORM INTEGRATION PRODUCTS

Integration to enable regulatory reporting solutions for SARS (tax) and SARB (balance of payments), payment processing and exchange connectivity

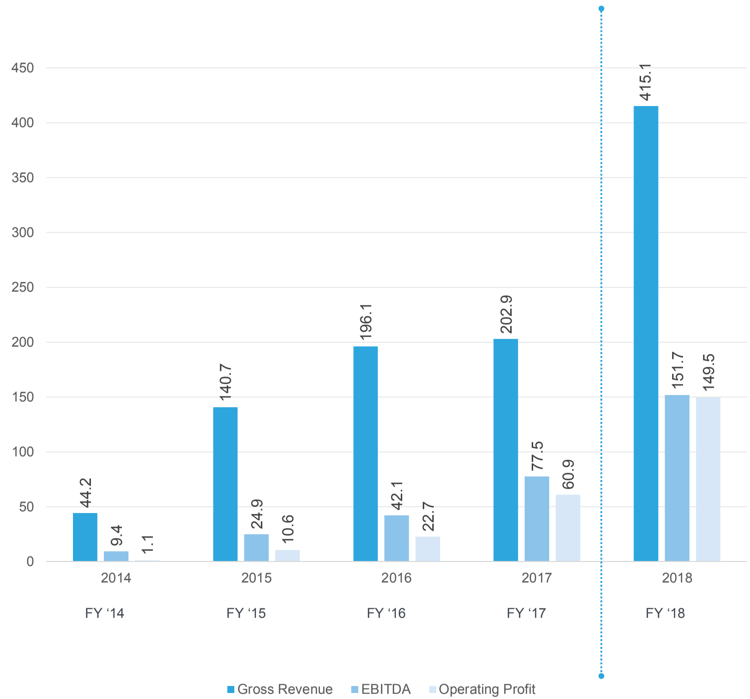
SYNTHESIS LABS

Artificial intelligence, blockchain, machine learning

FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE

Payments & Payment Infrastructure Division



FY 2018 CONTRIBUTION

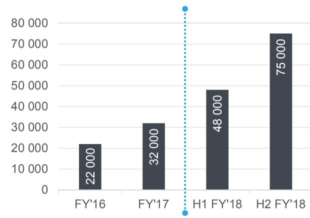
H1 5 months annualised vs. H2

	H1	H2
Revenue	44%	56%
EBITDA	41%	59%

CAGR[a]

Revenue	75%
EBITDA	100%

TERMINALS AT PERIOD END

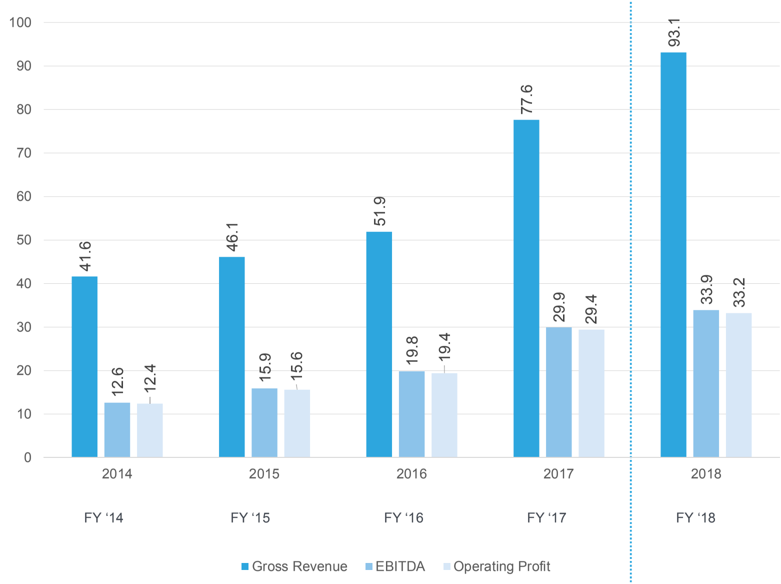


CAPITAL APPRECIATION

[a] Compound annual growth from FY'14 through FY'18. FY'18 results reflect 11 months trading.

FINANCIAL PERFORMANCE

Software & Services Division



FY 2018 CONTRIBUTION

H1 5 months annualised vs. H2

	H1	H2
Revenue	45%	55%
EBITDA	38%	62%

CAGR[a]	
Revenue	22%
EBITDA	28%

FY'18 operating profit annualised amounts to R36.2 million (with 23% growth), notwithstanding exceptional ramp-up costs related to AWS Cloud Migration projects, the benefits of which will be revealed in subsequent periods

[a] Compound annual growth from FY'14 through FY'18.
FY'18 results reflect 11 months trading.

GROUP SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

(R million)	FY 18	FY 17	% increase
Revenue	571.3	80.2	
Trading profit (loss)	178.3	(5.0)	
Net finance income	38.7	80.2	
Profit before taxation	200.0	60.3	
Profit after tax	142.9	39.2	265%
Normalised profit after tax	152.3	39.2	288%
Headline earnings per share (cents)	9.53	3.14	204%
Normalised headline earnings per share (cents)	10.12	3.14	222%
Number of shares in issue (millions)	1 550.0	1 250.0	
Weighted average number of shares (millions)	1 505.4	1 250.0	

Acquisitions completed 5 May 2017 and FY'18 results reflect only eleven months trading for acquired businesses

Cash utilised for acquisitions, repurchase of shares and dividends paid

After adjustment for amortisation of intangibles arising from acquisitions

305 million shares issued as part of acquisition consideration

CAPITAL APPRECIATION

SUMMARISED STATEMENT OF FINANCIAL POSITION

(R million)	31 Mar 2018	31 Mar 2017
Total assets	1 471.7	1 048.8
Non-current assets	864.4	0.2
Cash and cash equivalents	513.2	1047.8
Other assets	94.1	0.8
Equity	1 392.3	1 042.8
Non-current liabilities	35.7	0
Current liabilities	43.7	6.0
Total equity and liabilities	**1 471.7**	**1 048.8**
NAV per share (cents)	**90.0**	**83.4**
Cash value per share (cents)	**33.0**	**83.8**

Arising on acquisition:
- **Goodwill of R728.6 million**
- **Identifiable intangibles of R83.3 million, less amortisation of R12.2 million**

CASHFLOW (KEY FEATURES)

(R million)	FY 18	FY 17
Cashflow (outflow) from operations	166.9	(18.8)
Acquisition of subsidiaries net of cash acquired	(553.0)	-
Purchase of an associate	(30.2)	-
Repurchase of 55 620 000 ordinary shares (treasury shares)	(41.4)	-
Dividends paid	(30.4)	-
Cash and cash equivalents at end of period	513.2	1 047.8

Cash conversion – 117% of PAT

Average price of repurchase 74.4 cents per share

PROSPECTS

PROSPECTS

Capital Appreciation is well capitalised, with the management skills and technology to drive it's growth strategy

- A broad range of organic as well as acquisitive growth opportunities available to CAPPREC
- Acquisitive activity will depend on strategic fit as well as valuations
- Robust organic growth anticipated from subsidiaries, to reiterate:

GROWTH OPPORTUNITIES

PAYMENTS & PAYMENT INFRASTRUCTURE

- Accelerated growth in POS device estate as penetration increases in banking as well as SME sector
- Introduction of new platforms will generate strong growth
- Healthy new product pipeline

SOFTWARE & SERVICES

- Regulatory compliance requirements
- Strong and growing adoption of Cloud-based solutions
- Further international expansion, especially African hub
- Significant opportunity in new technologies

OUR INVESTMENT CASE

- A trusted partner to a strong network of large financial institutions
- Clients are well capitalised and established
- Clients already have a presence in Africa – providing the potential ability for CAPPREC to expand regionally with them
- Founders with a very strong network of relationships on which to build future business
- Well-established FinTech subsidiaries with strong track records
  - Innovation
  - Quality execution
  - Financial performance
- A strong balance sheet with adequate headroom for organic and acquisitive growth
- Subsidiaries are cash generative with cash conversion of close to 100%
- Well-positioned in an industry with very rapid growth
- Our products and services are targeted at mission-critical applications

THANK YOU

ANNEXURE

PAYMENTS & PAYMENT INFRASTRUCTURE

Illustrative pro-forma historical performance [a]

(R million)	2014	2015	2016	2017	2018	CAGR '14 – '18
Revenue	44.2	140.7	196.1	202.9	415.1	**75%**
EBITDA	9.4	24.9	42.1	77.5	151.7	**100%**
Margin						
EBITDA	21.3%	17.7%	21.5%	38.2%	36.5%	
Growth						
EBITDA		164.9%	69.1%	84.1%	96.1%	

Information represents an aggregation of historical performance of African Resonance and Dashpay for each of their respective fiscal years. However, the fiscal years were not coterminous and the aggregation is shown for illustrative purposes only.

(a) Fiscal years 2014 to 2017 are for 12 months ended 28 February. Fiscal year 2018 is for 11 months ended 31 March.

SOFTWARE & SERVICES

Historical performance [a]

(R million)	2014	2015	2016	2017	2018	CAGR '14 – '18
Revenue	41.6	46.1	51.9	77.6	93.1	**22%**
EBITDA	12.6	15.9	19.8	29.9	33.9	**28%**
Margin						
EBITDA	30.3%	34.5%	38.2%	38.5%	36.4%	
Growth						
EBITDA		26.2%	24.5%	51.0%	12.4%	

FY'18 operating profit annualised amounts to R36.2 million (with 23% growth), notwithstanding exceptional ramp-up costs related to AWS Cloud Migration projects, the benefits of which will be revealed in subsequent periods

(a) Fiscal years 2014 to 2017 are for 12 months ended 28 February.
Fiscal year 2018 is for 11 months ended 31 March.

CAPITAL APPRECIATION

COMPARABLE INTERNATIONAL COMPANIES

Illustrative of breadth and depth of international "Payments" marketplace

NETWORKS

Mastercard	$205,856 // 22.9x
VISA	$297,010 // 20.6x

MERCHANT ACQUIRORS

cielo	$13,836 // 10.5x
EVERTEC	$1,626 // 11.6x
First Data	$19,248 // 12.2x
global payments	$18,699 // 16.5x
NET1	$509 // 4.2x
TSYS	$16,441 // 15.3x
worldline	$6,819 // 14.6x
worldpay	$24,724 // 16.6x

EMERGING PAYMENTS

basware	$730 // NM
pagseguro	$7,822 // 18.1x
PayPal	$96,834 // 23.2x
Pushpay	$817 // NA
QIWI WALLET	$1,171 // 9.7x
SAFECHARGE	$663 // 14.9x
Square	$24,999 // NM
wirecard	$17,858 // 27.9x

Enterprise Value = c.17x FY18 Rev

POS / CASH DISBURSEMENT

CARDTRONICS	$1,479 // 8.9x
GHL	$217 // 13.6x
ingenico	$5,601 // 11.6x
PayPoint	$812 // 9.3x
Verifone	$2,633 // 10.7x

MARKET CAPITALISATION (IN US $ MILLIONS) // CY18E EV/EBITDA AS OF 11/05/2018 36

A BROAD RANGE OF GROWTH DRIVERS GLOBALLY

1 COST COMMODITISATION

Financial institutions will accelerate the commoditisation of their cost bases, removing them as points of competition and creating new grounds for differentiation

2 PROFIT REDISTRIBUTION

Technology and new partnerships will enable organisations to bypass traditional value chains, thereby redistributing profit pools

3 "EXPERIENCE" OWNERSHIP

Power will transfer to the owner of the client interface; pure manufacturers must therefore become hyper-scaled or hyper-focused

4 PLATFORMS RISING

Platforms that offer the ability to engage with different financial institutions from a single channel will become the dominant model for the delivery of financial services

5 DATA MONETISATION

Data will become increasingly important for differentiation, but static data sets will be enriched by flows of data from multiple sources combined and used in real time

6 BIONIC WORKFORCE

As the ability for machines to replicate the behaviour of humans continues to evolve, financial institutions will need to manage labour and capital as a single set of capabilities

7 SYSTEMATICALLY IMPORTANT TECHS

Financial institutions increasingly resemble, and are dependent on, large tech firms to acquire critical infrastructure and differentiating technologies

8 INSTANT GRATIFICATION

User experience of "online" environment is impacting all industries where bespoke solutions are offered instantly

9 REGULATORY COMPLIANCE & REFORM

Regulators are increasing oversight and compliance obligations over established players while also looking to encourage innovation and reduce transaction friction

SOURCE: DERIVED FROM WORLD ECONOMIC FORUM REPORT

INTERNATIONAL TRENDS

A leading indicator for South African banks – industry in flux

COMPETITION

- Increasing from new entrants
- New payment types
- Disruptive

TECHNOLOGY

- Empowering new entrants not constrained by legacy platforms
- High IT investment required to respond to client needs

FOCUS

- Sector expertise and focus driving costs down
- Consolidation and exit of banks from payments

REGULATION

- Requires expenditure on divergent priorities and cannot remain current
- Security directives are mandatory or risk and liability is substantial
- Driving deployment of new devices

CLIENTS

- Increasingly more demanding of innovative solutions that require non-legacy technology platforms
- Lifestyle tailored solutions

ELECTRONIC PAYMENTS CONTINUE TO GROW AND MUTATE IN RESPONSE TO CONSUMER BEHAVIOUR

Transactions mutating to be indistinguishable from day-to-day activity, further driving to "Universal Acquiring"

DIGITAL CURRENCY

- Increasing adoption and comfort with card-based and digital currency:
- Mobile
- Govt. payment distribution (SASSA)
- Formalisation (India)
- Proliferation of payment methods (incl. wearables)

MIDDLE CLASS

- Growing middle-class in emerging economies across Africa

REGULATION

- Regulation and security driving installation and acceptance of devices
- Forcing accountability
- Encouraging digitisation

BIG DATA

- Consumer comfort with data sharing leads to integration with payments
- New products
- New credit tools
- Payment linked to and with content

FINANCIAL INCLUSION

The IFC believes this represents a market opportunity exceeding US $2 trillion

Financial Inclusion is the process of ensuring access to appropriate financial products and services needed by vulnerable groups at an affordable cost in a fair and transparent manner

- Transacting
- Saving
- Personal credit
- Remittance
- Insurance

SOURCE: MASTERCARD

AFRICAN RESONANCE – EXCLUSIVE RIGHTS TO PROPRIETARY TECHNOLOGY

Resolink technology provides a single, integrated platform to deploy and manage acquirers' terminal fleet

PAYMENT

Handles the acquiring application parameters including BIN management, settlement times and acquiring application modes including retail, fuel and restaurant

OPERATOR

Sophisticated real-time end-to-end asset and workflow management system supporting their dynamic operating model and services

PRODUCT

Rapid development and implementation of customised financial and non-financial solutions and integration into third-party applications

PROMOTER

Manages client identification, profiling and monitoring which generates consumer behaviour data that enables big data analytics and targeted marketing for their clients

PAYMENTS SOLUTIONS RANGE ACROSS INDUSTRY AND FUNCTIONAL AREA

FINANCIAL

- Bank acquiring
- Close payment systems
- Agency banking
- Microfinance

MARKETING

- Consumer profiling
- Consumer database management
- Voucher campaigns
- Event management

RETAIL

- Retail management
- Store-in-a-store solutions
- Distribution / SCM
- Gift and prepaid cards
- POS integration

CORPORATE

- Customised payment solutions
- Large scale loyalty programs
- Social responsibility
- Short- term insurance
- Reconciliation and reporting

PUBLIC

- Social grants
- Health benefit distribution
- Food coupons
- Medical claims

PAYMENTS SERVICES OFFERED

Clients can select packages or selected services *a la carte*

DEVICES
- Stand alone: counter-top and portable
- Integrated PED
- Mobile

ACTIVATIONS & LOGISTICS
- Asset management
- Key injection
- Hardware and software assembly
- Dispatch and terminal tracking
- Remote activation and tracking

WORKSHOP & REPAIRS
- Perform component replacement
- Perform device re-activation
- Quality control and testing

NETWORK SERVICES
- Communications with processing centre

SOFTWARE
- Software development and testing
- R&D
- Version and update management
- Remote version updates of the terminal

CALL CENTRE
- Product support
- Problem identification
- Problem resolution (connectivity, software, parameterisation)

COLLABORATIVE SALES
- Targeted outbound telemarketing
- Coordinated with in-field sales force

ASSET MANAGEMENT
- Real-time monitoring of estate and preventative maintenance

PAYMENTS STRENGTHS

CLIENTS
Blue chip client base

SUPPLIERS
Blue chip supplier base

INNOVATION
History of innovation

EXPERTISE / MANAGEMENT
Sector expertise
Experienced team

SECURITY
Compliant with best practice

TECHNOLOGY
Unique technologies

SPEED
Speed of deployment and ability to respond to market needs

INTERFACE
Single interface with integrated device and CRM records

UNIVERSAL
Universal acquiring capability (bundled products)

ACCREDITATION
Visa and Mastercard accredited

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Notes

CAPITAL APPRECIATION LIMITED

REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL RESULTS

'18

for the year ended **31 March 2018** and cash dividend declaration

About CAPPREC

Capital Appreciation ("CAPPREC") owns, manages, invests in, and promotes established and developing financial technology ("FinTech") enterprises, their platforms, solutions, products and applications. The Group has two business segments – Payments & Payment Infrastructure and Software & Services. African Resonance and Dashpay comprise the Payments sector and Synthesis comprises the Software sector. African Resonance is a leading provider of payment infrastructure and related technology solutions to established financial institutions, emerging payment service providers, the hospitality industry and both directly and indirectly to the entire retail sector in general. Dashpay is positioned to provide innovative transaction processing services, solutions and products focused on Business-to-Business ("B2B") commercial and payment activity. The Dashpay solution set is intended to complement payment services provided by the Group's established banking and institutional client base. Synthesis is a highly specialised software and systems developer, offering consulting, integration services and technology-based product solutions, to banking and other financial institutions in South Africa and other emerging markets. Resonance Australia is an associate company investment in which CAPPREC owns 17.45%. Resonance Australia is still in its early stages of development but, when operational, will employ a business model similar to that which Dashpay operates in South Africa.

Each of these subsidiaries has made excellent progress in their first period under the CAPPREC banner and, going forward, collectively are likely to benefit from both (i) expanding demand from the institutional/corporate sector; and (ii) demand created through Government's new focus, support and development for small and medium enterprises ("SMEs"), a rapidly emerging and welcome transformational sector in South Africa and elsewhere on the continent.

More comprehensive details of these businesses are available on the Company's website, at www.capitalappreciation.co.za.

Salient FEATURES

R571.3 million
Revenue

2 cents
Final dividend per share

R162.3 million
Operating Profit

4 cents
Total dividend for the year

R143.4 million
Headline Earnings, up 265%

R166.9 million
Cash generated from operating activities

9.53 cents
HEPS, up 204%

117%
Cash conversion rate of profits after tax

10.12 cents
Normalised HEPS

R513.2 million
Cash available for reinvestment

Completed viable asset acquisitions

Transferred to the "Software and Computer Services" sector of the Main Board of the JSE

Commentary

INTRODUCTION

Shareholders and investors who have been tracking CAPPREC since its initial capital raising in October 2015 will, no doubt, conclude that the 2018 financial year was a significantly transformative period for the Group. Not only were certain viable asset acquisitions concluded but, more importantly, each of the acquisitions have successfully fulfilled their commencing expectations, as evidenced in this set of results. Having regard to the nature of the operating businesses acquired, CAPPREC's Main Board listing on the JSE was transferred to the Software and Computer Services sector.

Given that the viable asset acquisitions were only approved by CAPPREC shareholders on 5 May 2017, it should be noted that these consolidated financial results reflect 12 months of net investment income earned by CAPPREC for the year ended 31 March 2018, but only 11 months of trading performance for the acquired businesses.

The Board is pleased to present these results as they reveal both solid trading performance and the appropriateness of the consideration paid for the businesses acquired.

ACCOUNTING POLICIES AND BASIS OF PREPARATION

These reviewed provisional condensed consolidated results have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), its interpretations issued by the IFRS Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, presentation and disclosure as required by International Accounting Standard ("IAS") 34 Interim Financial Reporting, the JSE Limited Listings Requirements and the requirements of the Companies Act, 71 of 2008 of South Africa. The accounting policies and methods of computation used in the preparation of the reviewed provisional condensed consolidated results are in terms of IFRS and are consistent in all material respects with those applied in the most recent annual financial statements.

OPERATING ENVIRONMENT

Shareholders and investors will be more than mindful of the general economic challenges and political uncertainties that faced South Africa during this past year, exacerbated by low economic growth and rising unemployment. These conditions, not unexpectedly, impact disposable incomes and generally weigh heavily on the national retail sector and number of new merchants looking for card acceptance and terminal services. The Group's Payments & Payment Infrastructure business is directly impacted by its clients' exposures to the retail sector. The Group's banking clients, as did companies in other commercial sectors, generally adopted a more judicious approach to expansion and capital expenditure in light of these economic challenges.

In the software and services business, the significant and growing movement towards digitisation and new product and service distribution models has made the need for cost-saving digitisation initiatives more urgent. Budgetary constraints, however, moderated the extent of these initiatives.

Notwithstanding these patterns of caution and control, the Group's subsidiaries in each case, successfully managed to expand the scope of their business with existing clients and, given their well-established track record of quality and efficient service, have also been able to attract new clients. This collectively enhanced and contributed to the Group's robust growth.

SUMMARISED FINANCIAL RESULTS

The Group's operating subsidiaries generated gross revenues for the year of R571.3 million (2017: R80.2 million). Profit before taxation amounted to R200.0 million (2017: R60.3 million), with Profit after taxation, being R142.9 million (2017: R39.2 million). Headline Earnings for the year increased by 265% to R143.4 million (2017: R39.2 million) translating into Earnings per Share ("EPS") and Headline Earnings per Share ("HEPS") for the year of 9.49 cents per share and 9.53 cents per share respectively, an increase of 202.0% and 203.5% relative to the EPS and HEPS of 3.14 cents in the previous year. CAPPREC also reports on Normalised Headline Earnings per Share ("NHEPS"), which together with Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA") are the primary measures used by management to assess the Group's underlying financial performance. NHEPS comprises HEPS adjusted for the after-tax amortisation arising from the value attributed to intangible assets that arose in connection with the viable asset acquisitions. The Group generated EBITDA of R176.5 million (2017: R19.8 million loss) and NHEPS for the year of 10.12 cents (2017: 3.14 cents), an increase of 222.3% on the prior year.

During the year, the Group was exceptionally cash generative, with cash generation of 116.8% of the 2018 profits after tax. This characteristic of the Group's operational enterprises, is well reflected in the Group's cash resources at 31 March 2018 of R513.2 million. This amount, when compared to the Group's cash resources at 31 March 2017, is after payment of the net cash portion of the viable asset acquisitions, the payment of an interim dividend in December 2017, the buy-back of 55.6 million CAPPREC shares at an average price of 74.4 cents, the payment of 2018 provisional taxes, and several other cash applications reflected elsewhere in this announcement. Based on the closing share price of a CAPPREC share on 31 March 2018 of 80 cents, 43% of that price is represented by cash. The Group's cash resources will be applied, in the first instance, to fund anticipated organic growth and thereafter to pursue or supplement the cost of new, but complementary acquisition opportunities.

DIVISIONAL REVIEW

African Resonance and Dashpay, as described earlier, comprise the Payments & Payment Infrastructure division of the Group.

African Resonance primarily sells, distributes, maintains, rents and manages payment devices to, for and on behalf of its banking and institutional clients. African Resonance has a distribution agreement with terminal manufacturer, Ingenico (France), a relationship that has developed with reciprocal respect and advantage since the formation of African Resonance in 2003. This division has performed exceptionally well, more than doubling the number of terminals previously managed and serviced. Terminal procurement and deployments by various banking clients during the year increased by c.43 000 units. When added to the number of terminals in the field at the date of acquisition, African Resonance today manages c.75 000 Ingenico terminals in the overall terminal fleet.

Dashpay was initially conceived as a traditional merchant acquirer when first established in 2013. Since that time a significant amount has been invested in the development of Dashpay's systems and technology, with further resources being allocated to complete its exclusively licensed, unique and unrivalled, multi-product, multi-party, universal transacting platform. Dashpay is now positioned to provide innovative transaction processing services, solutions and products focused on B2B and Business-to-Business-to-Commercial ("B2B2C") and payment activity. The Dashpay platform, ecosystem and solution set are intended to complement the traditional payment services provided by the Group's established banking and institutional client base, are device agnostic and integrate seamlessly with existing legacy systems. Moreover, Dashpay services are ideally suited to serving the rapidly changing needs for secure payment systems and financial management across Africa.

The Payments & Payment Infrastructure division generated turnover of R415.1 million and a profit after tax of R111.0 million. For the past four years the division has experienced a compound annual growth rate in operating profit of more than 241%, albeit off a low starting base. The current year's performance has outperformed the results of the due diligence review concluded at the time of the acquisitions. We extend our compliments to Professor Neishlos and the Payments team for the impressive outcome.

Synthesis is the Software & Services business that offers highly specialised software development, consulting and integration services and technology-based solutions to banking and other financial institutions in South Africa and other emerging markets.

In addition to its current offerings, Synthesis is making considerable effort in research and development to deliver on the next phase of technological advancement, which could include any of machine learning, artificial intelligence, big data, blockchain technology, and more. Commercial exploration continues in these areas. Synthesis generated turnover of R93.1 million and a profit after tax of R23.8 million. This revenue was ahead of expectation, suggesting that their profit warranty threshold will be attained at the end of fiscal 2020. The division has consistently generated solid earnings, with a compound annual growth rate in operating profit of 28% per annum for the past four years.

Resonance Australia's planned budgeted development and administration costs for the period translated into CAPPREC's attributable share of loss of R958 211, which is appropriately reflected as a separate item in the statement of comprehensive income. The Board is satisfied with the positive and evolving activity in Australia and further information on the Company's progress will be reported on in the normal course.

PROSPECTS

No-one can deny that new and innovative technologies continue to impact our daily lives and it seems that new tools, new system and software design, new communicative devices and other inventive applications, will continue to transform and impact today's traditional human and commercial behaviour. CAPPREC, with its inspired, creative and innovative executive teams, will continue to develop new and effective services, solutions, systems, products and applications, in association with our existing and future institutional clients, to meet the demands of their customers. This includes parties seeking efficient and affordable models for financial inclusion of persons previously unserved or ill-served. We are pleased that the differentiated capabilities of the Group's operating subsidiaries are being recognised by their principal clients.

The organic growth potential is large and compelling, and while we expect continued growth in our underlying businesses, the sector also presents several interesting acquisition opportunities. These will also include opportunities for the expansion and technology transfer of our business models into new markets. There is more confidence in the economy at this time than that experienced in recent years, and the Board is cautiously confident in suggesting better times ahead.

CHANGES TO THE BOARD OF DIRECTORS

Professor Hanoch Neishlos, the founder of African Resonance, was appointed to the CAPPREC Board on 10 November 2017. No other changes took place prior to 31 March 2018. On 9 May 2018, four new director appointments were announced on SENS, those being Mr Kuseni Dlamini, Mr Errol Kruger, Ms Mathukana Mokoka and Mr Eitan Neishlos. Simultaneously, Dr Dan Matjila resigned as a director. We welcome our new appointees to the Board and take this opportunity, once again, to express our sincere thanks to Dr Matjila for his valuable contribution and guidance during his term in office.

DIVIDENDS

The Board has pleasure in announcing that a final dividend of 2 cents per ordinary share (gross) has been declared for the year ended 31 March 2018, making the Group's maiden annual dividend an amount of 4 cents per ordinary share. We note the following:

- Dividends are subject to dividends withholding tax.
- The payment date for the dividend is Monday, 11 June 2018.
- Dividends have been declared out of profits available for distribution.
- Local dividends withholding tax is 20%.
- The gross final dividend amount is 2 cents per ordinary share, which is 1.60000 cents net of withholding tax.
- 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 of trade cum dividend	Tuesday, 5 June 2018
• Shares commence trading ex dividend	Wednesday, 6 June 2018
• Dividend record date	Friday, 8 June 2018
• Dividend payment date	Monday, 11 June 2018

Share certificates for ordinary shares may not be dematerialised or rematerialised between Wednesday, 6 June 2018 and Friday, 8 June 2018, both days inclusive.

PREPARATION OF SUMMARISED FINANCIAL REPORTS

The financial results herein have been prepared under the supervision of Mr. Alan Salomon CA(SA) in his capacity as the Group Chief Financial Officer. For further information hereto, please refer to the section on page 49 captioned Accounting Policies and Basis of Preparation.

AUDITOR REVIEW

These results have been reviewed by CAPPREC's auditors, Ernst and Young Inc. The review was performed in accordance with ISRE 2410 ("Review of Interim Financial Information Performed by the Independent Auditor of the Entity") and their unmodified review conclusion is available for inspection at the Company's registered office. The auditor's report does not necessarily report on all the information contained in this announcement/financial results. Any reference to future financial performance in this announcement has not been reviewed or reported on by the Company's auditors.

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material matter or circumstance arising since the end of the financial year that requires inclusion herein.

On behalf of the Board

Michael (Motty) Sacks	**Michael Pimstein and Bradley Sacks**	**Alan Salomon**
Non-Executive Chairman	Joint Chief Executive Officers	Chief Financial Officer

Sandton
15 May 2018
Date of publication: 16 May 2018

Condensed Group statement of COMPREHENSIVE INCOME

for the year ended 31 March 2018

Figures in Rand	2018*	2017
REVENUE	**571 266 306**	80 172 952
Turnover	**508 203 850**	–
Cost of sales	**(264 578 499)**	–
Gross profit	**243 625 351**	–
Other income	**23 625 187**	–
Operating expenses	**(88 961 943)**	(5 014 412)
Trading profit	**178 288 595**	(5 014 412)
Share-based payment expense	**(250 500)**	–
Depreciation	**(2 743 109)**	(69 339)
Amortisation of intangibles	**(12 431 375)**	–
Acquisition costs	**(567 799)**	(14 774 993)
Operating profit	**162 295 812**	(19 858 744)
Finance income	**39 437 269**	80 172 952
Finance costs	**(785 056)**	–
Equity-accounted loss in associate	**(958 211)**	–
Profit before taxation	**199 989 814**	60 314 208
Taxation	**(57 053 903)**	(21 109 406)
Profit after taxation	**142 935 911**	39 204 802
Other comprehensive income	**–**	–
Total comprehensive income for the year	**142 935 911**	39 204 802
Basic earnings per ordinary share (cents)	**9.49**	3.14
Headline earnings per ordinary share (cents)	**9.53**	3.14
Diluted basic earnings per ordinary share (cents)	**9.33**	3.14
Diluted headline earnings per share (cents)	**9.36**	3.14
Number of ordinary shares in issue (Note 3)	**1 555 000 000**	1 250 000 000
Weighted average number of shares in issue	**1 505 442 013**	1 250 000 000
Fully diluted weighted average number of shares in issue	**1 532 647 492**	1 250 000 000

* *The financial information for the Payments & Payment Infrastructure and Software & Services divisions represents trading for 11 months, as the acquisitions became unconditional on 5 May 2017.*

Condensed Group statement of FINANCIAL POSITION

at 31 March 2018

Figures in Rand	2018	2017
ASSETS		
Property, plant and equipment	**15 275 684**	211 725
Intangible assets	**71 452 462**	–
Goodwill (Note 1)	**728 577 776**	–
Other financial assets	**17 625 214**	–
Investment in associates (Note 2)	**28 788 310**	–
Deferred tax	**2 643 528**	–
Non-current assets	**864 362 974**	211 725
Inventories	**21 320 108**	–
Trade and other receivables	**68 034 527**	589 232
Loan to associate	**4 512 392**	–
Taxation receivable	**307 957**	247 229
Cash and cash equivalents	**513 169 862**	1 047 788 681
Current assets	**607 344 846**	1 048 625 142
Total assets	**1 471 707 820**	1 048 836 867
EQUITY AND LIABILITIES		
Capital and reserves		
Share Capital	**1 211 781 099**	1 000 002 500
Constituent ordinary share capital	**–**	4 000 000
Share based payment reserve	**250 500**	–
Contingent consideration reserve	**24 900 000**	–
Retained income	**155 355 981**	38 820 070
Total equity	**1 392 287 580**	1 042 822 570
Deferred revenue	**7 066 667**	–
Contingent liability	**8 689 618**	–
Deferred tax	**19 931 987**	–
Non-current liabilities	**35 688 272**	–
Trade and other payables	**33 091 148**	6 014 297
Other financial liabilities	**2 989 613**	–
Deferred revenue	**1 325 000**	–
Taxation payable	**6 326 207**	–
Current liabilities	**43 731 968**	6 014 297
Total equity and liabilities	**1 471 707 820**	1 048 836 867

Condensed Group statement of CASH FLOWS

for the year ended 31 March 2018

Figures in Rand	2018	2017
Cash flow from operations	**166 936 511**	(18 770 820)
Finance income received	**39 427 325**	80 166 500
Finance costs paid	**(248 493)**	–
Dividends paid	**(30 400 000)**	–
Taxation paid	**(61 154 563)**	(21 442 419)
Net cash flow from operating activities	**114 560 780**	39 953 261
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(4 872 247)**	(184 984)
Acquisition of intangible assets	**(182 160)**	–
Proceeds on disposal of property, plant and equipment	**405 075**	–
Acquisition of subsidiary net of cash acquired	**(553 009 486)**	–
Acquisition of associate	**(30 206 520)**	–
Loan to associate	**(5 024 791)**	–
Repayment of loans	**4 153 532**	–
Net cash flow from investing activities	**(588 736 597)**	(184 984)
Cash flows from financing activities		
Repayment of loans	**(19 071 601)**	–
Purchase of 55 620 000 treasury shares	**(41 371 401)**	–
Net cash flow from financing activities	**(60 443 002)**	–
Net (decrease)/increase in cash and cash equivalents	**(534 618 819)**	39 768 277
Cash and cash equivalents at the beginning of the year	**1 047 788 681**	1 008 020 404
Cash and cash equivalents at the end of the year	**513 169 862**	1 047 788 681

Condensed Group statement of CHANGES IN EQUITY

for the year ended 31 March 2018

Figures in Rand	Ordinary share capital	Constituent ordinary share capital
Balance at 1 April 2016	1 000 002 500	4 000 000
Total comprehensive income for the year ended 31 March 2017		
Transfer of constituent costs to retained income		
Balance at 31 March 2017	1 000 002 500	4 000 000
Issue of ordinary share capital	**253 150 000**	
Repurchase of constituent ordinary share capital		**(4 000 000)**
Share-based payment reserve		
Contingent consideration reserve		
Purchase of treasury shares	**(41 371 401)**	
Cash dividend paid		
Total comprehensive income for the year ended 31 March 2018		
Balance at 31 March 2018	**1 211 781 099**	**-**

Constituent costs	Share-based payment reserve	Contingent consideration reserve	Retained income	Total equity
(22 543 311)			22 158 579	1 003 617 768
			39 204 802	39 204 802
22 543 311			(22 543 311)	–
–	–	–	38 820 070	1 042 822 570
				253 150 000
			4 000 000	**-**
	250 500			**250 500**
		24 900 000		**24 900 000**
				(41 371 401)
			(30 400 000)	**(30 400 000)**
			142 935 911	**142 935 911**
-	**250 500**	**24 900 000**	**155 355 981**	**1 392 287 580**

Group segment analysis

Figures in Rand	Payments & Payment Infrastructure[1] 2018	2017
Turnover	**415 105 927**	–
Trading profit/(loss)	**151 983 411**	–
Depreciation	**(2 231 340)**	–
Amortisation of intangibles	**–**	–
Operating profit	**149 483 029**	–
Profit after taxation	**111 024 267**	–
Total assets	**120 872 337**	–
Total liabilities	**31 037 414**	–
Net assets	**89 834 922**	–

[1] *The financial information for the Payments & Payment Infrastructure and Software & Services divisions represents trading for 11 months, as the acquisitions became unconditional on 5 May 2017.*

Notes

Figures in Rand	2018	2017
NOTE 1. GOODWILL		
Carrying amount	**728 577 776**	–
Movement in goodwill		
Carrying value at the beginning of the year	**–**	–
Goodwill and intangible assets arising on acquisition of businesses	**811 925 776**	–
Intangible asset allocation	**(83 348 000)**	–
Carrying value at the end of the year	**728 577 776**	–
NOTE 2. INVESTMENT IN ASSOCIATES		
Resonance Australia Proprietary Limited		
17 580 shares at cost	**29 746 521**	–
Share of loss of associate	**(958 211)**	–
	28 788 310	–
Impairment of South African-based associate of Synthesis Software Technologies Proprietary Limited	**459 999**	–

Software & Services[1]		Corporate		Group	
2018	2017	**2018**	2017	**2018**	2017
93 097 923	–	**-**	–	**508 203 850**	–
33 637 947	–	**(7 332 763)**	(5 014 412)	**178 288 595**	(5 014 412)
(423 576)	–	**(88 193)**	(69 339)	**(2 743 109)**	(69 339)
(269 042)	–	**(12 162 333)**	–	**(12 431 375)**	–
33 214 370	–	**(20 401 587)**	(19 858 744)	**162 295 812**	(19 859 744)
23 783 189	–	**8 128 455**	39 204 802	**142 935 911**	39 204 802
34 890 492	–	**1 315 944 991**	1 048 836 867	**1 471 707 820**	1 048 836 867
16 177 317	–	**32 205 509**	6 014 297	**79 420 240**	6 014 297
18 713 176	–	**1 283 739 482**	1 042 822 570	**1 392 287 580**	1 042 822 570

	2018	2017
NOTE 3. SHARE CAPITAL		
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 year	**305 000 000**	
Number of issued ordinary shares at the end of the year	**1 555 000 000**	1 250 000 000
Number of ordinary share repurchased during the year	**(55 620 000)**	–
Number of issued ordinary shares, net of treasury shares at the end of the year	**1 499 380 000**	1 250 000 000

During the year the Group repurchased 55 620 000 ordinary shares at an average price of 74.4 cents per share.

NOTE 4. RECONCILIATION OF HEADLINE EARNINGS

	2018	2017
Profit for the year attributable to ordinary shareholders	**142 935 911**	39 204 802
Impairment on investment in associate	**459 999**	–
Headline earnings	**143 395 910**	39 204 802

NOTE 5. DIVIDENDS PAID

An interim dividend of 2 cents per share was declared on 14 November 2017 and paid on 1 December 2017. The total cash consideration was R30 400 000.

NOTE 6. ACQUISITIONS OF BUSINESSES

6.1 Acquisition of African Resonance

The Company acquired 100% of the shares in African Resonance Business Solutions Proprietary Limited for a purchase price of R485.9 million, with R295 million settled in cash and the issue of 230 million shares which have been valued at 83 cents per share being the share price on the closing date 5 May 2017. African Resonance is based in Johannesburg, South Africa and provides a variety of technology solutions, services and related technical support services to financial institutions and others in the financial services sector. The acquisition has been accounted for in terms of IFRS 3 Business Combinations.

Assets acquired and liabilities assumed

The preliminary fair values of the identifiable assets and liabilities of African Resonance as at 5 May 2017, the date of acquisition, were:

	Fair value recognised on acquisition
Assets	
Property, plant and equipment	8 932 671
Deferred taxation	264 819
Inventory	15 398 881
Loan to shareholder	16 396 613
Trade, other receivables and prepayments	26 404 520
Other financial assets	10 484 372
Cash and cash equivalents	40 128 839
	118 010 715
Liabilities	
Non-current other financial liabilities	3 454 974
Trade and other payables	10 782 350
Current other financial liabilities	8 473 713
Taxation	4 102 053
	26 813 090
Total identifiable net assets at fair value	91 197 625
Goodwill arising on acquisition	371 835 895
Intangible asset arising on acquisition	31 759 000
Deferred tax on intangible asset	(8 892 520)
Purchase consideration transferred	485 900 000
Purchase consideration	
Cash	295 000 000
Shares: 230 million at 83 cents per share	190 900 000
Total	485 900 000

6.2 Acquisition of Rinwell

The Company acquired 100% of the shares in Rinwell Proprietary Limited which is a 100% shareholder of Dashpay Proprietary Limited ("Rinwell Group") for a purchase price of R225 million settled in cash. Rinwell Group is based in Johannesburg, South Africa and provides a variety of technology solutions, services and related technical support services to financial institutions and others in the financial services sector. The acquisition has been accounted for in terms of IFRS 3 Business Combinations.

Assets acquired and liabilities assumed

The preliminary fair values of the identifiable assets and liabilities of Rinwell Group as at 5 May 2017, the date of acquisition, were:

	Fair value recognised on acquisition
Assets	
Property, plant and equipment	3 434 388
Intangible assets	353 676
Trade, other receivables and prepayments	9 208 868
Cash resources	4 339 088
	17 336 020
Liabilities	
Trade and other payables	6 409 074
Current other financial liabilities	10 484 372
Bank overdraft	17 052
	16 910 498
Total identifiable net assets at fair value	425 522
Goodwill arising on acquisition	231 768 478
Intangible asset arising on acquisition	7 300 000
Deferred tax on intangible asset	(2 044 000)
Purchase consideration transferred	237 450 000
Purchase consideration	
Cash	225 000 000
Shares: 15 million at 83 cents per share	12 450 000
Total	237 450 000

The Company granted 15 million shares in respect of a restraint of trade agreement entered into with the owner of Rinwell.

6.3 Acquisition of Synthesis

The Company acquired 100% of the shares in Synthesis for a purchase price of R132.1 million, with R82.3 million settled in cash and the issue of 60 million shares which have been valued at 83 cents per share being the share price on the closing date of 5 May 2017. Synthesis is based in Johannesburg, South Africa and addresses the complex technology needs of financial institutions. The acquisition has been accounted for in terms of IFRS 3 Business Combinations.

Assets acquired and liabilities assumed

The preliminary fair values of the identifiable assets and liabilities of Synthesis as at 5 May 2017, the date of acquisition, were:

	Fair value recognised on acquisition
Assets	
Property, plant and equipment	969 502
Deferred taxation	2 535 166
Loan to shareholder	4 153 532
Trade, other receivables and prepayments	22 140 957
Cash and cash equivalents	6 613 473
	36 412 630
Liabilities	
Non-current deferred income	8 281 250
Trade and other payables	7 194 042
Taxation	1 178 295
Current portion of deferred income	1 325 000
Current portion of long-term loan	10 132 526
	28 111 113
Total identifiable net assets at fair value	8 301 517
Goodwill arising on acquisition	124 973 403
Intangible asset arising on acquisition	44 289 000
Deferred tax on intangible asset	(12 400 920)
Purchase consideration transferred	165 163 000
Purchase consideration	
Cash	82 300 000
Shares: 60 million at 83 cents per share	49 800 000
Contingent consideration (see below)	33 063 000
Total	165 163 000

Should Synthesis achieve its profit warranty, as included in the acquisition agreements, the Synthesis shareholders will receive R10 million cash and an issue of 30 million shares. The period of the warranty is 37 months. For the purposes of the annual financial statements, it has been assumed that the profit warranty targets will be met and these 30 million shares are valued at the price of 83 cents per share on the closing date and the cash portion is present valued. The Synthesis profit warranty consideration has been included as part of purchase consideration.

	Fair value recognised on acquisition
Cash: R10 000 000 at present value	8 163 000
Shares: 30 million at 83 cents per share	24 900 000
Total	33 063 000

CORPORATE INFORMATION

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

Registered office
61 Katherine Road, Sandton 2196

Directors
MI Sacks# (Chairman), MR Pimstein* (Joint Chief Executive), BJ Sacks* (Joint Chief Executive), AC Salomon* (Chief Financial Officer), R Morar#, B Bulo#, JM Kahn#, Prof. H Neishlos#, VM Sekese#, CL Valkin#, DK Dlamini#, EM Kruger#, MG Mokoka#, E Neishlos#

** Executive, # Non-Executive*

Company Secretary: Horwath Leveton Boner
Auditors: Ernst & Young Inc.
Sponsor: Investec Bank Limited
Email: investor@capitalappreciation.co.za
Website: www.capitalappreciation.co.za

Transfer Secretary
Computershare Investor Services Proprietary Limited
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CAPITAL APPRECIATION

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