RAC

RECM AND CALIBRE

INTEGRATED ANNUAL REPORT 2020

Contents

Company profile

RECM and Calibre Limited ("RAC") was established in 2009 as a joint venture between Regarding Capital Management (Pty) Ltd ("RCM") (a fund management firm) and Calibre Capital (RF) (Pty) Ltd ("Calibre") (a private equity firm). The listing of the non-cumulative redeemable participating preference shares (JSE share code: "RACP") was successfully completed in June 2010. RAC is controlled by Piet Viljoen and Jan van Niekerk and they, together with Theunis de Bruyn, control both RCM and Calibre.

INVESTMENT OBJECTIVE

RAC makes long-term investments, with the objective of generating high real returns from capital appreciation, investment income or both. We achieve this through the acquisition of assets where size, liquidity, regulations or complexity act as a deterrent to most buyers. Our preference is to partner with good management teams of good businesses for long periods of time, but we will make ad hoc investments from time to time.

RISK MANAGEMENT

RAC believes the best way to manage risk is to build a large margin of safety into the price paid when assets are acquired. Such a margin of safety may consist of a price far below intrinsic value or alternatively, it may reside in the high-quality nature of the asset acquired. The quality of an asset is normally determined by factors including significant barriers to entry, the sustainability of these barriers and good management.

INVESTMENT UNIVERSE

RAC has a very broad investment universe, and is able to invest in any asset (public or private) in any geography (both inside and outside South African borders). We believe our broad universe to be a significant competitive edge. However, we prefer to stick to areas in which we have a high level of competence in analysing the situation.

STRUCTURE

RAC is funded through the issue of two types of securities, ordinary shares and participating preference shares. The ordinary shares are unlisted, while the participating preference shares are listed on the JSE. The economic interests of the ordinary and participating preference shares are exactly the same, although only the ordinary shares have voting power (except in certain special situations, which are more fully explained in the pre-listing statement and Memorandum of Incorporation, available at www.racltd.co.za).

INVESTMENT MANAGEMENT

The investment management function of RAC has been outsourced to two investment managers, being RAC Advisory (Pty) Ltd and Regarding Capital Management (Pty) Ltd (for purposes of this report, collectively 'RECM'), under discretionary mandates. Both RAC Advisory and Regarding Capital Management are controlled by Piet Viljoen, Theunis de Bruyn and Jan van Niekerk.

RAC is a long-term investment Company and all operational and administrative functions have been outsourced to other entities, including RECM, as RAC does not employ any staff.

RECM thus performs:

1. An investment management function for RAC according to RAC's specific mandate; and
2. Administrative and operational functions on behalf of RAC.

All remaining content of this report should be read in this context. For the avoidance of doubt, where any reference is made to a function performed by the Company, other than a function performed by the Board or the Company itself, it should be read and understood that that function was performed by a delegated entity as described above.

Board of directors

PIETER GERHARDT VILJOEN (57)

Executive Chairperson

BCom (Hons), CFA

Appointed: 24 June 2009

Mr Viljoen started out as a lecturer at the University of Pretoria, and subsequently joined SARB as an economic analyst. He joined Allan Gray Investment Counsel in 1991 as a portfolio manager and later moved onto Investec Asset Management in 1995. He founded Regarding Capital Management (Pty) Ltd in 2003 and is currently Chairperson of the RECM Group.

THEUNIS DE BRUYN (52)

Non-Executive Director

CA(SA)

Appointed: 24 June 2009

After serving articles at Ernst & Young, Mr de Bruyn joined Ford SA as assistant treasurer. From there he joined Huysamer Stals stockbroking firm (thereafter sold to ABN AMRO) where he later headed up research. Mr de Bruyn is the founder and managing director of Calibre Capital (Pty) Ltd. He is also a founding shareholder of the RECM Group.

JOHANNES CORNELIS VAN NIEKERK (45)

Executive Financial Director

Hons BCom (Maths), FIA, CFA

Appointed: 6 May 2013

Mr van Niekerk is a qualified actuary with more than 20 years of industry experience. He served as Chief Investment Officer of Citadel, the South African wealth manager, after which he became CEO of Peregrine Holdings, a JSE-listed financial services firm. Mr van Niekerk joined Regarding Capital Management (Pty) Ltd in April 2013 is an owner and CEO of the RECM Group.

JOHANNES GERHARDUS SWIEGERS (65)

Lead Independent Non-Executive Director

Hons BAcc, BCom (Hons) (Taxation), CA(SA)

Appointed: 10 November 2010

After qualifying as a chartered accountant, Mr Swiegers has served as a partner of predecessor firms of PricewaterhouseCoopers from 1984 to 1994 setting up the tax practice of the firm in the Western Cape. He joined Remgro Ltd as Investment Manager, serving on various Boards and Audit Committees of listed and unlisted companies in the portfolio of Remgro Ltd. He served as CFO for Mediclinic International Ltd from 1999 to 2010.

ZANELE MATLALA (57)

Independent Non-Executive Director

BCompt (Hons), CA(SA)

Appointed: 1 December 2014

Zanele is the Chief Executive Officer of Merafe Resources. Before joining Merafe, she was Group Financial Director of Kagiso Investments (Pty) Ltd, a position she held from January 2006. Her first appointment as Chief Financial Officer was at the Development Bank of Southern Africa (DBSA), where she served as Executive Manager: Private Sector and International. She joined the DBSA from the IDC, where she was head of Wholesale Venture Capital Funds. She is also a non-executive director of Dipula Income Fund and Stefanutti Stocks Holdings. Zanele also serves as a trustee of the RECM Foundation.

TRENT ROSSINI (52)

Independent Non-Executive Director

Bsc (Mech) Engineering, GDE (Industrial Engineer)

Appointed: 1 December 2014

Trent has 24 years of industry experience across a variety of industries. His early career included roles at both Accenture and Deloitte Consulting. He then joined Internet Solutions to head up their security division and subsequently served in the role of Business Solutions Director. Trent joined the Discovery group in 1999 to head up their e-commerce initiatives and subsequently served in the role of Chief Information Officer for Discovery Health. He was instrumental in the set-up of the joint venture with PruHealth where he became Chief Operating Officer. In 2010, Trent left Discovery and co-founded inQuba, a business which is focused on customer experience management and customer engagement, where he serves as Chief Operating Officer.

Shareholders' letter

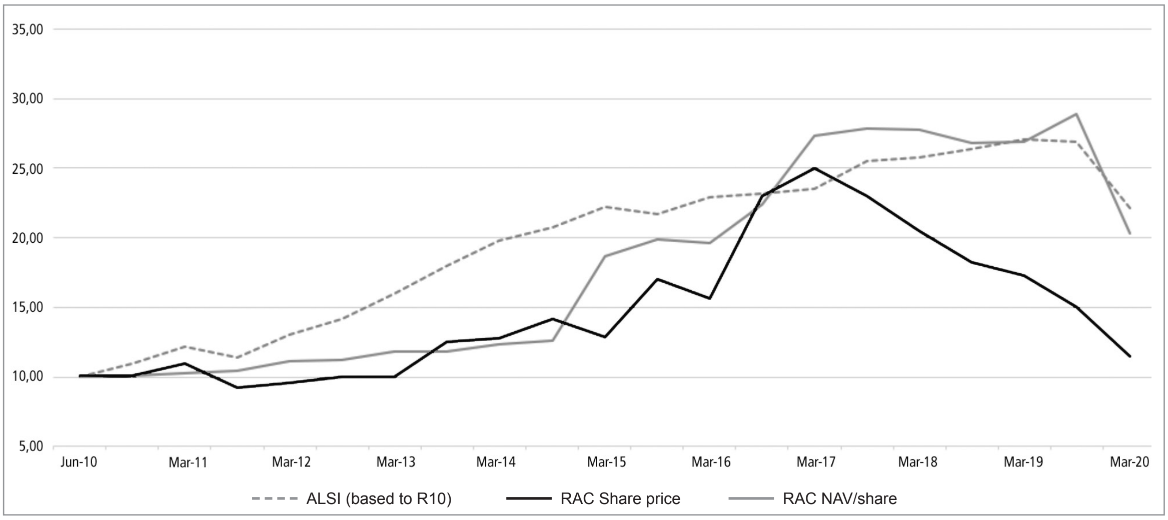
To our fellow shareholders

Ten years ago, on the 10th of June 2010 RECM and Calibre ("RAC") successfully listed on the JSE after raising R450mn from participating preference shareholders and R50mn from ordinary shareholders. All shares were issued at a Net Asset Value ("NAV") of R10 per share.

So, this is our ten-year anniversary letter. It happened very quickly!

We reach this milestone with RAC's per share NAV measured at R20,33. Our founding investors have seen the NAV of R10 invested in RAC participating preference shares double over the ten-year period, compounding at an annualised rate of 7,6% per annum. This was after a slow start over the first four years. The same amount invested in the JSE All Share Total Return Index ("ALSI") would have grown to R22,10, at an annualised rate of 8,5%, before taking any fees or possible taxes into account.

Over the last five years, a very tough time in the market, RAC's NAV per share increased by 1,8% per annum, while the ALSI lost 0,1% per annum. Our tenth year proved to be the worst year in our history, with RAC's NAV per share declining by 24,5%, compared to a loss of the ALSI of 18,4%.



Our since-inception return numbers are not high and certainly fall well short of our ambitions. Even though we've managed to generate returns broadly in line with the opportunity set available to the average investor (being the ALSI) we aim to do much better than this.

THE PAST YEAR

The 24,5% reduction in NAV per share over the last year represents a decrease of R337mn in our capital base. This decrease can be broken down as follows:

	2020 R	2019 R
Interest and dividends received (other than Astoria)	**44 683 621**	71 698 813
Return of capital and dividends received from Astoria	**722 047 667**	–
Adjustments to fair value of Astoria	**(715 621 703)**	52 150 079
Adjustments to fair value of assets (other than Astoria)	**(406 275 072)**	(86 565 844)
Realised loss on sale of assets	**(17 870 096)**	(15 868 225)
Tax paid	**(3 377 751)**	(2 931 154)
Tax reversed	**109 368 555**	15 896 136
Financing expenses	**(43 485 009)**	(48 858 135)
Investment advisory fees	**(21 975 686)**	(24 108 986)
Operating expenses	**(4 612 669)**	(5 129 895)
Net (decrease)/increase in NAV	**(337 118 143)**	(43 717 211)

Shareholders' letter

continued

Over the past two years, our biggest expense has been "Financing expenses", or interest paid. This expense has been higher than normal, as we carried additional funding over the period to complete the take-over transaction of Astoria. We have repaid the debt incurred for this transaction, so the expense will reduce in future.

The other main expense is "Investment advisory fees", which amounts to 1% (excluding VAT) of the value of the portfolio. There are other small operating expenses, such as external directors' fees, audit fees etc. We work hard to keep the total costs of managing the business as low as possible.

The reversal of R109mn of taxes provides a welcome cushion to RAC's NAV, but is just a natural result of explicitly providing for Capital Gains Tax when valuing our portfolio of assets. If its value declines, so does our tax liability. We are sure that, like us, you would rather prefer this specific liability to grow, not shrink.

The "Realised loss" this year represents a crystallisation of the mistake we made when we invested in CollegeSA.

Last year we included "Adjustments to fair value of assets" in the category of "crystallisation" of past mistakes. This year, we would be cautious to label all the adjustments to fair values of investments to be of a permanent nature. Reactions to the COVID-19 pandemic have led to uncertainty, disruptions in the economy and reduced spending power. Since 31 March, the stock market has taken the view that these fears were unnecessary. This may or may not prove to be true.

We think most of our businesses will be resilient in the long term, but right now it is hard to imagine what the economy will look like - even next year. As a result, we have reflected these immediate uncertainties in valuing our underlying investments.

OUR INVESTMENTS

Our core investments are those where we have a significant stake in the business, and associated influence. We expect to be long-term capital partners of these businesses and their management teams. At year-end, this made up 92% of our asset base.

			Directors Fair Value at 31 March (R'mn)		
	% ownership	% of total assets	**2020**	2019	2018
Core investments		**92,1**	**1 192,0**	1 888,9	1 567,6
Goldrush	58,8	66,3	**858,1**	1 089,3	941,1
Outdoor Investment Holdings	33	6,1	**79,3**	96,3	82,5
JB Private Equity (UCP)	90	5,9	**76,1**	96,2	106,1
Astoria	100	5,1	**66,1**	485,5	386,4
ISA Carstens	49	3,4	**43,7**	50,2	–
Trans Hex	39,5	2,8	**36,5**	37,4	114,4
Vehicle Care Group	49,9	2,5	**32,2**	34	–
Portfolio investments		**3,6**	**46,4**	61,6	81,3
RECM Hedge Fund	N/A	2,9	**38,1**	37,5	42,4
Conduit Capital	2,2	0,6	**8,3**	24,1	38,9
Other investments		0,9	**12,8**	75,9	196,1
Cash and receivables		3,4	**43,7**	57,2	123,1
Total assets			**1 294,9**	2 083,8	2 031,0
CGT and other liabilities			**(4,9)**	(120,5)	(132,4)
Bank funding			**(250,1)**	(586,3)	(477,9)
Net assets			**1 039,9**	1 377	1 420,7
Net asset value per share ("R")			**20,33**	26,92	27,77

Shareholders’ letter

continued

International Financial Reporting Standards (“IFRS”) requires RAC, as an investment entity, to place a fair value on all its assets. We aim to keep our valuation methodology as consistent as possible over time in order to provide our investors with a consistent framework to judge the operating performance of the investee companies separately from RAC’s capital allocation decisions. Where possible, we use market prices. For assets where there is no visible 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. In select circumstances, we have provided debt to some of our investee companies. In these instances, our valuations above include both equity and debt.

We explicitly provide for deferred capital gains tax (CGT), on our unrealised gains. This is not a wide-spread practice amongst investment companies, but we believe it is the most conservative way to account for the actual value of our investments.

We published an update to shareholders on 28 May 2020, in which we provided information about the activities and performance of our various businesses during the past financial year. We suggest our commentary below is read in conjunction with that update.

Goldrush Group (Pty) Ltd (“Goldrush”)

Goldrush is an independent alternative gaming group, with activities that span Electronic Bingo Terminals (“EBT’s”), Limited Pay-out Machines (“LPM’s”), Retail Sports Betting shops and an online gaming portal, www.gbets.co.za. At year-end, Goldrush operated 3 865 EBT’s in 31 properties. The group operated 2 198 LPM’s and 37 sports betting shops – 31 owned, and six on behalf of third parties. Its customers are served under the Goldrush (Bingo, LPM), Bingo Royale (Bingo), Crazy Slots (LPM) and G-bets (retail sports betting and online betting) brands.

During the year, Goldrush opened a further four Bingo properties, all of which are situated in KwaZulu-Natal. This leaves another four licences to complete the green-fields roll-out of the Bingo division. The required capex for the finalisation of the roll-out is minimal, but has nonetheless been halted until normal operations resume. Adjusting for the impact of the COVID-19 related closures in March 2020, and for maintenance-related closures in two of the Gauteng Bingo properties during the year, the Bingo division experienced organic growth in all sites around the country, with the Eastern Cape sites experiencing the lowest growth rates. The Pretoria properties that were impacted during the past two years by the Time Square Casino opening stabilised and started growing again.

The past year saw a further acceleration in the roll-out of LPM’s as the team was able to catch up with the administration backlog from various gambling boards. During lockdown, all further LPM roll-outs were suspended until normal operating conditions can resume.

The sports betting division turned profitable this year after the initial scramble to establish a minimum viable footprint. The online division experienced strong growth in revenue, with all cash flow being reinvested to expand its offering and customer base.

The primary value of the business resides in its exclusive ownership of gaming licenses. Without the entrenched rights to operate these licenses, Goldrush would be substantially less valuable. The table below shows its progress in terms of the number of licenses across all segments over time.

Summary of gaming licenses: Goldrush

		Mar 2020	Mar 2019	Mar 2018	Mar 2017	Mar 2016
Bingo/Casino	Licenses Owned	**35**	35	33	18	14
	Licenses Active	**31**	27	25	14	14
	EBT’s in Operation	**3 865**	3 543	3 112	1 637	1 637
LPM	Route Licenses Owned	**6**	6	6	6	6
	Machines Approved	**4 200**	4 200	4 200	4 200	2 520
	Machines in Operation	**2 198**	1 882	1 671	1 537	1 360
Sports Betting	Licenses Owned	**33**	33	36	36	30
	Licenses in Operation	**31**	33	28	23	18

Shareholders' letter

continued

Goldrush increased total revenue by 5,8% to R1,396bn for the financial year. Sustainable EBITDA increased by 12%. Net debt increased marginally, as expansion capex exceeded internal cashflow.

Selected financial information for the Goldrush Group

	Mar 2020 R'mn	Mar 2019 R'mn	Mar 2018 R'mn	Mar 2017 R'mn	Mar 2016 R'mn
Total Revenue	**1 396**	1 319	1 080	748	627,1
– Bingo Division	**943**	905	738	556	480,6
– LPM Division	**342**	319	277	168	137
– Sports Betting Division	**98**	95	65	24	9
Sustainable EBITDAR	**–**	349,7	300,0	229,5	181,3
Sustainable EBITDA	**284,3**	253,8	–	–	–
Net Debt	**614,3**	597,8	436,5	112,8	96,1

As explained in the 2020 interim report, we used sustainable EBITDAR (earnings before interest, tax depreciation, amortisation and machine rentals) as the yardstick with which to measure the progress of the business up to the end of the 2019 financial year. We applied a multiple of 7 to this yardstick to get to the enterprise value of Goldrush. The multiple of 7 anticipated some years of accelerated growth in earnings resulting from the nearly complete capital investment plan in both the bingo and LPM divisions.

In calculating sustainable EBITDAR, the costs incurred when opening new sites and the start-up operating losses of bingo properties were consistently added back each year.

From the beginning of this financial year, we amended our valuation method to reflect the maturing of the business. We now include rentals in the earnings calculation and have adopted sustainable EBITDA, rather than EBITDAR, as yardstick.

The enterprise value calculated at 7 times sustainable EBITDAR at the end of the 2019 financial year provided the same value as using a 9 times multiple on sustainable EBITDA. Accordingly, Goldrush was valued at 9 times sustainable EBITDA at 30 September 2019 for RAC's interim results. At the time, this multiple reflected our view of accelerated growth at Goldrush because of the prior capital expenditure rolling out the bingo and LPM divisions.

In our year-end valuation, because of the COVID-19 uncertainty, we removed any immediately anticipated growth expectation and valued Goldrush on 7 times sustainable EBITDA.

As a result, the equity valuation for Goldrush comes to R1,46bn, down 33% from R2,18bn at the beginning of the financial year.

The chosen multiple of 7 times is:

- lower than the 25-year average EBITDA multiples of comparable listed South African gaming operators, which range between 7.2 and 9.2; and
- lower than the EBITDA multiples at which true arms-length transactions in the gaming industry happened in the past few years, mostly being around 8 times EBITDA.

As Goldrush's capital investment program comes to an end in the bingo and LPM division, sustainable EBITDA will equal EBITDA soon.

Except for www.gbets.co.za, all Goldrush operations were completely shut in late March under lockdown regulations. Management acted early and aggressively, placing the business in position to weather a lockdown of reasonable duration. This required tremendous support from staff, suppliers, landlords and bankers, for which we thank them sincerely.

Goldrush resumed operations as of 1 July 2020, opening its bingo properties in a staggered way over the first three weeks of July. All sports-betting properties were opened and as at the time of writing, the LPM division, which is dependent on the opening of bars, taverns and hospitality properties, has activated over 1 000 machines.

Shareholders' letter

continued

Goldrush's equity value was obviously impacted by three months of lost income during lockdown. It is still unclear as to how the next year plays out, but in the context of a multi-decade business, three months of lost revenue is less painful than it currently feels. Goldrush remains a valuable, viable business – even in the context of the current South African economy. This is in no small measure due to the calibre of the management team of this company.

Outdoor Investment Holdings (Pty) Ltd ("OIH")

OIH is primarily focused on the outdoor and sport shooting industry. It serves the market through five big-box stores of national retailer Safari & Outdoor as well as wholesalers Inyathi Sporting Supplies and Formalito. This year, OIH also opened its second Family Pet Centre, an animal mega speciality store, with comprehensive on-site grooming and veterinary services.

Safari & Outdoor experienced a weaker second half of the year, while Inyathi and Formalito had a slightly better year. Family Pet Centre experienced further growth, validating the business model and opportunity.

The value of our investment in OIH reduced by 17,7%. The lower valuation reflects a combination of lower full-year profitability and higher debt at year-end. We have not changed our valuation multiple.

Seven years ago we bought 27% of OIH. Since then our shareholding has increased to 33% without us having to spend a further cent. This business has expanded substantially – both organically and via acquisition, it has bought back shares and it has paid dividends – all from internally generated cash. The management team has excelled in both managing the business and allocating capital.

With the exception of the Family Pet Centre, all of OIH's divisions were closed under the national lockdown, resuming trading under lockdown level 4. Since then, trading has been encouraging, but it is still too early to make any definite judgements.

More information on Safari & Outdoor can be found at www.safarioutdoor.co.za and for Family Pet Centre at www.familypetcentre.co.za .

JB Private Equity Partnership ("JB")

RAC owns and controls 90% of JB, an entity that has as its only investment a 37% stake in Unicorn Capital Partners Limited ("UCP"), a company listed on the JSE with interests in a range of mining services companies, as well as an anthracite mine.

During the year UCP experienced tough trading conditions in most divisions. RAC, together with certain other shareholders, extended loans to UCP in order to support the company.

After our year-end, on 23 July 2020, UCP's board announced that it had received a firm offer from JSE listed mining company Afrimat Limited ("Afrimat"), to acquire all of UCP's shares it does not already own, by way of a scheme of arrangement. If implemented, UCP shareholders will receive one Afrimat share for every 280 UCP shares held. RAC has indicated its irrevocable support for the transaction to both Afrimat and UCP.

In the table above, the value of our investment in UCP reduced by 21% over the financial year. However, this includes an increase in our loans to UCP and hides a 42% reduction in the value of our equity in the business.

Astoria Investments Ltd ("Astoria")

Astoria is a Mauritian-domiciled investment company which is listed in South Africa (JSE) and Mauritius (SEM). Astoria became a 100% subsidiary of RAC during the year on conclusion of a series of transactions. Frankly, even though these transactions enhanced RAC's NAV per share, they took too long.

Astoria's net assets at year-end consisted almost entirely of US$3.7m cash, having paid out a special dividend and a capital repayment during March 2020. This is also the value at which we carry Astoria.

As at the date of this letter, Astoria's underlying investments have mostly been converted to US Dollar cash, its board has been reconstituted, its investment policy amended and an investment manager appointed by the board. In short, Astoria is ready to proceed with the next step in its journey – that of being a listed investment company which focuses on investing in good companies, run by good management teams, acquired at good prices.

Shareholders' letter

continued

Astoria has also made its first investment, teaming up with a management team under the leadership of Benjamin Trisk to acquire the iconic retailer CNA from Edcon. Through this transaction, Astoria became a 70% shareholder in CNA Holdings, with management owning the balance. This transaction closed on 6 April, as Astoria elected to pursue the transaction despite South Africa being under level 5 lockdown at the time. We believe Astoria was able to do this transaction as a result of RAC's prior involvement with OIH, which provided us with first-hand experience of the issues that are specific to niche retailers.

Astoria will report going forward on the progress which is being made at CNA, but since Astoria is a 100% subsidiary of RAC, we will take the liberty of making the following comment:

Dedication by a focused management team, with a love and passion for their product, and substantial skin in the game has been met by generous support by suppliers, landlords, staff and the general public. It does not hurt that the purchase price was negligible. The one remaining ingredient for success, which remains missing at this stage, is a normal trading environment.

Astoria's current size does not justify a continued separate listing. Astoria's board is negotiating with RAC in order to acquire RAC's investments in and loans to Outdoor Investment Holdings, JB Private Equity, ISA Carstens, Transhex and Vehicle Care Group in exchange for shares in Astoria. This potential acquisition by Astoria is subject to a number of approvals and is expected to complete in the fourth quarter of 2020. The transaction will not have an effect on the NAV of RAC.

Once this transaction has completed, it is the RAC Board's intention to pursue a distribution of at least 90,1% of the Astoria shares RAC owns to its shareholders in the form of an in-specie dividend. After such distribution, Astoria shares can resume trading on both stock exchanges.

Announcements about these corporate actions will be made separately.

ISA Carstens Holdings SA (Pty) Ltd ("ISA")

ISA is a holding company for a private tertiary education institution which provides tuition in the health and wellness industry under the ISA Carstens brand. ISA has campuses, including boarding facilities for students, in Stellenbosch and Pretoria. Students pay their tuition fees in full, upfront.

ISA's student numbers increased by 6% to 410 in the 2020 academic year, after a 28% increase in the previous year on the back of healthy growth in student numbers at its Pretoria campus.

ISA owns large parts of its facilities. We value the properties and the school separately. The property value reduced as the new Pretoria student accommodation was only 50% occupied this year. We also increased our discount rate by 1%. The school value reduced as student numbers grew slower than expected and profitability was lower. The net result was that ISA's valuation reduced by 13%.

As at the date of writing, enrolments for the 2021 year are on par with where it was at the same time last year.

ISA continued its education program during lockdown. Final year students returned to campus for practical training from early July. The management and academic team at ISA have done a terrific job to ensure that students finish their academic year in time, with the same standards of education as always. The quality and practicality of an ISA Carstens qualification has been the major element that differentiated ISA in the market place for the past 40 years and we will not compromise on that.

More information about ISA Carstens can be found at www.isacarstens.co.za.

Trans Hex Group (Pty) Ltd ("Transhex")

Transhex is a holding company with assets comprising mostly of cash on its balance sheet and a 33% share in Somiluana, an alluvial diamond mine in Angola. Transhex also has the management contract for Somiluana. RAC owns 39,5% of Transhex

We value Transhex at its delisting price of R1/share, which approximates its NAV as at 31 March 2020, its financial year-end. Our investment is down 2,4% from last year.

As indicated in our update, lockdowns in various global diamond centres have brought the diamond trading business to a virtual halt. It is still pretty much impossible to sell any goods at close to a realistic price. The Angolan mine has been put on care and maintenance, until markets open up sufficiently. As the slogan says: "Diamonds are forever". Transhex's product has survived for millions of years already. We are happy to rather wait a few months longer in order to transact at prices that will ensure a profit, than sell at reduced prices for the sake of it.

Over the past year Transhex has been completely restructured and is now operating under a new – and much leaner – management team. We thank and applaud them for the hard work they have put in.

Transhex is well capitalised and able to withstand this pause in its operations.

Vehicle Care Group ("VCG")

Our investment in VCG is a good example of the benefit of RAC's structure. VCG was previously classified under "Other Investments" but has now moved into our Core Investment category. In this way we have been able to work with and support the management team since our investment whilst allowing them to get on with their business.

In August 2018 RAC teamed up with the management of what was then called "Asset Lending". Management bought control of their business and RAC became a 49.9% shareholder in the business.

At the time Asset Lending provided so-called 'floor finance' to second-hand car dealers in South Africa. Loans were made from its own balance sheet, secured against generous asset cover. Due to the nature of the business, these loans attract favourable interest rates.

Since then, the operating model has been changed to one where the loan book is part-funded by third party capital. This provides a faster growth path and improves profitability on the company's own capital.

Furthermore, through acquisitions and start-ups the business offering has expanded and the Vehicle Care Group was established. Asset Lending was renamed "VCG Invest" and three new divisions were added. The new VCG services include providing insurance, warranties and service plans to the vehicle trade (VCG Protect), acting as an intermediary for obtaining finance and insurance for customers of its group of dealer clients (VCG Finsure) and providing long term motor vehicle rentals to individuals (VCG Flexidrive). The group developed a comprehensive service offering for clients in the second-hand car market. There are many small businesses competing with parts of VCG, but the overall combination provides an opportunity to scale significantly.

VCG's activities were impacted by the national lockdown as the vehicle trade came to a complete standstill for just over three months. Even after the economy started opening up, activity in vehicle registration departments remains frustratingly slow. The team has done a great job at managing the business through this period. At the time of writing, all interest payments to funders have been made and capital to grow the book remains secure. Trade has resumed in the second-hand car market.

Our investment in VCG comprises a combination of equity and loans. The Fair Value has been reduced by 5,5% in the year as the value of loans to all our investee companies have been impaired to reflect uncertainty around the outcome of the COVID-19 pandemic.

RECM Flexible Value Hedge Fund

During the year the fund gained 1,7%. The core of the underlying portfolio remained similar during the year. The fund continues to find opportunities in situations where investor disgust or neglect is high, as well as illiquid or complicated situations. For the most part its investments fall completely outside the ambit of any Exchange Traded Fund, index tracker or other institutional investor.

The year provided a number of profitable transactions on the short side in the listed property sector as well as some large cap previous market darlings. Opportunities were also found in cash-arbitrage opportunities related to going private transactions. The market turmoil during the year also provided opportunities to add to unloved, illiquid smaller stocks.

More information about the RECM Flexible Value Hedge Fund can be found at www.recm.co.za.

Shareholders' letter

continued

Conduit Capital

RAC owns 2,1% of Conduit Capital, a listed specialist insurance and investment business.

This is a non-core investment for us. Recent corporate activity has reduced its attraction as an investment vehicle. Our shareholding reduced somewhat over the past year. We value Conduit at its listed price.

Our Structure

Our investment strategy plays an important role in our success – as does our structure. Control of the Company vests with the two of us, through our holding of all the ordinary shares of the company. Our third partner, Theunis, is a significant shareholder in the business.

When we interrogate our shareholders register, it appears that (jointly) our informal partnership is now the single largest shareholder in RAC. We have skin in this game. Since our last letter to you, we have strapped ourselves even tighter to this rocket, purchasing more preference shares in the market. If you ever wonder about which way potential conflicts in this business get resolved, we would refer you back to this section of our letter.

The three of us all have a very long investment horizon. We plan to remain invested in, and managing the affairs of RAC for a long time. Most investment partnerships do not last, as the partners have different views on important issues. Our partnership disagrees on many things, but not the important ones which relate to strategy and the future of RAC.

The Future

Last year we wrote: *"As we said for the past two years, negative economic environments increase the odds of RAC being able to buy good companies run by good people at a good price. This situation continues – in fact, it might even have become more pronounced in the past year. We have been able to add some interesting investments to our portfolio, which would not have been available in other circumstances."*

We would venture to say that the economic environment in South Africa deteriorated during the year, even before the effects of various responses to the COVID-19 pandemic. None of the recent acquisitions in the group, being VCG, its insurance subsidiary and the acquisition of CNA by Astoria (the last two transactions which closed during lockdown) would have been available to us, let alone at the prices we paid, in other circumstances. All we had to do was to be prepared to put in the effort and sign the agreements.

With our structure in place, Astoria well on its way towards becoming a stand-alone investment company, and circa R100m cash on our balance sheet, we consider ourselves well placed to tackle the next ten years. Depending on the opportunities, that R100m might not be enough though. It helps that the group has at its core Goldrush, a business that could conceivably become a dividend machine, able to fund investments either into more of its own opportunities, or other investments for its shareholders.

Appreciation

We acknowledge and thank the employees, staff and management of the various businesses for the sacrifices they have made together with us, in order to steer their businesses through the fall-out from the COVID-19 pandemic. Most of our investees have also received support from suppliers, landlords, bankers, funders and clients. The various management teams have been able to deal with their different stakeholders in the best possible way. For our part, our only contribution was to encourage them to rather be part of the solution than being part of the problem. In a few cases we facilitated the sharing of crucial knowledge and insights between the various teams as they all worked to find solutions for problems that arose from the lockdown.

An experienced, strongly independent director is invaluable. If possible, even more so today. Once more, the board has concluded that Gerhard, Trent and Zanele exercise objective judgement in fulfilling their duties as independent non-executive directors. We can never pay them enough for the sterling job they do of providing sounding boards and guidance, not to mention the annual probity process they are subjected to as directors of the owner of a gaming company. We are proud to be associated with them.

Shareholders’ letter

continued

Finally, thank you to our shareholders. This year it is only appropriate that we highlight our founding shareholders ten years ago. It is gratifying to still see many of your names on our share register – in many cases now with more shares next to your name. We consider ourselves in good company and appreciate the opportunity you have given us to build and grow RAC for us all. We are as excited about the future as the day we listed RAC in 2010. Excitement might be contagious, but knowledge and experience compounds.

As always, we want to leave you with the reminder: If you are involved in any business that meets our investment criteria and that needs capital or a responsible owner with a long-term orientation, please give one of us a call. We can’t promise you a deal, but we can promise you a quick answer. You will be surprised how many opportunities have already come our collective way due to the vigilance of our shareholders and their networks.

SHAREHOLDERS’ MEETING WITH EXECUTIVE DIRECTORS

This year the customary meeting of RAC preference shareholders with executive directors will be held at 11:00 on Wednesday 19 August via a Microsoft Teams Webinar. As always, we will answer all your questions, even if it takes all day. This is the one opportunity that our fellow shareholders have to ask questions of us in the year. We want to make the most of it.

You will be able to post questions live during the webinar. Or better yet – get in front of the queue and send your questions ahead of time to info@racltd.co.za.

You don’t need to be a shareholder to attend. We welcome anybody that is interested in RAC.

In order to attend, please use the following link at the appropriate time. You don’t have to have Microsoft Teams installed on your computer. You will have an option to join in your web browser. The link to the meeting is also on our website at www.racltd.co.za or email info@racltd.co.za to request a link to join.

Piet Viljoen
Executive Chairman

Jan van Niekerk
Executive Financial Director

Corporate governance

RAC continues to, and will always, be committed to the highest standards of corporate governance. RAC has no employees and all of its investment and operational functions are performed by RECM. For this reason there is no need for the Company to appoint a CEO.

The Board of Directors supports the King IV™ Report on Corporate Governance ("King Code"). Good corporate governance is an integral part of RAC's business (and investment) philosophy. The values espoused in this philosophy will govern the way in which RAC interacts with all its stakeholders and stresses the importance of good corporate citizenship, integrity, transparency and accountability. Accordingly, RAC aims to comply with the provisions and the spirit of the King Code to the extent that these are practical and appropriate. RAC has published a register on its website (http://racltd.co.za/governance/), which covers the principles of the King Code and provides a narrative statement as to the application of each principle.

BOARD OF DIRECTORS

RAC has a unitary Board. The Board is chaired by Executive Chairperson, Piet Viljoen. Despite the requirements of the King Code, the Board is of the view that he is best placed to lead the Company. Gerhard Swiegers, who currently serves as Chairperson of the Audit and Risk Committee, is the Lead Independent Director. He will, *inter alia,* provide leadership to the Board should the Chairperson have a conflict of interest.

As of 31 March 2020, the Board of RAC comprised six directors with an appropriate balance of executive and non-executive directors, with one black female director. The Board supports the principles and aims of appropriate gender and race diversity. RAC's board is sufficiently diversified and there are no gender and/or race quota targets. The directors selected are individuals of the highest calibre and credibility, and have the necessary knowledge, skills and experience to make a meaningful contribution to the business of the Company and there is a clear division of responsibilities between directors. There exists a clear balance of power and authority at Board level ensuring that no one director has unfettered powers of decision-making.

Directors are kept informed of industry developments and international best practices. Upon appointment, the staff at RECM provide an introductory programme to all independent non-executive directors. The aim of the programme is to acquaint the directors with a detailed understanding of the roles, operations and regulatory framework in existence within RECM so that they may better understand the manner in which the investment portfolio of the Company is being managed.

The directors have a duty and responsibility to ensure that the principles set out in the King Code are observed as are practical and appropriate. The directors have a fiduciary duty to act in good faith, with due diligence and care and in the best interests of the Company and all stakeholders. The Board of Directors accepts these duties and responsibilities.

During the year under review three meetings of the Board were held.

Name of member	11 June 2019	22 October 2019	25 February 2020
Piet Viljoen (*Chairperson*)	Present	Present	Present
Theunis de Bruyn	Present	Present	–
Jan van Niekerk	Present	Present	Present
Gerhard Swiegers	Present	Present	Present
Zanele Matlala	Present	Present	Present
Trent Rossini	Present	Present	Present

The Company Secretary and other persons attend meetings of the Board by invitation.

INTERNAL CONTROLS

Based on:

- the system of risk management within RECM and its back-office administrator, including the design, implementation and effectiveness of the internal financial controls; and
- considering information and explanations given by management of RECM and discussions with the external auditor on the results of the audit, assessed by the Audit and Risk Committee,

nothing has come to the attention of the Board that caused it to believe that the Company's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

AUDIT AND RISK COMMITTEE

The Company has an Audit and Risk Committee comprising of Independent Non-Executive Directors, Gerhard Swiegers (Chairperson), Zanele Matlala and Trent Rossini. A detailed report by the Audit and Risk Committee is set out on pages 18 to 21.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises Piet Viljoen and Gerhard Swiegers. The Committee met once during the period with both members present. RAC has combined its Nomination Committee and Remuneration Committee into a single Committee given the simple structure of the Company's business. RAC has no employees, CEO or senior management to remunerate and has only Independent Directors that receive remuneration and, accordingly, a remuneration policy has not been established. The JSE has notified RAC in writing that RAC does not need to comply with paragraph 3.84(j) of the JSE Listings Requirements. Further, RAC appoints skilled Directors not requiring mentoring and any training requirements are delegated to the Company Secretary or Executive Financial Director. Given these factors, RAC considers that the two-member Committee does and will going forward effectively discharge its duties. The composition of this Committee is not in line with the JSE Listings Requirements, however, the JSE has notified RAC in writing that the JSE will not insist on compliance.

The Nomination and Remuneration Committee considers and recommends future appointments to the Board. Despite the fact that the Company has no employees, this Committee considers remuneration matters pertaining to Independent Non-Executive Directors. Independent Non-Executive Directors are entitled to receive fees for their services as Directors of the Board and for other services as disclosed.

SOCIAL AND ETHICS COMMITTEE

The Company has a Social and Ethics Committee comprising Trent Rossini, Piet Viljoen and Jan van Niekerk. The Committee met once during the period with all three members present at the meeting. The Committee reports to Shareholders that the Directors have considered their individual and collective performance and are satisfied that they have acted in an appropriate manner in regard to the business of RAC. No independent assurance as to ethical performance has been undertaken and no independent opinion in this regard has been expressed. The Committee is satisfied that RAC considers the relevant social and ethical matters in its initial and ongoing evaluation of its investee companies. In the instances where RAC has control, RAC will further undertake to exercise oversight of the social and ethical matters as may be relevant to the activities of the controlled entity.

GOING CONCERN

After making due enquiries and considering future cash flow requirements, the Directors expect that the Company has adequate resources to continue to operate for the foreseeable future. For this reason, the financial statements have been prepared on the going concern basis.

COMPANY SECRETARY AND PROFESSIONAL ADVICE

All Directors have unlimited access to the services of the Company Secretary, who in turn has access to appropriate resources within RECM in the provision of this support. During the financial year, the Board assessed the performance of the Company Secretary and remains satisfied as to the experience and expertise of the Company Secretary. The Company Secretary is not a Director and maintains an arm's length relationship with the Board of the Company.

All Directors are also entitled to seek independent professional advice with regard to the affairs of the Company.

Corporate governance

continued

AUDITOR INDEPENDENCE

The financial statements have been audited by the independent auditors, Ernst & Young Inc. The Board, supported by the Audit and Risk Committee, has no reason to believe that Ernst & Young Inc. has not at all times acted with unimpaired independence.

ANNUAL GENERAL MEETING

The agenda for the annual general meeting is set by the Company Secretary and communicated in the notice of the annual general meeting. Consequently, the notice of the annual general meeting is distributed well in advance of the meeting and affords shareholders sufficient time to acquaint themselves with the effects of any proposed resolutions. Adequate time is also provided by the Chairperson in the annual general meeting for the discussion of any proposed resolutions. The conduct of a poll to decide on any proposed resolutions is controlled by the Chairperson at the meeting and takes account of the votes of all shareholders, whether present in person or by proxy.

In terms of the Memorandum of Incorporation of the Company, the preference shareholders are not entitled to be present at the meeting unless there are preference share dividends which remain unpaid for a period of six months or a resolution is proposed which directly affects the rights attached to the preference shares or the interests of the preference shareholders. As mentioned below, there is a meeting for preference shareholders with executive directors.

SUSTAINABILITY

RECM adheres to the “Code for Responsible Investing in South Africa” (CRISA). RECM conducts its affairs against a decision-making framework that evaluates the significant and relevant aspects of an investment, before making a decision. These would include considering the risk of permanent capital loss by evaluating the legality of the affairs of the venture, including social and environmental aspects. The Board has satisfied itself that RECM adheres to the Code for Responsible Investing in South Africa.

RECM places great emphasis on transparent and comprehensive reporting – it forms the basis of their investment decisions. RECM recognises that good governance reduces the investment risk. RECM takes environmental sustainability and governance issues into account in establishing the fair value of an investee Company on a case by case basis.

RECM communicates its views on sustainability with directors and management of the investee companies and re-enforces these views by voting on resolutions where possible.

Due to the Company structure, the extent of sustainability reporting is limited to the above activities.

OTHER MATTERS OF INTEREST TO STAKEHOLDERS

The Company is run independently, with the Board establishing the Company policies, governance and risk management practices.

The Company does not make use of any information technology, but relies on the systems and resources of and utilised by RECM. While there is no specific governance relating to information technology, the Board does consider the risks related to the information technology utilised by RECM as a component of their overall review of RECM.

Other than the express support of the King Code and accounting standards mentioned in the notes, the Company does not subscribe to any other rules, codes or standards on a voluntary basis.

Dealings with preference shareholders are conducted, *inter alia,* by way of an annual meeting with the Executive Directors during which shareholders are invited to interact with the executive directors on any other matter of relevance. Shareholders may also contact the Company at other times by various means as detailed at the back of this document or on the Company’s website. The Company may not always be able to disclose the specific shares held in the investment portfolio of the Company as this may be prejudicial to the investment strategy being pursued by RECM.

Audited Annual Financial Statements

Directors' responsibilities and approval of the annual financial statements

for the year ended 31 March 2020

The Directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the requirements of the JSE Listings Requirements, the requirements of the Companies Act of South Africa, the framework, measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all Directors of RECM and staff at RECM are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors are satisfied that the Company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Board of Directors is responsible for the financial affairs of the Company.

The external auditors are responsible for independently reviewing and reporting on the Company's annual financial statements. The annual financial statements have been examined by the Company's external auditors and their report is presented on pages 22 to 25.

The annual financial statements set out on pages 26 to 55, which have been prepared on the going concern basis, were approved by the Board of Directors on 30 July 2020 and were signed on their behalf by:

Piet Viljoen
Executive Chairperson

Jan van Niekerk
Executive Financial Director

Certificate by Company Secretary

The Company Secretary hereby certifies, in compliance with section 88(2)(e) of the Companies Act of South Africa, as amended, that all returns required have been lodged with the Companies and Intellectual Property Commission and that all such returns are true, correct and up to date.

G Simpson
Company Secretary

30 July 2020
Claremont

Report of the Audit and Risk Committee

for the year ended 31 March 2020

This report, in respect of the financial year ended 31 March 2020, is presented by the Company's Audit and Risk Committee appointed by the ordinary shareholders.

The Audit and Risk Committee is an independent statutory committee appointed by the ordinary shareholders. Further duties, other than statutory duties, are delegated to the Audit and Risk Committee by the Board of Directors of the Company. This report includes both these sets of duties and responsibilities.

1. AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

The Audit and Risk Committee has adopted and reviews formal terms of reference that were approved by the Board of Directors. The Committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein.

2. AUDIT AND RISK COMMITTEE MEMBERS, MEETING ATTENDANCE AND ASSESSMENT

The Audit and Risk Committee is independent and consists of three Independent, Non-Executive Directors who are suitably skilled and experienced. The Committee is chaired by Gerhard Swiegers who is a Chartered Accountant. It met on three occasions during the financial year. The Committee will meet at least three times per year as per its terms of reference.

Name of member	11 June 2019	22 October 2019	25 February 2020
Gerhard Swiegers (*Chairperson*)	Present	Present	Present
Zanele Matlala	Present	Present	Present
Trent Rossini	Present	Present	Present

The effectiveness of the Audit and Risk Committee and its individual members are assessed on an annual basis. The Chairperson of the Board, Financial Director, Executive and Non-Executive Directors, external auditor and executives of RECM attend meetings by invitation.

3. ROLE AND RESPONSIBILITIES

The Audit and Risk Committee's role and responsibilities include responsibilities assigned to it by the Board, the JSE Listings Requirements as well as statutory duties per the Companies Act of South Africa.

In addition to its statutory duties, the Audit and Risk Committee is responsible for, *inter alia,* the following:

- ensuring, on an annual basis, that the Financial Director has the appropriate expertise and experience;
- ensuring that the Company has established appropriate financial reporting procedures and that those procedures are operating; and
- ensuring suitability of the appointment of external auditors and the designated individual partner, specifically considering any information pursuant to paragraph 22.15(h) of the JSE Listings Requirements.

The Audit and Risk Committee executed its duties effectively.

4. EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

The Audit and Risk Committee has satisfied itself that the external auditor was independent of the Company, which includes consideration of previous appointments of the auditor, the extent of other work undertaken by the auditor for the Company and compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.

The Committee, in its assessment of the suitability of the auditor for appointment, considered the information in paragraph 22.15(h) of the JSE Listings Requirements and ensured that the appointment of the auditor complies with the Companies Act.

The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and audit fees for the 2020 financial year.

The Committee approves the nature and extent of non-audit services that the external auditor may provide the Company.

Report of the Audit and Risk Committee

for the year ended 31 March 2020

continued

The Committee has nominated, for election at the annual general meeting, Ernst & Young Inc., as the external audit firm and Mrs JC de Villiers as the designated auditor responsible for performing the functions of the auditor, for the 2021 financial year. The Audit and Risk Committee has satisfied itself that the audit firm and designated auditor are accredited as such on the JSE list of auditors and are registered with the Independent Regulatory Board for Auditors ("IRBA"). No non-audit services were provided during the current financial year.

5. FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The Audit and Risk Committee has reviewed the accounting policies and the financial statements of the Company and is satisfied that they are appropriate and comply with International Financial Reporting Standards.

6. INTERNAL FINANCIAL CONTROLS

The Audit and Risk Committee has evaluated reports on the effectiveness of the Company's system of internal controls and risk management as performed by RECM. The Board Report on the effectiveness of the system of internal controls is included in the Directors' Responsibilities and Approval on page 16 of the Integrated Annual Report. The Audit and Risk Committee supports the opinion of the Board in this regard.

7. GOING CONCERN

The Audit and Risk Committee has reviewed a documented assessment, including key assumptions, prepared in respect of the going concern status of the Company and has made recommendation to the Board in accordance herewith. The Board's statement on the going concern status of the Company, as supported by the Audit and Risk Committee, is stated in the Directors' Responsibilities and Approval on page 16 of the Integrated Annual Report.

8. GOVERNANCE OF RISK

The Board has assigned oversight of the Company's risk management function to the Audit and Risk Committee. The Committee considered the risk management policy and plan as well as the risk management process as performed by RECM. Other than the risk of capital loss as it relates to the practice of investing, the Board has not identified any risks that may threaten the long-term sustainability of the Company. The Committee is satisfied that all of the major risks associated with an investment company have been identified and that all of the controls are in place to manage these risks.

Risks for RAC

Risk	Impact	Mitigation Strategies
Liquidity risk	Inability to make cash payments when due. Mostly related to dividend payments due on ABSA Preference Shares. This could put RAC in breach of its funding covenants and lead to a forced sale of some of its assets at the wrong time and price.	Constant review of cash flow management and forecasted cash flows. Effective management of the portfolio resulting in growth of NAV per share and therefore the improved ability of the Group to raise equity and/or debt financing. Stronger focus on dividends from its more mature investments.
Valuation of investments	Valuations of investments and the assumptions that go into them could influence the decisions of users of the financial statements. Returns to stakeholders, in terms of net asset value per share growth are reliant on the profitability and growth rates of the underlying investments as well as directors valuation assumptions. Changes in valuation of underlying investee businesses directly impacts the financial position of the Group.	The shareholders have appointed an appropriately experienced board of Directors to manage the risks of the valuation of investments. Volatility of valuations of unlisted investments is managed through the application of consistent valuation methodologies. Disclosure of inputs into valuation calculations.

Report of the Audit and Risk Committee

for the year ended 31 March 2020

continued

Risk	Impact	Mitigation Strategies
Portfolio concentration	The fact that a large part of the portfolio is concentrated in a small number of investments represents a higher risk to potential loss of capital or income.	The Group can invest in direct equity or debt instruments of companies on a global basis across all industries. This enables the Group to achieve diversification where required as it is not restricted in building its investment pool. This risk is closely monitored by the Investment Manager and the Board. It is also specifically disclosed and discussed with investors.
Pandemic	Impact on economy could potentially reduce the value of the underlying investee businesses.	Refer to note 24 in the financial statements which details the impact of COVID-19 on the underlying investees. All of the company's key day to day operational requirements have been executed without impact from outside its office.
Regulatory and compliance risk	Unintentional non-compliance with laws and regulations which can potentially have a negative impact on the Group or on its investment performance since a number of investees operate in regulated industries.	The Board reviews the effectiveness of the risk management framework taking account of recommendations from the auditors and other professional advisors.
JSE Compliance	Suspension or termination of the listing on the JSE Fines and public censures Reputational risk	Active monitoring by the corporate sponsors Completion of annual compliance checklists
BEE Status	Due to its structure, set-up and operation, RAC does not comply sufficiently with BEE regulations in order to be considered a BBBEE investor. As such, to the extent that laws and regulations change over time, there is a risk that RAC's investee companies are negatively impacted by RAC's BEE status.	Ensuring that the BEE investment is done at an appropriate level in the investee companies.

9. INTERNAL AUDIT AND COMPLIANCE

The Audit and Risk Committee relies on RECM and its service providers to monitor their internal controls, albeit in different formats. Furthermore, the Committee oversees cooperation between RECM staff and external auditors, and serves as a link between the Board of Directors and these functions.

Report of the Audit and Risk Committee

for the year ended 31 March 2020

continued

10. INTERNAL FINANCIAL AND ACCOUNTING CONTROL

The Audit and Risk Committee has satisfied itself that the Financial Director has appropriate expertise and experience.

The Audit and Risk Committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function and confirms that appropriate financial reporting procedures have been established and that these procedures are operating.

Interim results and preliminary results are published after the September half-year and March full year-end.

The Committee is satisfied that it has complied with all its legal, regulatory and other responsibilities during the year under review.

Gerhard Swiegers
Chairperson of the Audit and Risk Committee

30 July 2020

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Independent auditors' report to the shareholders of RECM and Calibre Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of RECM and Calibre Limited ('the Company') set out on pages 27 to 55, which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements of the Company and in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of the Company and in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent auditors' report to the shareholders of RECM and Calibre Limited

continued

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">1. Fair value estimation of unlisted financial instruments</td></tr>
<tr><td>
The directors have assessed that RECM and Calibre Limited (RAC) meets the definition of an Investment Entity in terms of International Financial Reporting Standard 10 – Consolidated Financial Statements (IFRS10).
IFRS 10 requires that a parent that is an Investment Entity shall not present consolidated financial statements and is required to measure all of its qualifying subsidiaries at fair value through profit and loss.
RAC is therefore required in terms of IFRS 10 to measure its subsidiary, RAC Investment Holdings Proprietary Limited (RIH) at fair value through profit or loss. RIH is also an Investment Entity and holds financial instruments at fair value.
The fair value of the financial instruments held by RIH that are not traded in an active market are determined using valuation techniques which require significant management judgements regarding estimates and assumptions.
RAC uses a variety of valuation methods and makes assumptions that are based on market conditions existing at the end of each reporting period to determine the fair value of these financial instruments. Level 3 investments make up the largest proportion of these financial instruments, these investments represent 89% of the total investment value (2019: 70%). In valuing the most significant Level 3 investment, management used an EBITDA multiple. An investment in the gaming industry makes up the majority of the level 3 financial instruments.
The gaming industry has been negatively impacted by the mandatory lockdown as a result of the COVID-19 pandemic, and there is a direct impact on the significant assumptions, inputs and judgements incorporated into the fair value of entities within that industry.
Given the level of judgement involved in estimating the fair value of the unlisted financial instruments, the sensitivity to assumptions, various unobservable valuation inputs, and the quantitative significance of these fair value estimates, we consider the fair value estimation of unlisted financial instruments to be a key audit matter.
The disclosures relating to the valuation of the financial instruments are presented in Note 3.
</td><td>
Our audit included the following procedures:

We obtained an understanding and evaluated the design of the controls implemented by management to determine fair values of their financial instruments.
We performed the following procedures, amongst others, in respect of the unlisted financial instruments:

– We compared the valuation techniques and methods applied by management to generally accepted market practice and guidelines and the requirements of IFRS.
– We evaluated the judgement applied by management in their selection of valuation techniques and methods.
– We evaluated significant assumptions made by management, where these assumptions can be independently derived, we independently obtained these assumptions from external sources or independently calculated the assumptions.
We compared assumptions and inputs used to independent sources and benchmarks, where available.
– Based on our judgement, we performed sensitivity analyses to assess the impact of the changes to the inputs on the valuation of the unlisted financial instruments.
– With the support of our internal valuation specialists, we evaluated the valuation models used by management as well as the unobservable assumptions and inputs used by management in the models.
– We recalculated the values of the instruments, where applicable, using the selected methodology and assessed the mathematical accuracy thereof.
– We evaluated management's assessment of the impact of the COVID-19 pandemic and the resulting lock-down on the appropriateness of the valuation models and the underlying estimates and judgements.

We assessed whether the financial statement disclosures related to the accounting estimate, including the description of estimation uncertainty and management's significant judgments are in accordance with the requirements of IFRS, and that the sensitivity to key inputs appropriately reflect the Company's exposure to financial instrument valuation risk.

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</table>

Other information

The directors are responsible for the other information. The other information comprises the information included in the 59-page document titled "RECM and Calibre Integrated Annual Report 2020", which includes the Certificate by Company Secretary, the Report of the Audit and Risk Committee and the Directors' report as required by the Companies Act of South Africa, and the Company Profile, the Board of directors, Shareholders' Letter, Corporate governance, Directors' responsibilities and approval of the annual financial statements, Annexure A – Shareholder information, Invitation to Preference Shareholders' meeting with Executive Directors and Corporate Information which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditors' report to the shareholders of RECM and Calibre Limited

continued

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of RECM and Calibre Limited for 7 years.

Ernst & Young Inc.

Ernst & Young Inc.

Director: Johanna Cornelia De Villiers
Registered Auditor
Chartered Accountant (SA)

3rd floor, Waterway House
3 Dock Road
V&A Waterfront
Cape Town
30 July 2020

Directors' report

for the year ended 31 March 2020

The Directors submit their report for the year ended 31 March 2020.

1. REVIEW OF ACTIVITIES

Main business and operations

The Company is engaged in investing as principal and operates principally in South Africa.

The operating results and state of affairs of the Company are fully set out in the attached annual financial statements and do not in our opinion require any further comment. RAC has adopted NAV per share as its primary indicator of performance and accordingly trading statements are published based on the movement of RAC's NAV per share.

Net loss of the Company was R337 118 143 (2019: loss of R43 717 211), after taxation of R20 024 (2019: R227 661).

2. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. EVENTS AFTER THE REPORTING PERIOD

For disclosure relating to events subsequent to the reporting period, please refer to note 22 of the annual financial statements as well as note 24 for COVID-19 related matters.

4. DIRECTORS' SHAREHOLDING

Direct and indirect beneficial interests of Directors and associates as at 31 March 2020 are:

	Ordinary shares				Preference shares			
	2020 Number	**2020 %**	2019 Number	2019 %	**2020 Number**	**2020 %**	2019 Number	2019 %
Theunis de Bruyn	**–**	**–**	–	–	**2 290 000**	**4,8**	1 722 328	3,6
Piet Viljoen	**2 500 001**	**66,67**	2 500 001	66,67	**2 437 250**	**5,14**	1 654 687	3,5
Jan van Niekerk	**1 249 999**	**33,33**	1 249 999	33,33	**628 310**	**1,33**	416 233	0,9
Trent Rossini	**–**	**–**	–	–	**1 500 000**	**3,2**	1 500 000	3,2
Gerhard Swiegers	**–**	**–**	–	–	**80 000**	**0,2**	80 000	0,2
Total	**3 750 000**	**100,00**	3 750 000	100,00	**6 935 560**	**14,6**	5 373 248	11,3

Directors' interests have not changed subsequent to year-end.

5. DIRECTORS' INTEREST IN CONTRACTS

Piet Viljoen is a Director of Regarding Capital Management. Piet Viljoen and Jan van Niekerk are Directors of RAC Investment Holdings (Pty) Ltd. Jan van Niekerk is a Director of RAC Advisory (Pty) Ltd and Livingstone Investments (Pty) Ltd. Piet Viljoen and Jan van Niekerk are Non-executive Directors of Astoria Investments Ltd ("Astoria"). RECM and Calibre Limited has appointed RECM to administer its affairs and to manage its investment portfolio. Piet Viljoen, Theunis de Bruyn and Jan van Niekerk control RECM.

6. AUTHORISED AND ISSUED SHARE CAPITAL

There were no changes in the authorised and issued share capital of the Company during the year under review.

7. DIVIDENDS

No dividends were declared or paid to shareholders during the year.

Statement of financial position

at 31 March 2020

	Notes	2020 R	2019 R
ASSETS			
Non–current assets		**1 039 940 624**	1 376 853 748
Investments	3	**1 039 940 624**	1 376 853 748
Current assets		**831 671**	1 000 735
Investments	3	**810 323**	969 658
Trade and other receivables		**–**	9 860
Cash and cash equivalents	5	**21 348**	21 217
Total assets		**1 040 772 295**	1 377 854 483
EQUITY AND LIABILITIES			
Equity		**1 039 844 613**	1 376 962 756
Share capital – ordinary shareholders	6	**18 206 250**	18 206 250
Share capital – preference shareholders	6	**506 296 000**	506 296 000
Retained income		**515 342 363**	852 460 506
Liabilities			
Current liabilities		**927 682**	891 727
Trade and other payables	8	**926 662**	889 297
Current tax payable		**1 020**	2 430
Total equity and liabilities		**1 040 772 295**	1 377 854 483
Net asset value			
Net asset value attributable to ordinary shareholders	7	**76 234 942**	100 950 349
Net asset value attributable to preference shareholders	7	**963 609 671**	1 276 012 407
Net asset value per ordinary share (cents)	7	**2 033**	2 692
Net asset value per preference share (cents)	7	**2 033**	2 692

Statement of comprehensive income

for the year ended 31 March 2020

	Notes	**2020** **R**	2019 R
Income	10	**1 572 101**	1 523 370
Operating expenses		**(1 757 096)**	(1 698 371)
Operating loss		**(184 995)**	(175 001)
Fair value loss on subsidiary	12	**(336 913 124)**	(43 314 549)
Loss before taxation		**(337 098 119)**	(43 489 550)
Taxation	11	**(20 024)**	(227 661)
Loss for the year		**(337 118 143)**	(43 717 211)
Other comprehensive income for the year net of taxation		**–**	–
Total comprehensive income		**(337 118 143)**	(43 717 211)
Earnings per share			
Per share information (ordinary and preference)			
Basic and diluted (loss)/earnings per share (cents)	13	**(659)**	(85)

Statement of changes in equity

for the year ended 31 March 2020

	Ordinary share capital R	Preference share capital R	Retained income R	Total shareholders' equity R
Balance at 31 March 2018	18 206 250	506 296 000	896 177 717	1 420 679 967
Total comprehensive income	–	–	(43 717 211)	(43 717 211)
Balance at 31 March 2019	**18 206 250**	**506 296 000**	**852 460 506**	**1 376 962 756**
Total comprehensive income	**–**	**–**	**(337 118 143)**	**(337 118 143)**
Balance at 31 March 2020	**18 206 250**	**506 296 000**	**515 342 363**	**1 039 844 613**
Notes	6	6		

Statement of cash flows

for the year ended 31 March 2020

	Notes	2020 R	2019 R
Cash flows from operating activities			
Cash utilised in operations	14	**(1 709 871)**	(1 641 802)
Interest income		**436**	773
Dividends received		**–**	500 000
Tax paid	15	**(21 434)**	(3 866)
Net cash outflow from operating activities		**(1 730 869)**	(1 144 895)
Cash flows from investing activities			
Sale of investments		**1 731 000**	1 130 868
Net cash inflow from investing activities		**1 731 000**	1 130 868
Net movement in cash and cash equivalents		**131**	(14 027)
Cash and cash equivalents at the beginning of the year		**21 217**	35 244
Cash and cash equivalents at the end of the year	5	**21 348**	21 217

Notes to the annual financial statements

for the year ended 31 March 2020

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 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 fully owned subsidiaries incorporated in South Africa, being RAC Investment Holdings (Pty) Ltd ("RIH") and 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 3. Notes 3.1 and 3.3 disclose the investment in RIH as required by IFRS and notes 3.2 and 3.4 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 ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act of South Africa and the Listings Requirements of the JSE Limited. The principal accounting policies applied in the preparation of the financial statements are set out below. They are presented in South African Rands.

These accounting policies have been applied consistently to all periods presented in these financial statements. The adoption of the new accounting standards and amendments to IFRS had no material impact on the results of either the current or prior year. Refer to note 2.1.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates, judgements and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may have a material impact to the financial statements.

Significant judgements include:

Assessment as an 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 its investments on a fair value basis (refer to note 3 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.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price.

The Company uses valuation techniques for unlisted financial instruments that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Directors are of the opinion that the carrying value of trade and other payables approximates their fair values due to their short-term nature.

Although estimates are based on management's best knowledge and judgement of current facts as at the reporting date, the actual outcome may differ from the estimates, possibly significantly.

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.

1.2 Financial instruments

Financial instruments

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Transaction costs for financial assets at FVTPL are recognised as an expense when incurred. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

For a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into one of three categories:

- Financial assets at amortised cost;
- Financial assets at FVOCI;
- Financial assets at FVTPL.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company’s financial assets at amortised cost includes cash and cash equivalents which comprise of cash on hand and demand deposits.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

The Company’s financial assets at FVTPL includes all investments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without a material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised for those credit exposures for which there has been a significant increase in credit risk since initial recognition, over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings or payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

Trade payables were subsequently measured at amortised cost, using the effective interest method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value determination for comparative and current year amounts

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

1.3 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Tax liabilities or assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current tax assets and liabilities are only set off against each other if the Company has a legally enforceable right to set them off.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are not recognised on investments in subsidiaries, associates or joint ventures where the Company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination (other than the acquisition by an investment entity of a subsidiary that is required to be measured at fair value through profit or loss).

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

1.4 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Redeemable, participating, non-cumulative preference shares are classified as equity where the redemption is at the option of the Company and not the shareholders.

1.5 Income

Interest for all financial instruments measured at amortised cost is recognised using the effective interest rate.

Dividends are recognised when the Company's right to receive payment has been established.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective or early adopted in the current year

The following new standards and interpretations became effective during the current financial year, which were relevant to the Company's operations:

Standard/ Interpretation	**Effective date: Years beginning on or after**	Impact
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019	The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation did not directly impact the Company as it does not have any complex tax structures in place.

2.2 Standards and interpretations not yet effective

The following new and revised IFRS statements, interpretations and amendments applicable to the Company have been issued but are not yet effective. The Company plans to adopt these statements when they become effective.

Standard/ Interpretation	**Effective date: Years beginning on or after**	Impact
Conceptual Framework amendments	1 January 2020	The amendments include a new chapter on measurement, guidance on reporting financial performance, improved definitions of an asset and a liability as well as clarification on areas such as roles of stewardship, prudence and measurement uncertainty in financial reporting. The amendments are not expected to have a significant impact on the Company.

Notes to the annual financial statements

for the year ended 31 March 2020

continued

2.2 Standards and interpretations not yet effective *(continued)*

Standard/ Interpretation	**Effective date: Years beginning on or after**	Impact
IAS 1 and IAS 8	1 January 2020	The amendments update the definition of material to read as “Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. This update of the definition is a clarification in our view and will therefore not have a significant impact on the Company.

3. INVESTMENTS

	2020 R	2019 R
Fair value hierarchy of financial assets		
Level 2		
Class 4 – Money market fund	**810 323**	969 658
	810 323	969 658
Level 3		
Class 5 – Unlisted shares – Unquoted – fair value through profit or loss	**1 039 940 624**	1 376 853 748
	1 039 940 624	1 376 853 748
Total financial assets at fair value	**1 040 750 947**	1 377 823 406
Total assets at fair value through profit or loss	**1 040 750 947**	1 377 823 406
Non-current assets – fair value through profit or loss	**1 039 940 624**	1 376 853 748
Current assets – fair value through profit or loss	**810 323**	969 658
Total investments	**1 040 750 947**	1 377 823 406
Management classifies money market fund as current and other investments as non-current.		
Level 3 reconciliation		
Opening balance	**1 376 853 748**	1 420 152 165
Purchases	**–**	16 132
Loss on investments recognised in profit or loss	**(336 913 124)**	(43 314 549)
Closing balance	**1 039 940 624**	1 376 853 748

3. INVESTMENTS continued

Level 1

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

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 6 months.

Level 3

Class 5 unlisted unquoted shares are valued using a number of valuation techniques based on the following unobservable market data for each investment as applicable:

- 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 as applicable by comparing the investee information to similar type entities in the listed market. The nature of the fair value calculations means that there is a range of reasonable possible alternative outcomes for the fair values as they are sensitive to indirect and direct quantifiable 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. Management is responsible for preparing the valuations which are reviewed by the Audit and Risk Committee and approved by the Board.

3. INVESTMENTS continued

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 provided the following disclosures looking through the 100% held subsidiaries, RIH, Livingstone and Astoria Investments Ltd ("Astoria") 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.

	2020 **R**	2019 R
Fair value hierarchy of financial assets held by RAC Investment Holdings (Pty) Ltd, Livingstone Investments (Pty) Ltd and Astoria Investments Ltd		
Level 1		
Class 1 – Listed shares – Quoted	**8 302 500**	533 319 428
	8 302 500	533 319 428
Level 2		
Class 3 – Hedge fund	**38 089 199**	37 471 361
Class 4 – Money market fund	**39 609 729**	12 443 554
Class 6 – Unlisted shares – Last traded price – fair value through profit or loss	**36 474 981**	–
	114 173 909	49 914 915
Level 3		
Class 5 – Unlisted shares – Unquoted – fair value through profit or loss	**1 022 528 388**	1 350 945 307
	1 022 528 388	1 350 945 307
Total financial assets at fair value	**1 145 004 797**	1 934 179 650
Non-current assets	**39 609 729**	1 921 736 096
Current assets	**1 105 395 068**	12 443 554
Total investments	**1 145 004 797**	1 934 179 650
Summary of Net Asset Value of RIH, Livingstone and Astoria		
Total investments from above	**1 145 004 797**	1 934 179 650
Loans and receivables	**81 625 260**	91 377 348
Cash and cash equivalents	**69 905 533**	43 532 573
Deferred tax	**(809 467)**	(110 178 022)
Contingent consideration and options	**–**	16 616 415
Loans and payables	**(5 712 804)**	(248 329 362)
Preference shares	**(250 072 695)**	(350 344 854)
Net asset value of RIH, Livingstone and Astoria	**1 039 940 624**	1 376 853 748

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3. INVESTMENTS continued

3.1 Description of significant unobservable inputs and their sensitivities of investments held by RAC (level 3 investments)

31 March 2020

	Valuation technique	Fair value Rm	Significant unobservable inputs	Range	Sensitivity
RAC Investment Holdings ("RIH")	NAV	1 039,9	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 an increase in fair value of approximately R203,4m or decrease in fair value of approximately 201,9m.

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

Outdoor Investment Holdings	Multiple	79,3	PBIT	6	A change in multiple by 1 would result in a change in fair value of approximately R22,3m.
Goldrush Group	Multiple	858,1	Sustainable EBITDA	7	An increase or decrease in the EBITDA multiple by 1 would result in a change in fair value of approximately R167,1m.
JB Private Equity Investors Partnership	NAV	47,1	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 R4,7m impact on the Partnership NAV.
ISA Carstens (excluding non equity investments)	Multiple	28,6	PAT	6	A change in multiple up or down by 1 would results in a change in fair value of approximately R0,9m.
	Capitalisation rate		Rent received	8,5% – 9,5%	An increase in the capitalisation rate by 1% would result in a decrease in fair value of approximately R6m whereas a decrease in the capitalisation rate by 1% would result in an increase in fair value of approximately R7,5m.
IASeminars SA	Multiple	9,1	Sales	0,4	A change in multiple by 10% would result in a change in fair value of approximately R0,9m.
Other level 3 investments		**0,3**			
Total		**1 022,5**			

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for the year ended 31 March 2020

continued

3. INVESTMENTS continued

3.3 Description of significant unobservable inputs and their sensitivities of investments held by RAC (level 3 investments).

31 March 2019

	Valuation technique	Fair value Rm	Significant unobservable inputs	Range	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 a change in fair value of R220m.

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

Outdoor Investment Holdings	Multiple	96,3	PBIT	6	A change in multiple by 1 would result in a 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	Sustainable 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		**1 351,10**			

3. INVESTMENTS continued

Factors that were considered in all valuations include the current market conditions, the invested market segment, and any interest rate uncertainty. The nature of fair value calculations being somewhat subjective and sensitive to direct and indirect quantifiable inputs means that there is a range of reasonably possible alternative outcomes for the fair values of these investments. 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.

Goldrush

In valuing Goldrush for the period since initial investment up until 31 March 2019, sustainable EBITDAR (earnings before interest, tax depreciation, amortisation and machine rentals) was used as the yardstick with which to measure the progress of the business. A multiple of 7 was applied to this yardstick to get to the enterprise value of Goldrush. The multiple of 7 anticipated some years of accelerated growth in earnings resulting from the nearly complete capital investment plan in both the bingo and LPM divisions.

In calculating sustainable EBITDAR, the costs incurred when opening new sites and the start-up operating losses of bingo properties were consistently added back each year.

From the beginning of this financial year, the valuation method was amended to reflect the maturing of the business. Rentals are now included in the earnings calculation and RAC adopted sustainable EBITDA, rather than EBITDAR, as the yardstick.

The enterprise value calculated at 7 times sustainable EBITDAR at the end of the 2019 financial year, provided the same value as when a 9 times multiple was applied to sustainable EBITDA. Accordingly, Goldrush was valued at 9 times sustainable EBITDA at 30 September 2019 for RAC's interim results. This multiple still reflected our view of accelerated growth at Goldrush because of the prior capital expenditure rolling out the bingo and LPM divisions.

In our year-end valuation, because of the COVID-19 uncertainty, we removed any immediately anticipated growth expectation and valued Goldrush on 7 times sustainable EBITDA. The chosen multiple of 7 times is:

- lower than the 25-year average EBITDA multiples of comparable listed South African gaming operators, which range between 7.2 and 9.2; and
- lower than the EBITDA multiples at which true arms-length transactions in the gaming industry happened in the past few years, mostly being around 8 times EBITDA.

As Goldrush's capital investment program comes to an end in the bingo and LPM division, sustainable EBITDA will equal EBITDA soon.

Outdoor Investment Holdings

We continue to value OIH on a multiple of 6 x PBIT (profit before interest and tax) as we have done for the last 3 years. Given the specialist nature of OIH and there not being much reliable comparative data for such a business in South Africa, our multiple is based on our best estimate of the long-term growth prospects of the business taking into account the overall economy and ALSI. It takes into account that part of the business has matured (Safari and Outdoor) with less opportunity to outperform the general economy as well as the potential for the likes of the Family Pet Centre to experience faster growth as their levels of customers grow from a relatively small base.

ISA Carstens

The two main valuation drivers of the ISA Carstens group are the Education Services it provides as well as the properties that it owns. For the valuation of the properties, independent specialist property valuers were appointed to determine the values of the properties. The capitalisation rates used for the valuation of the properties of between 8,5% and 9,5% are well within the industry rates and therefore we felt no need to make any change to the values of properties as determined by the specialists. For the valuation of the Education Services, we applied a multiple of 6 to PAT (profit after tax). Whilst this is lower than many of the listed education businesses, it provides a better long-term view of the business.

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for the year ended 31 March 2020

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4. FINANCIAL ASSETS BY CATEGORY

The categorisation of financial assets is as follows:

	Amortised cost R	Financial assets at fair value through profit or loss R	Total R
2020			
Cash and cash equivalents	**21 348**	**–**	**21 348**
Investments	**–**	**1 040 750 947**	**1 040 750 947**
	21 348	**1 040 750 947**	**1 040 772 295**
2019			
Cash and cash equivalents	21 217	–	21 217
Investments	–	1 377 823 406	1 377 823 406
	21 217	1 377 823 406	1 377 844 623

	2020 R	2019 R
5. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Bank balances	**21 348**	21 217
Credit quality of cash at bank and short-term deposits, excluding cash on hand		
The credit quality of cash at bank and short-term deposits can be assessed by reference to external ratings (if available) or historical information about counterparty default rates.		
Credit rating		
F1+ (Fitch)	**21 348**	21 217

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		2020 R	2019 R
6.	**SHARE CAPITAL**		
	Authorised		
	5 000 000 ordinary shares of R0,01 each.	**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.	**–**	–
	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.	**–**	–
	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		
	3 750 000 (2019: 3 750 000) ordinary shares of R0,01 each	**37 500**	37 500
	Share premium	**18 168 750**	18 168 750
		18 206 250	18 206 250
	47 400 000 (2019:47 400 000) non-cumulative redeemable participating preference shares of no par value	**506 296 000**	506 296 000
7.	**NET ASSET VALUE PER SHARE**		
	Net asset value per share is calculated by dividing the net asset value attributable to each class of share by the number of shares in issue as at year end. Given the ordinary and preference shares have the same rights to the net asset value of the company, net asset value per share is the same for both classes.		
	Number of shares in issue at year-end		
	Ordinary shares	**3 750 000**	3 750 000
	Preference shares	**47 400 000**	47 400 000
	Net asset value attributable to ordinary shareholders	**76 234 942**	100 950 349
	Net asset value attributable to preference shareholders	**963 609 671**	1 276 012 407
	Net asset value per ordinary share (cents)	**2 033**	2 692
	Net asset value per preference share (cents)	**2 033**	2 692

Notes to the annual financial statements

for the year ended 31 March 2020

continued

		2020 R	2019 R
8.	**TRADE AND OTHER PAYABLES**		
	Audit fee payable	**287 590**	280 345
	Trade payables	**7 498**	158 302
	Directors' fees payable	**631 574**	450 650
		926 662	889 297

Trade and other payables are interest free and generally settled within 60 days.

9. FINANCIAL LIABILITIES BY CATEGORY

	Financial liabilities at amortised cost R	Total R
2020		
Trade and other payables	**926 662**	**926 662**
	926 662	**926 662**
2019		
Trade and other payables	889 297	889 297
	889 297	889 297

		2020 R	2019 R
10.	**INCOME**		
	Dividend income		
	Unlisted financial assets	**1 500 000**	1 500 000
	Total dividend income	**1 500 000**	1 500 000
	Interest income		
	Bank *	**436**	773
	Money market fund	**71 665**	22 597
	Total interest income	**72 101**	23 370
	Total income	**1 572 101**	1 523 370

* *This interest is recognised using the effective interest rate method.*

Notes to the annual financial statements

for the year ended 31 March 2020

continued

		2020 R	2019 R
11.	**TAXATION**		
	Major components of the tax expense		
	Current		
	Income tax – current period	**20 024**	5 577
	Income tax – prior year underprovision	**–**	222 084
	Deferred		
	Current period	**–**	–
		20 024	227 661
	Reconciliation of the tax expense		
	Reconciliation between accounting (loss)/profit and tax expense		
	Accounting (loss)/profit	**(337 098 119)**	(43 489 550)
	Tax at the applicable tax rate of 28% (2019: 28%)	**(94 387 473)**	(12 177 074)
	Tax effect of adjustments on taxable income		
	Non-taxable income	**(420 000)**	(420 000)
	Non-taxable fair value adjustments	**94 335 675**	12 128 074
	Prior year under-provision	**–**	222 084
	Non-tax deductible expenses	**491 822**	474 577
		20 024	227 661

		Gross R	Tax R	Net R
12.	**FAIR VALUE (LOSS)/GAIN ON SUBSIDIARY**			
	2020			
	Loss arising during the year:			
	Unlisted shares – subsidiary	**(336 913 124)**	**–**	**(336 913 124)**
		(336 913 124)	**–**	**(336 913 124)**
	2019			
	Loss arising during the year:			
	Unlisted shares – subsidiary	(43 314 549)	–	(43 314 549)
		(43 314 549)	–	(43 314 549)

Given that RIH is a 100% held subsidiary of RAC, RAC is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, the requirements in terms of IAS 12 for the exemption to recognise a deferred tax liability on the investment in RIH have been met. Temporary differences not recognised in terms of IAS 12 amount to R151 299 578 (2019: R488 212 702). Deferred tax has been recognised in RIH on the investments that it expects to incur taxes on when realising their value.

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		2020	2019
13.	**EARNINGS AND HEADLINE EARNINGS PER SHARE**		
	Earnings and headline earnings per shares are based on the (loss)/ profit attributable to ordinary and preference shareholders in issue during the year.		
	Number of shares in issue at year-end		
	Ordinary shares	**3 750 000**	3 750 000
	Preference shares	**47 400 000**	47 400 000
	Reconciliation of issued shares to weighted average number of shares		
	Ordinary shares (opening and closing balance)	**3 750 000**	3 750 000
	Preference shares (opening and closing balance)	**47 400 000**	47 400 000
	Total weighted average number of shares	**51 150 000**	51 150 000
	Earnings		
	Net loss after tax	**(337 118 143)**	(43 717 211)
	Headline earnings	**(337 118 143)**	(43 717 211)
	Basic and diluted earnings per ordinary and preference shares (cents)	**(659)**	(85)
	Basic and diluted headline earnings per ordinary and preference shares (cents)	**(659)**	(85)
14.	**CASH UTILISED IN OPERATIONS**	**R**	R
	Loss before taxation	**(337 098 119)**	(43 489 550)
	Adjustments for:		
	Dividends received	**(1 500 000)**	(1 500 000)
	Interest received	**(72 101)**	(23 370)
	Unrealised loss on investments	**336 913 124**	43 314 549
	Changes in working capital:		
	Trade and other receivables	**9 860**	(9 860)
	Trade and other payables	**37 365**	66 429
		(1 709 871)	(1 641 802)
15.	**TAX PAID**		
	Balance at the beginning of the year	**(2 430)**	221 365
	Current tax for the year recognised in profit or loss	**(20 024)**	(227 661)
	Balance at the end of the year	**1 020**	2 430
		(21 434)	(3 866)

16. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Subsidiary

As at year-end, RAC has a single equity investment being a 100% (2019: 100%) held subsidiary, RAC Investment Holdings (Pty) Ltd ("RIH"). The subsidiary is not consolidated due to the Company being an investment entity in terms of IFRS 10 which requires investments to be accounted for at fair value. RIH is an investment holding Company, operating in South Africa. For additional information relating to RIH, as well as the underlying investments, looking through its 100% held subsidiary Livingstone Investments (Pty) Ltd, please refer to note 3.

RIH holds the following investments as at 31 March 2020

Subsidiaries

As at year-end, RIH has a 58,8% (2019: 50,1%) economic interest in Goldrush Group (Pty) Ltd ("Goldrush") which is incorporated in South Africa and has interests in both Bingo and Limited Pay Out Machine licences in Southern Africa. RIH has 58,8% (2019: 50,1%) of the voting rights as at year-end and Goldrush is therefore considered to be a subsidiary. The increase in shareholding is due to the exercise of an option to acquire additional shares in Goldrush.

As at year-end RIH has a 90% (2019: 90%) interest in the JB Private Equity Investors Partnership. The partnership holds 37,4% (2019: 37,4%) of the issued shares in Unicorn Capital Partners Limited ("Unicorn"). Unicorn operates as an investment holding company which is incorporated in South Africa and listed on the JSE. Unicorn's current portfolio of investments includes the provision of overburden drilling and blasting, mobile crane hire and exploration drilling services as well as an operational anthracite mine. Given the holding structure, JB Private Equity Investors Partnership is considered to be a subsidiary and Unicorn is considered an associate as at year-end.

As at year-end, RIH has a 97,4% (2019: 0%) stake in the ordinary shares of IASeminars SA (Pty) Ltd ("IASeminars"). IASeminars holds 100% of the issued shares of IASeminars Limited, a United Kingdom domiciled company which specialises in the presentation of international accounting seminars and other financial training events. Given the majority stake, IASeminars is considered to be a subsidiary as at year-end. As at 31 March 2019, RIH had a 96,6% stake in the ordinary shares of SA College of Home Study (Pty) Ltd ("College SA") which held 100% of IASeminars. During the current year, College SA was sold excluding IASeminars, resulting in RIH retaining its 97,4% interest in IASeminars.

As at year-end, RIH has a 100% (2019: 100%) stake in Livingstone Investments (Pty) Ltd ("Livingstone"). Livingstone is an investment entity incorporated in South Africa. It holds a 100% (2019: 28,7%) interest in Astoria Investments Ltd ("Astoria"). Astoria which is listed on the Stock Exchange of Mauritius and the JSE is an investment holding company which has a global investment policy. Given RAC controls 100% of the voting rights in Livingstone and Astoria, both companies are considered to be subsidiaries as at year-end.

Associates and joint ventures

As at year-end, RIH has a 33% (2019: 31%) interest in Outdoor Investment Holdings (Pty) Ltd ("OIH"). OIH is the largest hunting and safari related chain in South Africa with a wide range of products catering for all hunting requirements. Given the holding, RIH is considered to have significant influence over S&O and it is therefore considered to be an associate.

As at year-end, RIH had a 39,5% (2019: 31,6%) interest in Trans Hex Group (Pty) Ltd ("Transhex"). Transhex is an integrated, international company engaged directly and through associated companies and joint-venture agreements with others in the exploration for, mining and marketing of high-quality diamonds from land and marine alluvial deposits in South Africa and Angola. Given the 39,5% holding and voting agreement with other shareholders, Transhex is considered to be a joint venture at year-end (2019: joint venture).

As at year-end, RIH has a 49% (2019: 49%) interest in ISA Carstens (Pty) Ltd ("ISA Carstens"). ISA Carstens is a private tertiary education institution which provides tuition for students who wish to follow a career in the health and wellness industry. ISA Carstens is domiciled in South Africa with campuses in Stellenbosch and Pretoria. RIH has 49% of the voting rights under its control and therefore ISA Carstens is considered to be an associate as at year-end.

As at year end, RIH has a 49,9% (2019:49,9%) interest in Vehicle Care Group ("VCG"). VCG provides insurance, warranties and service plans to the vehicle trade (VCG Protect), acting as an intermediary for obtaining finance and insurance for customers of its group of dealer clients (VCG Finsure) and providing long-term motor vehicle rentals to individuals (VCG Flexidrive). VCG is domiciled in South Africa. RIH has 49,9% of the voting rights under its control and therefore VCG is considered to be an associate as at year-end.

17. RELATED PARTIES

Relationships

Shareholders with significant influence	Seneca Investments Proprietary Limited (PG Viljoen); TTOW Investments (Pty) Ltd (JC Van Niekerk)
Subsidiaries	RAC Investment Holdings (Pty) Ltd Goldrush Group (Pty) Ltd JB Private Equity Investors Partnership IASeminars SA (Pty) Ltd Livingstone Investments (Pty) Ltd Astoria Investments Ltd
Joint Ventures	Trans Hex Group (Pty) Ltd
Associates	Outdoor Investment Holdings (Pty) Ltd Unicorn Capital Partners Limited ISA Carstens (Pty) Ltd Vehicle Care Group (Pty) Ltd
Key members of management	JC Van Niekerk; PG Viljoen
Common directorships	Regarding Capital Management (Pty) Ltd (Investment Manager) RAC Advisory (Pty) Ltd (Investment Manager) RAC Advisory (Mauritius) Limited (Investment Manager of Astoria)

Messrs PG Viljoen, JC Van Niekerk and T de Bruyn do not receive any directors' emoluments from RAC or from any other Company directly in relation to services rendered to RAC. They benefit as shareholders of the Company.

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		2020 R	2019 R
17.	**RELATED PARTIES** continued		
	Related party transactions		
	Income received from related parties		
	RAC Investment Holdings (Pty) Ltd – dividend	**1 500 000**	1 500 000
	RECM Money Market Fund – interest	**71 665**	22 597
	Related party balances		
	Investment in RECM Money Market Fund	**810 323**	969 658
	RAC Directors with material interests in contracts entered into by RAC, RIH or Astoria		
	Mr PG Viljoen is a director of Regarding Capital Management (Pty) Ltd, RAC and RIH. Mr JC Van Niekerk is a Director of RAC, RIH, Livingstone, RAC Advisory (Pty) Ltd and RAC Advisory (Mauritius) Limited. Messrs PG Viljoen and JC van Niekerk are directors of Astoria Investments Ltd.		
18.	**DIRECTORS' EMOLUMENTS**		
	Directors' emoluments consist of directors' fees and are considered to be short-term benefits which are paid in the year.		
	Gerhard Swiegers	**290 800**	277 000
	Trent Rossini	**158 500**	151 000
	Zanele Matlala	**158 500**	151 000
	Executive directors and Mr T de Bruyn do not receive any directors fees from the company and the company has no employees.		

19. RISK MANAGEMENT

Risk Management objectives and policies

The Company's financial objective is to grow the net asset value per share; bearing in mind the absolute necessity to ensure the Company's ability to operate as a going concern at all times. The manager of the Company's assets regards the risk of losing capital as the most important risk to manage. This risk is managed firstly through buying only into assets where the price paid is substantially less than the value expected to be received. A secondary, but equally important risk management tool is to focus on the underlying quality of the assets acquired.

The Board of RAC is required to consider and report on various risks in its financial reporting. The risk management function focuses on actively securing the Company's financial objectives by employing the services of a professional Investment Manager. The most significant financial risks to which the Company and the investment entities RIH and Livingstone are exposed are described below. The Company does not engage in the trading of financial assets for speculative purposes. Its Memorandum of Incorporation also limits the amount of leverage it can employ.

As a result of RAC owning 100% of the issued shares of RIH and RIH owning 100% of the issued shares in Livingstone, the following Risk Management disclosures have where relevant also been completed looking through the RIH and Livingstone structure, as if RAC held the underlying investments directly.

Market risk

Market risk comprises three types of risk: equity price risk, interest rate risk and liquidity risk. In addition, the directors consider credit risk and foreign exchange risk.

Equity price risk

The Company is subject to the risk of adverse movements in the market price of listed securities and unlisted quoted securities in which it has invested. This market risk is managed by the investment adviser by buying assets below their expected value. These investments are monitored on an ongoing basis by the Investment Manager and regularly reported on to the Board of Directors. Significant investments are approved in advance. A decrease or increase of 10% (2019: 3%) in the market price would have an estimated R0,9m (2019: R16m) impact on the fair value of the underlying portfolio of listed investments. This movement would impact the profit or loss of RAC as the movement would impact the NAV of RIH. A 10% (2019: 1%) change in the fair value of RIH would have a profit or loss impact of R104m (2019: R13,7m).

Interest rate risk

As the Company, through its investments in RIH and Livingstone, has exposure to significant interest bearing assets at times during the financial year, the Company's statement of comprehensive income is influenced by market interest rates.

Based on the exposure as at 31 March 2020 if interest rates had been 1% higher/lower with all other variables held constant, post-tax loss/profit for the year would have been R0,8m (2019: R0,4m) higher/lower.

As at year-end RIH had funding from Absa Bank Limited ("Absa") in the form of preference shares. The dividend on the funding is linked to prime. A 1% change in prime will result in RIH needing to pay an additional R2,9m (2019: R6m) of preference dividends per year.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk through an ongoing review of foreseeable future commitments and ensuring that adequate cash balances are maintained at all times.

19. RISK MANAGEMENT continued

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period as at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

RAC	Less than 60 days R	Over 60 days R
At 31 March 2020		
Trade and other payables	**926 662**	**–**
At 31 March 2019		
Trade and other payables	889 297	–

The maturity groupings for RIH and Livingstone are as follows:

RIH and Livingstone	Less than 1 year R	1 to 2 years R	2 to 5 years R	More than 5 years R	Total R
At 31 March 2020					
Loans and payables	**268 863 851**	**–**	**–**	**–**	**268 863 851**
At 31 March 2019					
Loans and payables	290 572 470	374 605 475	–	–	665 177 945

Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company in full. The Company is exposed to this risk primarily due to receivables from financial institutions or investee companies. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at amortised cost recognised at the reporting date in RIH. This would include loans and receivables from RIH to underlying investees of R110,1m (2019: R93,1m). Whilst no credit limits were exceeded during the reporting period or no amounts were considered to be past due, management of RIH has provided for R28,4m (2019: R28,4m) of capital and interest receivable from an investee company as at year-end as the investee is no longer expected to be able to meet the loan repayments going forward. In addition to this, management of RIH have expected credit losses in terms of IFRS 9 totalling R28,8m (2019: Rnil) against the loan receivable amount of R110,1m above.

The board considers that all other financial assets are of good credit quality. No other financial assets are impaired or past due for each of the reporting dates under review.

Foreign exchange risk

The Company is able to operate internationally and foreign exchange risk arising from exposure to foreign currencies may arise from time to time. As at year-end, the Company is not directly exposed to foreign exchange movements however its investment in Astoria may be impacted by movements in the United States Dollar ("USD") and South African Rand exchange. As this investment is an equity investment which is traded on the JSE which is based in South African Rands, no Foreign Exchange sensitivity was completed for the year ended 31 March 2019. Due to the Astoria shares being suspended for trading as at 31 March 2020 and the majority of the value of Astoria assets being held in USD denominated bank accounts, foreign exchange rate risk has been provided as at 31 March 2020. A 10% movement of the Rand to USD exchange rate would have a R6,5m impact on the net asset value of RAC.

20. GUARANTEE, CESSION AND PLEDGE

As at year-end RIH has issued 250 (2019: 350) preference shares for R1 000 000 each to 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 all redeemable on the 30 October 2020. Subsequent to year-end, RIH received an indicative term sheet from Absa to extend the repayment date on the preference shares from 30 October 2020 to 29 October 2021 as well as to reduce the dividend rate, which is still to be finalised along with the signing of the updated agreements..

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 R265m (2019: R42,9m) within 1 year, Rnil (2019: R374,8m) within 2 years and Rnil (2019: Rnil) within 5 years.
- RIH pledged its shares held in Goldrush to Absa, therefore if the preference shares were to become due and payable this could necessitate the full or partial sale of the Goldrush investment.

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.

At year-end, 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 to RAC without the prior consent of Absa.

As at year-end Livingstone, a wholly owned subsidiary of RIH, no longer had a loan from Absa. As at 31 March 2019, the loan totaled R202,1m. The full loan and accrued interest was repaid during the current financial year. Whilst the loan from Absa or preference shares issued by RIH to Absa are outstanding, the following security remains in place:

- Livingstone pledged its shares held in Astoria as well as its bank accounts, claims and other related rights to Absa
- RIH pledged its shares held in Livingstone to Absa
- Failing repayment of the loan by Livingstone, all assets held by RAC would have become pledged to Absa.

During the year, both the value of Livingstone's pledged shares in Astoria as well as RIH's pledged shares in Livingstone exceeded the value of the loan and accumulated interest owing to Absa. The directors of RAC considered the possibility of RAC needing to make any payments under the guarantee as being highly remote during the course of the loan.

21. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. For specific disclosures relating to COVID-19 and the impact it has had, please refer to note 24.

22. SUBSEQUENT EVENTS

Subsequent to year-end the following significant transactions have occurred in RIH and Livingstone:

- Astoria appointed RAC Advisory (Mauritius) Limited as its Investment Manager as from 5 May 2020;
- Afrimat Limited issued a letter of firm intention to the Board of Unicorn Capital Partners Limited to acquire all the shares in Unicorn Capital Partners Limited, which it does not already own. JB Private Equity Investors Partnership has provided an irrevocable undertaking to vote in favour of the offer from Afrimat Limited;
- Subsequent to year-end, RIH received an indicative term sheet from Absa to extend the repayment date on the preference shares from 30 October 2020 to 29 October 2021 as well as to reduce the dividend rate, which is still to be finalised along with the signing of the updated agreements.
- For subsequent events relating specifically to COVID-19, please refer to note 24.

23. NON-CASH TRANSACTIONS

RAC earned interest income totalling R71 665 (2019: R22 597) on its investment in the RECM Money Market Fund. This interest was re-invested directly into the RECM Money Market Fund and therefore is not included in the statement of cash flows.

During the year RAC earned R1,5m (2019: R1,5m) of dividend income from RIH of which none (2019: R0,5m) was received in cash and R1,5m (2019: R1m) was received in units of the RECM Money Market Fund.

24. COVID-19

The worldwide outbreak of COVID-19 during mid-January 2020 and various governments' actions to try and curtail the spread of the virus, has had a significant negative impact on the world's economies, including South Africa.

At this stage of the outbreak, a high level of uncertainty exists regarding the impact on the global and the South African economy as a result of the numerous lockdowns that have been implemented.

As at the time of signing these financial statements, South Africa has started to lift lockdown restrictions to varying degrees.

Whilst the effects of the COVID-19 outbreak and the resulting national lockdown have had no direct negative impact on the company from an operational perspective, the Directors of RAC have considered if any additional financing is required as well as the cash flow requirements for the next 12 months. At this stage, no additional financing is required, and the company remains a going concern.

The underlying investee businesses have been impacted to varying degrees, of which a short summary is provided below.

Goldrush

As from 25 March 2020, all of Goldrush's properties were closed which reduced EBITDA (earnings before interest, tax, depreciation and amortization) (our primary input for determining the Enterprise Value of Goldrush) for the year ended 31 March 2020. Its online offering, through www.gbets.co.za remained in operation and it experienced a marked increase in activity over the last three months. This is still however a small part of the total business and is unlikely to make a meaningful difference to the fortunes of the group any time soon. The Goldrush management team acted very early and pro-actively to secure the financial stability of the group by obtaining support from the group's bankers, landlords, major suppliers and all staff who took significant salary sacrifices. Goldrush started opening some of its sites as from 1 July 2020 which was earlier than originally expected. Whilst the level of daily turnover does not match pre-lockdown levels, the current levels of turnover are sufficient to see the group through the current lockdown levels without the requirement of further capital from shareholders or debt funders.

Notes to the annual financial statements

for the year ended 31 March 2020

continued

Outdoor Investment Holdings (“OIH”)

All of OIH’s stores, with the exception of the two Family Pet Centres, were closed under the initial lockdown, but resumed trading under lockdown level 4, which was earlier than management originally planned for. As with the other businesses, staff, suppliers and their bankers have been supportive of the business. Encouraging numbers of customers have returned to the stores since they reopened.

ISA Carstens (”ISA”)

ISA’s campuses closed in line with other tertiary institutions in March. The education team activated its online learning platform and teaching of the students continued. The flow of the annual curriculum for all students has been re-organised in order to ensure that the theoretical part of the training is being done while the lockdown is in place. Some students have returned to campus in the third academic term of the year to complete their practical training. ISA has been able to continue to meet its obligations in teaching its students and therefore it would appear at this stage that the impact of COVID-19 on ISA has been limited.

Astoria Investments Limited (“Astoria”)

As announced in Astoria’s quarterly results, all conditions for Astoria’s purchase of CNA from Edcon were fulfilled as of 7 April 2020, and Astoria is now a 70% shareholder of CNA Holdings (Pty) Ltd, a new company that was set up to house the business of CNA. Stores opened for trading subject to lockdown regulations. CNA has received overwhelming support from landlords, suppliers and staff during this period. CNA has experienced encouraging levels of trading after lockdown regulations in South Africa have been somewhat relaxed.

Unicorn Capital Partners (“UCP”)

Unicorns main businesses, being the Nkomathi Anthracite mine, JEFF and Geosearch, were all negatively impacted as a result of the lockdown but started trading under level 4. Operations have slowly been ramping up but remain well below normal levels.

Transhex

Lockdowns in various global diamond centres have brought the diamond trading business to a virtual halt. The Angolan mine has been put on care and maintenance to reduce the variable costs and preserve the cash balances. The mine will remain as such until markets open up again. The company should have sufficient cash to meet its requirements until the diamond markets begin trading again.

What the underlying investees all have in common is that they have been able to proactively manage the initial impact of the lockdown as well as amend their business practices to operate safely and efficiently post lockdown in South Africa.

As expected, the investees have all seen decreased revenues with some corresponding reduction in costs and whilst it is encouraging to see the lockdown being lifted and businesses starting to operate once again, it is still too early to say how long it will take for operations to return to levels as seen prior to the lockdown. At this stage, the investee companies all remain going concerns as a result of the efforts of their management teams.

Shareholder information

as at 31 March 2020

As at 31 March 2020, three million seven hundred and fifty thousand ordinary shares were in issue. The beneficial interests as at 31 March 2020 are shown below. The Company also had forty seven million four hundred thousand preference shares in issue. Shareholders with beneficial interests of 3% or greater as at year end are listed below:

	2020		2019	
Beneficial shareholder name	**Number**	**%**	Number	%
Ordinary shares				
Seneca Investments Proprietary Limited (PG Viljoen)	**2 500 000**	**66,7**	2 500 000	66,7
PG Viljoen	**1**	**–**	1	–
Maximus Investments CC (JC van Niekerk)	**1**	**–**	1	–
TTOW Investments Proprietary Limited (JC van Niekerk)	**1 249 998**	**33,3**	1 249 998	33,3
Preference shares				
Coronation Capital Plus Fund	**3 404 193**	**7,2**	3 424 741	7,2
Piet Viljoen	**2 437 250**	**5,1**	1 654 687	3,5
Theunis de Bruyn	**2 290 000**	**4,8**	1 722 328	3,6
SBSA ITF Nedgroup Investment Managed Fund	**1 648 184**	**3,5**	2 015 080	4,3
Rozendal Flexible Prescient QI Hedge Fund	**1 544 220**	**3,3**	1 103 228	2,3
SBSA ITF RECM Global Flexible Fund	**1 531 477**	**3,2**	1 531 477	3,2
SBSA ITF Nedgroup Investment Stable Fund	**1 500 000**	**3,2**	1 500 000	3,2
TNT Trust (T Rossini)	**1 500 000**	**3,2**	1 500 000	3,2

Public shareholders analysis	2020		2019	
Security holders analysis	**Number**	**%**	Number	%
Ordinary shares				
Non-public	**4**	**100,0**	4	100,0
Preference shares				
Public	**819**	**97,0**	929	97,4
Non-public	**25**	**3,0**	25	2,6

Invitation to Preference Shareholders' meeting with Executive Directors

RAC
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" or "the Company")

This year the meeting of RAC preference shareholders with executive directors will be held at 11:00 on Wednesday 19 August via a Microsoft Teams Webinar. You don't need to be a shareholder to attend.

In order to attend, please use the following link at the appropriate time. You don't have to have Microsoft Teams installed on your computer. You will have an option to join in your web browser.

The link to the meeting is also on our website at www.racltd.co.za or email info@racltd.co.za to request a link to join.

As always, we will answer all your questions, even if it takes all day. This is the one opportunity that our fellow shareholders have to ask questions of us in the year. We want to make the most of it.

You will be able to post questions live during the webinar, or you can send your questions before the time to info@racltd.co.za.

G Simpson
Company Secretary

Corporate information

RECM AND CALIBRE LIMITED

("RAC" or "the Company")

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

Investments as principal activities

COMPANY REGISTRATION NUMBER

2009/012403/06

PREFERENCE SHARE CODE

RACP

ISIN

ZAE000145041

DIRECTORS

T de Bruyn (*Non-Executive Director*)

Z Matlala (*Independent Non-Executive Director*)

T Rossini (*Independent Non-Executive Director*)

JG Swiegers (*Lead Independent Non-Executive Director*)

JC van Niekerk (*Executive Financial Director*)

PG Viljoen (*Executive Chairperson*)

COMPANY SECRETARY

G Simpson

FINANCIAL STATEMENTS INTERNALLY COMPILED BY

D Schweizer – Chartered Accountant (S.A.)

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AUDITORS

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3 Dock Road
V&A Waterfront
Cape Town 8001

(PO Box 656, Cape Town, 8000)

SPONSOR

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

(PO Box 98956, Sloane Park, 2152)

TRANSFER SECRETARIES

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

(PO Box 4844, Johannesburg, 2001)

BANKERS

The Standard Bank of South Africa Ltd
Park Vista Building
Cnr Hendrik Verwoerd & Embankment Street
Centurion

(PO Box 9633, Centurion, 0046)

ATTORNEYS

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11 Buitengracht Street
Cape Town 8001
South Africa

(PO Box 695, Cape Town, 8000)

FINANCIAL SERVICES PROVIDERS

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34 Bree Street
Cape Town
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GRAPHICULTURE