

**UNAUDITED UNREVIEWED CONDENSED INTERIM FINANCIAL RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014**

**Commentary**

During the period under review, RAC's NAV per share (ordinary and preference) increased by 2.2% to R12.59. This compares to the total return of the All Share index of 4.9%.

As at 30 September, our investments are as follows:

	<b>Book Value R mn</b>	<b>IFRS Fair Value R mn</b>
<b>Mining, Engineering</b>	113.7	129.8
ELB Group, Transhex		
<b>Food, Beverage</b>	76.1	103.6
KWV, Sovereign Food, KLK Landbou		
<b>Retail</b>	103.4	103.4
Fledge (Dischem), Safari and Outdoor		
<b>Gaming</b>	77.5	77.5
Goldrush		
<b>Other Investments</b>	56.4	82.1
The American Home, Conduit Capital, Excellerate Holdings		
<b>Held for Sale</b>	59.7	41.5
<b>Cash commitments</b>		78
Namakwa Diamonds; Goldrush		
<b>Free Cash</b>		29.7
<b>Liabilities</b>		-15.9
Mainly CGT provision		
<b>Net Assets</b>		629.7

We consistently apply conservative valuations. All listed assets are held at market price, while unlisted assets are either held at their OTC price - where one exists - or at cost. For assets where there is no visible market price, we perform a valuation exercise and produce a range of fair values, as required by IFRS. Due to the inherent uncertainty of valuing large stakes in unlisted, untraded assets, this range is necessarily quite wide. For most of our unlisted investments, this range includes the original cost price. We have thus chosen to use that price as our best estimate of value.

In addition, we should point out that we explicitly take account of our provision for capital gains when calculating fair value. We are more than happy to pay the Receiver their fair share of our gains, and account and disclose such very real reductions in net realisable value properly.

Over the past six months, we invested an initial R77.5 million into Goldrush for a 20% stake in this leading operator of Bingo and Limited Payout Machines in South Africa. We acquired a further 11% of Transhex for R51 million to increase our stake to 25%. We also made further inroads into selling off our held for sale investments. The buyout offer for Kelly by Adcorp was approved, for which we should receive over R25 million.

Transhex has announced that the transaction to acquire Namakwa Mines is expected to close on 31 October, at which time they will start mining operations. This also means we will finally invest our commitment of just less than R40 million into Emerald Panther Investments, our JV with Transhex, which was set up for the purposes of acquiring Namakwa Mines. Although Baken mine is running out of reserves rapidly, Namakwa and Somilua in Angola have the potential to be good cash generating assets for Transhex.

Goldrush continues to expand rapidly. It is rolling out its existing Bingo licenses at a good pace, and has applied for further licenses in more provinces. It was recently awarded one of the two route operator licenses for LPM's in the Northern Cape. In the year to date, revenue increased by 60% and profits have grown by over 700%. Goldrush is still very early in its growth cycle, and we look forward to what the future holds for this business.

Sovereign Foods recently reported results, and is out-performing its peers handsomely. Its headline earnings grew by 49%, and cash generation was strong. Despite this, current profitability is still well below average levels. We expect strong earnings growth from this well run business over the next few years.

Earlier this year Safari and Outdoor opened its third store, situated in Rivonia. Growth is above expectations, and has helped S & O to grow its revenue by just over 50% over the past year, while profits have shown a similar increase. We believe there is still room for expansion of this strong franchise, after which it has a strong cash generating ability.

Most of our other businesses are doing well, with the exception of Protech Khuthule, which filed for bankruptcy. Its value has been written down to zero, as we do not expect to recover anything out of liquidation. We don't mind making mistakes, as long as they are not too large, and as long as we learn from them. The lesson here: many of the assets on the balance sheets of companies involved in the contracting industry are not always what they seem to be. Accounting standards are of no help in this regard. This is another reason why we are, and always intend to be; conservative in the way we apply the "fair value" principle that is so prominent in IFRS.

Two of our non-executive directors - Gerrit Pretorius and Vernon Davis - tendered their resignations during the period. We would like to thank them for the significant contributions they made to our business, and wish them well for their future endeavors. The process to replace them is well underway.

Our investment pipeline looks promising. These opportunities could add to our already significant cash generating potential. To execute on these, it is possible that we need to raise more capital, specifically in the form of debt. In our view, the market price of RAC undervalues the assets we own, and as such, this rules out using our equity to fund any new acquisitions. In addition, with interest rates at generational lows, now is not a bad time to raise debt funding.

We would like to thank the management of our partner companies for their hard work. Furthermore, we are always on the lookout to partner with more good companies with good management, available at good prices. If you are a seller, or if you know of such a situation, please give us a call. If nothing else, you'll get a quick answer.

Signed on behalf of the board

PG Viljoen  
Cape Town, 16 October, 2014

Directors: PG Viljoen (Chairman), MVP Davis, T de Bruyn, G Pretorius, JG Swiegers, JC van Niekerk

Company Secretary: G Simpson

Financial results preparer: W. Junor CA(SA)

Registered Office:

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8 Vineyard Road  
Claremont, 7700  
South Africa

Transfer Secretaries:

Link Market Services South Africa (Pty) Limited  
13th Floor  
Rennie House  
19 Ameshoff Street  
Braamfontein, 2004

Sponsor:

Questco (Pty) Ltd  
The Pivot  
1 Montecasino Boulevard  
Entrance D, 2nd Floor  
Fourways, 2055

## Statement of Financial Position

	Notes	Six months ended 30 September 2014	Twelve months ended 31 March 2014	Restated six months ended 30 September 2013
		R	R	R
<b>Assets</b>				
<b>Non-current assets</b>				
Investments	2	516 321 461	505 987 018	474 751 015
Trade and other receivables	3	19 922 412	19 922 412	9 922 412
Loans to group companies	3	77 506 574	-	-
<b>Current assets</b>		31 808 636	105 919 966	121 091 010
Investments	2	25 336 293	98 631 775	116 875 390
Trade and other receivables		4 864 592	7 186 314	4 203 614
Cash and cash equivalents		1 607 751	101 877	12 006
<b>Total assets</b>		645 559 083	631 829 396	605 764 437
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital - ordinary shareholders	4	50 000 000	50 000 000	50 000 000
Share capital - preference shareholders	4	450 000 000	450 000 000	450 000 000
Reserves	5	58 627 126	55 334 324	42 744 930
Retained income	5	71 040 457	60 613 751	49 831 278
<b>Total Equity</b>		629 667 583	615 948 075	592 576 208
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax	6	13 148 075	12 424 971	10 768 832
<b>Current liabilities</b>		2 743 425	3 456 350	2 419 397
Trade and other payables		1 042 462	1 861 639	980 843
Current tax payable		1 700 963	1 594 711	1 438 554
<b>Total equity and liabilities</b>		645 559 083	631 829 396	605 764 437
<b>Net Asset Value</b>				
Net Asset Value attributable to ordinary shareholders		62 966 758	61 594 807	59 257 621
Net Asset Value attributable to preference shareholders		566 700 825	554 353 268	533 318 587
Net Asset Value per ordinary share (cents)	7	1 259	1 232	1 185
Net Asset Value per preference share (cents)	7	1 259	1 232	1 185

## Statement of Comprehensive Income

	Notes	Six months ended 30 September 2014	Twelve months ended 31 March 2014	Restated six months ended 30 September 2013
		R	R	R
<b>Revenue</b>		9 923 434	19 234 657	9 384 630
Operating expenses		(5 027 747)	(8 943 652)	(4 313 998)
<b>Operating profit</b>		4 895 687	10 291 005	5 070 632
Other income		7 726 232	24 818 928	10 088 978
Impairments recycled through profit and loss		-	(6 143 738)	-
<b>Profit before taxation</b>		12 621 919	28 966 195	15 159 610
Taxation		(2 195 213)	(5 814 995)	(2 790 883)
Profit after taxation		10 426 706	23 151 200	12 368 727
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>		3 292 802	1 164 392	(11 425 002)
Net gain on available-for-sale financial instruments		11 774 805	20 106 627	(3 958 317)
Realised gain on sale of available-for-sale investments recycled to profit or loss		(7 726 232)	(24 818 928)	(10 088 978)
Impairment loss reclassified		-	6 143 738	-
Taxation related to components of other comprehensive income		( 755 771)	( 267 045)	2 622 293
<b>Total comprehensive income</b>		13 719 508	24 315 592	943 725
<b>Earnings and headline earnings per share</b>				
<i>Per share information (ordinary and preference)</i>				
Basic and diluted earnings per share (cents)	8	209	463	247
Headline and diluted headline earnings per share (cents)	8	83	159	83

## Statement of Changes in Equity

	Preference Share capital	Ordinary share capital	Fair value adjustment assets – available-for- sale reserve	Retained income	Total Equity
	R	R	R	R	R
Balance at 31 March 2013	450 000 000	50 000 000	54 169 932	37 462 551	591 632 483
<i>Changes in equity</i>					
Restated profit	-	-	-	12 368 727	12 368 727
Restated other comprehensive loss	-	-	(11 425 002)	-	(11 425 002)
<b>Restated balance 30 September 2013</b>	450 000 000	50 000 000	42 744 930	49 831 278	592 576 208
<i>Changes in equity</i>					
Profit	-	-	-	10 782 473	10 782 473
Other comprehensive income	-	-	12 589 394	-	12 589 394
<b>Balance 31 March 2014</b>	450 000 000	50 000 000	55 334 324	60 613 751	615 948 075
<i>Changes in equity</i>					
Profit	-	-	-	10 426 706	10 426 706
Other comprehensive income	-	-	3 292 802	-	3 292 802
<b>Balance 30 September 2014</b>	450 000 000	50 000 000	58 627 126	71 040 457	629 667 583
	(Note 4)	(Note 4)	(Note 5)	(Note 5)	

## Statement of Cash Flows

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	Six months ended 30 September 2014	Twelve months ended 31 March 2014	Restated six months ended 30 September 2013
	R	R	R
<b>Cash flows from operating activities</b>			
Cash utilised in operations	(3 525 202)	(8 841 721)	(4 364 022)
Interest income	4 237 828	13 691 554	5 998 603
Dividends received	5 685 606	3 289 244	3 386 027
Tax paid	(2 121 628)	(4 205 398)	( 198 927)
Net cash inflow from operating activities	4 276 604	3 933 679	4 821 681
<b>Cash flows from investing activities</b>			
Loans to investees	-	(19 922 412)	(9 922 412)
Loans to group companies	(77 506 574)	-	-
Purchase of other financial investments	(58 289 712)	(161 150 403)	(114 062 233)
Proceeds on disposal of financial investments	133 025 556	177 020 472	118 954 429
Net cash outflow from investing activities	(2 770 730)	(4 052 343)	(5 030 216)
Total cash movement for the period	1 505 874	( 118 664)	( 208 535)
Cash at beginning of period	101 877	220 541	220 541
Total cash and cash equivalents end of period	1 607 751	101 877	12 006

## NOTES TO THE CONDENSED INTERIM RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

### Group Structure

RECM and Calibre Limited ("RAC") was established in 2010 as a closed-end investment entity that makes long term investments, with the objective of generating high real returns. This is achieved through the acquisition of assets where size, liquidity, regulations or complexity act as a deterrent to most buyers. Investments can be listed or unlisted, public or private, and there are no limits as to the geographic location. The investment infrastructure of RAC is set up to facilitate investments and funding in the most efficient manner. Investments are made either through the RECM Institutional Worldwide Flexible Fund, through a fully owned subsidiary, RAC Investment Holdings (Pty) Ltd, ("RIH") or directly by the holding company. RIH has been funded primarily by way of a loan from the holding company. This loan should be seen in the same vein as a level 3 investment. Similarly, since RAC is an investment entity, non-current trade and other receivables also relates to the Company's investment activities and should be considered in the same vein. See note 3 for a further description of the loan to group companies and non-current trade and other receivables.

### 1. Accounting policies - Presentation of condensed interim financial statements

#### Basis of accounting preparation

The accounting policies applied for the six months are consistent, in all material respects, with those used in the Annual Financial Statements of

the prior period in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee. In addition, these interim results have been prepared in accordance with the presentation and disclosure requirements of International Accounting Standard 34, Interim Financial Reporting, as well as the listing requirements of the JSE and the Companies Act of South Africa.

The Company had changed its classification from the previous interim period of the preference shares from liability instruments to equity instruments. Previously, the preference shares were classified as liabilities at fair value through profit and loss. The change resulted in fair value gains and losses previously recorded in profit and loss having to be reversed.

The Company had also adopted the exemption in IFRS 10 relating to "Investment Entities". As a result, the Company no longer consolidated its subsidiaries, but accounted for them at fair value under IAS 39. The impact of not consolidating had no impact on the Net Asset Value of the Company, as the fair value of the subsidiary materially approximated the Net Asset Value of the subsidiary.

The prior period interim results have been adjusted to account for these policy changes. As a result of these changes, the September 2013 comparative figures are not comparable to the September 2013 interim results released in the prior period.

The interim results have been prepared in accordance with the IFRS and IFRIC interpretations at the time of the preparation of the information. As these standards and interpretations are the subject of ongoing review, they may be amended between the date of this report and the finalization of the annual financial statements for the year ending 31 March 2015.

#### Segmental analysis

The directors considered the implications of IFRS 8 Operating Segments and are of the opinion that the operations of the company are substantially similar and that the risks and returns of these operations are likewise similar. Resource allocation and the management of the operations are performed on an aggregated basis, and as such the company is considered to be a singly aggregated business and therefore there is no additional reporting requirements in terms of IFRS 8.

## 2. Investments

	Six months ended 30 September 2014	Twelve months ended 31 March 2014	Restated six months ended 30 September 2013
	R	R	R
Fair value hierarchy of available-for-sale financial assets			
<b>Level 1</b>			
Class 1- Listed shares - Quoted	196 646 401	139 546 424	123 404 858
Class 2- Unlisted shares – Quoted	35 297 800	33 393 135	29 750 772
	<b>231 944 201</b>	<b>172 939 559</b>	<b>153 155 630</b>
<b>Level 2</b>			
Class 3- Unit trusts	147 322 849	275 624 310	205 955 966
Listed investments held by unit trust	71 521 437	72 062 485	84 067 785
Cash held by unit trust	75 801 412	203 561 825	121 888 181
Class 4- Call Accounts	25 326 080	25 360 823	103 901 351
	<b>172 648 929</b>	<b>300 985 133</b>	<b>309 857 317</b>
<b>Level 3</b>			
Class 5- Unlisted shares - Unquoted	137 064 624	130 694 101	128 613 458
	<b>137 064 624</b>	<b>130 694 101</b>	<b>128 613 458</b>
Total available-for-sale financial assets at fair value	<b>541 657 754</b>	<b>604 618 793</b>	<b>591 626 405</b>
Non-current assets	516 321 461	505 987 018	474 751 015
Current assets	25 336 293	98 631 775	116 875 390
Total Investments	<b>541 657 754</b>	<b>604 618 793</b>	<b>591 626 405</b>

### Available Cash

Cash within the Group is held both directly and indirectly on call, along with indirectly through a money market unit trust investment. The cash holdings are reflected in Class 3 and Class 4 above and represents approximately R101 million of the total R108 million of cash, including current trade and other receivables, which is immediately available for investment.

### Level 3 reconciliation

Opening balance	130 694 101	46 238 454	46 238 454
Purchases	3 632 584	79 875 437	79 414 007
Gains on investments	2 737 939	4 580 210	2 960 997
Closing balance	<b>137 064 624</b>	<b>130 694 101</b>	<b>128 613 458</b>

### Level 1

Class 1 available-for-sale financial assets are valued at the listed price per the exchange on which they trade.

Class 2 available-for-sale financial assets are valued at the quoted price based on the latest over the counter trades.

### Level 2

Class 3 available-for-sale financial assets are valued at the net asset value of the unit trust.

Class 4 available-for-sale financial assets are valued by taking the following market observable data into account and applying them to the holdings:

- credit spread of the institution at which the funds are held
- any difference in the interest rate earned and what is available in the market

### Level 3

Class 5 available-for-sale financial assets are valued using a number of valuation techniques based on the following unobservable market data for each investment:

- Net profit of investee
- Equity and net debt of investee
- Return on capital
- Price/Earnings ratio
- Expected cash flows

Management uses the above information in multiple valuation techniques by comparing the investee information to similar type entities in the listed market. The nature of the fair value calculations means that fair values range greatly and are sensitive to indirect and direct quantifiable and unquantifiable inputs.

Factors that were taken into account in all valuations include the current market conditions, the invested market segment and interest rate certainty. The market for these instruments often has significant barriers to entry, making the comparison pool of similar entities very shallow. Specifically, the retail pharmaceutical industry and hunting equipment industry have few market entrants with little reliable comparative data. Like all our investments, we plan on seeing the value of the business grow over a number of years to realise their true potential. Where we have influence over our investee companies we plan to play an active role in the long term strategy of the company, ensuring that our interests are aligned.

### 3. Loans to Group Companies

- The loan to RIH represents the initial purchase price of the Group's investment into the Goldrush Gaming Group. The loan is unsecured, bears no interest and has no fixed terms of repayment.
- Non-current trade and other receivables represent funding to investee companies.

#### 4. Share Capital

##### Authorised

5 000 000 Ordinary shares of R0.01 each	50 000	50 000	50 000
100 000 000 non-cumulative redeemable participating preference shares of R0.01 each	-	-	1 000 000
200 000 000 non-cumulative redeemable participating preference shares of no par value	-	-	-
	<hr/>	<hr/>	<hr/>
	50 000	50 000	1 050 000
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In the 2014 financial year, the authorised and non-cumulative redeemable participating preference shares were converted into participating preference shares with no par value. At the same time, the authorised capital was increased from 100 000 000 shares to 200 000 000 shares.

250 000 000 redeemable preference shares of no par value	-	-	-
	<hr/>	<hr/>	<hr/>

The redeemable preference shares will have the rights and privileges, restrictions and conditions as determined by the Directors upon issue thereof, but which are intended to rank in priority to the participating preference shares, the perpetual preference shares and ordinary shares in respect of dividends and on winding up.

1 500 000 000 perpetual preference shares of no par value	-	-	-
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The perpetual preference shares will have the rights and privileges, restrictions and conditions as determined by the Directors upon issue thereof, but which are intended to rank in priority to the participating preference shares and ordinary shares in respect of dividends and on winding up.

##### Issued

5 000 000 Ordinary shares of R0.01 each	50 000	50 000	50 000
Share premium	49 950 000	49 950 000	49 950 000
	<hr/>	<hr/>	<hr/>
	50 000 000	50 000 000	50 000 000
	<hr/>	<hr/>	<hr/>
45 000 000 non-cumulative redeemable participating preference shares of R10 each	450 000 000	450 000 000	450 000 000
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	450 000 000	450 000 000	450 000 000
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## 5. Reserves and Retained Income

The reserves comprise all fair value adjustments on available-for-sale financial instruments. When an asset or liability is derecognised, the fair value adjustment relating to that asset or liability is transferred to profit or loss.

Available-for-sale financial instruments	72 074 038	68 025 468	52 480 890
Deferred tax on available-for-sale financial instruments	(13 446 912)	(12 691 144)	(9 735 960)
Reserves	58 627 126	55 334 324	42 744 930
Retained income	71 040 457	60 613 751	49 831 278
Total Reserves and Retained Income	129 667 583	115 948 075	92 576 208

## 6. Deferred Tax

Recognised in other comprehensive income	13 148 075	12 424 971	10 768 832
Reconciliation of deferred tax liability			
At beginning of year	12 424 971	13 296 442	13 296 442
Temporary difference on revenue receivable - profit and loss	( 32 667)	(1 138 516)	94 683
Temporary difference on available-for-sale instruments adjustment - other comprehensive income	755 771	267 045	(2 622 293)
	13 148 075	12 424 971	10 768 832

## 7. Net Asset Value

Net Asset Value attributable to ordinary shareholders	62 966 758	61 594 807	59 257 621
Net Asset Value attributable to preference shareholders	566 700 825	554 353 268	533 318 587
<i>Number of shares in issue</i>			
Ordinary shares	5 000 000	5 000 000	5 000 000
Preferences shares	45 000 000	45 000 000	45 000 000
Net Asset Value per ordinary share (cents)	1 259	1 232	1 185
Net Asset Value per preference share (cents)	1 259	1 232	1 185

## 8. Earnings and headline earnings per share

Earnings and headline earnings per shares are based on the profit attributable to ordinary and preference shareholders in issue during the year.

### *Number of shares in issue*

Ordinary shares	5 000 000	5 000 000	5 000 000
Preferences shares	45 000 000	45 000 000	45 000 000

### **Earnings**

Net profit after tax	10 426 706	23 151 200	12 368 727
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### *Adjusted to headline earnings as follows:*

Profit on asset disposal	(7 726 232)	(24 818 928)	(10 088 978)
Impairment	-	6 143 738	-
Tax adjustment	1 442 302	3 486 210	1 883 370

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<b>Headline earnings</b>	<b>4 142 776</b>	<b>7 962 220</b>	<b>4 163 119</b>
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Basic earnings per share (cents)	209	463	247
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Headline earnings per ordinary share (cents)	83	159	83
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## 9. Events after the reporting period

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

## 10. Dividends

No dividend has been declared.