



# CAPITAL APPRECIATION

## Unaudited Interim Condensed Consolidated Financial Results and Cash Dividend Declaration

for the six months ended 30 September 2020

```
1 'use strict';
2
3 let mongoose = require('libs/mongoose');
4 let ValidationError = mongoose.Error.ValidationError;
5
6 let imagick = require('libs/imagick');
7
8 let FileModel = require('db/models/file_model');
9 let EnumErrors = require('core/error').EnumErrors;
10 let ResultError = require('core/error').ResultError;
11
12 function validationErrorToResult(error)
13 {
14   for (let errorName in error.errors)
15   {
16     let validError = error.errors[errorName];
17     if (validError.kind === 'unique')
18     {
19       return new ResultError(EnumErrors.UNIQUE_ERROR,
20                               errorName, validError);
21     }
22     let enumError = validError.properties.enum;
23     return (enumError) ? new ResultError(enumError,
24                                           errorName, validError);
25   }
26 }
27
28 class File
29 {
30
31   static create(ownerId, oldName, name, path)
32   {
33     let fileModel = null;
34
```

“ Covid-19 has no doubt caused unprecedented havoc in the world on so many fronts. Our business units including our clients have also not been unscathed.

The solid results proudly presented herein, arise not only through the fortunate nature of the services we provide, but more so, through the extraordinary efforts invested by our management and staff, who rallied unselfishly under extremely burdensome circumstances, to ensure that our clients were appropriately serviced, everyone willingly going that extra mile, demonstrating their unfettered commitment to our Group interests.

I am very proud indeed ”

Michael (Motty) Sacks  
Chairman

# ABOUT CAPPREC

## Payments

- African Resonance
- Dashpay

## Software

- Synthesis

Capital Appreciation is a financial technology (“FinTech”) enterprise with two business segments – Payments Infrastructure & Services (“Payments”) and Software & Services (“Services”).

**Payments:** 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 the entire retail sector, both directly and indirectly.

Dashpay’s multi-product, multi-party universal transacting platform, and deep value-added services solutions are intended to complement existing payment services provided by the Group’s established banking and institutional client base.

**Services:** Synthesis is a highly specialised software and systems developer, offering consulting, integration services, and technology-based product solutions, to banking, financial services, retail, telecommunications, and other institutions

in South Africa and other emerging markets. Synthesis is uniquely positioned in Africa, given its Amazon Web Services’ (AWS) Advanced Consulting Partner Accreditation with specialist competencies in Financial Services, DevOps (Development Operations), Well-Architected Frameworks, Microsoft Workloads, and Solution Provider Partner.

### **Enterprise Development Funding:**

Transformation remains a key imperative for the Company. To this end, CAPPREC has continued to support and advance a number of BEE initiatives in pursuit of this objective. CAPPREC’s enterprise development funding was also extended to GovChat, who continues to benefit from CAPPREC’s support and the technology development expertise of Synthesis. Capital Appreciation owns 35% of GovChat. For more information, see [www.GovChat.org](http://www.GovChat.org).

 Further detail on the nature of all CAPPREC business units is available on the Company’s website, at [www.capitalappreciation.co.za](http://www.capitalappreciation.co.za).

# SALIENT FEATURES

## OPERATIONAL HIGHLIGHTS

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### Accelerating digitalisation and electronic payments

generates strong demand for CAPPREC's services

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Payment terminal sales increased by 26.6% to

**R125.3 million**

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The number of terminals sold period on period grew by

**17.6%**

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The number of terminals in the hands of customers now stands at

**202 000**

(September 2019: 154 000)

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Significant progress in

**Android platforms, certifications, and roll-out**

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Annualised Gross Transaction Value (GTV) in Payments Services exceeding R5.6 billion

**up 14%**

since March 2020

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### Synthesis' Cloud offering and AWS partnership

continue to strengthen

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Synthesis won the AWS' Sub-Saharan Africa

**Social Impact Partner of the Year Award**

for the development of GovChat

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**Group investment to support growth continues**

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## FINANCIAL FEATURES

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Revenue of  
R323.7 million  
**+15.0%**

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EBITDA of  
R81.6 million  
**+20.2%**

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Trading profit of  
R84.2 million  
**+23.4%**

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Headline earnings of  
R54.2 million  
**+7.8%**

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EPS of  
4.45 cents  
**+12.9%**

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HEPS of  
4.45 cents  
**+29.7%**

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Cash flow  
from operations of  
**R65.7 million**  
(September 2019:  
R20.1 million)

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Interim dividend of  
**2.50 cents**  
per ordinary share  
(September 2019: 2.25 cents  
per ordinary share)

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**R488 million**  
of cash available for  
reinvestment

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# COMMENTARY

## Introduction

These interim results to 30 September 2020, cover an entire period during which the COVID-19 pandemic continued in South Africa and also include the period of the most severe lockdown restrictions. As providers of essential services, the CAPPREC Group companies were able to continue to operate effectively (albeit mostly remotely) throughout the period and CAPPREC retained and utilised its entire workforce during this time, with full compensation. It is pleasing to note that CAPPREC's well-entrenched infrastructure, as well as prior investments in redundancy and disaster preparedness protocols, have enabled services to our clients to continue uninterrupted.

The pandemic, however, has left nobody unscathed. As essential service providers themselves, our clients have generally been protected from the adverse impacts of the lockdowns in terms of their ability to trade. Most of our clients have been affected to varying degrees, particularly insofar as the consequences of the lockdowns have impacted their customers. Having regard to significant uncertainty on the economic front, many of our clients have adopted a cautious stance toward infrastructure expansion and capital expenditure in general. This has led to some delay in investments and the commencement of large-scale projects. Payments Services is also in part exposed to smaller merchants, many of whom have not been able to recover their businesses in the aftermath of the period of hard lockdown. Notwithstanding the above, all of our business units performed extremely well in the circumstances.

CAPPREC has an impressive client base in the financial, retail, and telecommunications sectors and regards client retention as vital. We are gratified that notwithstanding the challenging environment, the CAPPREC divisions retained their existing client base and have managed to attract several more high-profile clients in the past months. This we believe is in no small part attributable to the well-established reputations and track record of innovation, quality, and efficient service delivery of each of our divisions.

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.

## Summarised financial results

CAPPREC generated gross revenues for the period of R323.7 million (September 2019: R281.6 million), an increase of 15.0%. EBITDA of R81.6 million (September 2019: R67.9 million), reflects an increase of 20.2%. Headline earnings increased by 7.8% to R54.2 million (September 2019: R50.3 million), translating into Basic EPS for the period of 4.45 cents per share (September 2019: 3.94 cents), up 12.9%, and HEPS of 4.45 cents per share (September 2019: 3.43 cents), an increase of 29.7%.

In the prior period, CAPPREC concluded and successfully executed a transaction that included the share repurchase and cancellation of 245 million shares, thereby reducing the number of shares in issue to 1 310 000 000 and the weighted average number of shares in issue used in the calculation of headline earnings per share to 1 219 063 984 (September 2019: 1 468 535 271). The net financial effect of the share repurchase, the purchase of treasury shares, as well as the proceeds from the sale of the associate in Australia, was a cash outflow of R190 million period-on-period. Finance income declined to R11.1 million in the period (September 2019: R21.8 million), due to the lower average cash balances, as well as a 3% reduction in the South African repo and prime overdraft interest rates.

As of 30 September 2020, CAPPREC had a total of 78 786 351 treasury shares at an average cost price of 70 cents per share.

CAPPREC continues to be highly cash generative. At the end of the period, the Company had cash resources of R488.4 million (September 2019: R416.0 million).

Based on the closing price of a CAPPREC share on 30 September 2020, of 95 cents, 37 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 complementary acquisition opportunities. Given the appropriate circumstances, the Company will continue to consider the repurchase of shares in the market.

## Divisional review

### Payments division

The Payments division demonstrated a resilient trading performance notwithstanding continued macro-economic headwinds and the impact of the pandemic. The division generated revenue of R215.3 million (September 2019: R186.3 million), up 15.6%, EBITDA of R66.5 million (September 2019: R50.0 million), up 33.0%, and a profit after tax of R47.3 million (September 2019: R30.6 million), up 54.4%.

Maintenance and support fees grew by 12.4% year-on-year. Terminal sales increased by 26.6%, while legacy rental income continued to decline as those clients, as previously reported, shifted from rented to purchased terminals. Expenses and assets were prudently managed, with the cost base remaining flat on a comparable basis. Cash-generation remained strong and bad debts low, with 99% of revenues generated from blue-chip, well-capitalised clients.

During the period under review, the benefits of scale and the value of maintaining a terminal estate across a wide range of clients and covering a broad spectrum of economic activity again proved its relevance. While many industries were affected by lockdowns, key market participants such as food, pharmaceutical retailers, fuel stations and other essential service providers continued to require terminals and related services, and this supported growth.

## COMMENTARY (CONTINUED)

Terminal growth in the period was robust, boosted by a strong pipeline. The introduction of Android-based terminals in the South African market has also been a strong focus area for the business. More than 20 000 additional terminals were sold in the period, bringing the total number of terminals in the hands of customers to more than 202 000 (c. 9 600 rented and c. 192 400 sold). Of these terminals, 155 000 have already been deployed, earning annuity-based maintenance and support service fees.

The Payments division provides end-to-end terminal estate management services for all the major banks in South Africa, as well as a range of other financial institutions both in South Africa and elsewhere in Africa. It has significant long-term relationships with its clients, which was again confirmed during the past six months when the business was approached by clients to jointly work on solutions for the challenges presented by the pandemic, as well as solutions being requested for other (non-payment) segments of our clients' businesses. This trust has enabled the company to grow market share and build a growing long-term annuity stream, linked to a sizable terminal base and attractive value-added services.

The recently negotiated partnership to supply Android terminals made good progress during the period, with the successful certification of these terminals by several acquiring banks in South Africa. The Android terminals' attractive functionality, price, and quality have been well received. One of the recent highlights has been the development and deployment of an Android-based card payment application and the adoption of a strategy by clients to start deploying Android-based payment devices to their customers. Orders for

terminals have commenced and the division has had multiple engagements with third parties who want to develop their applications on the Android platforms, linking with the division's payment application.

The Payments division also succeeded to grow terminal rental revenue with new clients, as well as value-added services revenue, notwithstanding the negative impact of the lockdown on smaller merchants offering non-essential services. Annualised Gross Transaction Value (GTV) increased to more than R5.6 billion, up 14% since March 2020.

Payments continues to expend time, effort, and capital to pursue new opportunities and new technologies for deployment within the business. They will shortly commence engagements with existing and prospective customers, domestically and internationally, regarding the exciting contactless payment solution, "Halo", developed by Synthesis (see Services division hereunder). In the period, the aggregation client base was migrated from Mercantile Bank to Absa. These merchants now utilise the Android terminal and platform, which will allow for multiple value-added services applications and associated revenue streams on these terminals in the future.

A loyalty programme and platform to drive consumers' digital engagement in malls for a leading property company received the go-ahead and an agreement was signed with a global healthcare company to provide a loyalty solution for their pet products across all distribution channels. The Payments division also experienced notable growth in the integration space and multiple certifications are underway which will position the business to take further solutions to market.



Compliance and reliability are essential elements of our client proposition and, as such, all compliance standards and certifications are stringently being kept up to date. Further improvements on hosting and redundancy of our service and backup have also been implemented in this period.

## Services division

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 again delivered a solid set of financial results for the half-year ending 30 September 2020. Revenue increased by 13.8% to R108.4 million (September 2019: R95.2 million), with services and consultancy fees increasing by 20.2% due to the increased demand for Cloud and digital projects. EBITDA increased by 3.1% to R28.0 million (September 2019: R27.2 million) and profit after tax by 2.1% to R18.0 million (September 2019: R17.6 million). The business incurred an increase in costs due to the investment in infrastructure and an increased workforce in the second half of the previous financial year. This was in anticipation of meeting and servicing demand in this reporting period, with a delay in reciprocal revenue growth due to COVID-19.

During the period, we experienced elongated sales cycles as client engagement was virtual and clients were materially more deliberate in evaluating their needs in light of the economic environment. Their refocus was an inclination towards essential and critical spending in mitigation. All Synthesis' projects were deemed essential and continued throughout

the period under review. However, due to the pandemic, the client evaluation processes slowed down certain appraisal and proposal review activities. Decision-making and the corresponding initiation of new projects were also slower, which gave rise to timing delays on project services and the associated revenues in the period. The planned increase in headcount was temporarily paused due to the pandemic and initiating further increases continue to be re-evaluated based on client demand. Steady progress continued to be made in diversifying the revenue base geographically, with projects in Mauritius, the East African islands and the Asia Pacific region.

**Cloud:** Synthesis Cloud services continued to advance its position. Synthesis' strong partner profile and access to AWS Partner Programmes have unlocked significant customer benefits. This creates key differentiation in terms of how Synthesis engages with customers during these trying economic times. Synthesis has also embarked on a co-marketing campaign with AWS within the EMEA region, which should catalyse continued growth and success in an ever-expanding market, despite increased competition.

[Synthesis won the AWS' Sub-Saharan Africa Social Impact Partner of the Year Award in recognition of its innovative and impactful GovChat technology. The awards recognise members of the AWS Partner Network \(APN\) who are leaders in the channel and play a key role in helping customers to drive innovation and build solutions on AWS. The APN Social Impact Award is given to the partner that has created an innovative solution that positively impacts society, uses AWS best practice and demonstrates customer obsession.](#)

## COMMENTARY (CONTINUED)

**Digital:** The accelerated drive toward digitalisation is generating numerous opportunities for Synthesis' digital segment. In the period under review, Synthesis embarked on a new long-term project to develop a corporate banking platform for a large bank in Mauritius and entered into two new engagements at marquee banking and insurance institutions, as well as a credit bureau. The division has also been working with the Payments business to deliver an innovative mobile solution for a property company and completed the development of a KYE (Know Your Employee) compliance reporting system for one of its banking clients.

**RegTech:** Synthesis continued to grow both its product offerings and customer base in the RegTech space, with increasing demand for Reserve Bank/South Africa Revenue Services/Foreign Account Tax Compliance Act/Common Reporting Standards products from new and existing clients. Synthesis gained three new banking clients in the period and concluded significant projects for existing clients. The Company also added support for the Central Bank of Lesotho in the reporting product suite, in addition to the Central Banks of South Africa, Namibia, and Malawi.

**Managed Services:** This segment grew in terms of headcount, depth of skill, and service offering as a trusted strategic partner for clients' AWS and microservices strategies. The Managed Services segment has attracted large new banking and retail clients during the period, in addition to the highly strategic and complex work performed for a major insurer. The income for this division is annuity-based, with long-term contractual commitments.

**Intelligent data:** The new and in-demand area of Machine Learning/Artificial Intelligence (AI/ML) is showing significant promise and Synthesis is positioning this as a highly complementary offering to the AWS Cloud services and Digital segments. Synthesis is currently providing these sought-after data science and data engineering services to several large financial services clients in South Africa.

**Payment Technology and Crypto:** Synthesis completed the development of the contactless payment solution Halo, which was recently launched by a leading bank in South Africa. Halo is a Tap-to-Phone contactless payment solution, certified by both Mastercard and Visa, that has global application. We anticipate that significant benefits will flow from this initiative for both our Payments division as well as Synthesis. In Crypto, Synthesis' "Keystone" product also accumulated new customers wins. Keystone facilitates secure PIN distribution over digital channels.

The strategy to target new customer verticals of Retail, Media & Telecoms and Healthcare continues to gain traction. Synthesis is also in the process of fostering a new partnership with Salesforce – one of the world's largest Cloud-based software companies providing customer relationship management and a complementary suite of enterprise applications focused on customer service, marketing automation, and customer analytics.

## Prospects

The ongoing acceleration in digital transformation, electronic payments, and related advances has received further impetus during the pandemic. CAPPREC is ideally positioned to benefit from this evolution, with the appropriate skills, experience, and track record of innovation to assist our clients to implement and benefit from these technological advancements.

Significant uncertainty prevails as to the duration and impact of COVID-19, as well as the rate of economic recovery post the pandemic. Against this background, we expect that clients will adopt a judicious, less-expansionary approach in capital allocation and expenditure. Given that the COVID-19 pandemic continues unabated, and notwithstanding the Group's best efforts, the prospects at this stage of matching the robust second half 2020 results would be speculative.

Nevertheless, we are excited about the appetite for, and opportunities presented by new payment platforms like Android, and the higher adoption of new technologies and ways of transacting by our clients. Our Payments division currently boasts a strong sales pipeline for the next six months.

The themes of Cloud services, emerging digital technology, and evolving forms of payments are accelerating and Synthesis is well-positioned to deliver products and value propositions to support its clients' journeys to becoming more digitally enabled. Synthesis is experiencing a growing demand for its services and similarly has a pleasing pipeline of projects lined up.

This provides a sense of cautious confidence as to the continued organic growth prospects of the Group's business units. CAPPREC has a well-capitalised balance sheet, strong operating cash flows, and the cash resources necessary to continue to invest in infrastructure and people, in order to take advantage of the opportunities presented to the Group. CAPPREC also continues to have the capacity to consider various Fintech-related acquisitive opportunities.

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  
2 December 2020

## Dividends

The Board has pleasure in announcing that an interim dividend of 2.50 cents per ordinary share has been declared for the six months ended 30 September 2020 (September 2019: 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, 28 December 2020.
- Dividends have been declared out of profits available for distribution.
- Local dividends withholding tax is 20%.
- Gross dividend amount is 2.50 cents per ordinary share, which is 2.00 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**  
Monday, 21 December 2020

**Shares commence trading *ex-dividend***  
Tuesday, 22 December 2020

**Dividend record date**  
Thursday, 24 December 2020

**Dividend payment date**  
Monday, 28 December 2020

Share certificates for ordinary shares may not be dematerialised or rematerialised between Tuesday, 22 December 2020 and Thursday, 24 December 2020, 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.

## 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 30 November 2020. 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.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2020

Figures in R'000	Notes	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 March 2020
<b>ASSETS</b>				
Property, plant and equipment		27 514	25 668	28 838
Right-of-use asset		20 449	28 397	24 433
Intangibles assets		61 975	65 598	61 871
Goodwill		728 578	728 578	728 578
Investment in associates*		*	*	*
Deferred tax		8 880	6 086	7 424
<b>Non-current assets</b>		<b>847 396</b>	<b>854 325</b>	<b>851 144</b>
<b>Current assets</b>				
Inventories		4 018	52 853	8 140
Trade and other receivables		92 587	131 697	81 098
Loan to associate		4 956	–	1 456
Taxation receivable		2 165	3 151	870
Cash and cash equivalents		488 416	415 896	505 121
<b>Current assets</b>		<b>592 142</b>	<b>603 597</b>	<b>596 685</b>
<b>Total assets</b>		<b>1 439 538</b>	<b>1 457 922</b>	<b>1 447 828</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	3	1 003 600	1 009 048	976 600
Share-based payment reserve		5 514	1 931	2 889
Contingent consideration reserve	4	–	24 900	24 900
Retained income		322 886	241 265	304 628
<b>Total equity</b>		<b>1 332 000</b>	<b>1 277 144</b>	<b>1 309 017</b>
<b>Liabilities</b>				
Deferred revenue		6 736	8 229	8 733
Lease liability		15 898	23 152	19 555
Contingent consideration	4	–	9 636	–
Deferred tax		11 131	14 359	12 502
<b>Non-current liabilities</b>		<b>33 765</b>	<b>55 376</b>	<b>40 791</b>
Trade and other payables		57 190	112 560	68 725
Contingent consideration	4	–	–	10 000
Lease liability		7 601	7 352	7 601
Deferred revenue		7 169	2 428	5 153
Taxation payable		1 813	3 062	6 542
<b>Current liabilities</b>		<b>73 773</b>	<b>125 402</b>	<b>98 021</b>
<b>Total equity and liabilities</b>		<b>1 439 538</b>	<b>1 457 922</b>	<b>1 447 828</b>

\* Investment in associates amounts in aggregate to R2.00 (2019: R2.00)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

Figures in R'000	Notes	Unaudited Six months ended 30 September 2020	%	Unaudited Six months ended 30 September 2019
			Change	
Revenue	1	323 654	15.0	281 551
Cost of sales		(179 983)		(160 271)
Gross profit		143 671	18.5	121 280
Other (loss)/income		(241)		590
Operating expenses		(59 195)	10.4	(53 635)
Trading profit		84 235		68 234
Share-based payment expense		(2 625)		(759)
Depreciation: property, plant and equipment		(4 285)		(3 991)
Depreciation: right-of-use assets		(3 984)		(4 004)
Amortisation of intangible assets		(8 858)		(7 858)
Operating profit		64 483	24.9	51 623
Finance income		11 134		21 813
Finance charges		(28)		(369)
Finance charges: lease liabilities		(949)		(1 211)
Equity accounted loss in associate		–		(346)
Gain on sale of investment in associate		–		8 665
Profit before taxation		74 640	(6.9)	80 174
Taxation		(20 424)		(22 302)
Profit after taxation for the period		54 216	(6.3)	57 871
Other comprehensive income		–		–
<b>Total comprehensive income for the period</b>		<b>54 216</b>	<b>(6.3)</b>	<b>57 871</b>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

Figures in R'000	Ordinary share capital	Share-based payment reserve	Contingent consideration reserve	Retained income	Total equity
Balance at 1 April 2019	1 204 657	1 172	24 900	216 386	1 447 115
Repurchase and cancellation of ordinary shares	(192 726)	-	-	-	(192 726)
Costs associated with repurchase of ordinary shares	(1 445)	-	-	-	(1 445)
Costs associated with circular to shareholders	-	-	-	(1 585)	(1 585)
Share-based payment reserve	-	759	-	-	759
Purchase of treasury ordinary shares	(1 438)	-	-	-	(1 438)
Dividends paid	-	-	-	(29 827)	(29 827)
Settlement of pre-acquisition tax receivable	-	-	-	(2 170)	(2 170)
Total comprehensive income for the six months ended 30 September 2019	-	-	-	57 871	57 871
Deferred tax adjustment on adoption of IFRS 16	-	-	-	590	590
<b>Balance as at 30 September 2019</b>	<b>1 009 048</b>	<b>1 931</b>	<b>24 900</b>	<b>241 265</b>	<b>1 277 144</b>
Share-based payment reserve	-	958	-	-	958
Purchase of treasury ordinary shares	(32 448)	-	-	-	(32 448)
Dividends paid	-	-	-	(28 000)	(28 000)
Total comprehensive income for the six months ended 31 March 2020	-	-	-	91 363	91 363
<b>Balance as at 31 March 2020</b>	<b>976 600</b>	<b>2 889</b>	<b>24 900</b>	<b>304 628</b>	<b>1 309 017</b>
Settlement of the contingent consideration reserve	27 000	-	(24 900)	(2 100)	-
Share-based payment reserve	-	2 625	-	-	2 625
Dividends paid	-	-	-	(33 858)	(33 858)
Total comprehensive income for the six months ended 30 September 2020	-	-	-	54 216	54 216
<b>Balance as at 30 September 2020</b>	<b>1 003 600</b>	<b>5 514</b>	<b>-</b>	<b>322 886</b>	<b>1 332 000</b>



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

Figures in R'000	Unaudited six months ended 30 September 2020	Unaudited six months ended 30 September 2019	Audited year ended 31 March 2019
Cash flow from operations	65 657	20 078	206 086
Finance income received	11 134	21 165	38 076
Finance costs paid	(977)	–	(2 305)
Dividends paid	(33 858)	(29 827)	(57 827)
Taxation paid	(29 506)	(26 318)	(57 852)
<b>Net cash flow from operating activities</b>	<b>12 450</b>	<b>(14 902)</b>	<b>126 178</b>
Cash flows from investing activities			
Acquisition of property, plant and equipment	(3 029)	(9 758)	(17 756)
Purchase of intangible assets	(3 800)	(11 197)	(10 202)
Capitalisation of intangible assets	(5 162)	–	(6 056)
Proceeds on disposal of property plant and equipment	505	123	546
Repayment of loan from associate	–	5 021	5 021
Proceeds from disposal of associate	–	34 979	34 979
Costs associated with sale of associate	–	(300)	(300)
Costs associated with circular to shareholders	–	(1 585)	(1 585)
<b>Net cash flow from investing activities</b>	<b>(11 486)</b>	<b>17 283</b>	<b>4 647</b>
Cash flows from financing activities			
Repayment of lease liability	(3 657)	–	(6 427)
Loan to associate	(3 500)	–	(1 456)
Repurchase of 245 000 000 cancelled ordinary shares	–	(192 726)	(192 726)
Costs associated with the repurchase of 245 000 000 cancelled ordinary shares	–	(1 445)	(1 445)
Payment of contingent consideration	(10 000)	–	–
Purchase of treasury ordinary shares	–	(1 438)	(33 890)
<b>Net cash flow from financing activities</b>	<b>(17 157)</b>	<b>(195 609)</b>	<b>(235 944)</b>
Net decrease in cash and cash equivalents	(16 193)	(193 228)	(105 119)
Cash and cash equivalents at beginning of period	505 121	608 793	608 793
Net foreign exchange (loss)/gain	(512)	331	1 447
<b>Cash and cash equivalents at end of year</b>	<b>488 416</b>	<b>415 896</b>	<b>505 121</b>
Bank balances, call and notice deposits	488 416	415 896	505 121
Bank overdraft	–	–	–
	<b>488 416</b>	<b>415 896</b>	<b>505 121</b>

# UNAUDITED GROUP SEGMENT ANALYSIS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

Figures in R'000	Payments Division	
	2020	2019
Revenue	215 298	186 327
Trading profit/(loss)	66 906	49 315
Depreciation: property, plant and equipment	(2 959)	(3 082)
Depreciation: right-of-use assets	(2 572)	(2 572)
Amortisation of intangible assets	(1 158)	(601)
Operating profit/(loss)	59 852	42 873
Net finance income	5 578	6 952
Finance charges: lease liabilities	(577)	(756)
Equity accounted loss of associate	–	–
Gain on sale of investment in associate	–	–
Profit/(loss) after taxation	47 304	30 635
<b>Assets and liabilities</b>		
Assets	307 869	260 829
Liabilities	46 205	106 342
Net assets	261 664	154 486
<b>Geographical information</b>		
<b>Revenue</b>		
South Africa	215 298	186 327
Rest of Africa and Indian Ocean Islands	–	–
United States of America	–	–
	215 298	186 327
<b>Assets</b>		
South Africa	307 869	260 829
<b>Liabilities</b>		
South Africa	46 205	106 342
Net assets	261 664	154 486

For management purposes, the Group is organised into business units based on its products and services and has two reportable segments, as follows:

The Payment division, which generates revenue from the sale of terminals, the rental of terminals, maintenance and service fees from terminals, transaction-related revenue from terminals and sundry terminal-related revenue.

The Software and Services division, which generates revenue from services and consultancy fees, licence and subscription fees and sale of computer hardware.

The Payments division is an aggregation of African Resonance and Dashpay as they both generate revenue from similar types of transactions.

No reliance is placed on one major customer.

The Group's assets and liabilities are only in South Africa.

Services Division		Corporate		Group	
2020	2019	2020	2019	2020	2019
108 356	95 224	–	–	323 654	281 551
28 041	27 196	(10 712)	(8 277)	84 235	68 234
(1 030)	(642)	(296)	(268)	(4 285)	(3 991)
(865)	(885)	(547)	(547)	(3 984)	(4 004)
(1 066)	(623)	(6 634)	(6 634)	(8 858)	(7 858)
23 869	24 504	(19 238)	(15 755)	64 483	51 623
471	891	5 057	13 601	11 106	21 444
(244)	(294)	(128)	(160)	(949)	(1 211)
–	–	–	(346)	–	(346)
–	–	–	8 665	–	8 665
17 964	17 598	(11 052)	9 638	54 216	57 871
109 560	85 634	1 022 109	1 111 459	1 439 538	1 457 922
43 570	40 061	17 763	34 374	107 538	180 778
65 990	45 573	1 004 346	1 077 085	1 332 000	1 277 144
90 343	82 086	–	–	305 641	268 413
8 766	6 239	–	–	8 766	6 239
9 247	6 899	–	–	9 247	6 899
108 356	95 224	–	–	323 654	281 551
109 560	85 634	1 022 109	1 111 459	1 439 538	1 457 922
43 570	40 061	17 763	34 374	107 538	180 778
65 990	45 573	1 004 346	1 077 085	1 332 000	1 277 144

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

## NOTE 1: REVENUE

Figures in R'000	30 September 2020	30 September 2019
<b>Payments</b>		
Terminal rental income	10 017	15 791
Maintenance and support service fees from terminals	64 084	57 028
Sale of terminals	125 343	98 968
Transaction related income from terminals	8 985	8 271
Sundry revenue	6 869	6 269
	<b>215 298</b>	<b>186 327</b>
<b>Services</b>		
Services and consultancy fees	81 890	68 155
Licence and subscription fees	25 794	25 685
Hardware	672	1 384
	<b>108 356</b>	<b>95 224</b>
<b>Total revenue</b>	<b>323 654</b>	<b>281 551</b>
<b>Disaggregation of revenue from contracts with customers</b>		
The Group disaggregates revenue from customers as follows:		
<b>Sale of goods</b>		
Sale of terminals	125 343	98 968
Hardware	672	1 384
	<b>126 015</b>	<b>100 352</b>
<b>Rendering of services</b>		
Services and consultancy fees	81 890	75 884
Licence and subscription fees	25 794	17 956
Terminal rental income	10 017	15 791
Maintenance and support service fees from terminals	64 084	57 028
Transaction related income from terminals	8 985	8 271
Sundry revenue	6 869	6 269
	<b>197 639</b>	<b>181 199</b>
<b>Total revenue</b>	<b>323 654</b>	<b>281 551</b>
<b>Geographic region</b>		
South Africa	305 641	268 413
Rest of Africa and Indian Ocean Islands	8 766	6 239
United States of America	9 247	6 899
	<b>323 654</b>	<b>281 551</b>

NOTE 2: RECONCILIATION OF HEADLINE EARNINGS PER SHARE

Figures in R'000	30 September 2020	30 September 2019
Profit for the year attributable to ordinary shareholders	54 216	57 871
Capital gain on sale of investment in associate	–	(8 665)
Capital gains tax on sale of investment in associate	–	1 105
<b>Headline earnings</b>	<b>54 216</b>	<b>50 311</b>

	Unaudited Six months ended 30 September 2020	%	Unaudited Six months ended 30 September 2019
		Change	
Basic earnings per share (cents)	4.45	12.9	3,94
Headline earnings per share (cents)	4.45	29.7	3,43
Diluted basic earnings per share (cents)	4.32	11.9	3,86
Diluted headline earnings per share (cents)	4.32	28.7	3,36
Number of shares in issue	3 1 310 000 000		1 310 000 000
Weighted average number of shares in issue	1 219 063 984		1 468 535 271
Diluted weighted average number of shares in issue	1 254 763 089		1 498 535 272

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED  
FINANCIAL RESULTS (CONTINUED)

NOTE 3: SHARE CAPITAL

Figures in R'000	30 September 2020	31 March 2020	30 September 2019
Ordinary shares of no par value	1 003 600	976 600	1 009 048
	Number	Number	Number
<b>Issued shares</b>			
Ordinary shares of no par value in issue at beginning of period	1 310 000 000	1 555 000 000	1 555 000 000
Ordinary shares of no par value repurchased and cancelled during the period	–	(245 000 000)	(245 000 000)
<b>Ordinary shares of no par value in issue at end of period</b>	<b>1 310 000 000</b>	<b>1 310 000 000</b>	<b>1 310 000 000</b>
Ordinary shares of no par value repurchased (treasury shares)	(78 786 351)	(108 786 351)	(65 563 500)
Ordinary shares of no par value, net of treasury shares at end of period	1 231 213 649	1 201 213 649	1 244 436 500
<b>Reconciliation of movement of issued ordinary shares</b>			
Ordinary shares, net of treasury shares at the beginning of period	1 201 213 649	1 491 358 000	1 494 700 000
Ordinary shares of no par value allotted from treasury shares in settlement of the contingent consideration warranty	30 000 000	–	–
Ordinary shares of no par value repurchased and cancelled during the period	–	(245 000 000)	(245 000 000)
Ordinary shares of no par value repurchased during the period (treasury shares)	–	(45 144 351)	(5 263 500)
<b>Number of issued ordinary shares, net of treasury shares at end of period</b>	<b>1 231 213 649</b>	<b>1 201 213 649</b>	<b>1 244 436 500</b>

#### NOTE 4: CONTINGENT CONSIDERATION RESERVE

Figures in R'000	30 September 2020	31 March 2020	30 September 2019
Cash	–	10 000	9 636
Ordinary shares	–	24 900	24 900
<b>Total</b>	<b>–</b>	<b>34 900</b>	<b>34 536</b>

Synthesis achieved the profit warranty at 31 March 2020. The vendors of Synthesis received R10 000 000 in cash and an allotment from treasury shares of 30 000 000 ordinary shares. The effective date was 7 July 2020.

#### NOTE 5: 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 2020.

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 financial statements for the year ended 31 March 2020, except for the adoption of the new standards effective as at 1 April 2020.

#### NOTE 6: NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

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

#### NOTE 7: FAIR VALUE

The fair values of the recognised financial instruments are not materially different from the carrying amounts reflected in the statement of financial position as these are mostly short-term in nature.

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

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

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

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

The foreign exchange contract assets are recognised at fair value under level 2. The inputs into the valuation include the market interest rates and foreign exchange rates, as well as yield curves. There have been no transfers between the levels during the period.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS (CONTINUED)

### NOTE 8: POST PERIOD-END EVENTS

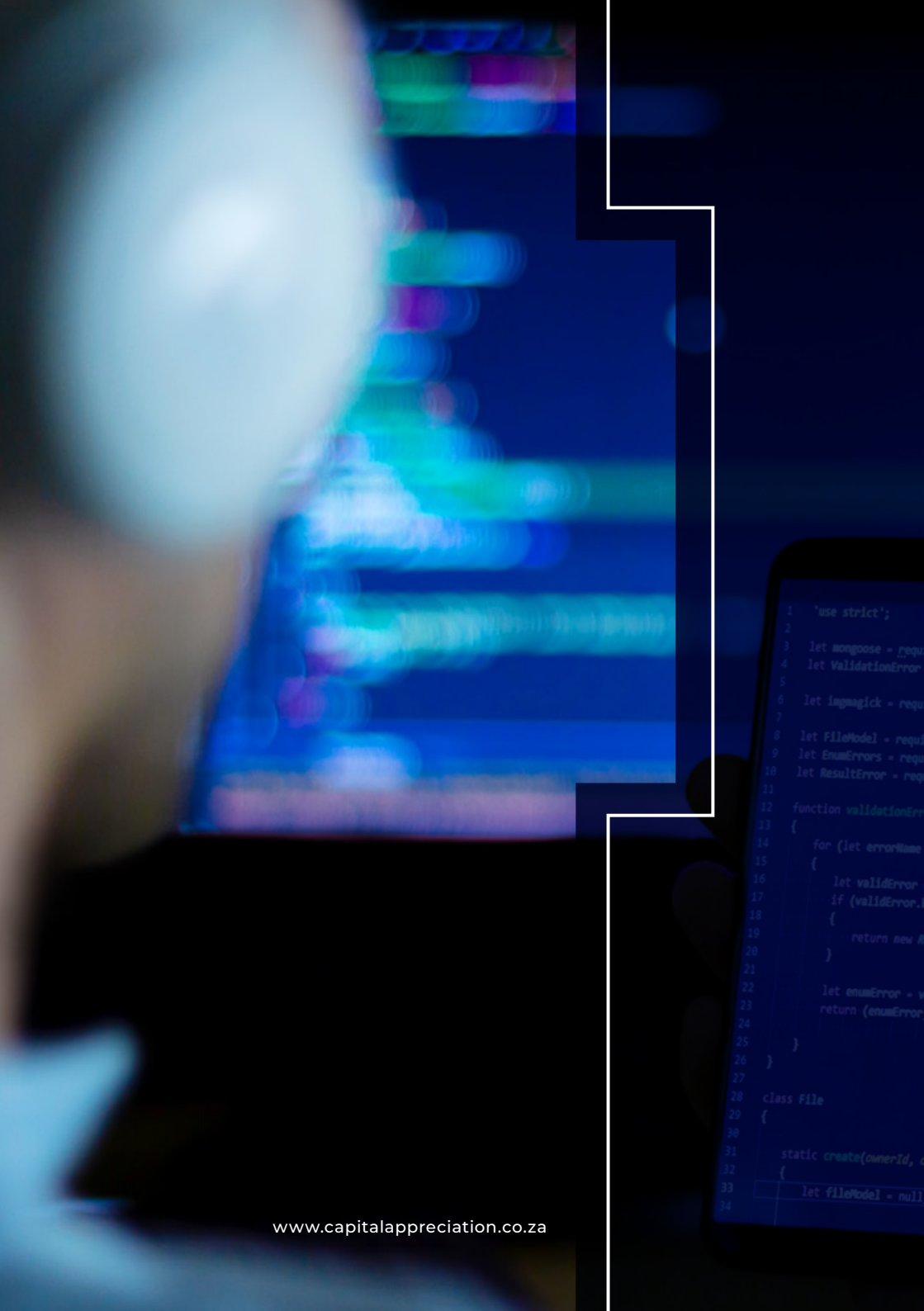
#### COVID-19

The circumstances arising from COVID-19 had no material negative impact on the Group's results at 30 September 2020. The Group successfully implemented the processes and procedures for business continuity in a COVID-19 trading environment, as required by Regulation. The Group has not experienced any material operating and servicing disruptions or any material deterioration in trading performance for the period from the period-end reporting date, 30 September 2020, to the date of this report.



# CORPORATE INFORMATION

Country of incorporation and domicile	Republic of South Africa
Registration number	2014/253277/06
Directors	MI Sacks# ( <i>Chairman</i> ) MR Pimstein* ( <i>Joint Chief Executive</i> ) BJ Sacks* ( <i>Joint Chief Executive</i> ) AC Salomon* ( <i>Chief Financial Officer</i> ) MB Shapiro*, B Bulo#, KD Dlamini#, JM Kahn#, EM Kruger#, R Morar#, VM Sekese#, CL Valkin# *Executive #Non-executive
Tax number	9591281176
JSE share code	CTA
ISIN	ZAE000208245
FTSE Industrial Classification sector	Software and Computer Services
Registered office	1st Floor 61 Katherine Street Sandton 2196
Telephone	+27 10 025 1000
Email	investor@capitalappreciation.co.za
Website	www.capitalappreciation.co.za
Company Secretary	PKF Octagon 21 Scott Street Waverley 2090
Auditor	Ernst & Young Inc. 102 Rivonia Road Sandton 2196
Sponsor	Investec Bank Limited 100 Grayston Drive Sandown Sandton 2196
Transfer secretary	Computershare Investor Services Proprietary Limited Rosebank Towers 15 Biermann Avenue Rosebank 2196



```
1 'use strict';  
2  
3 let mongoose = require('mongoose');  
4 let ValidationError = require('mongoose-error-validation');  
5  
6 let imagick = require('imagemagick');  
7  
8 let FileModel = require('./models/file');  
9 let EnumErrors = require('./enums/errors');  
10 let ResultError = require('./enums/result');  
11  
12 function validationError(err, req, res, next) {  
13   (  
14     for (let errorMessage of err.errors) {  
15       (  
16         let validError = new ValidationError(errorMessage);  
17         if (validError.isInstance(err)) {  
18           (  
19             return new ResultError(ResultEnum.ERROR_VALIDATION, validError);  
20           )  
21         )  
22       )  
23     }  
24   )  
25   )  
26 }  
27  
28 class File {  
29   (  
30     static create(ownerId, fileName, fileSize) {  
31       (  
32         let fileModel = null;  
33       )  
34     )  
35   )  
36 }
```