

UNAUDITED GROUP RESULTS FOR THE SIX MONTH PERIOD ENDED 31 AUGUST 2010

18 November 2010

RGT

RGT - RGT Smart Market Intelligence Limited - Unaudited group results for the six month period ended 31 August 2010

RGT SMART MARKET INTELLIGENCE LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2008/014367/06)

Share Code: RGT ISIN: ZAE000143715

("RGT SMART" or "the company")

UNAUDITED GROUP RESULTS FOR THE SIX MONTH PERIOD ENDED 31 AUGUST 2010

The board presents its unaudited results for the six months ended 31 August 2010 below, together with audited results for the year ended 28 February 2010 and reviewed results for the six months ended 31 August 2009.

Condensed consolidated statement of financial position

Figures in Rand	Unaudited six months ended 31 August 2010 R'000	Audited 28 February 2010 R'000	Reviewed six months ended 31 August 2009 R'000
Assets			
NonCurrent Assets	23 603	22 653	23 521
Property, plant and equipment	502	400	420
Goodwill	17 449	17 449	19 439
Intangible assets	5 2044	4 521	3 662
Deferred tax	448	283	-
Current Assets	4 094	2 490	3 664
Trade and other receivables	2 107	2 162	3 023
Current tax asset	-	-	200
Cash and cash equivalents	1 987	328	441
Total Assets	27 697	25 143	27 185
Equity and Liabilities			
Equity			
Share capital	4 024	1 790	1
Reserves	-	-	1 124
Retained earnings	12 582	10 773	15 869
Total Equity	16 606	12 563	16 994
Liabilities			
Non-Current Liabilities			
Loans from shareholders	1 913	-	-
Other financial liabilities	-	3 363	-
Finance lease obligation	-	41	79
Deferred tax	1 237	960	21
Current Liabilities			
Loans from shareholders	1 174	569	98
Other financial liabilities	2 695	3 656	5 555
Current tax payable	629	680	1 060
Finance lease obligation	-	49	23
Operating lease liability	19	-	-
Trade and other payables	1 364	1 750	2 542

Revenue received in advance	1 140	590	-
Provisions	920	541	497
Bank overdraft	-	381	316
Total Liabilities	11 091	12 580	10 191
Total Equity and Liabilities	27 697	25 143	27 185
Net asset value per share (cents per share)	6.92	6.60	7.77
Net tangible asset value per share (cents per share)	1.26	0.83	1.17
Number of shares in issue at year end ('000)	400 018	380 800	350 000
Condensed consolidated statement of comprehensive income			
Figures in Rand	Unaudited	Audited	Reviewed six
	six months	28	months ended
	ended 31	February	31 August
	August 2010	2010	2009
	R'000	R'000	R'000
Revenue	12 984	25 584	13 238
Cost of sales	(3 648)	(2 466)	(1 370)
Gross profit	9 336	23 118	11 868
Operating expenses	(6 654)	(19 066)	(7 941)
Operating profit before interest	2 682	4 052	3 927
Investment revenue	40	3	1
Finance costs	(310)	(397)	(163)
Profit before taxation	2 412	3 658	3 765
Taxation	(603)	(2 717)	(1 291)
Profit after taxation	1 809	941	2 474
Profit for the period	1 809	941	2474
Attributable to:			
Equity holders of the parent	1 809	941	2 474
Minority interest	-	-	-
Profit for the period	1 809	941	2 474
Headline earnings reconciliation (R'000)	1 809	941	2 474
Profit attributable to owners of the parent			
Adjusted for:			
(Profit)/Loss on disposal of property, plant and equipment	(31)	9	-
Impairment of goodwill	-	1 433	-
Impairment of intangibles	-	72	-
Headline earnings for the period	1 778	2 455	2 474
Per share information			
Headline earnings per share (cents)	0.46	0.70	0.71
Diluted headline earnings per share (cents)	0.46	0.60	0.71
Basic earnings per share (cents per share)	0.46	0.27	0.71
Diluted earnings per share (cents per share)	0.46	0.23	0.71
Dividend per share (cents)	0.00	1.06	0.29
Weighted average number of shares in issue ('000)	390 518	353 450	350 000
Condensed consolidated statement of cash flows			

Figures in Rand	Unaudited six months ended 31 August 2010 R'000	Audited 28 February 2010 R'000	Reviewed six months ended 31 August 2009 R'000
Cash generated from operating activities	2 747	4 843	2 994
Cash used in investing activities	(1 046)	(2 514)	(1 557)
Cash used in financing activities	339	(2 327)	(1 258)
Total cash movement for the year	2 040	2	179
Cash at the beginning of the year	(53)	(55)	(55)
Total cash at end of the year	1 987	(53)	124

Condensed consolidated statement of changes in equity

Figures in Rand	Shares to be Repurchased	Share capital	Share premium	Total share capital
Balance at 01 March-2009		1 100	-	1 100
Changes in equity	-			
Profit for the year	-	-	-	-
Share based payments	-	-	-	-
Share issue expenses	-	-	-	-
Issue of shares	-	307 999	2 331 957	2 639 956
Transfer share issue costs to share premium	-	-	(851 654)	(851 654)
Dividends	-	-	-	-
Balance at 01 March 2010	-	309 099	1 480 303	1 789 402
Changes for the period	-			
Profit for the period	-	-	-	-
Issue of shares	-	570 000	5 130 000	5 700 000
Transfer share issue costs to share premium	-	-	(438 131)	(438 131)
Repurchase of shares	(3 027 180)	-	-	(3 027 180)
Balance at 31 August 2010	(3 027 180)	879 099	6 172 172	4 024 091

Condensed consolidated statement of changes in equity

Figures in Rand	Share based Payment reserve	Retained earnings	Total equity
Balance at 01 March 2009	517 163	13 719 347	14 237 610
Changes in equity			
Profit for the year	-	941 530	941 530
Share based payments	2 122 793	-	2 122 793
Share issue	-	(89 569)	(89 569)

expenses			
Issue of shares	(2 639 956)	-	-
Transfer share	-	231 390	(620 264)
issue costs to			
share premium			
Dividends	-	(4 029 351)	(4 029 351)
Balance at 01	-	10 773 347	12 562 749
March 2010			
Changes for the			
period			
Profit for the	-	1 809 123	1 809 123
period			
Issue of shares	-	-	5 700 000
Transfer share	-	-	(438 131)
issue costs to			
share premium			
Repurchase of	-	-	(3 027 180)
shares			
Balance at 31	-	12 582 470	16 606 561
August 2010			

BASIS OF PREPARATION

The board of directors is pleased to present the company's unaudited interim results for the period ended 31 August 2010. The accounting policies adopted for purposes of this report comply, and have been consistently applied in all material respects with International Financial Reporting Standards ("IFRS") and the abridged financial statements have been prepared in accordance with the requirements of IAS 34 (Interim Financial Reporting).

The same accounting policies and methods of computation have been followed as compared to the prior year. The results have not been audited or reviewed.

1 INDUSTRY AND BUSINESS OVERVIEW

RGT SMART is an investment holding company engaged in market intelligence and data analysis in all aspects and related activities and operates in South Africa. RGT SMART has two wholly-owned subsidiaries namely; KA SMART, representing approximately 41% of the business based on turnover and 49% based on profitability, which focuses on the Group's management consultancy portion of the business and which was incorporated on 26 June 2001, and RGT, representing approximately 59% of the business based on turnover and 51% based on profitability, which focuses on the Group's statistical information for the automotive industry and which was incorporated on 30 December 1969.

Established in 2001, KA SMART is primarily a specialist market research company, providing high value market intelligence, market research and consulting services. While the company operates across all industries, management's experience base and track record has tended to focus the business on the South African motor industry.

RGT established a relationship with the National Association of Automobile Manufacturers of South Africa (NAAMSA) who produce and disseminate automotive statistics. RGT is the sole source of and supplier of new vehicles sales data to the SA motor industry, in association with NAAMSA, for the past 26 years and owns a dynamic and steadily growing database of new vehicle models sold by manufacturer, dealer and town and licensing district in SA by month from 1980 onwards.

RGT's revenue is based primarily on regular monthly annuity income from "blue chip" customers and currently has no competitors and is protected by significant barriers to entry for any prospective competitor.

2 FINANCIAL RESULTS

While market conditions in these first six months made for a challenging trading situation the group has held its own and as the Motor Industry emerges cautiously from recessionary

times the Company is optimistic about the Group's future prospects. RGT SMART listed on AltX in April and these results reflect a little over 4 months in the listed environment. Results have been affected by a number of pre-listing and listing costs carried in the first six months trading figures and these are not expected to have a continuing impact.

These first few months have been engaged with adjustments to business processes and a great deal of development for the directors and senior executive.

All of this has been bedded down and the team is now focusing on increasing sales and completing projects in the second half of the trading year which we expect to show improved outcomes.

The key indicators are as follows:

- Revenue at R12 984 479 is down 1.9% from the comparable period in 2009 (R13 238 470). The renewed focus on sales will generate improved returns in the coming months.
- Gross profit is down a significant 27% to R9.3 million for the six months ended 31 August 2010. Much of this reduced profitability is due to improved accuracy in the proper allocation of costs of sales and is off set by a reduction in salary costs in the operating expenses line. In addition, the once off costs mentioned above amounted to approximately R632 000. If the effect of the once off costs allocation is removed, profit before tax would be up to approximately R3 million.
- Cash flow significantly improved - from a deficit in the preceding comparative period to a surplus exceeding R2m for the six months ended 31 August 2010.
- Profit after tax for the period is 13.9% of revenue.
- Earnings per share and headline earnings per share of 0.49 cents was achieved with a higher number of weighted average shares in issue.

3 SEGMENTAL REPORTING

The Group has adopted IFRS 8 Operating Segments as its segmental reporting standard which requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or the aggregation of operating segments that meet specified criteria. Operating segments are components of an entity in respect of which separate financial information is available is evaluated regularly by management.

For management purposes, the Group is organised into the following segments:

For the six month period ended 31 August 2010	Market research	Statistics	Total for reportable segments
External revenue	5 806 638	7 090 341	12 896 979
Internal revenue	-	570 000	570 000
Total revenue	5 806 638	7 660 341	13 466 979
Cost of sales	(1 777 351)	(2 440 849)	(4 218 200)
Personnel costs	(1 671 516)	(1 564 064)	(3 235 580)
Lease rentals	(301 983)	(406 475)	(708 458)
Other costs	(604 963)	(1 177 896)	(1 782 859)
EBITDA	1 450 825	2 071 057	3 521 882
Depreciation and amortization	(170 080)	(128 246)	(298 326)
Finance income	4	587	591
Finance costs	(20 281)	(115 056)	(135 137)
Profit before tax	1 260 668	1 828 342	3 089 010
Segment assets	3 780 235	20 812 932	24 593 167
	All other Segments	Elimination of intersegment	Total RGT SMART

		transactions	
External revenue	87 500	-	12 984 479
Internal revenue	1 198 831	(1 768 831)	-
Total revenue	1 286 331	(1 768 831)	12 984 479
Cost of sales	-	570 000	(3 648 200)
Personnel costs	(427 909)	-	(3 663 489)
Lease rentals		-	(708 458)
Other costs	(1 393 780)	1 198 831	(1 997 808)
EBITDA	(535 358)	-	2 986 524
Depreciation and amortization	(5 421)	-	(303 747)
Finance income	124 481	(85 294)	39 778
Finance costs	(260 634)	85 294	(310 477)
Profit before tax	(676 932)	-	2 412 078

Geographical information has not been presented as the company operates in South Africa only.

Revenue from external customers for each product and service, or each group of similar products and services has not been presented, as the information is not available and the cost to develop it would be excessive. The Group does not earn revenue in excess of 10% from one single customer, and as such does not place reliance on a single customer or group of customer for its continued existence.

4 ISSUES OF SHARES

Subsequent to the Company's financial year end of 28 February 2010, and during the six months period ended 31 August 2010, in terms of the Company's listing on the Alternative Exchange of the JSE, a public offer involving the issue of 57 000 000 ordinary shares at 10 cents per share took place on 14 April 2010.

Other than the above mentioned public offer, there were no further shares issued during the period under review.

5 REPURCHASE OF SHARES

As announced on SENS on 01 September 2010, shareholders were advised a heads of agreement had been signed with a related party, Mr Martin Kruger, pursuant to his retirement as Managing Director of RGT and director on the RGT board, for the repurchase of 37 781 700 ordinary shares at a repurchase price of 10 cents per share payable over a 3 year period. Martin will retain 74 767 352 shares in RGT SMART, being 17.1% shareholding.

In terms of Section 5.69 of the JSE Listings Requirements, this specific repurchase of shares from a related party requires approval from shareholders in general meeting. A circular is being prepared for submission to the JSE.

6 ACQUISITIONS AND DISPOSALS

There were no acquisitions or disposals during the period under review.

7 DIRECTOR CHANGES

During the period under review, following the introduction of the latest King Code of Governance ("King III") for all companies with year ends commencing 01 March 2010 and the recent changes to the JSE Listings Requirements, the Company decided to restructure the board of directors in order to reduce the number of executive directors on the main board and appoint additional independent non-executive directors.

The following director's resigned during the period:

Director	Date appointed	Date resigned
M Kruger	11 June 2008	28 April 2010
AC Calcutt	11 June 2008	28 April 2010
GJ Grundlingh	11 June 2008	28 April 2010
H Coetzee	10 March 2009	28 April 2010

In addition, Messrs Cumeshan Jayaseelan Moodliar and Trevor Bertram Hayter were appointed to the board of RGT SMART as independent non-executive directors with effect from 05 May 2010 and 09 September 2010 respectively.

8 SHARE CAPITAL

As at 31 August 2010, there were 400 018 300 issued ordinary shares and 99 981 700 unissued ordinary shares.

9 DIVIDEND

No interim dividend has been declared. The Board may consider the declaration of a dividend at year end.

10 LITIGATION

There is no litigation pending against the company or its subsidiaries, which is expected to have a material impact on the results of the company.

11 CONTINGENT LIABILITIES

At the balance sheet date the Group does not have any contingent liabilities.

12 SUBSEQUENT EVENTS

There are no material events subsequent to the period end that require reporting.

13 FUTURE PROSPECTS AND PROFIT FORECAST

While it is unlikely, with the slow start, that we will achieve our original targets for 2010, the Company remains very profitable and is in remarkably good shape. The Company has invested heavily in system upgrades and staffing and are well positioned to take advantage of the improving economic outlook.

A number of exciting initiatives are underway and the Company expects these to bear fruit in the next year or two:

- New product initiatives will see RGT SMART launching a range of new subscription based services - many of these innovations by the RGT SMART team, others as a result of productive joint venture developments. The majority of these initiatives are focused on the auto industry but a number see RGT SMART expanding their penetration into the banking and insurance sectors.
- The launch of the RGT Academy is imminent and is important from a strategic as well as a revenue generating perspective. The team has encountered huge demand for training programs and the Company expect this business unit to contribute significantly in the months to come.

RGT SMART is considering a number of possible acquisitions, but is proceeding cautiously; we have a firm policy that prospective acquisitions fit the business model, add significant strategic value and be viable business propositions.

By order of the Board
Mr AA Da Costa
Chairman
18 November 2010
Johannesburg

Mr PB De Vantier
Chief Executive Officer

Registered Office

Arcay House, Number 3 Anerley Road, Parktown, Johannesburg, 2193 (PO Box 62397,
Marshalltown, 2107)
Directors

AA Da Costa*#(Chairman), PB De Vantier(CEO), CW Reed (FD), NS Bruton, Jacques Magliolo*, CJ
Moodliar*#, TB Hayter*#

* Non-executive, #Independent

Designated Advisor	Transfer Office
Arcay Moela Sponsors (Proprietary) Limited	Link Market Services (Proprietary) Limited

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