RECM AND CALIBRE

RECM AND CALIBRE LIMITED

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

UNAUDITED UNREVIEWED CONDENSED INTERIM FINANCIAL RESULTS

for the six months ended
30 September 2019

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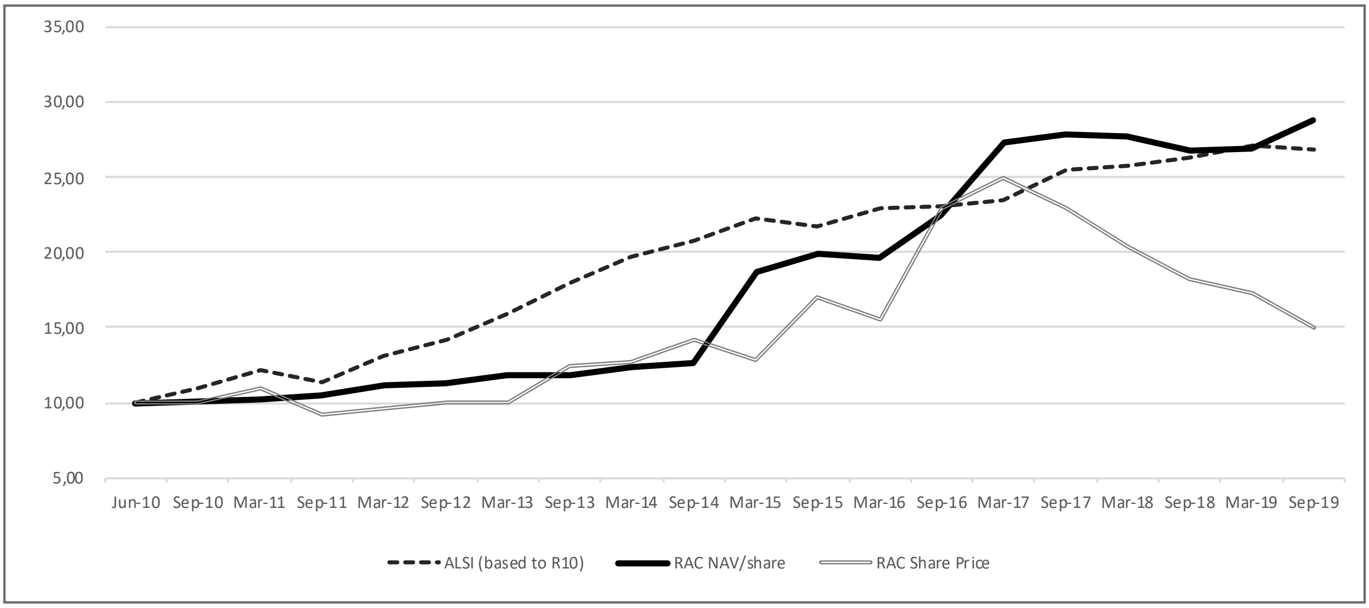
Letter to shareholders

At 30 September 2019, RAC's Net Asset Value ("NAV") per share (ordinary and participating preference) amounted to R28,88. This represents an increase of 7,3% over the first six months of the financial year, and an increase of 7,5% over 12 months. The JSE All Share (Total Return) index generated a loss of 0,8% and a gain of 1,9% over the same periods.

The following chart shows the progression of the RAC NAV per share against the JSE All Share Index, including dividends. R10 invested in RAC participating preference shares in June 2010 has grown to R28,88 in NAV after all fees and taxes. The same amount invested in the JSE All Share Index would have grown to R26,86.



INTRODUCTION

We understand and appreciate that some of our shareholders are disappointed with the price at which our participating preference shares currently trade. This is not something we focus on or try to manage. Management should focus on their business and let the market determine the price of the shares. We therefore only take account of the discount to the NAV per share to the extent that it provides RAC and our fellow shareholders with a good investment opportunity. Our only aim is and remains to maximise the growth in per share Net Asset Value.

While the share price is outside of our control, the growth in NAV per share is our responsibility. Since inception, the 12% per annum growth rate in that metric has outperformed the opportunity set available to the average investor, being the ALSI, and delivered more than twice the inflation rate. Over the past five years, our NAV per share compounded at 18% per annum, during a period where the opportunity set has been particularly meagre and the ALSI delivered 5,4% annual compound returns. We are proud of this achievement.

RESULTS COMMENTARY

For the last six months, RAC's results were driven by the unlocking of value in Astoria and further acquisitions of Goldrush shares.

Lasting long-term value is built over time, in good times but more so in the bad. Beyond portfolio transaction activity, value is created through the activity of our colleagues, being the co-owners and managers of the businesses we own, in the way they run their businesses and serve their customers. It has become customary for South Africans to blame tough economic and political conditions for things that go wrong and to focus on the negative. We are very proud of the fact that our colleagues have kept their heads down and continued building their various businesses. Goldrush and Outdoor Investment Holdings are opening more stores. Isa Carstens is building additional student accommodation in Pretoria and developing more qualifications.

This is not the time to shy away from committing capital to real business. In a world where very little capital is being committed, and most investors are clamouring for the return of capital and hoarding cash, those that are prepared to write the cheques can command outsized returns. This is exactly the kind of environment which RAC's structure has been designed to withstand. The stability of our capital structure, and the lack of market noise for the management teams of our investee companies allow us to operate with confidence. We count ourselves proudly in the camp of the pro-active capital allocators.

As at 30 September 2019, the make-up of our NAV on a look-through basis consists of:

			Directors Fair Value (R'm)		
	% ownership	% of total assets	**Unaudited 30 September 2019**	Audited 31 March 2019	Unaudited 30 September 2018
Core investments		89	**1 654,7**	1 817,5	1 690,3
Goldrush	58,8	71	**1 329,4**	1 089,3	1 038,0
Outdoor Investment Holdings	33,0	6	**102,7**	96,3	85,5
Astoria Investments	29,4	5	**87,9**	485,5	444,9
JB Private Equity (UCP)	90,0	5	**85,7**	96,2	71,7
ISA Carstens	49,0	2	**49,0**	50,2	50,2
Portfolio investments		5	**92,3**	99,0	162,8
Trans Hex	31,6	2	**33,9**	37,4	87,5
RECM Hedge Fund	0,0	2	**41,3**	37,5	45,0
Conduit Capital	2,3	1	**17,1**	24,1	30,3
Realised investments		0	**–**	41,9	84,6
College SA*	0,0	0	**–**	41,9	58,9
DAWN	0,0	0	**–**	–	9,1
La Concorde	0,0	0	**–**	–	16,6
Other investments		4	**75,4**	68,2	92,0
Cash and receivables		2	**39,2**	57,2	41,7
Total assets			**1 861,6**	2 083,8	2 071,4
CGT and other liabilities		(7)	**(133)**	(120,5)	(155,4)
Bank funding		(14)	**(251,5)**	(586,3)	(542,3)
Net assets			**1 477,1**	1 377,0	1 373,7
Net asset value per share ("R")			**28,88**	26,92	26,86

** The largest part of CollegeSA was sold during this period. The remaining education businesses are now classified under "Other Investments"*

INCREASE IN NAV PER SHARE

The increase in NAV per share of 7,3% for the six months equates to a monetary increase of R100,1m. The composition of the increase on a look-through basis is as follows:

	Unaudited Six months ended 30 September 2019 R	Unaudited Six months ended 30 September 2018 R
Interest and dividends received	**12 830 283**	39 350 926
Return of Capital from Astoria	**452 842 935**	–
Adjustment to fair value of Astoria	**(398 947 541)**	56 480 877
Adjustment to fair value of assets other than Astoria	**84 969 250**	(112 572 881)
Financing expenses	**(20 760 849)**	(21 300 055)
Realised profits on sale of assets	**1 645 777**	239 340
Investment advisory fees	**(10 986 793)**	(11 180 857)
Operating expenses	**(2 584 975)**	(3 447 653)
Tax paid	**(1 490 273)**	(1 627 507)
Tax reversed/(provided for)	**(17 361 993)**	7 041 028
Net increase/decrease in NAV	**100 155 821**	(47 016 782)

Our valuation method and philosophy remains unchanged, except for our valuation of Goldrush, which has now been calculated with reference to EBITDA (earnings before interest, tax, depreciation and amortisation) compared to an EBITDAR (earnings before interest, tax, depreciation, amortisation and machine rental) valuation in prior years.

All listed assets are held at market price, while unlisted assets are held 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 International Financial Reporting Standards ("IFRS"). Due to the inherent uncertainty of valuing influential stakes in unlisted, untraded assets, this range is necessarily quite wide. Since inception, RAC management has consistently valued the investments towards the lower end of this range.

We explicitly take account of the impact of capital gains tax, where applicable. We properly account for and disclose this very real reduction in net realisable value in our intrinsic value calculation. RAC management regards tax as a significant and real cost of doing business. As with all other costs we manage our exposure very carefully.

Investors should also take our fee structure into account when estimating RAC's intrinsic value. RAC pays 1,15% (including VAT) p.a. of the portfolio value for investment management services. There are many views in the marketplace as to the capital value of such a contractual payment. We suggest you deduct your own estimate of this value from your opinion of our overall value.

CORE INVESTMENTS

Goldrush

During the first six months of the year, Goldrush grew its operations both organically and through new bingo store openings. Revenue for the six months came to R701m, up 12% from R625m in the same period last year.

The bingo division opened 2 new stores, bringing the total number of operating bingo properties to 29. This leaves Goldrush with another 6 bingo licences to activate, which are all planned within the next two years. Apart from the actual stores that went live during this period, construction is currently under way on 2 more properties, which will open before the end of the financial year. Of the total number of operating properties, 8 were opened during the previous 2 years. Even though these properties have already contributed to the growth in the business, our experience is that a site takes three to four years to mature. Revenue for the bingo division for the six months was R480m, up 12,7% from R426m for the same period last year.

The LPM division increased the number of active machines to 2 109, up from 1 778 in September last year. Revenue for the six months totalled R169m, up only 5,6% from R160m for the same period last year as most of the roll-out happened late in the period.

The focus of the sports betting division during this period was on improving operations and profitability after rolling out 36 sports betting retail shops last year. Revenue for the six months came to R52m, up 36,7% from R38m in the same period last year.

Starting this financial year, we amended our valuation method for Goldrush. Early in the life of the business we used normalised EBITDAR (earnings before interest, tax depreciation and machine rentals) as a stable yardstick of the progress of the business. We applied a multiple of 7 times to this earnings as a base to derive our valuation.

As the business has now matured sufficiently, we have adopted EBITDA as the stable and reliable yardstick of the progress of the business. We apply a multiple of 9 times to this earnings as the base of our valuation. Our sustainable EBITDA increased by 8% over the six months. Taking into account slightly increased debt levels in the business to fund the final roll-out of the KZN properties and the repurchase of shares, our equity valuation for Goldrush comes to R2,26bn, up 4% from R2,18bn at the beginning of the financial year.

RAC's investment in Goldrush increased by R240,1m during this period. R132,6m of this represents the purchase of a further 7,8% of Goldrush, while the rest represents the increase in the valuation. The company bought back some of its own shares, bringing RAC's shareholding to 58,8%.

During the last six month period Goldrush fixed the interest rates on all of its outstanding term debt.

Outdoor Investment Holdings

Outdoor Investment Holdings (OIH) and its subsidiaries Safari Outdoor, Formalito and Inyathi Sporting Supplies maintained sales and margins in line with the same period last year. Cost control contributed a small benefit to the bottom-line.

The market for further hunting and outfitting shops is limited. OIH is pursuing growth through the Family Pet Centre. The first store in Midrand has been operating for about two years and we are confident that the they have proven the concept. In August, the second store opened in Fourways as the first step in a planned roll-out phase.

During the period OIH bought back 5% of its shares which resulted in RAC's shareholding in OIH Increasing to 33%.

Astoria Investments Limited ("Astoria")

In April Astoria made a capital distribution of R12,82 per share to its shareholders. This returned cash of R453m to RAC, which was used to make further investments and to repay debt at the centre.

After the capital distribution, Astoria was left with about $23m of assets, in a combination of cash, investments in global private equity funds and a small listed UK Wealth manager. Since then, the board of Astoria has been realising the underlying portfolio of investments into cash. These investments have been sold at discounts to their latest carrying value, in some cases as high as 35%.

A portion of the underlying investments has not been sold yet or do not seem to have a reasonable expectation of being sold in the near term. Nonetheless, the Astoria share price has been approaching the publicly disclosed Net Asset Value per share over this period, closing at R2,43 at our half year-end.

RAC originally bought its interest in Astoria at an average price of R11,07 per share. The combination of the capital distribution of R12,82 per share and the current share price added a net contribution of more than R84m to the NAV of RAC, after having incurred finance expenses of R63.7m over the period of the transaction. Our current shareholding in Astoria leaves RAC with further options to enhance our NAV.

Astoria is a listed business, and further information can be found at http://www.astoria.mu/

The JB Private Equity Partnership

The only asset held by JB Private Equity Partnership is a 37% stake in Unicorn Capital Partners Limited ("UCP").

UCP subsidiary Richie crane hire continues to do well, while Geosearch and JEF Drill and Blast have maintained previous performance. Nkomati Anthracite has proven out a large resource body, which so far has been difficult to mine profitably.

UCP is a listed business, and further information can be found at https://www.unicorncapital.co.za/

ISA Carstens

We have been working with the controlling family to recruit and entrench new management skills, grow the student numbers and to develop further academic offerings for students.

The first half of this year has seen significant progress, with Ian Mundell joining ISA as Group CEO, after having successfully overseen the sale of CollegeSA in August. The growth in student numbers at the Pretoria campus has meant that ISA has to build additional student accommodation on the campus, which should be ready for occupation at the commencement of the 2020 academic year.

ISA has also been investing in its sales functions, academic delivery technology and in developing courses which have a strong focus on business and delivering business-ready students.

The reduction in our valuation for ISA Carstens reflects a cash repayment we received in this period as part of finalising the purchase transaction.

PORTFOLIO INVESTMENTS

Trans Hex Group Limited ("Transhex")

Transhex owns and manages three operations: Shallow water mining, 67% of West Coast Resources ("WCR") and 33% of Somiluana in Angola. The business has gone through a period of significant cost reductions, particularly at the head-office level.

WCR has been struggling for some time. Transhex management engaged a third party with regards to the sale of WCR. On Friday, 18 October, Transhex announced that these negotiations had been called off and that WCR has been put into provisional liquidation. This action has no impact on the NAV of RAC, save for the share price movement of Transhex.

Somiluana's production is in line with expectations, but it remains challenging to repatriate foreign currency from Angola.

The business is in the process of being taken private, with a current offer to minorities, other than RAC and our fellow controlling shareholders, of R1 per share. We expect this transaction to close during November.

Transhex is a listed business, and further information can be found at https://www.transhex.co.za/

RECM Flexible Value Fund

Our investment in the RECM Flexible Value Fund gained just over 10,2% during the period under review. The fund's benchmark, the JSE All Share Index, lost 0,8%.

The portfolio benefited primarily from owning a number of cheap, illiquid stocks in South Africa and from a number of short positions in listed property counters. The manager has found ample opportunity to add further exposure to the portfolio during this period, both in listed equity and in private credit transactions.

A fact sheet on this fund can be found at: https://www.recm.co.za/MinimumDisclosureDocuments

Conduit Capital

Conduit Capital, whose major asset is Constantia Insurance, continues in its efforts to build a high quality diversified insurance business, supported by a value orientated, non-insurance related investment portfolio. The financial result of this combination in the past year nearly halfed the NAV of the business, as the market value of its investment portfolio dropped at the same time as the aggressive ramping up the insurance business lead to operating losses. As unpleasant as this result looks and feels to investors, we agree with management's strategy for the business.

Conduit is a listed business, and further information can be found at https://www.conduitcapital.co.za/

Portfolio activity

During the six months, we sold CollegeSA, the distance learning Technical and Vocational Education Training business which was the original investment that got us started in the education space. After our investment in ISA Carstens, it became quite clear to us that not all tertiary education businesses are made equal, and that we would rather choose to spend our efforts and invest capital in ISA Carstens in future. When we received an offer for CollegeSA, it was therefore an easy decision to proceed with a transaction.

CollegeSA was sold for the value at which we carried it at year-end. This price reflected the original cost of the business, but not the effort or the additional capital we had to invest during the period of turn around, and which we had impaired already. The remaining parts of the education business are fairly small and are now classified under "Other investments". The cash for the transaction was applied to paying down debt.

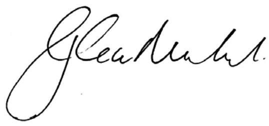
CollegeSA detracted from our NAV per share. The only redeeming feature is that the investment led us to ISA Carstens.

Balance Sheet

As at September, we have outstanding debt of R251,5m in the form of preference shares issued to ABSA, and we have cash of R39,2m. Apart from the acquisition of Goldrush and Astoria shares and some small investments in some of our newer opportunities, we have used all the cash from realisations to pay down debt at the centre.

This leaves us with further committed borrowing capacity of more than R100m to fund the growth of our NAV per share. Normally this would take the form of further investments into existing portfolio companies or into new opportunities. However, given the current discount at which our own participating preference shares trade relative to our NAV, the hurdle for any new investment is extremely high.

Signed on behalf of the board



Piet Viljoen **Jan van Niekerk**

Cape Town
29 October 2019

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:
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Transfer Secretaries:
Link Market Services South Africa (Pty) Ltd, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2004

Sponsor:
Questco Corporate Advisory (Pty) Ltd, 1st Floor, Yellowwood House, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston, 2021

Statement of financial position

	Notes	**Unaudited 30 September 2019 R**	Audited 31 March 2019 R	Unaudited 30 September 2018 R
ASSETS				
Non–current assets		**1 476 343 888**	1 376 853 748	1 373 864 410
Investments	2	**1 476 343 888**	1 376 853 748	1 373 864 410
Current assets		**1 513 574**	1 000 735	220 104
Investments	2	**1 507 064**	969 658	137 148
Trade and other receivables		**–**	9 860	–
Cash and cash equivalents		**6 510**	21 217	82 956
Total assets		**1 477 857 462**	1 377 854 483	1 374 084 514
EQUITY AND LIABILITIES				
Equity				
Share capital – ordinary shareholders	4	**18 206 250**	18 206 250	18 206 250
Share capital – preference shareholders	4	**506 296 000**	506 296 000	506 296 000
Retained income		**952 616 327**	852 460 506	849 160 935
Total equity		**1 477 118 577**	1 376 962 756	1 373 663 185
Current liabilities		**738 885**	891 727	421 329
Trade and other payables		**735 437**	889 297	421 045
Current tax payable		**3 448**	2 430	284
Total equity and liabilities		**1 477 857 462**	1 377 854 483	1 374 084 514
Net asset value				
Net asset value attributable to ordinary shareholders		**108 293 151**	100 950 349	100 708 445
Net asset value attributable to preference shareholders		**1 368 825 426**	1 276 012 407	1 272 954 740
Net asset value per ordinary share (cents)	6	**2 888**	2 692	2 686
Net asset value per preference share (cents)	6	**2 888**	2 692	2 686

Statement of comprehensive income

	Notes	**Unaudited Six months ended 30 September 2019 R**	Audited Twelve months ended 31 March 2019 R	Unaudited Six months ended 30 September 2018 R
Revenue		**1 533 668**	1 523 370	513 643
Operating expenses		**(858 806)**	(1 698 371)	(1 000 679)
Operating profit/(loss)		**674 862**	(175 001)	(487 036)
Fair value gains/(losses) on subsidiary		**99 490 140**	(43 314 549)	(46 303 887)
Profit/(loss) before taxation		**100 165 002**	(43 489 550)	(46 790 923)
Taxation	5	**(9 181)**	(227 661)	(225 859)
Profit/(loss) after taxation		**100 155 821**	(43 717 211)	(47 016 782)
Other comprehensive income for the period net of taxation		**–**	–	–
Total comprehensive income/(loss)		**100 155 821**	(43 717 211)	(47 016 782)
Earnings and headline earnings per share				
Per share information (ordinary and preference)				
Basic and diluted earnings per share (cents)	7	**196**	(85)	(92)
Headline and diluted headline earnings per share (cents)	7	**196**	(85)	(92)

Statement of changes in equity

	Preference share capital R	Ordinary share capital R	Retained income R	Total shareholders' equity R
Balance 31 March 2018	506 296 000	18 206 250	896 177 717	1 420 679 967
Profit	–	–	(47 016 782)	(47 016 782)
Other comprehensive income	–	–	–	–
Balance 30 September 2018	506 296 000	18 206 250	849 160 935	1 373 663 185
Profit	–	–	3 299 571	3 299 571
Other comprehensive income	–	–	–	–
Balance 31 March 2019	**506 296 000**	**18 206 250**	**852 460 506**	**1 376 962 756**
Profit	**–**	**–**	**100 155 821**	**100 155 821**
Other comprehensive income	**–**	**–**	**–**	**–**
Balance 30 September 2019	**506 296 000**	**18 206 250**	**952 616 327**	**1 477 118 577**
Note	4	4		

Statement of cash flows

	Unaudited Six months ended 30 September 2019 R	Audited Twelve months ended 31 March 2019 R	Unaudited Six months ended 30 September 2018 R
Cash flows from operating activities			
Cash utilised in operations	**(1 002 806)**	(1 641 802)	(1 402 502)
Interest income	**262**	773	556
Dividends received	**–**	500 000	500 000
Tax paid	**(8 163)**	(3 866)	(4 210)
Net cash outflow from operating activities	**(1 010 707)**	(1 144 895)	(906 156)
Cash flows from investing activities			
Sale of investments	**996 000**	1 130 868	970 000
Purchase of investments	**–**	–	(16 132)
Net cash inflow from investing activities	**996 000**	1 130 868	953 868
Total cash movement for the period	**(14 707)**	(14 027)	47 712
Cash at beginning of period	**21 217**	35 244	35 244
Total cash and cash equivalents at end of period	**6 510**	21 217	82 956

Notes to the condensed interim results

for the period ended 30 September 2019

GROUP STRUCTURE

RAC was established in 2009 as a closed-end investment entity that makes long-term investments, with the objective of generating high real returns from capital appreciation, investment income or both. 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"), Livingstone Investments (Pty) Ltd ("Livingstone"), or directly.

Given that the majority of investments are held through RIH, RAC has provided the fair value disclosure in two parts in note 2. Notes 2.1 and 2.3 disclose the investment in RIH as required by IFRS and notes 2.2 and 2.4 provide additional disclosures that the directors deem useful by looking through RIH and RIH's wholly owned subsidiary Livingstone to the underlying investments. All fair value movements on the investment in RIH are recognised in profit or loss.

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 2019. The accounting policies continue to be 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 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.

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 2020.

Assessment as investment entity

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; and
- an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis (refer to note 2 for additional disclosures relating to fair value).

Based on the above, the Company is considered to meet all three conditions of the definition and, hence, qualifies as an investment entity. Consolidated Financial Statements are therefore not prepared.

In line with RAC carrying its investment in RIH at fair value, RAC has also applied the exemption in IAS 28 to carry any interests in associates and joint ventures at fair value through profit or loss. Such application is applied consistently due to the fact that the Company is an investment entity and evaluates its investments on a fair value basis. 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 report.

The Board has also concluded that the Company meets the additional characteristics of an investment entity, in that it has exposure, directly or indirectly, to more than one investment; the investments are predominantly in the form of equities and similar securities; and its investors are not related parties. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

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 is no additional reporting requirements in terms of IFRS 8.

	Unaudited Six months ended 30 September 2019 R	Audited Twelve months ended 31 March 2019 R	Unaudited Six months ended 30 September 2018 R
2. INVESTMENTS			
Fair value hierarchy of financial assets			
Level 2			
Class 4 – Money market fund	**1 507 064**	969 658	137 148
	1 507 064	969 658	137 148
Level 3			
Class 5 – Unlisted shares – Unquoted – fair value through profit or loss	**1 476 343 888**	1 376 853 748	1 373 864 410
	1 476 343 888	1 376 853 748	1 373 864 410
Total financial assets at fair value	**1 477 850 952**	1 377 823 406	1 374 001 558
Non-current assets – fair value through profit or loss	**1 476 343 888**	1 376 853 748	1 373 864 410
Current assets – fair value through profit or loss	**1 507 064**	969 658	137 148
Total investments	**1 477 850 952**	1 377 823 406	1 374 001 558
Available cash			
Cash is held both directly and indirectly on call, along with indirectly through a money market unit trust investment.			
Level 3 reconciliation			
Opening balance	**1 376 853 748**	1 420 152 165	1 420 152 165
Acquisitions	**–**	16 132	16 132
Gains/(losses) on investments recognised in profit and loss	**99 490 140**	(43 314 549)	(46 303 887)
Closing balance	**1 476 343 888**	1 376 853 748	1 373 864 410

2. INVESTMENTS (continued)

Level 1

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

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

Level 2

Class 3 financial assets are valued based on the price of the underlying assets.

Class 4 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

Class 6 financial assets are unlisted shares valued at the last traded price between third parties if the transaction occurred within the last six months.

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; and
- 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 except for our valuation of Goldrush which has now been calculated on an EBITDA (earnings before interest, tax, depreciation and amortisation) multiple compared to an EBITDAR (earnings before interest, tax, depreciation, amortisation and machine rental) multiple in prior years. 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 and those are shown above). The Board of Directors has decided to provide the following voluntary disclosures looking through the 100% held subsidiaries, RIH and Livingstone, 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.

2. INVESTMENTS (continued)

	Unaudited Six months ended 30 September 2019 R	Audited Twelve months ended 31 March 2019 R	Unaudited Six months ended 30 September 2018 R
Fair value hierarchy of financial assets held by RAC Investment Holdings (Pty) Ltd and Livingstone Investments (Pty) Ltd			
Level 1			
Class 1 – Listed shares – Quoted	**138 916 934**	533 319 428	558 620 069
Class 2 – Unlisted shares – Quoted	**–**	–	16 567 120
	138 916 934	533 319 428	575 187 189
Level 2			
Class 3 – Hedge Fund	**41 300 606**	37 471 361	44 976 114
Class 4 – Money market fund	**34 791 759**	12 443 554	7 279 488
	76 092 365	49 914 915	52 255 602
Level 3			
Class 5 – Unlisted shares – Unquoted – fair value through profit or loss	**1 558 261 560**	1 350 945 307	1 281 924 418
	1 558 261 560	1 350 945 307	1 281 924 418
Total financial assets at fair value	**1 773 270 859**	1 934 179 650	1 909 367 209
Non-current assets	**1 738 479 100**	1 921 736 096	1 457 164 421
Current assets	**34 791 759**	12 443 554	452 202 788
Total investments	**1 773 270 859**	1 934 179 650	1 909 367 209
Summary of net asset value of RIH and Livingstone			
Total investments from above	**1 773 270 859**	1 934 179 650	1 909 367 209
Loans and receivables	**86 770 730**	91 377 348	111 311 294
Cash and cash equivalents	**2 671 443**	43 532 573	34 174 329
Deferred tax	**(127 548 204)**	(110 178 022)	(119 174 301)
Contingent consideration and options	**–**	16 616 415	19 331 015
Loans and payables	**(7 319 911)**	(12 366 564)	(7 641 044)
Preference shares issued to Absa	**(251 501 029)**	(350 344 854)	(350 320 664)
Loan from Absa	**–**	(202 238 154)	(192 044 181)
Loan from Calibre Treasury and Management Services	**–**	(33 724 644)	(31 139 247)
Net asset value of RIH	**1 476 343 888**	1 376 853 748	1 373 864 410

2. INVESTMENTS (continued)

Description of significant unobservable inputs and their sensitivities

30 September 2019

2.1 Description of significant unobservable inputs and sensitivities of RAC (level 3 investment)

	Valuation technique	Fair value Rm	Significant unobservable inputs	Input value	Sensitivity
RAC Investment Holdings ("RIH")	NAV	1 476,3	Earnings and multiple of the underlying investments (refer to the breakdown below)	N/A	A change in the multiple of the underlying investment by 1 would result in an increase or decrease in fair value of approximately R161m.

2.2 The below table shows the sensitivities per underlying investment as if these were held directly by RAC (level 3 investment)

Safari and Outdoor	Multiple	102,7	PBIT	6	A change in multiple by 1 would result in an change in fair value of approximately R24m.
Goldrush Group	Multiple	1 329 ,4	EBITDA	9	A change in the EBITDA multiple by 1 would result in an increase or decrease in fair value of approximately R167,7m.
JB Private Equity Investors Partnership	NAV	70,7	N/A	N/A	The NAV of the JB Private Equity Investors Partnership is directly linked to the underlying investment in Unicorn Capital which is listed on the JSE and is not currently significantly impacted by any fair value adjustment to trade and other payables and therefore NAV of the JB Private Equity Investors Partnership is considered to be fair value. A 10% movement in the Unicorn Capital share price would have a R7m impact on the Partnership NAV.
ISA Carstens (excluding non-equity investments)	Multiple	34	PAT	3	A change in multiple up or down by 1 would results in a change in fair value of approximately R5m.
	Capitalisation rate		Rent received	9%	A change in the capitalisation rate up or down by 1% would result in a change in fair value of approximately R3,8m.
Other level 3 investments		21,5			
Total		**1 558,3**			

2. INVESTMENTS (continued)

31 March 2019

2.3 Description of significant unobservable inputs and sensitivities of RAC (level 3 investment)

	Valuation technique	Fair value Rm	Significant unobservable inputs	Input value	Sensitivity
RAC Investment Holdings ("RIH")	NAV	1 377	Earnings and multiple of the underlying investments (refer to breakdown below)	N/A	A change in the valuation techniques as documented below would result in change in fair value of R220m.

2.4 The below table shows the sensitivities per underlying investment held by RIH as if these were held directly by RAC (level 3 investment)

Safari and Outdoor	Multiple	96,3	PBIT	6	A change in multiple by 1 would result in an change in fair value of approximately R23,1m.
Goldrush Group	Multiple	1 089,3	EBITDAR	7	An increase or decrease in the EBITDAR multiple by 1 would result in a change in fair value of approximately R175,3m.
JB Private Equity Investors Partnership	NAV	82,5	N/A	N/A	The NAV of the JB Private Equity Investors Partnership is directly linked to the underlying investment in Unicorn Capital Partners Limited (which is listed on the JSE) and it is not currently significantly impacted by any fair value adjustment to trade and other payables and therefore NAV of the JB Private Equity Investors Partnership is considered to be fair value. A 10% upward or downward movement in the Unicorn Capital Partners share price would have a R8,2m impact on the Partnership NAV.
ISA Carstens (excluding non equity investments)	Multiple	35,2	PAT	3	A change in multiple up or down by 1 would results in a change in fair value of approximately R5m.
	Capitalisation rate		Rent received	9%	A change in the capitalisation rate up or down by 1% would result in a change in fair value of approximately R3,8m.
SA College	Multiple	41,9	Sales	0,8	A change in multiple by 10% would result in a change in fair value of approximately R4,6m.
Other level 3 investments		5,9			
Total		**1 351,1**			

Factors that were taken into account by management 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 hunting equipment industry has 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. 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

There were no significant changes to related parties or related party transactions since the year ended 31 March 2019.

	Unaudited Six months ended 30 September 2019 R	Audited Twelve months ended 31 March 2019 R	Unaudited Six months ended 30 September 2018 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	**–**	–	–
250 000 000 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 250 000 000 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 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			
3 750 000 Ordinary shares of R0,01 each	**37 500**	37 500	37 500
Share premium	**18 168 750**	18 168 750	18 168 750
	18 206 250	18 206 250	18 206 250
47 400 000 non-cumulative redeemable participating preference shares	**506 296 000**	506 296 000	506 296 000
	506 296 000	506 296 000	506 296 000

5. CURRENT AND DEFERRED TAXATION

	Unaudited Six months ended 30 September 2019 R	Audited Twelve months ended 31 March 2019 R	Unaudited Six months ended 30 September 2018 R
Taxation expense			
Current taxation	**(9 181)**	(227 661)	(225 859)
Taxation expense	**(9 181)**	(227 661)	(225 859)
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 R587 702 842 (March 2019: R488 212 702, September 2018: R484 420 005). Deferred tax has been recognised in RIH on the investments that it expects to incur taxes on when realising their value.			

6. NET ASSET VALUE

	Unaudited Six months ended 30 September 2019 R	Audited Twelve months ended 31 March 2019 R	Unaudited Six months ended 30 September 2018 R
Net asset value attributable to ordinary shareholders	**108 293 151**	100 950 349	100 708 445
Net asset value attributable to preference shareholders	**1 368 825 426**	1 276 012 407	1 272 954 740
Number of shares in issue			
Ordinary shares	**3 750 000**	3 750 000	3 750 000
Preferences shares	**47 400 000**	47 400 000	47 400 000
Net asset value per ordinary share (cents)	**2 888**	2 692	2 686
Net asset value per preference share (cents)	**2 888**	2 692	2 686

7. EARNINGS AND HEADLINE EARNINGS PER SHARE

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

	Unaudited Six months ended 30 September 2019 R	Audited Twelve months ended 31 March 2019 R	Unaudited Six months ended 30 September 2018 R
Number of shares in issue			
Ordinary shares	**3 750 000**	3 750 000	3 750 000
Preferences shares	**47 400 000**	47 400 000	47 400 000
Total weighted average number of shares	**51 150 000**	51 150 000	51 150 000
Earnings			
Net profit/(loss) after tax	**100 155 821**	(43 717 211)	(47 016 782)
Headline earnings	**100 155 821**	(43 717 211)	(47 016 782)
Basic and diluted earnings per ordinary and preference share (cents)	**196**	(85)	(92)
Headline and diluted headline earnings per ordinary and preference share (cents)	**196**	(85)	(92)

The Company has no dilutive instruments in issue as at 30 September 2019.

8. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 September 2019 Trans Hex Group Limited announced that an application was made to the High Court (Western Cape Division) for West Coast Resources Proprietary Limited to be placed into Liquidation. Please refer to the shareholders letter on page 5 for further information.

9. DIVIDENDS

No dividend has been declared.

10. GUARANTEE, CESSION AND PLEDGE

As at 30 September 2019, RIH had 250 redeemable preference shares (March 2019: 350; September 2018: 350) of R1 000 000 each outstanding, issued to Absa Bank Limited ("Absa"). The preference shares pay a preference dividend on the 31 March and 30 September each year at a rate equivalent to 115% of prime and are redeemable on 30 October 2020.

RIH redeemed 100 preference shares during the six months ended 30 September 2019 at par.

RAC and RIH provided the following securities to Absa in terms of the Preference Share Agreement:

- RAC pledged its shares held in RIH to Absa
- RAC provided a guarantee in favour of Absa for the full, complete and punctual payment and performance by RIH of all its obligations under the Preference Share Agreement amounting to R31m (March 2019: 42,9m; September 2018: R42,3m) within one year and R252,4m (March 2019: 374,8m; September 2018: R172,1m) within two years
- RIH pledged its shares held in Goldrush to Absa

The securities will remain in full force until such time as the preference shares issued to Absa have been fully redeemed and all payments made.

As at 30 September 2019, both the value of RAC's pledged shares in RIH as well as RIH's pledged shares in Goldrush exceeded the value of the preference shares issued to Absa. The directors of RAC foresee the possibility of RAC needing to make any payments under the guarantee as being highly remote.

RIH may not pay any distribution in excess of R1,5m per annum to RAC without the prior consent of Absa.

As at 31 March 2019 Livingstone Investments (Pty) Ltd ("Livingstone"), a wholly owned subsidiary of RIH, had a loan from ABSA totalling R202,1m. Livingstone has repaid the loan and total interest to Absa and all securities were released.