CAPITAL APPRECIATION

Unaudited Interim Condensed Consolidated Financial Results

for the six months ended 30 September 2019

and Cash Dividend Declaration

ABOUT CAPPREC

Capprec is a financial technology company. The Company operates in two business segments – Payments & Payment Infrastructure ("Payments") and Software & Services ("Services"). African Resonance and Dashpay comprise the Payments segment and Synthesis comprises the Services segment. African Resonance is a leading provider of payment infrastructure and related technology solutions to established financial institutions. Dashpay operates an innovative transacting platform and provides transaction processing services, solutions and products focused on business-to-business commercial and payment activity to emerging payment service providers, select industry bodies and associations, healthcare practitioners, the hospitality industry and the retail sector.

Synthesis is a highly specialised software and systems developer that delivers technology solutions and services to the financial services, retail and telecommunications sectors in South Africa and other countries on the African continent. Synthesis is the foremost provider of Amazon Web Services (AWS) cloud services to the financial services sector.

Further detail on the nature of these specialised business units is available on the Company's website, at www.capitalappreciation.co.za.

SALIENT FEATURES

FINANCIAL

Revenue
R281.6 million
-10.7%

EBITDA
R67.9 million
-16.8%

Trading profit
R68.2 million
-17.6%

Headline earnings
R50.3 million
-20.5%

EPS of 3.94 cents
-6.8%

HEPS of 3.43 cents
-19.0%

Normalised HEPS
3.81 cents
-16.3%

R416 million
cash available
for reinvestment

Interim dividend of 2.25 cents per ordinary share
(September 2018: 2.25 cents per ordinary share)

Period's results negatively impacted due to late arrival of budgeted terminal imports,
shifting expected revenues into 2nd period

Significant revenues booked and cash generated in October 2019

OPERATIONAL

African Resonance
acquires ownership of all core Intellectual Property

Strategic repurchase and cancellation
of 245 million shares
successfully completed

African Resonance fleet of
154 000 payment terminals
in the hands of clients, increase of 10% since March 2019 (31% since September 2018)

African Resonance installed
terminals grew by 23%
to 117 000 since March 2019 (52% since September 2018)

Synthesis continues its
track record of 31%
compound earnings growth

Synthesis technology teams
take on a more pivotal role
within the Capprec group

Dashpay concluded Distribution and Use Agreement for a new
second source of quality terminals
with second largest manufacturer of terminals globally

Dashpay roll out progressing with
Annualised Gross Transaction Value (GTV) exceeding R2.9 billion,
up 31% since March 2019 and more than 100% year-on-year

Group investment to support growth continues


Move/3500
ingenico
Tap, Swipe or Insert Card
TOTAL: R158.00

COMMENTARY

INTRODUCTION

Given the now well publicised state of the country's economic challenges and the broad adverse impact it has had on business, business confidence and South Africa's communities, the Board is satisfied with the Company's interim performance.

The Company's well-established divisional reputations and track record of innovation, quality and efficient service delivery have assisted Capprec to attract and retain an impressive client base in the financial sector. This includes all major banking institutions in South Africa, many niche banks, large financial services institutions as well as other financial services companies. In recent times, the Company has also successfully diversified into the retail and telecommunications sector and continues to explore supplementary sectors where its products and services assist large corporate clients to improve service to their customers. Capprec continues to invest in additional capacity, including the development of new innovative product offerings in anticipation of growth in commercial activity in both its Payments and Services operations.

The current financial results do not fully reflect the underlying financial performance of the Company, mainly due to a late delivery of a sizable number of imported terminals from our supplier. These delayed terminals could not be delivered and transferred to customers prior to the cut-off period of 30 September 2019. Significant revenue, earnings and cash generation, therefore, took place in October 2019, related, *inter alia*, to the aforesaid inventory, including strong cash inflows from receivables. This is highlighted in more detail later in this report. But for the delivery delay, revenue in the Payments sector would have exceeded that generated in the same period last year.

OPERATING ENVIRONMENT

Having regard to the state of the economy, our clients have adopted a cautious stance towards infrastructure expansion and capital expenditure in general. Despite this restraint, however, Capprec enterprises have made positive operational strides.

Capprec operates in an environment of rapidly evolving technological change, and increasing customer expectations, with growing regulatory compliance requirements. This places a substantial burden on industry participants, with more consumers embracing everyday use of technology. There is also the added pressure on clients to reduce costs, and this, notwithstanding the tough economic conditions, creates growing demand for the Company's more cost effective, high tech services and applications. In order to satisfy these technology-led processes and systems, elevated levels of expertise and innovation are required. Capprec is well positioned to deliver products and value propositions to support our clients' transformative journeys to become more digitally enabled. The prospect therefore exists to drive above-trend growth in the foreseeable future.

SHARE REPURCHASE AND SMALL RELATED PARTY TRANSACTION

During the period, Capprec concluded and successfully executed an agreement with Dr Hanoch Neishlos, the principal vendor of African Resonance, and associates to acquire the intellectual property, technology and development platforms that were previously licensed by African Resonance from Uplink (an entity controlled by Dr Neishlos). The Company also employed those members of the Uplink team focused on Capprec customer technology and their development needs. This was an important milestone for Capprec as the Company now has absolute ownership over most of the core intellectual property used in the businesses.

The agreement also included the share repurchase and cancellation by Capital Appreciation of 245 million shares from Dr Neishlos and his affiliated parties for an aggregate amount of R192.7 million and the disposal of Capprec's 17.45% interest and claims in Resonance Australia for an aggregate amount of R40 million. All related party loans, receivables and obligations were settled in full between the parties and both Dr Neishlos and Eitan Neishlos resigned as directors from all group companies. The successful implementation of the agreement has and will have various financial impacts which are detailed in note 3 of the condensed financials.

The share repurchase transaction became effective on 27 August 2019 (the date of the shareholder approval) and Capprec now has 1 310 million shares in issue. Final settlement of the transaction only occurred on 17 September 2019.

The benefits of the transaction are already evident in the enhanced cooperation between the technical teams of all Capprec business units. Bringing the technology skills and resources of Synthesis together with African Resonance and Dashpay, not only maximises the contributions from each division, but stimulates further innovation, eliciting better coordination and operational efficiency.

SUMMARISED FINANCIAL RESULTS

Capprec generated gross revenues for the period of R281.6 million (September 2018: R315.4 million), a decrease of 10.7%. EBITDA of R67.9 million (September 2018: R81.4 million), reflects a decrease of 16.8%. Profit before taxation decreased by 9.3% to R80.2 million (September 2018: R88.4 million), with profit after taxation decreasing by 8.6% to R57.9 million (September 2018: R63.3 million). Headline earnings for the period decreased by 20.5% to R50.3 million (September 2018: R63.3 million) translating into basic EPS for the period of 3.94 cents per share (September 2018: 4.23 cents), down 6.8% and HEPS of 3.43 cents per share(September 2018: 4.23 cents), a decrease of 19.0%. Capprec realised a gain on the disposal of its interest in Resonance Australia of R8.7 million which is reflected in basic EPS but has been added back in the calculation of HEPS.

Capprec also reports Normalised Headline Earnings Per Share ("NHEPS"), which together with EBITDA are the primary measures used by management to assess Capprec's underlying financial performance. NHEPS comprises HEPS adjusted for the after-tax amortisation arising from the value attributed to intangible assets arising on the asset acquisitions in May 2017. For the period under review, the Company's NHEPS totalled 3.81 cents (September 2018: 4.55 cents), a decrease of 16.2%.

The significant step up in inventory was due to the delayed arrival of imported terminals referred to earlier herein. The terminals were accounted for as stock in transit at 30 September and were delivered to clients in October 2019. The unexpected delay had a measurable effect on revenue and profits for the reporting period, but is likely to contribute to an improved financial result in the Payments division for the second half of the year.

While the Company continues to incur expenditure to increase capacity and support anticipated growth, Capprec has managed to stabilise the growth of such operating costs. Expansionary efforts, however, designed to generate further cost-effective income producing benefits through enhanced skills and infrastructure will continue.

The Company had cash resources at the end of the period of R415.9 million, post the cash outflow effects of the share repurchase and small related party transaction. Capprec continues to be highly cash generative, as evidenced by the generation of an additional R66 million of net cash inflow in October 2019. Cash resources at end of October 2019 amounted to R482 million.

Based on the closing price of a Capprec share on 30 September 2019, of 77 cents, 32 cents of that share price is represented by cash. The Company'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. The Company will continue to opportunistically repurchase shares in the market.

Capprec has adopted IFRS 16 in the period, which has had a small, non-material impact on net profit after tax.

The Company purchased 1 921 500 Capprec treasury shares, costing R1 437 663 in the market during the period. As of 30 September 2019, Capprec has a total of 65 563 500 treasury shares at an average price of 76 cents per share.

DIVISIONAL REVIEW

Payments Division (African Resonance and Dashpay)

African Resonance is a solid, well-run business that continues to produce sustainable profits and cash flow. The company has attracted a strong client base comprising all the major banks in South Africa, as well as a range of other financial institutions both in South Africa and elsewhere in Africa. Its products have been well-received, allowing it to grow market share and build a sizable terminal base with a 5-year tenure on average. African Resonance has a longstanding relationship and supplier agreement with leading payment terminal manufacturer, French-based Ingenico and has been awarded the status of Ingenico Centre of Excellence for its development of innovative products.

The business has continued to consistently grow its terminal base. During the past six months, more than 18 000 additional terminals were sold, bringing the total number of terminals in the hands of customers to more than 154 000 terminals (c.146 000 sold and c.8 000 rented). Of these terminals 117 000 have already been deployed and are earning annuity-based maintenance and support service revenues. Maintenance and support fees, doubled year-on-year, due to the increased deployment over the period. Rental income has continued to decline in line with budget as current rental contracts reach the end of their rental term and due to customers shifting from rental to purchased terminals. Terminal sales for the period reflected a decline, due in large part to the delay in delivery of September orders into October.

Dashpay continued to firmly establish its business model despite tough economic conditions, generating Annualised Gross Transaction Value (GTV) exceeding R2.9 billion, up 31% since year-end and more than 100% year-on-year. The enterprise has continued to grow its transacting client base. Dashpay also signed an ISO agreement with Absa, in addition to its existing agreements with Nedbank and Mercantile Bank. Dashpay continues to pursue development of new opportunities and continues to expend time, effort and capital on new technologies for deployment within the company.

Dashpay has signed a new distributor agreement with the world's second largest terminal supplier and the largest in China, for the use and distribution of payment terminals for the SADC region. The agreement should further broaden Dashpay's target market as these terminals will predominantly service SMMEs and enterprises which do not currently utilise the payment terminal environment. Dashpay will primarily focus on introducing Android and MPOS products to new markets, as these terminals offer an extremely competitive functionality, price and quality package and complement the bespoke VAS offered by Dashpay. This development was in response to client demand for alternative solutions tailored to specific market segments.

The Payments segment demonstrated a resilient trading performance notwithstanding continued macroeconomic headwinds and the transactional cut-off effects alluded to above. The division generated revenue of R186.3 million (September 2018: R253.6 million). Absent the unforeseen delayed sales in September, Revenue would have been in excess of the comparable period. EBITDA of R50.0 million (September 2018: R70.0 million), down 29.6% and a profit after tax of R30.6 million (September 2018: R50.7 million), down 39.6%.

Services Division (Synthesis)

Synthesis offers highly specialised software development, consulting and integration services and technology-based product solutions to banking, financial institutions, retail and telecommunications enterprises in South Africa and other emerging markets.

Synthesis' main initiatives span four main areas:

1. **RegTech** provides regulatory reporting solutions to financial institutions.

2. **Digital and Emerging Tech** provides secure mobile and web digital channels for financial services institutions to enhance their customers' experience, as well as provide access to emerging technologies which include machine learning, artificial intelligence, big data analytics and blockchain technology.

3. **Cloud** assists customers in becoming cloud-ready, executing mass migrations, harnessing the benefits of innovation and big data analytics, and extracting cost savings and regulatory benefits. Cloud is the fastest growing segment and Synthesis has a close strategic relationship with Amazon Web Services (AWS), the world's leading cloud platform provider. The first AWS infrastructure region on the African continent is expected to open in Cape Town in the first half of 2020. As a leading AWS partner, Synthesis is well positioned to capitalise on the launch of the new AWS region for South African businesses.

4. **Synthesis Academy** provides onsite or digital-based training to enterprises and corporates on a range of emerging technology topics, such as cloud, artificial intelligence (AI) and machine learning. The Academy facilitators are among the region's leading technology professionals. The commercialisation of the Synthesis Academy offering has shown significant promise to provide the much-needed skills development and training for the South African market.

It has been a very positive first half of the year for Synthesis, with notable demand across all four service offerings. This is evidenced by the significant growth in revenue and profits for the period. Cloud is continuing to grow in advance of the AWS region coming to South Africa, while the Digital area is benefitting from many of Synthesis' clients requiring new digital offerings for their customers. The RegTech area has shown promising growth, attracting several new customers to the mix.

Synthesis concluded several new partnerships, including VM ware, Confluent, Hashicorp and Cloudflare. Synthesis acts as either seller or professional service providers on those technologies which complement its Cloud services and are helping to deliver more comprehensive service offerings related to real-time data streaming, cloud infrastructure, cloud security, artificial intelligence and machine learning (AI/ML) and personalisation to customers. Using machine learning, Synthesis has also started building a data analysis and data engineering practice that is complementary to its digital and Cloud areas. The Synthesis focus on new customer verticals has shown favourable results. The sectors being targeted are the Retail, Media and Telecoms, and Healthcare.

Synthesis increased revenue by 54.0% to R95.3 million (September 2018: R61.8 million), EBITDA by 47.8% to R27.2 million (September 2018: R18.4 million), and profit after tax by 31.0% to R17.6 million (September 2018: R13.4 million).

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Transformation remains a key imperative for the Company and Capprec has continued to support and advance a number of BEE initiatives, being consistent with that provided in previous years.

Govchat and the Capital Appreciation Enterprise Development Fund

As part of its transformation initiatives, Capprec established the Capital Appreciation Enterprise Development Fund in 2019, with its first funding allocation to GovChat Proprietary Limited, a South African black-controlled technology enterprise that facilitates engagement between citizens and their elected officials and which aims to make government responsive, agile and transparent in its engagements. GovChat concluded an agreement with the Department of Co-operative Development and Traditional Affairs to provide such services. GovChat recently launched its new headquarters in Cape Town, which includes a training centre designed to facilitate guidance and instruction on critical subjects of interest to government in their engagement with citizens. GovChat also offers monthly roundtable engagements bringing together government, civil society and corporates to tackle critical issues, informed by data from the GovChat platform. Capprec is closely involved with the enterprise, offering in-house expertise and support in addition to the enterprise development funding. The team at Synthesis is responsible for building the GovChat technology platform. The relationship with GovChat presents a number of potential commercial opportunities which are consistent with the strategic objectives of Capital Appreciation.

PROSPECTS

The challenging economic and political environment in South Africa continues to be of concern, with few indicators suggesting any short-term improvement. This no doubt weighs heavily on the commercial activity of our clients and not unexpectedly, instils a cautious approach to their investment decisions. This state of affairs naturally dictates a well-considered and judicious approach to our future planning.

Notwithstanding the above, while the prevailing economic climate cannot be ignored, there is a well-developed pipeline of compelling organic and acquisitive growth opportunities that have been presented to Capprec management for evaluation. This provides a sense of cautious confidence as to the continued organic growth prospects of the group's business units.

Innovative technologies and applications are accelerating at a rapid rate and are demanding the review of traditional business models, revenue streams, consumer expectations, products offered, services rendered, including operating cost structures and regulation. Managing this rapid and evolving change requires the appropriate skills and experience and a track record of creativity and innovation. Each of Capprec's subsidiaries has a proven, well established reputation in such technology matters and this positively positions the Company to be regarded as a trusted partner to participate in this evolution.

Given the Company's strong operating cash flows, cash resources and potential borrowing capacity, Capprec has the capacity to consider various Fintech related investment opportunities. Any acquisition will typically depend on the strategic fit, ideally at an earnings enhancing valuation, which can provide satisfactory growth, where Capprec's capital and strategic capability can be successfully leveraged.

Investors should note that, due to the repurchase and cancellation of the 245 million shares on 27 August 2019, basic and headline earnings per share for the full year will be positively impacted by the reduced number of shares in issue.

On behalf of the Board

Michael (Motty) Sacks
Non-Executive Chairman

Michael Pimstein and **Bradley Sacks**
Joint Chief Executive Officers

Alan Salomon
Chief Financial Officer

Sandton
18 November 2019

DIVIDENDS

The Board has pleasure in announcing that an interim dividend of 2.25 cents per ordinary share has been declared for the six months ended 30 September 2019 (September 2018: 2.25 cents per ordinary share).

We note the following:

- Dividends are subject to dividends withholding tax.
- The payment date for the dividend is Monday, 9 December 2019.
- Dividends have been declared out of profits available for distribution.
- Local dividends withholding tax is 20%.
- Gross dividend amount is 2.25 cents per ordinary share, which is 1.8000 cents per ordinary share net of withholding tax.
- Capprec has 1 310 000 000 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, 3 December 2019
Shares commence trading *ex*-dividend	Wednesday, 4 December 2019
Dividend record date	Friday, 6 December 2019
Dividend payment date	Monday, 9 December 2019

Share certificates for ordinary shares may not be dematerialised or rematerialised between Wednesday, 4 December 2019 and Friday, 6 December 2019, both days inclusive.

ACCOUNTING POLICIES AND BASIS OF PREPARATION

These unaudited interim condensed consolidated financial 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 unaudited interim condensed consolidated financial results are in terms of IFRS and are consistent in all material respects with those applied in the most recent consolidated audited annual financial statements.

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

PREPARATION OF UNAUDITED INTERIM FINANCIAL REPORTS

The unaudited interim condensed consolidated financial results herein have been prepared under the supervision of Mr Alan Salomon CA(SA) in his capacity as the Company Chief Financial Officer and were approved by the Board on 12 November 2019. For further information hereto, please refer to the section above captioned Accounting Policies and Basis of Preparation.

UNAUDITED INTERIM FINANCIAL RESULTS

This announcement contains 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.

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2019

Figures in Rand	Notes	Unaudited 6 months ended 30 September 2019	% change	Unaudited six months ended 30 September 2018
Revenue	2	**281 550 507**	(10.7)	315 418 112
Cost of sales		**(160 270 700)**		(184 734 426)
Gross profit		**121 279 807**	(7.2)	130 683 686
Other income		**589 827**		–
Operating expenses		**(53 635 316)**	11.9	(47 917 020)
Trading profit		**68 234 318**	(17.6)	82 766 666
Share-based payment expense		**(758 500)**		(196 600)
Depreciation		**(7 995 166)**		(3 479 355)
Amortisation of intangibles		**(7 858 144)**		(6 804 622)
Operating profit		**51 622 508**	(28.6)	72 286 089
Finance income		**21 812 962**		17 663 935
Finance charges		**(1 580 415)**		(299 676)
Equity accounted in loss of associate		**(346 092)**		(1 205 636)
Gain on sale of investment in associate	3	**8 664 739**		–
Profit before taxation		**80 173 702**	(9.4)	88 444 712
Taxation		**(22 302 491)**		(25 142 547)
Profit after taxation		**57 871 211**	(8.6)	63 302 165
Other comprehensive income		**–**		–
Total comprehensive income for the year		**57 871 211**	(8.6)	63 302 165
Basic earnings per share (cents)		**3.94**	(6.8)	4.23
Headline earnings per share (cents)	4	**3.43**	(19.0)	4.23
Diluted basic earnings per share (cents)		**3.86**	(6.7)	4.14
Diluted headline earnings per share (cents)		**3.36**	(18.9)	4.14
Number of ordinary shares in issue	5	**1 310 000 000**	(15.8)	1 555 000 000
Weighted average number of shares in issue		**1 468 535 272**	(1.9)	1 497 743 079
Diluted weighted average number of shares in issue		**1 498 535 272**	(2.0)	1 529 650 423

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

at 30 September 2019

Figures in Rand	Notes	Unaudited 30 September 2019	Unaudited 30 September 2018	Audited 31 March 2019
ASSETS				
Property, plant and equipment		**25 667 776**	18 764 233	21 737 333
Right-of-use asset	7	**28 396 674**	–	–
Intangible assets		**65 597 653**	66 654 548	62 258 622
Goodwill		**728 577 776**	728 577 776	728 577 776
Other financial assets	3	**–**	18 297 738	19 011 040
Investment in associates	3	**–**	27 582 673	26 360 129
Deferred tax		**6 085 509**	6 416 309	5 141 435
Non-current assets		**854 325 388**	866 293 277	863 086 335
Inventories		**52 852 857**	10 102 704	16 167 245
Trade and other receivables		**131 697 408**	108 304 450	44 367 518
Loan to associate	3	**–**	5 091 841	5 179 241
Taxation receivable		**3 150 549**	510 154	4 588 251
Cash and cash equivalents		**415 896 136**	551 525 305	611 227 490
Current assets		**603 596 950**	675 534 454	681 529 745
Total assets		**1 457 922 338**	1 541 827 731	1 544 616 080
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	5	**1 009 048 437**	1 207 330 459	1 204 657 490
Share-based payment reserve		**1 930 900**	447 100	1 172 400
Contingent consideration reserve		**24 900 000**	24 900 000	24 900 000
Retained income		**241 265 050**	188 690 386	216 385 606
Total equity		**1 277 144 387**	1 421 367 945	1 447 115 496
Deferred revenue		**8 229 167**	6 404 167	9 154 167
Long-term portion of right-of-use lease liabilities	7	**23 151 720**	–	–
Contingent consideration		**9 635 790**	8 975 889	9 271 591
Deferred tax		**14 359 427**	18 074 467	16 216 947
Non-current liabilities		**55 376 104**	33 454 523	34 642 705
Trade and other payables		**112 560 085**	72 361 880	53 356 931
Bank overdraft		**–**	–	2 434 271
Operating lease liability		**–**	–	1 182 800
Short-term portion of right-of-use lease liabilities	7	**7 351 847**	–	–
Deferred revenue		**2 427 501**	1 325 000	1 850 000
Taxation payable		**3 062 414**	13 318 383	4 033 877
Current liabilities		**125 401 847**	87 005 263	62 857 879
Total equity and liabilities		**1 457 922 338**	1 541 827 731	1 544 616 080

CONDENSED GROUP STATEMENT OF CASH FLOWS

for the six months ended 30 September 2019

Figures in Rand	Notes	Unaudited six months ended 30 September 2019	Unaudited six months ended 30 September 2018	Audited year ended 31 March 2019
Profit before taxation		**80 173 702**	88 444 712	173 795 675
Adjustments for:				
Finance income received		**(21 812 962)**	(17 663 935)	(38 280 325)
Finance costs paid		**369 194**	299 676	601 735
Non-cash flow items		**6 849 720**	11 512 616	24 882 833
Changes in working capital	6	**(45 501 681)**	9 829 932	51 698 155
Cash flow from operations		**20 077 973**	92 423 001	212 698 073
Finance income received		**21 164 766**	17 663 935	36 896 736
Finance costs paid		**–**	(13 405)	(19 763)
Dividends paid		**(29 827 160)**	(29 967 760)	(63 583 229)
Taxation received		**–**	–	309 425
Taxation paid		**(26 318 000)**	(23 472 972)	(62 276 347)
Net cash flow from operating activities		**(14 902 421)**	56 632 799	124 024 895
Cash flows from investing activities				
Acquisition of property, plant and equipment		**(9 757 896)**	(8 269 827)	(16 532 856)
Acquisition of intangible assets		**(11 197 175)**	(2 006 708)	(4 789 880)
Proceeds on disposal of property, plant and equipment		**122 956**	1 301 921	1 467 511
Repayment of loan from associate	3	**5 021 341**	–	–
Proceeds from disposal of associate	3	**34 978 659**	–	–
Costs associated with circular to shareholders		**(1 585 001)**	–	–
Costs associated with sale of associate		**(299 883)**	–	–
Net cash flow from investing activities		**17 283 001**	(8 974 614)	(19 855 225)
Cash flows from financing activities				
Repurchase of cancelled ordinary shares	3	**(192 726 496)**	–	–
Costs associated with repurchase of cancelled shares		**(1 444 894)**	–	–
Repurchase of treasury ordinary shares		**(1 437 663)**	(4 450 640)	(7 123 610)
Repayment of loans		**–**	(4 362 102)	(2 989 613)
Net cash flow from financing activities		**(195 609 053)**	(8 812 742)	(10 113 223)
Net increase/(decrease) in cash and cash equivalents		**(193 228 473)**	38 845 443	94 056 447
Cash and cash equivalents at beginning of period		**608 793 219**	512 679 862	513 169 862
Net foreign exchange difference		**331 390**		1 566 910
Cash and cash equivalents at end of period		**415 896 136**	551 525 305	608 793 219
Split as follows:				
Cash and cash equivalents		**415 896 136**	551 525 305	611 227 490
Bank overdraft		**–**	–	(2 434 271)
		415 896 136	551 525 305	608 793 219

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2019

Figures in Rand	Ordinary share capital	Share-based payment reserve
Balance at 1 April 2018	1 211 781 099	250 500
Share-based payment reserve	–	196 600
Repurchase of treasury shares	(4 450 640)	–
Cash dividend paid	–	–
Total comprehensive income for the six months ended 30 September 2018	–	–
Balance at 30 September 2018	**1 207 330 459**	**447 100**
Share-based payment reserve	–	725 300
Repurchase of treasury shares	(2 672 969)	–
Cash dividend paid	–	–
Total comprehensive income for the six months ended 31 March 2019	–	–
Balance at 31 March 2019	**1 204 657 490**	**1 172 400**
Repurchase and cancellation of ordinary shares	**(192 726 496)**	**–**
Costs associated with repurchase of ordinary shares	**(1 444 894)**	**–**
Costs associated with circular to shareholders	**–**	**–**
Share-based payment reserve	**–**	**758 500**
Repurchase of treasury ordinary shares	**(1 437 663)**	**–**
Cash dividend paid	**–**	**–**
Total comprehensive income for the six months ended 30 September 2019	**–**	**–**
Settlement of pre-acquisition tax receivable	**–**	**–**
Deferred tax adjustment on adoption of IFRS 16	**–**	**–**
Balance at 30 September 2019	**1 009 048 437**	**1 930 900**

Contingent consideration reserve	Retained income	Total equity
24 900 000	155 355 981	1 392 287 580
–	–	196 600
–	–	(4 450 640)
–	(29 967 760)	(29 967 760)
–	63 302 165	63 302 165
24 900 000	**188 690 386**	**1 421 367 945**
–	–	725 300
–	–	(2 672 969)
–	(33 615 469)	(33 615 469)
–	61 310 689	61 310 689
24 900 000	**216 385 606**	**1 447 115 496**
–	**–**	**(192 726 496)**
–	**–**	**(1 444 894)**
–	**(1 585 001)**	**(1 585 001)**
–	**–**	**758 500**
–	**–**	**(1 437 663)**
–	**(29 827 160)**	**(29 827 160)**
–	**57 871 211**	**57 871 211**
–	**(2 169 537)**	**(2 169 537)**
–	**589 931**	**589 931**
24 900 000	**241 265 050**	**1 277 144 387**

CONSOLIDATED SEGMENT ANALYSIS

for the six months ended 30 September 2019

NOTE 1

	Payments		Software and Services	
Figures in Rand	**30 September 2019**	**30 September 2018***	**30 September 2019**	**30 September 2018***
Revenue	**186 326 683**	253 582 243	**95 223 824**	61 835 869
Trading profit/(loss)	**49 314 651**	69 981 401	**27 196 300**	18 380 501
Depreciation:				
Property, plant and equipment	**(5 653 035)**	(2 980 227)	**(1 527 329)**	(267 863)
Amortisation of intangibles	**(600 711)**	(170 622)	**(623 433)**	–
Operating profit	**42 872 714**	66 830 552	**24 504 419**	18 112 639
Profit after taxation	**30 635 162**	50 732 788	**17 597 959**	13 428 855
Total assets	**260 828 608**	190 898 644	**85 634 290**	47 369 131
Total liabilities	**106 342 429**	70 330 835	**40 061 402**	19 227 101
Net assets	**154 486 179**	120 567 809	**45 572 888**	28 142 030

Corporate		Group	
30 September 2019	30 September 2018*	30 September 2019	30 September 2018*
–	–	281 550 507	315 418 112
(8 276 633)	(5 595 237)	68 234 318	82 766 665
(814 802)	(231 265)	(7 995 166)	(3 479 355)
(6 634 000)	(6 634 000)	(7 858 144)	(6 804 622)
(15 754 625)	(12 657 102)	51 622 508	72 286 089
9 638 090	(859 478)	57 871 211	63 302 165
1 111 459 440	1 303 559 956	1 457 922 338	1 541 827 731
34 374 120	30 901 852	180 777 951	120 459 788
1 077 085 320	1 272 658 106	1 277 144 387	1 421 367 945

NOTES
for the six months ended 30 September 2019

Figures in Rand	30 September 2019	30 September 2018*
NOTE 2. REVENUE		
Payments division		
Rental income	**15 790 539**	44 793 577
Maintenance and support service fees	**57 027 562**	28 630 633
Sale of terminals	**98 968 383**	165 675 777
Merchant acquiring and set-up fees	**8 270 620**	7 441 404
Sundry revenue	**6 269 579**	7 040 852
	186 326 683	253 582 243
Software and Services division		
Services and consultancy fees	**68 154 819**	45 915 512
Licence and subscription fees	**25 685 108**	14 038 895
Hardware	**1 383 897**	1 881 462
	95 223 824	61 835 869
Total revenue	**281 550 507**	315 418 112
Geographic region		
South Africa	**268 412 616**	307 363 110
Rest of Africa and Indian Ocean Islands	**6 238 946**	8 055 002
United States of America	**6 898 945**	–
	281 550 507	315 418 112

NOTE 3. SHARE REPURCHASE AND SMALL RELATED PARTY TRANSACTION

The Company and the founder and principal vendor of African Resonance, Dr Hanoch Neishlos, concluded a comprehensive agreement on 9 June 2019, certain key terms of which are follows:

- The transaction was approved by shareholders on 27 August 2019 and the settlement occurred on 17 September 2019.
- The Company repurchased 245 000 000 shares held by Dr Neishlos and related associates, amounting to R192 726 496 plus associated costs of R1 444 894. The shares repurchased were cancelled with effect from 27 August 2019.
- The Company sold its 17.45% interest in Resonance Australia Proprietary Limited and its claims on loan account, for an aggregate amount of R40 million, which was settled on 17 September 2019.
- African Resonance Business Solutions (Proprietary) Limited ("African Resonance") acquired the African Resonance and Dashpay (Proprietary) Limited related intellectual property from Uplink Technology Services (Proprietary) Limited for R5 million plus associated costs of R1 122 569.

- Dr Neishlos repaid his loan on 17 September 2019 to African Resonance amounting to R19 658 163.
- All related party receivables and obligations were settled in full between the parties on 17 September 2019.

Sale of investment in associate	
Balance as at 31 March 2019	26 360 129
Equity accounted loss during the period to effective date of sale	(346 092)
Related costs	299 883
Balance at date of sale	**26 313 920**
Proceeds on disposal	34 978 659
Gain on sale of investment in associate	**8 664 739**
Settlement of loan claim in associate	
Balance as at 31 March 2019	5 179 241
Mark to market foreign exchange loss during the period to date of settlement.	(157 900)
Amount settled on 17 September 2019	**5 021 341**

Figures in Rand	30 September 2019	30 September 2018*
NOTE 4. RECONCILIATION OF HEADLINE EARNINGS		
Profit for the year attributable to ordinary shareholders	**57 871 211**	63 302 165
Less: Gain on sale of investment in associate	**(8 664 739)**	–
Add back: capital gains tax on sale of investment in associate	**1 104 823**	–
Headline earnings	**50 311 295**	63 302 165

	30 September 2019 Number	31 March 2019 Number	30 September 2018 Number
NOTE 5. SHARE CAPITAL			
Reconciliation of issued ordinary shares			
Number of issued ordinary shares at the beginning of the period	**1 555 000 000**	1 555 000 000	1 555 000 000
Number of issued ordinary shares repurchased and cancelled during the period (see note 3)	**(245 000 000)**	–	–
Number of issued ordinary shares at the end of the period	**1 310 000 000**	1 555 000 000	1 555 000 000
Number of issued ordinary treasury shares on hand at end of the period	**(65 563 500)**	(63 642 000)	(60 300 000)
Number of issued ordinary shares, net of treasury shares at the end of the period	**1 244 436 500**	1 491 358 000	1 494 700 000

During the reporting period the Company repurchased 1 958 500 treasury ordinary shares at an average price of 74.3 cents per share.

	30 September 2019 Number	31 March 2019 Number	30 September 2018 Number
NOTE 6. CHANGES IN WORKING CAPITAL			
Inventories	**(36 685 612)**	11 217 404	5 152 863
Deferred income	**(347 499)**	(662 500)	2 612 500
Trade and other receivables	**(87 329 889)**	(40 269 923)	23 667 009
Other financial assets	**19 658 163**	–	–
Trade and other payables	**59 203 156**	39 544 951	20 265 783
Changes in working capital	**(45 501 681)**	9 829 932	51 698 155

NOTE 7. CHANGES IN ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the audited annual financial statements and should be read in conjunction with the Group's audited annual financial statements as at 31 March 2019. The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's audited annual consolidated financial statements for the year ended 31 March 2019, except for the adoption of new standards effective as at 1 April 2019.

IFRS 16 (LEASES)

IFRS 16 supersedes the previous standards relating to the accounting treatment of leases (IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease*). The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application being 1 April 2019, using the incremental borrowing rate as opposed to the interest rate implicit to the lease, across all leases. Therefore, the comparative information for 2018 is reported under IAS 17 and not comparable to the information presented for 2019.

On adoption of IFRS 16 at transition date, the Group recognised a right-of-use asset to the value of R31 217 716 (the derecognition of the previous operating lease straight-line liabilities of R1 182 800 was offset against the right-of-use asset) and a lease liability of R33 583 316. There was no impact to equity on initial application.

As a result of adopting IFRS 16, operating profit after tax for the six months ended 30 September 2019 has decreased by R262 297 due to the replacement of operating lease expenses with depreciation on the right-of-use assets (R4 003 817) and interest expense on lease liabilities (R1 211 222), totalling an amount of R5 215 039.

The effects of the adoption of IFRS 16 is as follows:

Impact on the statements of financial position as at 30 September 2019:

Assets	
Right-of-use assets	**32 400 491**
Accumulated depreciation	**(4 003 817)**
Total assets	**28 396 674**
Liabilities	
Lease liability	**30 503 567**
Total liabilities	**30 503 567**

Impact on the statement of comprehensive income for the period ending 30 September 2019:

Depreciation	(4 003 817)
IAS 17 rent expense	4 713 854
Profit from operating activities	710 037
Finance cost	(1 211 222)
Impact on income tax expense	238 888
Impact on profit after tax for the period	(262 297)

8.1 Standards and interpretations adopted in the current year

8.1.1 IFRS 16 – Leases: The impact of these amendments has been accounted for in the September 2019 interim results (see note 7)

8.2 Standards and interpretations not yet effective

Standards, amendments and interpretations issued but not yet effective have been assessed for applicability to the Company and management has concluded that they are not expected to have a material impact on future financial statements.

NOTE 9. POST PERIOD-END EVENTS

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

CORPORATE INFORMATION

Registered office

61 Katherine Street, Sandton, 2196

Directors

MI Sacks# *(Chairman)*, MR Pimstein* *(Joint Chief Executive)*, BJ Sacks* *(Joint Chief Executive)*, AC Salomon* *(Chief Financial Officer)*, MB Shapiro*, B Bulo#, KD Dlamini#, JM Kahn#, EM Kruger#, R Morar#, VM Sekese#, CL Valkin#,

*Executive #Non-executive

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Sponsor: Investec Bank Limited

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