

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")

UNAUDITED UNREVIEWED CONDENSED INTERIM FINANCIAL RESULTS

for the six months ended
30 September 2022

Contents

	Page
Letter to shareholders	1
Statement of financial position	5
Statement of comprehensive income	6
Statement of changes in equity	7
Statement of cash flows	7
Notes to the condensed interim results	8

Letter to shareholders

Dear fellow shareholders

At 30 September 2022, RAC's net asset value ("NAV") per share (both ordinary and participating preference shares) amounted to R17,64. This represents an increase in NAV per share of 26,5% over the first six months of the financial year, after adjusting for the distribution of Astoria Investments Ltd ("Astoria") shares to RAC's shareholders. The JSE All Share (Total Return) Index decreased by 13,4% over the period.

The increase in RAC's NAV per share was driven by higher profits from Goldrush as the company was finally able to trade without interruption for a full twelve-month period since the COVID lockdowns. This was enhanced by the effect of a share repurchase at RAC level.

As at 30 September 2022, the make-up of our NAV on a look-through basis consists of:

	% ownership	% total assets	Directors fair value		
			30 September 2022 Rm	31 March 2022 Rm	30 September 2021 Rm
Core investments		94,8	1 216,4	961,2	957,7
Goldrush	58,8	98,1	1 216,4	961,2	932,4
Astoria Investments	–	–	–	–	25,3
Astoria Investments for distribution	–	–	–	30,3	–
Other investments		1,2	14,6	15,5	49,3
Cash and receivables		0,7	9,4	34,9	2,8
Total assets			1 240,4	1 041,9	1 009,8
CGT and other liabilities			(102,7)	(51,0)	(32,5)
Bank funding			(260,7)	(250,0)	(250,0)
Net assets			877,0	740,9	727,2
NAV per share (Rand)			17,64	14,48	14,22
NAV per share ex Astoria distribution (Rand)			17,64	13,94	14,22

Letter to shareholders

continued

INCREASE IN NAV

The increase in NAV for the six months was R135,8m after accounting for the Astoria distribution and RAC share repurchase.

The composition of the increase on a look-through basis is as follows:

	Unaudited Six months ended 30 September 2022 R	Audited Twelve months ended 31 March 2022 R	Unaudited Six months ended 30 September 2021 R
Interest and dividends received	994 905	22 369 810	3 804 071
Adjustments to fair value of assets	247 190 074	4 889 214	(23 357 440)
Financing expenses	(10 730 581)	(18 098 541)	(8 941 574)
Realised (loss)/profit on sale of assets	(1)	5 931 110	2 036 604
Investment advisory fees	(6 041 162)	(11 437 471)	(5 878 723)
Operating expenses	(806 657)	(3 184 954)	(2 123 140)
Tax paid	(112 138)	(1 103 236)	(894 660)
Tax (provided for)/reversed	(51 384 819)	(2 408 219)	18 627 205
Increase/(decrease) in NAV ex Astoria & Repurchase	179 109 621	(3 042 287)	(16 727 657)
In specie distribution of Astoria shares	(23 068 645)	(347 308 500)	(347 308 500)
Share Repurchase	(20 178 066)	–	–
Net increase/(decrease) in NAV	135 862 910	(350 350 787)	(364 036 157)

Goldrush Group (Pty) Ltd (“Goldrush”)

The first six months of the financial year saw further improvement in trading for Goldrush. While the Bingo operation continued with a steady improvement, the Limited Pay-out Machine (“LPM”), Retail Sports Betting and Online Gaming divisions experienced continued strong recovery. Goldrush achieved its best ever 12-month rolling EBITDA of R397,7m by the end of the period. Growth capex was mainly focused on the LPM division. During this period Goldrush also managed to early-settle a financial liability at a discount of R34m. Positively, the improved trading conditions meant that Goldrush could re-employ a number of staff that lost their employment as a result of the COVID lockdowns.

Bingo

The number of Electronic Bingo Terminals (“EBTs”) in operation increased slightly to 4 320. The management team has initiated the necessary regulatory processes to increase the number of EBT’s in those properties where capacity is constrained. During the six-month period, the Margate licence was relocated to the Durban CBD. The Bingo division generated gross gaming revenue of R502m for the six months.

Limited Pay-out Machines (“LPM”)

The LPM division experienced strong trading during the six-month period. This seemed to be in line with the general recovery in social activity in the country. The team increased the number of LPM’s by 5,5% to 2 812 by 30 September 2022, with further increases planned for the rest of the financial year. Gross gaming revenue for the six months totalled R216m.

Letter to shareholders

continued

Retail Sports Betting

Retail Sports Betting continued the strong recovery seen in the previous six months, with a general improvement in trade in all provinces. During the period, Goldrush was awarded another 4 Sports Betting licences in Gauteng, of which the first is currently being activated and which should start trading in the second half of the financial year. The division now hosts 551 gaming positions and has generated gross gaming revenue for the six months of R54m.

Online Gaming

Online Gaming had a modest improvement in the six months. It is clear that the era of online gaming has arrived in South Africa. Many market participants are planning for it, and more competing offerings from local and international players (via acquisitions of local licensees) are entering the market. Goldrush itself has two brands under Gbets.co.za and Goldrush.co.za which compete in this market. Gross gaming revenue for the six months totalled R40m.

Valuation

Goldrush achieved EBITDA of R188m for the six-month period, which brings the rolling 12-month EBITDA for the period to 30 September 2022 to its highest-ever level of R397,7m. This was 16% ahead of its 12-month EBITDA at 31 March 2022, a period which still included COVID restrictions for at least one month of trading. This is a pleasing normalisation in trading conditions for Goldrush.

We value Goldrush on this 12-month EBITDA and apply a seven times multiple. As at our valuation date, Goldrush's net outside debt decreased to R606m after having paid a R30m dividend and continued with both growth and maintenance capex.

The value of RAC's investment in Goldrush increased by 26,6% over the six-month period to R1,216bn.

Goldrush's prospects relies on both the optimisation of the current operations, as well as growing the number of active gaming positions. Optimisation should lead to higher revenue per gaming position, while growing the number of active gaming positions via the expansion of existing licences and the acquisition of additional licences.

Balance Sheet

As of 30 September 2022, RAC has outstanding debt of R260,7m, cash of R9,4m and other remaining investments of R14,6m.

Corporate Action

Shortly after its financial year-end, RAC distributed 1 Astoria share for every 10 RAC shares held, or the equivalent of 54c of NAV per share, to its shareholders.

Under RAC's amended preference share terms with ABSA, we have the flexibility to defer payment of the preference dividend and redirect the cashflow to repurchase our own shares instead. Over the past 6 months, we were able to reduce the number of outstanding participating preference shares by 4% to 45 958 815.

Our goal is to grow the per-share value of RAC at the highest possible rate. The repurchase of shares is one of the tools we can use to do so. Now that we have this flexibility, management will continue to look to purchase meaningful amounts of shares at discounts to our assessment of the underlying value of the company, for as long as the market allows us to do so.

Letter to shareholders

continued

Outlook

Goldrush has a number of growth opportunities and is in a strong cash generating position – which it can use in any combination of paying down debt, investing for growth, or paying out dividends. The past six months have shown the strength of the business in a normal trading environment.

It remains our intention to grow the per-share value of RAC. This period has proven that we have the opportunity and the flexibility to use the unique capital structure of RAC to do just that.

Signed on behalf of the Board



Piet Viljoen

Cape Town
31 October 2022



Jan van Niekerk

Statement of financial position

		Unaudited 30 September 2022 R	Audited 31 March 2022 R	Unaudited 30 September 2021 R
	Notes			
ASSETS				
Non-current assets		876 575 829	741 432 820	727 170 306
Investments	2	876 575 829	741 432 820	727 170 306
Current assets		784 414	367 129	604 343
Investments	2	734 124	342 989	583 633
Cash and cash equivalents		50 290	24 140	20 710
Total assets		877 360 243	741 799 949	727 774 649
EQUITY AND LIABILITIES				
Equity				
Share capital – ordinary shareholders	4	18 206 250	18 206 250	18 206 250
Share capital – preference shareholders	4	505 810 200	506 296 000	506 296 000
Retained income		352 742 546	216 393 836	202 708 466
Total equity		876 758 996	740 896 086	727 210 716
Current liabilities				
Trade and other payables		597 737	899 625	559 806
Current tax payable		3 510	4 238	4 127
Total equity and liabilities		877 360 243	741 799 949	727 774 649
Net asset value				
Net asset value attributable to ordinary shareholders		66 142 117	54 317 895	53 314 569
Net asset value attributable to preference shareholders		810 616 879	686 578 191	673 896 147
Net asset value per ordinary share (cents)	6	1 764	1 448	1 422
Net asset value per preference share (cents)	6	1 764	1 448	1 422

Statement of comprehensive income

Notes	Unaudited Six months ended 30 September 2022 R	Audited Twelve months ended 31 March 2022 R	Unaudited Six months ended 30 September 2021 R
Income	21 692 836	1 511 847	1 502 478
Operating expenses	(790 931)	(1 942 694)	(1 358 851)
Operating profit/(loss)	20 901 905	(430 847)	143 627
Fair value gains/(losses) on subsidiary	158 211 654	(2 608 392)	(16 870 906)
Profit/(loss) before taxation	179 113 559	(3 039 239)	(16 727 279)
Taxation	5 (3 938)	(3 048)	(378)
Profit/(loss) after taxation	179 109 621	(3 042 287)	(16 727 657)
Other comprehensive income for the period net of taxation	–	–	–
Total comprehensive income/(loss)	179 109 621	(3 042 287)	(16 727 657)
Earnings per share			
<i>Per share information (ordinary and preference)</i>			
Basic and diluted earnings per share (cents)	7 350	(6)	(33)

Statement of changes in equity

	Ordinary share capital R	Preference share capital R	Retained income R	Total shareholders' equity R
Balance at 31 March 2021	18 206 250	506 296 000	566 744 623	1 091 246 873
Total comprehensive loss	–	–	(16 727 657)	(16 727 657)
Distribution in specie	–	–	(347 308 500)	(347 308 500)
Balance 30 September 2021	18 206 250	506 296 000	202 708 466	727 210 716
Total comprehensive profit	–	–	13 685 370	13 685 370
Balance 31 March 2022	18 206 250	506 296 000	216 393 836	740 896 086
Total comprehensive profit	–	–	179 109 621	179 109 621
Distribution in specie	–	–	(23 068 645)	(23 068 645)
Cancellation of shares	–	(485 800)	(19 692 266)	(20 178 066)
Balance 30 September 2022	18 206 250	505 810 200	352 742 546	876 758 996

Note

4

4

Statement of cash flows

	Unaudited Six months ended 30 September 2022 R	Audited Twelve months ended 31 March 2022 R	Unaudited Six months ended 30 September 2021 R
Cash flows from operating activities			
Cash utilised in operations	(1 092 819)	(1 887 562)	(1 643 538)
Interest income	3 635	500	487
Dividends received	1 500 000	1 500 000	1 500 000
Tax paid	(4 666)	(2 702)	(143)
Net cash inflow/(outflow) from operating activities	406 150	(389 764)	(143 194)
Cash flows from investing activities			
Sale of investments	70 000	985 000	735 000
Purchase of investments	(450 000)	(580 000)	(580 000)
Net cash (outflow)/inflow from investing activities	(380 000)	405 000	155 000
Total cash movement for the period	26 150	15 236	11 806
Cash and cash equivalents at the beginning of period	24 140	8 904	8 904
Total cash and cash equivalents at the end of period	50 290	24 140	20 710

Notes to the condensed interim results

for the period ended 30 September 2022

GROUP STRUCTURE

RAC was established in 2009 as a closed-end investment entity that makes long-term investments, with the objective of generating high real returns from capital appreciation, investment income or both. Investments can be listed or unlisted, public or private, and there are no limits as to the geographic location.

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

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

1. ACCOUNTING POLICIES – PRESENTATION OF CONDENSED INTERIM RESULTS

Basis of accounting preparation

The accounting policies applied for the six months are consistent, in all material respects, with those used in the Annual Financial Statements for the year ended 31 March 2022. The accounting policies continue to be in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. In addition, these interim results have been prepared in accordance with the presentation and disclosure requirements of International Accounting Standard 34: Interim Financial Reporting, as well as the Listings Requirements of the JSE and the Companies Act of South Africa.

The interim results have been prepared in accordance with the IFRS and IFRIC interpretations at the time of the preparation of the information. As these standards and interpretations are the subject of ongoing review, they may be amended between the date of this report and the finalisation of the annual financial statements for the year ending 31 March 2023. Accordingly adjustments to reported results could be applicable depending on the nature of future amendments.

Assessment as investment entity

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

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis (refer to note 2 for additional disclosures relating to fair value).

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

In line with RAC carrying its investment in RIH at fair value, RAC has also applied the exemption in IAS 28 to carry any interests in associates and joint ventures at fair value through profit or loss. Such application is applied consistently due to the fact that the Company is an investment entity and evaluates its investments on a fair value basis. The Company reports to its investors via annual and semi-annual results and to its management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the Company's annual report.

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

Notes to the condensed interim results continued

for the period ended 30 September 2022

1. ACCOUNTING POLICIES – PRESENTATION OF CONDENSED INTERIM RESULTS

(continued)

Segmental analysis

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

	Unaudited Six months ended 30 September 2022 R	Audited Twelve months ended 31 March 2022 R	Unaudited Six months ended 30 September 2021 R
2. INVESTMENTS			
Fair value hierarchy of financial assets			
Level 2			
Class 4 – Money market fund	734 124	342 989	583 633
	734 124	342 989	583 633
Level 3			
Class 5 – Unlisted shares – Unquoted – fair value through profit or loss	876 575 829	741 432 820	727 170 306
	876 575 829	741 432 820	727 170 306
Total financial assets at fair value	877 309 953	741 775 809	727 753 939
Non-current assets – fair value through profit or loss	876 575 829	741 432 820	727 170 306
Current assets – fair value through profit or loss	734 124	342 989	583 633
Total investments	877 309 953	741 775 809	727 753 939
Available cash			
Cash is held both directly and indirectly on call, along with indirectly through a money market unit trust investment.			
Level 3 reconciliation			
Opening balance	741 432 820	1 091 349 712	1 091 349 712
Distribution in specie	(23 068 645)	(347 308 500)	(347 308 500)
Gains/(losses) on investments recognised in profit and loss	158 211 654	(2 608 392)	(16 870 906)
Closing balance	876 575 829	741 432 820	727 170 306

Notes to the condensed interim results continued

for the period ended 30 September 2022

2. 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; and
- any difference in the interest rate earned and what is available in the market.

Level 3

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

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

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 subsidiary, RIH, to the underlying investments. In addition, a summary of the NAV of RIH as well as the underlying valuation techniques and sensitivities have been provided.

Notes to the condensed interim results continued

for the period ended 30 September 2022

2. INVESTMENTS (continued)

	Unaudited Six months ended 30 September 2022 R	Audited Twelve months ended 31 March 2022 R	Unaudited Six months ended 30 September 2021 R
Fair value hierarchy of financial assets held by RAC Investment Holdings (Pty) Ltd			
Level 1			
Class 1 – Listed shares – Quoted	11 365 170	42 636 959	32 863 846
	11 365 170	42 636 959	32 863 846
Level 2			
Class 3 – Hedge Fund	–	–	32 768 372
Class 4 – Money market fund	6 563 752	9 600 368	1 489 195
	6 563 752	9 600 368	34 257 567
Level 3			
Class 5 – Unlisted shares – Unquoted – fair value through profit or loss	1 216 447 809	961 217 113	932 433 893
	1 216 447 809	961 217 113	932 433 893
Total financial assets at fair value	1 234 376 731	1 013 454 440	999 555 306
Non-current assets	1 227 812 979	1 003 854 072	965 297 739
Current assets	6 563 752	9 600 368	34 257 567
Total investments	1 234 376 731	1 013 454 440	999 555 306
Summary of Net Asset Value of RIH			
Total investments from above	1 234 376 731	1 013 454 440	999 555 306
Loans and receivables	3 178 135	20 806 320	8 897 853
Cash and cash equivalents	1 905 809	7 303 308	711 015
Deferred tax	(99 614 747)	(48 229 928)	(27 854 272)
Loans and payables	(2 539 946)	(1 901 320)	(4 089 939)
Preference shares issued to Absa	(260 730 153)	(250 000 000)	(250 049 657)
Net Asset Value of RIH	876 575 829	741 432 820	727 170 306

Notes to the condensed interim results continued

for the period ended 30 September 2022

2. INVESTMENTS (continued)

2.1 Description of significant unobservable inputs and sensitivities of RAC (level 3 investment) as at 30 September 2022

	Valuation technique	Fair value Rm	Significant unobservable inputs	Input value	Sensitivity
RAC Investment Holdings ("RIH")	NAV	876,6	Earnings and multiple of the underlying investments (refer to the breakdown below)	N/A	A change in the multiple of the underlying investments would result in an increase or decrease in fair value of approximately R233,7m.

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

Goldrush Group	Multiple	1 216,4	EBITDA	7	A change in the EBITDA multiple by 1 would result in an increase or decrease in fair value of approximately R233,7m.
IASeminars SA	Multiple	–	NAV	N/A	The business is currently recovering from the severe impact that COVID-19 had on its operations and is still being valued at Rnil and therefore no sensitivity has been calculated.
Other level 3 investments		–			
Total		1 216,4			

2.2 Description of significant unobservable inputs and sensitivities of investments held by RAC (level 3 investment) as at 31 March 2022

	Valuation technique	Fair value Rm	Significant unobservable inputs	Input value	Sensitivity
RAC Investment Holdings ("RIH")	NAV	741,4	Earnings and multiple of the underlying investments (refer to detail below)	N/A	A change in the valuation techniques as documented below would result in a change in fair value of approximately R201,7m.

The below table shows the sensitivities per underlying investment held by RIH and Astoria (March 2021 and September 2020) as if these were held directly by RAC (level 3 investment)

Goldrush Group ("Goldrush")	Multiple	961,2	EBITDA	7	An increase or decrease in the EBITDA multiple by 1 would result in a change in fair value of approximately R201,7m.
IASeminars SA	Multiple	–	NAV	N/A	The business is currently recovering from the severe impact that COVID-19 had on its operations and is still being valued at Rnil and therefore no sensitivity has been calculated.
Other level 3 investments		–			
Total		961,2			

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.

Notes to the condensed interim results continued

for the period ended 30 September 2022

2. INVESTMENTS (continued)

Goldrush

Goldrush's valuation is based on its EBITDA (earnings before interest, tax, depreciation and amortisation) over a rolling 12 months. A multiple of 7 is applied to these earnings to determine the enterprise value of the business, after which adjustments are made for the structure of the balance sheet. These balance sheet adjustments entail the addition of non-operating assets and a deduction of net debt and financial liabilities.

The chosen EBITDA multiple of 7 times is retained and remains:

- lower than the 25-year average EBITDA multiples of comparable listed South African gaming operators; which range between 7.1 and 8.3;
- 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; and
- lower than the historic EBITDA multiple of the JSE All Share Index as a whole.

3. RELATED PARTY TRANSACTIONS

During the reporting period the following related party transactions occurred:

- RIH distributed 5 114 999 Astoria shares to RAC which RAC then distributed to its shareholders; and
- RIH distributed 1 441 185 RAC participating preference shares to RAC which were then delisted and cancelled by RAC.

Notes to the condensed interim results continued

for the period ended 30 September 2022

	Unaudited Six months ended 30 September 2022 R	Audited Twelve months ended 31 March 2022 R	Unaudited Six months ended 30 September 2021 R
4. SHARE CAPITAL			
Authorised			
5 000 000 Ordinary shares of R0,01 each	50 000	50 000	50 000
200 000 000 non-cumulative redeemable participating preference shares of no par value	–	–	–
250 000 000 redeemable preference shares of no par value	–	–	–
1 500 000 000 perpetual preference shares of no par value	–	–	–
	50 000	50 000	50 000
The 250 000 000 redeemable preference shares will have the rights and privileges, restrictions and conditions as determined by the Directors upon issue thereof, but which are intended to rank in priority to the participating preference shares, the perpetual preference shares and ordinary shares in respect of dividends and on winding up.			
The 1 500 000 000 perpetual preference shares will have the rights and privileges, restrictions and conditions as determined by the Directors upon issue thereof, but which are intended to rank in priority to the participating preference shares and ordinary shares in respect of dividends and on winding up.			
Issued			
3 750 000 Ordinary shares of R0,01 each	37 500	37 500	37 500
Share premium	18 168 750	18 168 750	18 168 750
	18 206 250	18 206 250	18 206 250
45 958 815 (31 March 2022 and 30 September 2021: 47 400 000) non-cumulative redeemable participating preference shares	505 810 200	506 296 000	506 296 000
	505 810 200	506 296 000	506 296 000

1 441 185 Preferences shares were repurchased and then cancelled on 30 September 2022.

Notes to the condensed interim results continued

for the period ended 30 September 2022

5. CURRENT AND DEFERRED TAXATION

	Unaudited Six months ended 30 September 2022 R	Audited Twelve months ended 31 March 2022 R	Unaudited Six months ended 30 September 2021 R
Taxation expense			
Current taxation	(3 938)	(3 048)	(378)
Taxation expense	(3 938)	(3 048)	(378)

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 R358 311 928 (March 2022: R200 100 274, September 2021: R185 837 760). Deferred tax has been recognised in RIH on the investments that it expects to incur taxes on when realising their value.

6. NET ASSET VALUE

Net asset value attributable to ordinary shareholders	66 142 117	54 317 895	53 314 569
Net asset value attributable to preference shareholders	810 616 879	686 578 191	673 896 147
Number of shares in issue			
Ordinary shares	3 750 000	3 750 000	3 750 000
Preferences shares	45 958 815	47 400 000	47 400 000
Net asset value per ordinary share (cents)	1 764	1 448	1 422
Net asset value per preference share (cents)	1 764	1 448	1 422

Notes to the condensed interim results continued

for the period ended 30 September 2022

7. EARNINGS AND HEADLINE EARNINGS PER SHARE

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

	Unaudited Six months ended 30 September 2022 R	Audited Twelve months ended 31 March 2022 R	Unaudited Six months ended 30 September 2021 R
Number of shares in issue			
Ordinary shares	3 750 000	3 750 000	3 750 000
Preferences shares	47 400 000	47 400 000	47 400 000
Total weighted average number of shares	51 150 000	51 150 000	51 150 000
Earnings			
Net profit/(loss) after tax	179 109 621	(3 042 287)	(16 727 657)
Headline earnings	179 109 621	(3 042 287)	(16 727 657)
Basic and diluted earnings per ordinary and preference share (cents)	350	(6)	(33)
Basic and diluted headline earnings per ordinary and preference share (cents)	350	(6)	(33)

The Company has no dilutive instruments in issue as at 30 September 2022.

8. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any matter or circumstance arising since the end of the reporting period that needs to be disclosed in the interim results.

9. DIVIDENDS

No dividend has been declared as at 30 September 2022.

Notes to the condensed interim results continued

for the period ended 30 September 2022

10. GUARANTEE, CESSION AND PLEDGE

As at 30 September 2022, RIH has issued 250 preference shares (March 2022: 250; September 2021: 250) for R1 000 000 each to Absa Bank Limited ("Absa"). The preference shares pay a preference dividend on 31 March and 30 September each year at a rate equivalent to 90% of prime. RIH can elect to not make a preference dividend payment in terms of the agreements which it has done for the 30 September 2022 dividend.

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

- 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 minimum capital payments of R50m on 31 March 2025, R50m on 31 March 2026 and R150m on 31 March 2027. Any additional capital payments made prior to these dates, will reduce the next required capital payment accordingly. The previous repayment terms were R19m within 1 year, R268,9m within 2 years and Rnil within 5 years as at 31 March 2022 and R17,5m within 1 year, R17,5m between 1 and 2 years and R258,8m between 2 and 3 years as at 30 September 2021.
- RAC pledged its shares held in RIH to Absa as security for the guarantee.
- 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.

As at 30 September 2022, the value of RAC's pledged shares in RIH as well as RIH's pledged shares in Goldrush exceed the value of the preference shares issued to Absa. The directors of RAC foresee the possibility of RAC needing to make any payments under the guarantee as being highly remote.

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