RAC

RECM AND CALIBRE

UNAUDITED UNREVIEWED CONDENSED INTERIM FINANCIAL RESULTS

for the six months ended 30 September 2015

COMMENTARY

During the period under review, RAC's NAV per share (ordinary and preference) increased by 7% to R19,86. This compares to a loss of 4% for the All Share Index for the same period.

As at 30 September 2015, the make-up of our NAV, including our investments (equity and loans to investees) on a look-through basis consist of:

	% ownership	Cost Rm	Directors' fair value 30 September 2015 Rm	Directors' fair value 31 March 2015 Rm
Gaming		**180,9**	**383**	**313**
Goldrush #	34,5	180,9	383	313
Mining and Engineering		**147,6**	**205,4**	**239,1**
Transhex	25,0	94,1	64,2	84,2
West Coast Resources and Dinoka	27,2	35,6	116,5	122,2
ELB Group	2,2	17,9	24,7	32,7
Retail		**100,5**	**219**	**190**
Fledge Holdings (Dischem)				
Safari and Outdoor	27,6			
Food and Beverage		**75,7**	**101,1**	**102,8**
Sovereign Food	11,3	38,7	71,3	71,4
KWV	5,1	32,2	19,3	21,7
KLK Landbou	5,6	4,8	10,5	9,7
Other investments		**48,7**	**108**	**107,8**
Conduit Capital	7,0	12,3	54,8	40,1
Excellerate Holdings	5,5	14,6	26,5	26,5
The American Homes	–	–	–	41,2
JB Private Equity Investors Partnership (Sentula)	90,0	18,9	23,8	–
College SA	17,7	2,9	2,9	–
Non-core investments		**29,2**	**18,1**	**12,7**
Cash			**69,8**	**71,3**
Liabilities (mainly CGT and contingent consideration)			**(111,5)**	**(109,8)**
Net asset value			**992,9**	**926,9**

The 34,5% ownership is made up of a 28,5% direct holding and 6% indirect holding through a management and staff funding structure, which is not legally controlled by RAC.

COMMENTARY continued

INCREASE IN NAV

The NAV per share growth of 7% for the 6 months equates to an increase of R65,8 million. The composition of the increase on a look-through basis is as follows:

	Unaudited Six months ended 30 September 2015 R	Unaudited Six months ended 30 September 2014 R
Interest and dividends	**11 022 642**	9 923 434
Realised profits on sale of assets	**990 175**	6 970 461
Adjustments to fair value of assets net of tax	**60 930 419**	1 853 360
Less: Operating expenses	**7 058 377**	5 027 747
Net increase in NAV	**65 884 859**	13 719 508
Total comprehensive income	**65 884 859**	13 719 508

We have not changed our valuation method. All listed assets are held at market price, while unlisted assets are either held at their OTC price – where one exists – or at fair value. For assets where there is no visible market price, we perform a valuation exercise, which culminates in 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 some of our unlisted investments, this range includes the original cost price. Where we have purchased the investment in the last 12 months and believe the cost price to still approximate fair value, we continue to carry the investment at cost.

Where we have held the investment for longer than 12 months, we tend to value the investment towards the lower end of our fair value range.

We explicitly take account of our provision for capital gains tax, where applicable, when calculating fair value. We account and disclose this very real reduction in net realisable value properly.

Our fee structure should also be taken into account when calculating the intrinsic value. RAC pays 1,14% p.a. of the portfolio value for investment management services. There are many views in the marketplace as to the value of this contractual payment. We suggest you include your own value when calculating your own estimate of intrinsic value.

GAMING

Growth in same store cash flow at Goldrush remains strong. However, the bottom line result is somewhat held back by its ongoing aggressive investment across its operating platforms: Limited Pay-out Machines, Bingo, Online and Retail Sports Betting as well as Gaming in other African countries. In this regard, in the past 6 months Goldrush has been awarded new route operator licenses in two provinces, as well as a sports betting and slots license in Tanzania. It has also developed its new Eastern Cape Bingo sites and rolled out 15 retail sports betting licenses. Goldrush is actively involved in acquisitions in the gaming market, where its existing scale provides it with a competitive advantage. We remain excited about the prospects for this company while remaining aware of the risks it has to manage.

During the period we have made further payments relating to our original purchase of Goldrush shares. These related to performance targets agreed at the time of purchase. While this meant a cash outflow, it has had no impact on the NAV as the amount had already been provided for at year-end.

We have agreements in place that could take our shareholding up to 50% over the next 2 years.

MINING AND ENGINEERING

At Transhex, volumes are slightly below target, while prices received have declined, in some cases sharply. This will impact profitability during the period under review negatively. However, the balance sheet remains strong, and provides the company with flexibility in a difficult time for mining. The market price of Transhex has declined by 24% since year-end.

West Coast Mining expects to be fully operational by the first quarter of next year. In the meantime, results from the tailings dump are below expectations. As a result, we have reduced our valuation for this asset.

COMMENTARY continued

For the year ended June 2015, the ELB Group suffered from margin pressure, as industry conditions deteriorated. Despite a decline in earnings per share, they were able to maintain their dividend, due to their consistently conservative financial management. The company has a strong balance sheet, and is well prepared to weather any storm that might arise. The market price of ELB has declined by 24% since year-end.

RETAIL

Safari and Outdoor continues to trade well. A new CEO with extensive retail experience was recently appointed, and he has some interesting plans to further accelerate the growth of the business. We have revalued Safari and Outdoor in line with its profit growth for the period. Our stake has increased somewhat from 27% to 27,6% by virtue of Safari and Outdoor doing a small share buy-back.

RAC effectively owns a 2,5% stake in Dischem. This business also continues to do well, growing organically and through the roll-out of new stores. We have revalued our stake in Dischem in line with profit growth, as well as dividend payments to Fledge, the leveraged structure through which we own our stake. Due to the fact that it is unlisted and housed in an illiquid structure, we value it at a significant discount to its closest competitor, Clicks Holdings. This methodology is the same as that applied in our year-end results. If the business were to be listed, this value might change.

FOOD AND BEVERAGE

Sovereign Foods grew earnings strongly during the period. Sales volumes were pedestrian, but margins improved dramatically. Cash flow was strong, and the balance sheet is almost ungeared. This places Sovereign in a good positon to expand its business, as well as to invest in further productivity enhancements. Despite earning good returns on equity, the share trades at a significant discount to its NAV. The share price was almost unchanged during the period under review.

Results at KWV continue to improve, but remain at relatively low levels. The share trades very sporadically, after the recent termination of its over-the-counter trading license. The last trades – and the price which we use for valuation purpose – value the business at close to 25% of NAV. In most cases, such a discount to NAV would point to a dramatic undervaluation of any business. RAC continued to add to its holding in this investment.

KLK Landbou is performing very well. Its share price has increased by 8% since year-end.

OTHER INVESTMENTS

Conduit Capital is under new management and, as discussed in our year-end results, has changed strategic focus. It now aims to be more aggressive in building out its insurance business, while focusing on its investment operations. The market likes the company's new direction, pushing it share price up by 36% over the past 6 months.

Our valuation for Excellerate has not changed in the last six months.

During the period, RAC acquired additional shares in mining services group Sentula in the open market, after which we injected our full holding into the JB Private Equity Investors Partnership. This investment partnership holds, as its only asset, a 19,6% stake in Sentula. RAC (which is a limited liability partner) owns 90% of the partnership. Recently, Jacques Badenhorst, a co-investor with RAC in the partnership, has taken over as the interim CEO of Sentula. There is no doubt that Sentula operates in a tough industry, which faces significant headwinds at present. However, we remain hopeful of creating value for shareholders over time.

College SA represents our first step of investing into tertiary and distance learning. RAC owns just over 17,5% of the business. It is a recent acquisition, and is still valued at the price we paid to acquire our equity stake. Certain payments remained outstanding as at 30 September 2015, pending fulfilment of certain conditions.

NON-CORE INVESTMENT

We have added the remaining portion – R12 million – of our investment in The American Home ("TAH") to this part of our portfolio. TAH is in the process of being bought out. We received the first payment – R36 million – which is still being held offshore. It is included in our cash balance in the table on page 1. The rest of the payment should take place within the next 12 months.

We continue to make progress in exiting our other non-core investments.

Cash available for investing has declined marginally to R69 million from R71 million at year-end. We have also finalised a R150 million funding facility with ABSA, which gives us additional transactional capability.

PROSPECTS

Our investment pipeline has never been as interesting as it is today. Our investment strategy remains simple. We aim to buy good businesses, managed by good people, at good prices. If you are involved in any business that meets these criteria, and needs expansion or replacement capital, please give us a call. We can't promise to add management expertise to your business (we most likely have none), but we can promise to be solid partners. And, if the phone were to ring, we definitely can promise a quick answer.

Signed on behalf of the board

PG Viljoen

Cape Town
5 November 2015

RECM AND CALIBRE LIMITED

Incorporated in the Republic of South Africa
(Registration number 2009/012403/06)
Preference share code: RACP
ISIN: ZAE000145041
("RAC")

Directors:
PG Viljoen (Chairman), T de Bruyn, Z Matlala, T Rossini, JG Swiegers, JC van Niekerk

Company Secretary: G Simpson

Financial results preparer: D Schweizer CA(SA)

Registered Office:
8th Floor Claremont Central, 8 Vineyard Road, Claremont, 7700 South Africa

Transfer Secretaries:
Link Market Services South Africa (Pty) Ltd, 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	Unaudited 30 September 2015 R	Audited 31 March 2015 R	Unaudited 30 September 2014 R
ASSETS				
Non-current assets		**995 630 978**	883 595 786	613 750 447
Investments	2	**995 630 978**	714 253 898	516 321 461
Loans and other receivables		**–**	169 341 888	97 428 986
Current assets		**2 661 441**	74 418 456	31 808 636
Investments	2	**–**	67 971 006	25 336 293
Loans and other receivables		**2 241**	3 097 497	4 864 592
Cash and cash equivalents		**2 659 200**	3 349 953	1 607 751
Total assets		**998 292 419**	958 014 242	645 559 083
EQUITY AND LIABILITIES				
Equity				
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	**–**	79 950 251	58 627 126
Retained income	5	**492 858 304**	347 023 194	71 040 457
Total equity		**992 858 304**	926 973 445	629 667 583
Liabilities				
Non-current liabilities		**–**	29 196 620	13 148 075
Deferred tax	6	**–**	29 196 620	13 148 075
Current liabilities		**5 434 115**	1 844 177	2 743 425
Trade and other payables		**568 045**	1 704 985	1 042 462
Current tax payable		**4 866 070**	139 192	1 700 963
Total equity and liabilities		**998 292 419**	958 014 242	645 559 083
Net asset value				
Net asset value attributable to ordinary shareholders		**99 285 830**	92 697 345	62 966 758
Net asset value attributable to preference shareholders		**893 572 474**	834 276 101	566 700 825
Net asset value per ordinary share (cents)	7	**1 986**	1 854	1 259
Net asset value per preference share (cents)	7	**1 986**	1 854	1 259

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Unaudited Six months ended 30 September 2015 R	Audited Twelve months ended 31 March 2015 R	Unaudited Six months ended 30 September 2014 R
Revenue		**48 838**	30 720 051	9 923 434
Operating expenses		**(950 656)**	(10 140 930)	(5 027 747)
Operating (loss)/profit		**(901 818)**	20 579 121	4 895 687
Other income		**93 094 588**	17 149 208	7 726 232
Fair value gains on subsidiaries and associates		**42 174 311**	287 223 959	–
Impairments recycled through profit and loss		**–**	(21 225 692)	–
Profit before taxation		**134 367 081**	303 726 596	12 621 919
Taxation		**11 468 029**	(17 317 153)	(2 195 213)
Profit after taxation		**145 835 110**	286 409 443	10 426 706
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss		**(79 950 251)**	24 615 927	3 292 802
Net gain on available-for-sale financial instruments		**–**	26 189 347	11 774 805
Realised gain on sale of available-for-sale investments recycled to profit or loss		**(93 094 588)**	(17 149 208)	(7 726 232)
Impairment loss reclassified		**–**	21 225 692	–
Taxation related to components of other comprehensive income		**13 144 337**	(5 649 904)	(755 771)
Total comprehensive income		**65 884 859**	311 025 370	13 719 508
Earnings and headline earnings per share				
Per share information (ordinary and preference)				
Basic and diluted earnings per share (cents)	8	**292**	573	21 *
Headline and diluted headline earnings per share (cents)	8	**105**	579	8 *

* *Restated (refer note 8).*

STATEMENT OF CHANGES IN EQUITY

	Preference share capital R	Ordinary share capital R	Fair value adjustment assets available-for-sale reserve R	Retained income R	Total equity R
Balance at 31 March 2014	450 000 000	50 000 000	55 334 324	60 613 751	615 948 075
Changes in equity					
Profit	–	–	–	10 426 706	10 426 706
Other comprehensive income	–	–	3 292 802	–	3 292 802
Balance at 30 September 2014	450 000 000	50 000 000	58 627 126	71 040 457	629 667 583
Changes in equity					
Profit	–	–	–	275 982 737	275 982 737
Other comprehensive income	–	–	21 323 125	–	21 323 125
Balance at 31 March 2015	**450 000 000**	**50 000 000**	**79 950 251**	**347 023 194**	**926 973 445**
Changes in equity					
Profit	**–**	**–**	**–**	**145 835 110**	**145 835 110**
Other comprehensive income	**–**	**–**	**(79 950 251)**	**–**	**(79 950 251)**
Balance at 30 September 2015	**450 000 000**	**50 000 000**	**–**	**492 858 304**	**992 858 304**
Notes	4	4	5	5	

STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 September 2015 R	Audited Twelve months ended 31 March 2015 R	Unaudited Six months ended 30 September 2014 R
Cash flows from operating activities			
Cash utilised in operations	**(737 350)**	(9 637 731)	(3 525 202)
Interest income	**46 597**	13 125 860	4 237 828
Dividends received	**–**	21 023 155	5 685 606
Tax paid	**–**	(7 650 927)	(2 121 628)
Net cash (outflow)/inflow from operating activities	**(690 753)**	16 860 357	4 276 604
Cash flows from investing activities			
Loans to related parties	–	(149 419 476)	(77 506 574)
Purchase of investments	–	(81 758 828)	(58 289 712)
Proceeds on disposal of financial investments	–	217 566 023	133 025 556
Net cash outflow from investing activities	–	(13 612 281)	(2 770 730)
Total cash movement for the period	**(690 753)**	3 248 076	1 505 874
Cash at beginning of period	**3 349 953**	101 877	101 877
Total cash and cash equivalents at end of period	**2 659 200**	3 349 953	1 607 751

NOTES TO THE CONDENSED INTERIM RESULTS

for the period ended 30 September 2015

GROUP STRUCTURE

RECM and Calibre Limited ("RAC") was established in 2009 as a closed-end investment entity that makes long-term investments, with the objective of generating high real returns. Investments can be listed or unlisted, public or private, and there are no limits as to the geographic location.

Given that the investment infrastructure of RAC has been set up to facilitate investments and funding in the most efficient manner, investments are made either through a fully owned subsidiary incorporated in South Africa, RAC Investment Holdings (Pty) Ltd ("RIH"), or directly.

During the period all the investments held by RAC were transferred to the wholly-owned subsidiary RIH, primarily to facilitate future funding. This transfer had no impact on the NAV of RAC. Given this structure, RAC has provided the fair value disclosure in two parts in note 2. Page 9 discloses the investment in RIH as required by IFRS and page 11 provides additional disclosures looking through RIH to the underlying investments. The transfer of the investments, (previously held as available-for-sale), to RIH has resulted in the unrealised gains of R93 094 558, previously recognised in other comprehensive income, being reclassified to profit or loss. All fair value movements on the investment in RIH will be recognised in profit or loss going forward.

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 for the year ended 31 March 2015 and are in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. 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 listings requirements of the JSE and the Companies Act of South Africa.

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value rather than consolidate them. The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both;
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

Based on the above, the Company is considered to meet all three conditions of the definition and, hence, qualifies as an investment entity.

Investment entities with interests in associates and joint ventures may elect to account for those investments at fair value provided they meet the criteria of IAS 28 and IAS 39. Such election must be applied consistently as a matter of accounting policy choice. The Company reports to its investors via annual and semi-annual results and to its management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the Company's annual reports.

The Board has also concluded that the Company meets the additional characteristics of an investment entity, in that it has exposure to more than one investment (through its 100% held subsidiary); the investments are predominantly in the form of equities and similar securities; and its investors are not related parties. The Board has concluded that the Company continues to meet the definition of an investment entity and will reassess this on an annual basis.

The impact of not consolidating had no impact on the Net Asset Value of the Company, given that the fair value of the subsidiary materially approximates the Net Asset Value of the subsidiary.

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 finalisation of the annual financial statements for the year ending 31 March 2016.

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 single aggregated business and therefore there are no additional reporting requirements in terms of IFRS 8.

for the period ended 30 September 2015

	Unaudited Six months ended 30 September 2015 R	Audited Twelve months ended 31 March 2015 R	Unaudited Six months ended 30 September 2014 R
2. INVESTMENTS			
Fair value hierarchy of financial assets			
Level 1			
Class 1 – Listed shares – Quoted	**–**	241 132 347	196 646 401
Class 2 – Unlisted shares – Quoted	**–**	31 390 404	35 297 800
	–	272 522 751	231 944 201
Level 2			
Class 3 – Unit trusts	**–**	34 956 206	147 322 849
Listed investments held by unit trust	**–**	–	71 521 437
Cash held by unit trust	**–**	34 956 206	75 801 412
Class 4 – Call accounts	**–**	33 014 800	25 326 080
	–	67 971 006	172 648 929
Level 3			
Class 5 – Unlisted shares – Unquoted – available-for-sale	**–**	70 999 261	53 556 698 *
Class 5 – Unlisted shares – Unquoted – fair value through profit and loss – other	**–**	253 681 269	83 487 926 *
Class 5 – Unlisted shares – Unquoted – fair value through profit and loss – RIH	**995 630 978**	117 050 617	20 000 *
	995 630 978	441 731 147	137 064 624
Total financial assets at fair value	**995 630 978**	782 224 904	541 657 754
Non-current assets	**995 630 978**	714 253 898	516 321 461
Current assets	**–**	67 971 006	25 336 293
Total investments	**995 630 978**	782 224 904	541 657 754

* *In the prior interim results, investments to the value of R83 507 926 were incorrectly disclosed as part of available-for-sale investments. The prior period interim disclosure has been amended to correctly disclose the investments as at fair value through profit and loss. This had no effect on the statement of financial position or statement of comprehensive income. The fair values approximated cost and thus no fair value movements had to be recognised.*

Available cash

Cash 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, where applicable.

	Unaudited Six months ended 30 September 2015 R	Audited Twelve months ended 31 March 2015 R	Unaudited Six months ended 30 September 2014 R
2. INVESTMENTS (continued)			
Level 3 reconciliation			
Opening balance	**441 731 147**	130 694 101	130 694 101
Acquisitions (including capital contribution in current period to RIH)	**837 680 226**	6 632 549	3 632 584
Assets transferred to RIH	**(325 954 706)**	–	–
Gains on investments recognised in other comprehensive income	**–**	17 180 537	2 737 939
Gains on investments recognised in profit and loss	**42 174 311**	287 223 960	–
Closing balance	**995 630 978**	441 731 147	137 064 624

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 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
- NAV of the investee if it recognises its assets and liabilities at fair value

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.

There have been no significant changes to the inputs to the fair valuation calculations of the investments to which RAC is exposed. RIH has continued to be valued based on its NAV which is driven by the valuation of the underlying investments.

In terms of IFRS, RAC is an Investment Entity, and therefore no consolidated results are required to be prepared. IFRS requires the fair value disclosure to be prepared at the Unit of Account Level (i.e.: at the level of shares that RAC owns: being RIH). The Board of Directors has decided to provide the following voluntary investment disclosures looking through RIH to the underlying investments. In addition, a summary of the NAV of RIH as well as the underlying valuation techniques and sensitivities have been provided.

NOTES TO THE CONDENSED INTERIM RESULTS continued

for the period ended 30 September 2015

	Unaudited Six months ended 30 September 2015 R	Audited Twelve months ended 31 March 2015 R	Unaudited Six months ended 30 September 2014 R
2. INVESTMENTS (continued)			
Net asset value of RIH (Look-through)			
Fair value hierarchy of financial assets			
Level 1			
Class 1 – Listed shares – Quoted	**221 304 327**	–	–
Class 2 – Unlisted shares – Quoted	**29 842 286**	–	–
	251 146 613	–	–
Level 2	**–**	–	–
Level 3			
Class 5 – Unlisted shares – Unquoted – available-for-sale	**60 640 115**	–	–
Class 5 – Unlisted shares – Unquoted – fair value through profit and loss	**641 530 525**	313 312 036	77 506 574
	702 170 640	313 312 036	77 506 574
Total financial assets at fair value	**953 317 253**	313 312 036	77 506 574
Non-current assets	**953 317 253**	313 312 036	77 506 574
Current assets	**–**	–	–
Total investments	**953 317 253**	313 312 036	77 506 574
Summary of net asset value of RIH			
Total investments from above	**953 317 253**	313 312 036	77 506 574
Loans and receivables	**81 660 481**	–	–
Cash and cash equivalents	**67 158 526**	809	–
Deferred tax	**(65 297 813)**	(24 134 156)	–
Accruals and contingent consideration	**(41 207 469)**	(58 030 305)	–
Loans and payables	**–**	(114 097 767)	(77 486 574)
Net asset value of RIH	**995 630 978**	117 050 617	20 000

NOTES TO THE CONDENSED INTERIM RESULTS continued

for the period ended 30 September 2015

2. INVESTMENTS (continued)

Description of significant unobservable inputs and their sensitivities (level 3 investments)

30 September 2015 (Unaudited)

	Valuation technique	Fair value R'm	Significant unobservable inputs	Range	Sensitivity
Retail: Safari and Outdoor; Fledge (Dischem) (excluding loans)	Multiples	189	EBITDA	4 – 8	A change in multiple up by 1 would result in an increase in fair value of approximately R25 million.
			Discount for lack of marketability and liquidity to listed entity	35% – 45%	A change in discount rate of 10% would result in a change in fair value of approximately R31 million.
Goldrush Group	Multiples	383	EBITDAR	5 – 7	A change in the EBITDAR multiple by 1 would result in an increase or decrease in fair value of approximately R50 million.
Excellerate	Last observable price	26,5	Delisted market price per share versus last observable price	115 cents – 220 cents	
			P/E Multiple, as check on last observable price	6 – 8,5	Using a multiple of 6 to 8,5 would result in a price of 222 to 314 cents per share, before applying a discount for liquidity.
			Discount for lack of marketability and liquidity on P/E Multiple as a check on last observable price	25% – 30%	A change in discount rate of 10% would result in a change in fair value of approximately R4 million. A 30% discount is currently being applied for lack of liquidity.
JB Private Equity Investors Partnership (Sentula)	NAV	23,8	Fair value calculation of trade and other payables	Market-related interest rates	The NAV of the JB Group is directly linked to the underlying investment which is listed on the JSE and is not significantly impacted by the fair value adjustment to trade and other payables and therefore NAV of the JB Group is considered to be fair value.
Mining: West Coast Resources	NAV	77,8	Valuation of mining rights	10%	A multi-period excess earnings method was used to calculate the mining rights in WCR. There are numerous unseen inputs into this calculation. A change in the value of the mining rights by 10% would result in a R14 million change in the NAV of RAC.
Other level 3 investments		2,1			
Total		**702,17**			

2. INVESTMENTS (continued)

Description of significant unobservable inputs and their sensitivities (level 3 investments) (continued)

31 March 2015 (Audited)

	Valuation technique	Fair value R'm	Significant unobservable inputs	Range	Sensitivity
Retail: Safari and Outdoor; Fledge (Dischem) (excluding loans)	Multiples	170	EBITDA	4 – 8	A change in multiple up by 1 would result in an increase in fair value of approximately R20 million.
			Discount for lack of marketability and liquidity to listed entity	35% – 45%	A change in discount rate of 10% would result in a change in fair value of approximately R27 million.
Excellerate	Last observable price	26,5	Delisted market price per share versus last observable price	115 cents – 220 cents	
			P/E Multiple, as check on last observable price	6 – 8,5	Using a multiple of 6 to 8,5 would result in a price of 222 to 314 cents per share, before applying a discount for liquidity.
			Discount for lack of marketability and liquidity on P/E Multiple as a check on last observable price	25% – 30%	A change in discount rate of 10% would result in a change in fair value of approximately R4 million. A 30% discount is currently being applied for lack of liquidity.
RAC Investment Holdings ("RIH")	NAV	117	EBITDAR of substantial underlying investments in RIH	5 – 7	A change in the EBITDAR multiple of the underlying investment by 1 would result in an increase or decrease in fair value of approximately R38 million.
Mining: West Coast Resources	NAV	83,8	Valuation of mining rights	10%	A multi-period excess earnings method was used to calculate the mining rights in WCR. There are numerous unseen inputs into this calculation. A change in the value of the mining rights by 10% would result in a R14 million change in the NAV of RAC.
The American Home	Credit and time value of money discount	41	Discount due to the time value of money (5%) and the increased credit risk of a future dated receipt of redemption proceeds	20% – 30%	A change in discount rate of 10% would result in a change in fair value of approximately R1,5 million. A 30% discount is currently being applied.
Other level 3 investments		3,4			
Total		**441,7**			

2. INVESTMENTS (continued)

Factors that were taken into account by the directors 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. The nature of the fair value calculations means that the calculated fair values could range greatly and are sensitive to indirect and direct quantifiable and unquantifiable inputs. 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. RELATED PARTY TRANSACTIONS

During the current reporting period, the Company disposed of all of its investments to its 100% held subsidiary, RIH, in exchange for shares in RIH. The sale has taken place at the fair value of the investments. As the transaction has been completed in terms of section 42 of the Income Tax Act of South Africa, there are no income tax consequences. In addition, the loan of R114 059 440 has been converted into equity through the issue of additional shares to RAC.

Apart from the above, there were no other significant changes to related parties or related party transactions since the year ended 31 March 2015.

	Unaudited Six months ended 30 September 2015 R	Audited Twelve months ended 31 March 2015 R	Unaudited Six months ended 30 September 2014 R
4. SHARE CAPITAL			
Authorised			
5 000 000 ordinary shares of R0,01 each	**50 000**	50 000	50 000
200 000 000 non-cumulative redeemable participating preference shares of no par value	**–**	–	–
250 000 redeemable preference shares of no par value	**–**	–	–
1 500 000 000 perpetual preference shares of no par value	**–**	–	–
	50 000	50 000	50 000
The 250 000 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.			
The 1 500 000 000 perpetual preference shares will have the rights and privileges, restrictions and conditions as determined by the directors prior to 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
	50 000 000	50 000 000	50 000 000
45 000 000 non-cumulative redeemable participating preference	**450 000 000**	450 000 000	450 000 000
	450 000 000	450 000 000	450 000 000

NOTES TO THE CONDENSED INTERIM RESULTS continued

for the period ended 30 September 2015

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.

	Unaudited Six months ended 30 September 2015 R	Audited Twelve months ended 31 March 2015 R	Unaudited Six months ended 30 September 2014 R
Available-for-sale financial instruments	**–**	93 094 588	72 074 038
Deferred tax on available-for-sale financial instruments	**–**	(13 144 337)	(13 446 912)
Reserves	**–**	79 950 251	58 627 126
Retained income	**492 858 304**	347 023 194	71 040 457
Total reserves and retained income	**492 858 304**	426 973 445	129 667 583

6. CURRENT AND DEFERRED TAXATION

Taxation expense			
Current taxation	**–**	(6 195 408)	(2 227 880)
Current taxation – prior year underaccrual of CGT	**(4 726 878)**	–	–
Deferred taxation	**16 194 907**	(11 121 745)	32 667
Taxation expense	**11 468 029**	(17 317 153)	(2 195 213)
Reconciliation of deferred tax liability			
At beginning of year	**29 196 620**	12 424 971	12 424 971
Temporary difference on receivables and payables	**71 312**	(1 039 721)	(32 667)
Temporary difference on fair value gains through profit and loss	**(16 123 595)**	16 123 595	–
Temporary difference on available-for-sale instruments through other comprehensive income	**(13 144 337)**	1 687 775	755 771
	–	29 196 620	13 148 075

Deferred tax has not been recognised on the fair value gains on the investment in RIH as the manner of expected recovery of the investment is unlikely to result in future tax consequences. Temporary differences not recognised in terms of IAS 12 amount to R199 508 498 (March 2015: R200 847 560, September 2014: Rnil). Deferred tax has been recognised in RIH on the investments that it expects to incur taxes on when realising their value.

7. NET ASSET VALUE

Net asset value attributable to ordinary shareholders	**99 285 830**	92 697 345	62 966 758
Net asset value attributable to preference shareholders	**893 572 474**	834 276 101	566 700 825
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
Net asset value per ordinary share (cents)	**1 986**	1 854	1 259
Net asset value per preference share (cents)	**1 986**	1 854	1 259

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.

	Unaudited Six months ended 30 September 2015 R	Audited Twelve months ended 31 March 2015 R	Unaudited Six months ended 30 September 2014 R
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	**145 835 110**	286 409 443	10 426 706
Adjusted to headline earnings as follows:			
Profit on asset disposal	**(93 094 588)**	(17 149 208)	(7 726 232)
Impairment	**–**	21 225 692	–
Tax adjustment	**–**	(760 982)	1 442 302
Headline earnings	**52 740 522**	289 724 945	4 142 776
Basic and diluted earnings per ordinary and preference shares (cents)	**292**	573	21 *
Headline earnings per ordinary and preference shares (cents)	**105**	579	8 *

* *Restated – The prior year interim results figures were amended to include both preference and ordinary shares. In the prior year interims, earnings per share was calculated based on the number of ordinary shares of 5 000 000. Earnings per share should have been calculated on the total number of ordinary and preference shares (i.e.: 50 000 000) as both classes of share have equal right to participate in the residual interest and profits of the Company. As a result, the earnings per share for the interim period ended 30 September 2014 changed from 209 cents per share to 21 cents per share for basic and diluted earnings per share and from 83 cents per share to 8 cents for headline earnings per share.*

9. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 September 2015, RIH has purchased an additional 3% in Goldrush for R30 million in terms of the existing option agreement.

Apart from the above, the directors are not aware of any matter or circumstance arising since the end of the reporting period.

10. CESSION AND GUARANTEE

During the period, RIH entered into an agreement with ABSA Bank Limited ("ABSA") to provide it with funding in the amount of R150 million for the purchase of additional investments. In terms of the agreement, RAC has provided a guarantee in favour of ABSA should RIH not meet its financial commitments in terms of the funding agreement. Given that the probability of RIH not meeting its funding requirements is very remote, no financial liability has been raised by RAC as the fair value is considered to be negligible. As at 30 September 2015, RIH had not drawn any funding from ABSA.

11. DIVIDENDS

No dividend has been declared.