

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 CONDENSED INTERIM FINANCIAL RESULTS

for the six months ended
30 September 2023

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Letter to shareholders

Dear fellow shareholders

On 30 September 2023, RAC's net asset value ("NAV") per share (both ordinary and participating preference shares) amounted to R12,23. This represents a decrease of 16,6% in NAV per share over the first six months of the financial year. The JSE All Share (Total Return) Index decreased by 2,8% over the period.

The decrease in NAV per share was driven by a 9% reduction in the rolling 12-month profit from Goldrush, which is amplified through the existing financial leverage in the structure.

As at 30 September 2023, the make-up of our NAV on a look-through basis consists of:

			Directors fair value		
	% ownership	% total assets	30 September 2023 Rm	31 March 2023 Rm	30 September 2022 Rm
Core investments		97,3%	891,4	1 019,5	1 216,4
Goldrush	58,8%	97,3%	891,4	1 019,5	1 216,4
Other investments		1,8%	16,3	15,3	14,6
Cash and receivables		0,9%	8,2	30,7	9,4
Total assets			915,9	1065,4	1 240,4
CGT and other liabilities			(34,7)	(63,5)	(102,7)
Bank funding			(273,2)	(273,2)	(260,7)
Net assets			608,0	728,8	877,0
NAV per share (Rand)			12,23	14,66	17,64

The R121m decrease in NAV for the six months was composed of the following:

	Unaudited Six months to 30 September 2023 R	Audited Full year to 31 March 2023 R	Unaudited Six months to 30 September 2022 R
Interest and dividends received	342 172	30 549 228	994 905
Adjustments to fair value of assets	(127 143 879)	51 021 896	247 190 074
Financing expenses	(15 035 714)	(23 176 613)	(10 730 581)
Realised (loss)/profit on sale of assets	–	(91)	(1)
Investment advisory fees	(4 787 631)	(12 955 132)	(6 041 162)
Operating expenses	(1 608 769)	(3 759 252)	(806 657)
Tax paid	(86 845)	(150 790)	(112 138)
Tax reversed/(provided for)	27 463 078	(10 356 227)	(51 384 819)
(Decrease)/increase in NAV ex Astoria & Repurchase	(120 857 588)	31 173 019	179 109 621
In specie distribution of Astoria shares	–	(23 068 645)	(23 068 645)
Share Repurchase	–	(20 178 066)	(20 178 066)
Net (decrease)/increase in NAV	(120 857 588)	(12 073 692)	135 862 910

Letter to shareholders

continued

Goldrush Group (Pty) Ltd (“Goldrush”)

During the first six months of the financial year Goldrush dealt with the consequences of the most severe bout of electricity blackouts South Africa has experienced. Goldrush essentially provides its customers access to time-on-machines. When electricity is unexpectedly unavailable for large parts of the day, these premises cannot provide customers with a safe, comfortable and enjoyable gaming environment, nor can the machines operate – and that’s only the direct impact. The indirect impact of customers being too afraid to travel at night and the knock-on impact of blackouts on customers’ disposable income outweighs that. To mitigate the impact, the business has to spend more on generating its own electricity and on marketing.

In this environment, Goldrush managed to generate gaming revenue of R860m for the six months, which is 6% higher than the same period last year and 4% higher than the preceding six months. The increase was, however, mostly driven by a 32% increase in revenue from the smaller Sports betting and Online divisions, with Online being the strongest contributor. These are also the divisions for whom it is easiest to install alternative electricity supplies.

However, more than this increase in revenue was needed to offset the effect of higher salaries, rent and operating costs. It was further swamped by direct diesel costs to run generators and increased marketing spending required to maintain the brand and customer interest. This meant that the rolling 12-month EBITDA reduced by 9% from R351m to R319m over this six-month period.

Minimal growth capex was spent, with a focus on finding energy solutions and on making sure the existing business adapted.

Bingo

The number of Electronic Bingo Terminals (“EBTs”) in operation increased slightly to 4 526, with increases in the number of EBTs in properties where capacity is available. The Bingo division generated gross gaming revenue of R523m with an average revenue per machine in line with the previous period.

Limited Pay-out Machines (“LPM”)

The LPM division was most impacted by electricity blackouts. Many of the premises where Goldrush places limited Pay-out machines, are smaller entertainment businesses which need help to afford alternative electricity solutions. When blackouts happen, they lose trading hours. As a result, about 200 machines (just over 7% of all machines) were removed from impacted premises and are in the process of being re-located. These were out of operation for most of the period.

Active machines at the reporting period were 2 770, and gross gaming revenue for the six months totalled R216m, with average revenue per machine 5% higher than the preceding period. The immediate focus remains on getting all machines operating and established in areas with good economics.

Retail Sports Betting

Retail Sports Betting experienced growth in revenue of 18% despite the closure of three unprofitable stores. The division now hosts 531 gaming positions in 27 branches and has generated gross gaming revenue for the six months of R64m.

Online Gaming

Online Gaming experienced the strongest growth in the six months, with gross gaming revenue growing by 51% from the previous period to R57m. The online market is growing quickly, and the two Goldrush brands – [Gbets.co.za](https://gbets.co.za) and [Goldrush.co.za](https://goldrush.co.za) compete in this market. Particularly satisfactory is the fact that the growth is entirely internally funded by the division, which has led to a rapid increase in marketing spend, as the team’s mandate is to reinvest all cash flow to grow the online business.

Extract from Goldrush Financials

To provide shareholders further detail, an extract from the unaudited results for the six months to 30 September 2023 for Goldrush Group (Pty) Ltd is separately published at <https://racltd.co.za/goldrush>.

Letter to shareholders

continued

Valuation

Goldrush achieved a rolling 12-month EBITDA for the period to 30 September 2023 of R319m. This was 9% lower than its 12-month EBITDA at 31 March 2023 reflecting the operating leverage embedded in the business model.

We value Goldrush on this 12-month EBITDA and apply a seven times multiple. As of our valuation date, Goldrush's net outside debt amounted to R620m after paying a R50m dividend and expending maintenance capex.

The value of RAC's investment in Goldrush decreased by 12,6% over the six-month period to R891,4m.

Balance Sheet

As of 30 September 2023, RAC has outstanding debt of R273,2m, cash of R8,2m and other remaining investments of R16,3m. This now comprises only shares in Calgro M3 Holdings Ltd and Astoria Investments Ltd, after a final legacy investment was liquidated.

Under RAC's amended preference share terms with Absa, we can defer payment of the preference dividend and redirect the cashflow to repurchase our own shares instead. Over the past six months, we chose to pay the dividends on the Absa preference shares.

Outlook

After the unbundling of Astoria, the progression of RAC's NAV has become more volatile, which is an obvious portfolio effect – a single asset is more volatile compared to a portfolio of assets.

The outcome for our shareholders depends on several factors – some of which are under Goldrush management control (e.g. salary bill, rentals, operating expenses and the amount of debt on the balance sheet), and some of which are not (supply of electricity, interest rates etc). We are pleased with how the Goldrush management team has dealt with the factors under their control and found solutions for factors outside of their control. It is worth mentioning that varying interest rates is a normal part of the economic cycle. In this particular six-month period, higher interest rates happened to dampen the results for our shareholders, but we know that at a future date, lower rates will benefit the business again. We will not claim credit for the benefit at that time, nor will we blame it for its impact this time. But what we can do is to structure the aggregate amount of debt to be optimal through time.

For the immediate future, Goldrush's focus remains on finalising appropriate energy solutions for its various operations, ensuring that the brand of the business keeps on growing, and increasing revenue per gaming position in aggregate.

Goldrush is one of the few gaming businesses in South Africa that did not dilute shareholders during the Covid panic and associated restrictions on the public. After lockdown, electricity blackouts have placed strain on the business. Through both these events, the business has survived and adapted.

We believe this is a testimony to the business's resilience and the management team's resourcefulness and commitment.

Signed on behalf of the Board



Piet Viljoen

Cape Town
30 October 2023



Jan van Niekerk

Statement of financial position

	Notes	Unaudited 30 September 2023 R	Audited 31 March 2023 R	Unaudited 30 September 2022 R
ASSETS				
Non-current assets		607 669 982	729 252 091	876 575 829
Investments	2	607 669 982	729 252 091	876 575 829
Current assets		962 434	717 396	784 414
Investments	2	918 824	204 279	734 124
Current tax receivable		1 057	–	–
Cash and cash equivalents		42 553	513 117	50 290
Total assets		608 632 416	729 969 487	877 360 243
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	505 810 200	505 810 200
Retained income		83 948 356	204 805 944	352 742 546
Total equity		607 964 806	728 822 394	876 758 996
Current liabilities		667 610	1 147 093	601 247
Trade and other payables		667 610	1 143 539	597 737
Current tax payable		–	3 554	3 510
Total equity and liabilities		608 632 416	729 969 487	877 360 243
Net asset value				
Net asset value attributable to ordinary shareholders		45 864 461	54 981 878	66 142 117
Net asset value attributable to preference shareholders		562 100 345	673 840 516	810 616 879
Net asset value per ordinary share (cents)	6	1 223	1 466	1 764
Net asset value per preference share (cents)	6	1 223	1 466	1 764

Statement of comprehensive income

		Unaudited Six months ended 30 September 2023 R	Audited Twelve months ended 31 March 2023 R	Unaudited Six months ended 30 September 2022 R
	Notes			
Income		1 511 369	22 203 298	21 692 836
Operating expenses		(784 113)	(1 911 891)	(790 931)
Operating profit		727 256	20 291 407	20 901 905
Fair value (losses)/gains on subsidiary		(121 582 109)	10 887 916	158 211 654
(Loss)/profit before taxation		(120 854 853)	31 179 323	179 113 559
Taxation	5	(2 735)	(6 304)	(3 938)
(Loss)/profit after taxation		(120 857 588)	31 173 019	179 109 621
Other comprehensive income for the period net of taxation		–	–	–
Total comprehensive (loss)/income		(120 857 588)	31 173 019	179 109 621
Earnings per share				
<i>Per share information (ordinary and preference)</i>				
Basic and diluted earnings per share (cents)	7	(243)	62	350

For commentary on the financial results, please refer to the shareholder letter.

Statement of changes in equity

	Ordinary share capital R	Preference share capital R	Retained income R	Total shareholders' equity R
Audited 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)
Unaudited balance 30 September 2022	18 206 250	505 810 200	352 742 546	876 758 996
Total comprehensive loss	–	–	(147 936 602)	(147 936 602)
Audited balance 31 March 2023	18 206 250	505 810 200	204 805 944	728 822 394
Total comprehensive loss	–	–	(120 857 588)	(120 857 588)
Unaudited balance 30 September 2023	18 206 250	505 810 200	83 948 356	607 964 806
Note	4	4		

Statement of cash flows

	Unaudited Six months ended 30 September 2023 R	Audited Twelve months ended 31 March 2023 R	Unaudited Six months ended 30 September 2022 R
Cash flows from operating activities			
Cash utilised in operations	(1 260 042)	(1 667 977)	(1 092 819)
Interest income	1 824	3 942	3 635
Dividends received	1 500 000	2 000 000	1 500 000
Tax paid	(7 346)	(6 988)	(4 666)
Net cash inflow from operating activities	234 436	328 977	406 150
Cash flows from investing activities			
Sale of investments	195 000	610 000	70 000
Purchase of investments	(900 000)	(450 000)	(450 000)
Net cash (outflow)/inflow from investing activities	(705 000)	160 000	(380 000)
Total cash movement for the period	(470 564)	488 977	26 150
Cash and cash equivalents at the beginning of period	513 117	24 140	24 140
Total cash and cash equivalents at the end of period	42 553	513 117	50 290

Notes to the condensed interim financial results

for the six months ended 30 September 2023

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 FINANCIAL 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 2023. The accounting policies continue to be in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) 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 2024. Accordingly adjustments to reported results could be applicable depending on the nature of future amendments.

These results have not been audited or reviewed by the company's external auditors.

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 financial results continued

for the six months ended 30 September 2023

1. ACCOUNTING POLICIES – PRESENTATION OF CONDENSED INTERIM FINANCIAL 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 2023 R	Audited Twelve months ended 31 March 2023 R	Unaudited Six months ended 30 September 2022 R
2. INVESTMENTS			
Fair value hierarchy of financial assets			
Level 2			
Class 4 – Money market fund	918 824	204 279	734 124
	918 824	204 279	734 124
Level 3			
Class 5 – Unlisted shares – Unquoted – fair value through profit or loss	607 669 982	729 252 091	876 575 829
	607 669 982	729 252 091	876 575 829
Total financial assets at fair value	608 588 806	729 456 370	877 309 953
Non-current assets – fair value through profit or loss	607 669 982	729 252 091	876 575 829
Current assets – fair value through profit or loss	918 824	204 279	734 124
Total investments	608 588 806	729 456 370	877 309 953
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	729 252 091	741 432 820	741 432 820
Distribution in specie	–	(23 068 645)	(23 068 645)
(Losses)/gains on investments recognised in profit and loss	(121 582 109)	10 887 916	158 211 654
Closing balance	607 669 982	729 252 091	876 575 829

Notes to the condensed interim financial results continued

for the six months ended 30 September 2023

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 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 financial results continued

for the six months ended 30 September 2023

2. INVESTMENTS (continued)

	Unaudited Six months ended 30 September 2023 R	Audited Twelve months ended 31 March 2023 R	Unaudited Six months ended 30 September 2022 R
Fair value hierarchy of financial assets held by RAC Investment Holdings (Pty) Ltd			
Level 1			
Class 1 – Listed shares – Quoted	16 312 052	12 105 033	11 365 170
	16 312 052	12 105 033	11 365 170
Level 2			
Class 4 – Money market fund	1 725 009	1 126 908	6 563 752
	1 725 009	1 126 908	6 563 752
Level 3			
Class 5 – Unlisted shares – Unquoted – fair value through profit or loss	891 366 915	1 019 539 678	1 216 447 809
	891 366 915	1 019 539 678	1 216 447 809
Total financial assets at fair value	909 403 976	1 032 771 619	1 234 376 731
Non-current assets	907 678 967	1 019 539 678	1 227 812 979
Current assets	1 725 009	13 231 941	6 563 752
Total investments	909 403 976	1 032 771 619	1 234 376 731
Summary of net Asset Value of RIH and Astoria			
Total investments from above	909 403 976	1 032 771 619	1 234 376 731
Loans and receivables	19 691	20 826 012	3 178 135
Cash and cash equivalents	5 524 848	11 186 570	1 905 809
Deferred tax	(31 123 077)	(58 586 155)	(99 614 747)
Loans and payables	(2 979 271)	(3 769 770)	(2 539 946)
Preference shares issued to Absa	(273 176 185)	(273 176 185)	(260 730 153)
Net Asset Value of RIH	607 669 982	729 252 091	876 575 829

Notes to the condensed interim financial results continued

for the six months ended 30 September 2023

2. INVESTMENTS (continued)

2.1 Description of significant unobservable inputs and sensitivities of RAC (level 3 investment) as at 30 September 2023

	Valuation technique	Fair value Rm	Significant unobservable inputs	Input value	Sensitivity
RAC Investment Holdings ("RIH")	NAV	607,7	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 R187,6m.

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	891,4	EBITDA	7	A change in the EBITDA multiple by 1 would result in an increase or decrease in fair value of approximately R187,6m.
Other level 3 investments		–			
Total		891,4			

2.2 Description of significant unobservable inputs and sensitivities of investments held by RAC (level 3 investment) as at 31 March 2023

	Valuation technique	Fair value Rm	Significant unobservable inputs	Input value	Sensitivity
RAC Investment Holdings ("RIH")	NAV	729,3	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 R206,2m.

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	1 019,5	EBITDA	7	An increase or decrease in the EBITDA multiple by 1 would result in a change in fair value of approximately R206,2m.
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		1 019,5			

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 financial results continued

for the six months ended 30 September 2023

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 taking into account that Goldrush is unlisted and is still in a growth phase.

The multiple remains:

- consistent with that used in the prior 3 years;
- within the range of the 21-year average EBITDA multiple of comparable listed South African gaming operators, which range between 6,5 and 9,1; and
- lower than the 21-year average 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 declared and paid a dividend of R1 500 000 to RAC.

Notes to the condensed interim financial results continued

for the six months ended 30 September 2023

	Unaudited Six months ended 30 September 2023 R	Audited Twelve months ended 31 March 2023 R	Unaudited Six months ended 30 September 2022 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
<p>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.</p> <p>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.</p>			
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 non-cumulative redeemable participating preference shares	505 810 200	505 810 200	505 810 200
	505 810 200	505 810 200	505 810 200

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

Notes to the condensed interim financial results continued

for the six months ended 30 September 2023

5. CURRENT AND DEFERRED TAXATION

	Unaudited Six months ended 30 September 2023 R	Audited Twelve months ended 31 March 2023 R	Unaudited Six months ended 30 September 2022 R
Taxation expense			
Current taxation	(2 735)	(6 304)	(3 938)
Taxation expense	(2 735)	(6 304)	(3 938)

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 R88 139 297 (March 2023: R209 721 406, September 2022: R358 311 928). 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	45 864 461	54 981 878	66 142 117
Net asset value attributable to preference shareholders	562 100 345	673 840 516	810 616 879
Number of shares in issue			
Ordinary shares	3 750 000	3 750 000	3 750 000
Preferences shares	45 958 815	45 958 815	45 958 815
Net asset value per ordinary share (cents)	1 223	1 466	1 764
Net asset value per preference share (cents)	1 223	1 466	1 764

Notes to the condensed interim financial results continued

for the six months ended 30 September 2023

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 2023 R	Audited Twelve months ended 31 March 2023 R	Unaudited Six months ended 30 September 2022 R
Number of shares in issue			
Ordinary shares (opening and closing balance)	3 750 000	3 750 000	3 750 000
Preferences shares (opening balance)	45 958 815	47 400 000	47 400 000
– cancellation of preference shares on 30 September 2023	–	(718 618)	–
Total weighted average number of shares	49 708 815	50 431 382	51 150 000
Earnings			
Net (loss)/profit after tax	(120 857 588)	31 173 019	179 109 621
Headline earnings	(120 857 588)	31 173 019	179 109 621
Basic and diluted earnings per ordinary and preference share (cents)	(243)	62	350
Basic and diluted headline earnings per ordinary and preference share (cents)	(243)	62	350

The Company has no dilutive instruments in issue as at 30 September 2023.

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 2023.

Notes to the condensed interim financial results continued

for the six months ended 30 September 2023

10. GUARANTEE, CESSION AND PLEDGE

As at 30 September 2023, RIH has issued 250 preference shares (March 2023: 250; September 2022: 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 or 120% of prime on deferred dividends.

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 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. Expected cash flows in terms of the agreement are R30,6m (March 2023: R24,9m) within 1 year, R80,8m (March 2023: R99,4m) within 2 years and R366,9m (March 2023: R234,6m) 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.

As at 30 September 2023, 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.
