RAC

RECM AND CALIBRE

RECM AND CALIBRE LIMITED

INTEGRATED ANNUAL REPORT 2014

Contents

Company profile

RECM and Calibre Limited ("RAC") was established in 2009 as a joint venture between Regarding Capital Management Proprietary Limited ("RECM") (a fund manager) and Calibre Capital Proprietary Limited (a private equity firm). The listing of the non-cumulative redeemable participating preference shares (JSE share code: "RACP") was successfully completed in June 2010. Both RECM and Calibre are controlled by the same principals, namely Theunis De Bruyn, Piet Viljoen and Jan van Niekerk.

INVESTMENT OBJECTIVE

RAC makes long-term investments, with the objective of generating high real returns. We will 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, 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 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 which is available on our website at www.racltd.co.za).

INVESTMENT MANAGEMENT

The investment management function of RAC has been outsourced to RECM. RECM was appointed with a fully discretionary mandate prior to listing and continues to act in that capacity to date. RAC is a long-term investment company and as all operational and administrative functions have been outsourced to RECM, RAC does not employ any staff.

RECM thus performs:

1. An investment management function for RAC in a similar fashion to that offered to its other clients, and according to RAC's specific mandate; and
2. Administrative and accounting 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 of the Company itself, it should be read and understood that that function was performed by RECM in terms of its mandate as described above.

Board of directors

Pieter Gerhardt VILJOEN (51)

Executive Chairman

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 Chairman of RECM.

Matthys Vernon Pedron DAVIS (65)

Independent Non-Executive Director

BSc, BEng, MEng

Appointed: 10 November 2010

Mr Davis worked in the engineering industry for various companies from 1973 eventually being appointed as Marketing Director for Reunert and Reumech in 1990 where he stayed until 1995. He was appointed Managing Director for KWV International in 1996 remaining with the company until 2003. In 2004 he joined the Spier Group as CEO.
He retired from the Spier Group in 2009.

Theunis DE BRUYN (46)

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.

Gerrit PRETORIUS (66)

Independent Non-Executive Director

BSc, BEng, LLB, PMD

Appointed: 1 November 2009

A graduate in electrical engineering and law,
Mr Pretorius essentially spent his entire working career at Reunert. In 1997 he was appointed as CEO of Reunert Ltd. He retired in August 2010.

Johannes Gerhardus SWIEGERS (59)

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.

Johannes Cornelis VAN NIEKERK (39)

Financial Director

Hons BCom (Maths), FIA, CFA

Appointed: 6 May 2013

Mr van Niekerk has over 17 years of industry experience, having 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 as shareholder and CEO.

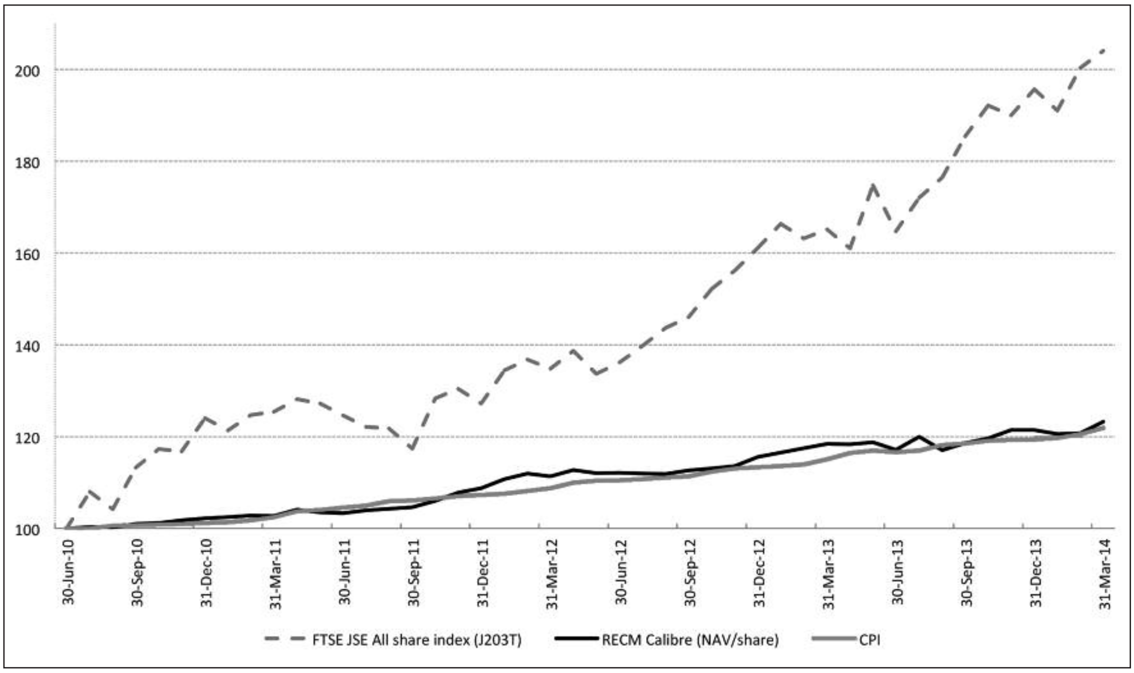
Chairman's report

To my fellow shareholders of RECM and Calibre ("RAC")

We have spent three years acquiring a portfolio of businesses that are well run by honest and competent managers. We have primarily focused on acquiring the right businesses at the right price. We are just about in a position where the heavy lifting will be done by our investee companies, which will be reflected in a higher growth rate of our NAV per share.

Last year the Net Asset Value (NAV) of our company, for both the ordinary and the participating preference shares, grew by 4,1% on a per share basis. By comparison, the total return generated by the JSE All Share Index, with dividends included, was 23,6%. We listed in June 2010. Since then, the market has grown by 104%. Over that same period, our NAV per share has grown by 23%. As such, we find ourselves somewhat behind our primary goal of outperforming the average listed company. The good news is that we have outperformed our secondary goals: we have grown in real terms (i.e. in excess of inflation), and we have done better than money in the bank.

The following chart shows our progression against our stated benchmarks since inception.



Source: RECM analyst

My partners and I firmly believe that the intrinsic value of RAC is increasing at a much faster rate than the accounting NAV, and we have put our money where our (collective) mouth is.

Between the three of us, we added significantly to our holding of both ordinary and preference shares over the past year. In total, we acquired 1 729 804 ordinary shares for a consideration of R23 517 077. Additionally, we bought 1 165 182 preference shares in the open market for a consideration of R14 689 627.

None of us have ever received any free or discounted shares, and we have no share option scheme in place. Every share we own, we have bought with our own money. We believe this is true skin in the game.

The fact remains, relative to the market, our accounting NAV has underperformed. There are a number of factors at work.

Our valuation policy is conservative. Appraising the value of a business is not a straightforward operation, and does not deliver indisputable single point solutions. When one values a business, you are expressing an opinion, and in my experience, one should hold such opinions lightly.

Being an investment entity, our valuation rules are simple: if a company we own is listed, we use the market price. If it is unlisted, but there is an active secondary market, we will use that price. We might not always agree with valuations derived from observable transactions, but it is an objective, arm's length appraisal. Anything we might come up with is at best an educated guess, and at worst a subjective, emotional stab in the dark.

Accounting rules now force us to come up with exactly such a stab as there is no secondary market for some of our privately owned businesses. This process is called "Fair Value Accounting" and I am convinced that it will be abandoned at some point in the future in the wake of fraud and scandal. The incentives guarantee it. Like teenagers at an open bar party, things will get out of hand. Over time, we too, will have to make adjustments to the values at which assets are carried in our accounts to comply with IFRS. At RAC, we will account for our activities as conservatively as we can.

As a result, the first point to remember when judging the growth of RAC's NAV against that of the stock market is that almost a quarter of our NAV is still held at cost, which is our conservative best estimate of fair value. Please refer to the portfolio discussion further on for more detail about these businesses.

Conversely, valuations in the stock market are today arguably less conservative. Market valuations today are influenced by two stories. One goes that you can't pay a high enough price for a good quality business that has a growing dividend stream, on account of the low level of interest rates. The second story goes that in a world where growth is scarce, you can't pay enough for growing assets. Companies involved in "Tech 2.0", "Africa" and "Education", amongst other, currently fit this bill. In my opinion, story stocks have driven market valuations significantly above levels where there is a satisfactory margin of safety.

Therefore, the second point to remember is that the market growth, to which our NAV growth is compared, has outstripped its underlying fundamentals. I have no doubt this will be, in due course, corrected – a correction which will have less effect on the NAV of RAC.

At this point I should mention that our most significant acquisition this year does not even appear on our balance sheet, yet I have no doubt that it will also contribute to higher growth going forward. In April of this year, we welcomed Jan van Niekerk to the partnership that manages the affairs of RAC. Jan joined us early in the financial year, and has already made huge contributions – both at RECM, where he is the CEO, and at RAC, where he is the CFO. Both Theunis and I are pleased to have him aboard as our partner, and look forward to working with Jan for many, many years to come.

The table below sets out the composition of our Net Asset Value:

COMPOSITION OF NAV

Investment	Note	Initial investment Rm	Fair value (1) Rm	% of portfolio	Share of earnings (2) Rm
Retail Safari and Outdoor; Fledge	3	99,8	99,8	16,0	3,6
Mining and Engineering Trans Hex; ELB Group	4	62,0	81,5	13,2	0,6
Food and Beverage KWV; Sovereign Food; KLK Landbou	5	76,1	82,7	13,4	7,8
Other long-term investments The American Home; Conduit Capital; Excellerate Holdings	6	56,4	76,1	12,6	11,1
Other investments	7	61,3	55,6	9,0	(6,7)
Total investments		355,6	395,7	64,2	16,4
Cash retained for commitments Goldrush; Namakwa Diamonds; JV with ELB Group	8		180,0	29,2	
Remaining cash		228,9	48,9	7,9	
Total investments		584,6	624,6	101,3	
Net other liabilities			(8,7)	(1,3)	
Net asset value			615,9	100,0	

Notes:

1. *As mentioned above, we have placed a fair value on all the assets. Where possible, we used market prices. Where these were not available, we used our own estimate of fair value. Due to the uncertainty around valuation, in many instances our best estimate of fair value currently does not differ much from the price at which we made the initial acquisition.*
2. *These are our share of the net profits after tax of our investee businesses. These numbers refer to the latest reported 12-month period for each company; they have not been audited, and some of them are derived from management accounts or have otherwise been estimated. The earnings numbers assume we held our investments for the full year.*
3. *RAC owns 27% of Safari and Outdoor, and my partner Theunis de Bruyn is on the board. This business consists of two stores, one in Stellenbosch and one in Pretoria. They sell hunting and outdoor equipment. Revenue and profits have grown by over 20% for the financial year ending March. During May 2014 a new store was opened in Rivonia, which should further enhance their growth prospects.*

   We also own a minority stake in a leveraged structure called Fledge Holdings, which in turn owns a small stake in Dischem. Dischem is a privately owned health and beauty focused retailer. They are currently growing rapidly, through an expanding footprint and market share gains. We have not included any earnings from Dischem in the table, as the debt in the Fledge structure has first call on any earnings.
4. *Recently, we acquired a stake of just less than 12% of Trans Hex. As Trans Hex is our partner in the proposed Namakwa transaction (see note 8), we have effectively increased our exposure to it. We know the company well, as Theunis has been on the board for over 5 years. In the year to March Trans Hex made a small profit, after recovering from losses incurred during the first half. Profitability is not yet where it should be, and we expect continued improvements in future.*

   RAC owns 3,1% in ELB Group, a well-managed engineering business. They dealt with the turmoil caused by the financial crisis very well, and are now benefitting from the weak position of many of their competitors. In their most recent reporting period they maintained earnings and actually grew their dividend, in a very tough environment. Theunis also serves on their board, and has done so for almost 8 years. We couldn't ask for better partners, and we aim to do more business with them – see note 8. After year-end we (marginally) increased our stake in the business by tendering our holding of B&W Instrumentation shares into the scheme of arrangement whereby ELB acquired the entire shareholding of B&W.
5. *RAC owns 4,7% of KWV, which is priced at less than half its book value – a book value which is growing, albeit slowly. This year, KWV returned to marginal profitability, and if management's endeavor to improve its local and global sales execution works, it can earn substantially more. We don't know if this will happen, but we have a high regard for the management team – and if the prizes their wines are winning are any indication, the odds favour success. Over the past year, we have continued to add to our holding.*

   We also own 11,3% of Sovereign Foods, a poultry producer in the Eastern Cape area. Management is doing a good job in running the business efficiently and growing its product range. Earnings are under pressure currently, but we think that Sovereign will be a major beneficiary of the tough times the industry is going through at present. The weaker competitors are going out of business; the irrational, continuous, industry capacity expansion has been stymied and the weak rand is making imports less competitive. Over the past year, our ownership stake has increased, both through our own buying of shares, as well as Sovereign buying back its shares in the open market. The poultry industry is going through a wave of consolidation; we think Sovereign is buying up the cheapest assets in the industry.

   We have a small investment of 5,6% in KLK Landbou Bpk, an agri-business headquartered in Upington. Their main lines of business include meat processing, fuel sales and motor dealerships. It is a well-run business, and profitability has been on a tear over the past few years. Two years ago RAC tendered an offer to purchase an influential stake in the business. Unfortunately, we only ended up with our current holding, and were not able to progress further. However, we are very happy with this passive minority investment, and look forward to further supporting the management team in their endeavours.
6. *Our other long-term investments are a diverse group. RAC owns 7% of Conduit Capital, a specialist insurance business. Management has done a good job of underwriting risk over the past few years. In their most recent set of financial results, net written premium grew by 17% – always a good indicator of future profitability, as long as the underwriting is sound. Management is incentivised on underwriting profitability, not premium growth or investment income, which augurs well for future profitable growth. We increased our holding in this company over the past year.*

RAC owns 6% of Excellerate Holdings, an unlisted industrial services company. Despite the tough economic environment, they grew revenue by 10%, and net profits by 22%. This management team punches way above their weight, and we can't wait to see what they come up with over the next few years.

We also own 1,6% of The American Home (TAH), a single family residential REIT, based in Atlanta, Georgia. Here, the news is not so good. After a good 2012, the NAV of the company suffered a modest decline last year, mainly due to poor operational controls. While it was growing rapidly, these deficiencies went undetected. When TAH stopped their buying program due to higher home prices, they presented themselves with a bang. And as is always the case with this sort of thing, the problems are larger, take longer and cost more to fix than one would expect. The good news is that management appears to have appointed some good people and resolved the issues; the company is back on a firm footing. Having said all of that, it is becoming clear that the long-term economics of buy to let are not all that enticing – even when one buys homes at well below replacement cost. So far, the investment outcome has been satisfactory, but below our high expectations, and together with the management team we are reviewing our options.

7. *Our other investments have reduced (in number) significantly over the past year. We completely exited from Infrasors, Afrocentric, Trustco, Argent, Amecor, ElementOne, and Metrofile. In some cases we made mistakes in evaluating the economics of the business or the quality of management. In others, the price the market offered for our stake was irresistible. Be that as it may, this group of "mistakes" of one form or another made us a tidy profit of almost R32mn on an initial investment of R72mn. We would gladly make such mistakes again and again, if they all had this outcome.*

   Unfortunately, they don't. We are still part owner of 6 companies in this category and, as is always the case, we ended up keeping the worst for last. Their valuations relative to our initial investment shows this clearly. Fortunately after year-end we sold one (in return for ELB Group stock) and there seem to be offers for two others on the horizon. We will do our utmost to realize the best value we can. But we do not have high hopes here. It is possible that the value of these companies as a group declines further over time.

   The losses this group made as a whole stems from one investee Company, and is due to a once-off balance sheet adjustment. After year-end, this business has filed for business protection. Our exposure at cost was just over 3% of NAV. All the other companies in this group traded profitably, and seem set for further growth going forward.

8. *After year-end, we closed our initial 20% investment in Goldrush, a leading operator of bingo and limited pay-out machines in South Africa. Our transaction has a clear and specific agreement between management, the founder of the business, and ourselves for RAC to further increase its stake in Goldrush in the foreseeable future. Here, Jan represents us on the board. The company owns 18 Bingo licenses, of which 10 are operational – mostly in Gauteng, Northwest and Mpumulanga provinces. Much effort (and expenditure) is going into acquiring and activating sites for the other 8 licenses. Goldrush also own 3 LPM Route operator licenses in Gauteng, Northwest and Limpopo provinces, which are already making a tidy profit. Overall, net profit after tax for this business has grown by over 100% – off a very low base – in their current financial year.*

   We are fortunate enough to partner with a wonderful management team, running a business with good economics. Our expectations for this business are high.

   Our potential investment of 27,2% in Namakwa Diamonds has been held up for over three years now by one precedent condition, which remained outstanding as at our financial year-end. Over this period, the amount we have committed to the transaction has reduced from an initial R120mn to R40mn. The size of our interest has reduced from 34% to 27,2%. The economics of the business remain favourable, and we couldn't wish for a better management team than that of Trans Hex to partner with in acquiring an asset of this nature. Subsequent to our year-end, the sale agreement has been amended and the effective date of the transaction is now expected to be October 2014.

   During the year we entered into a joint venture agreement with ELB Group to pursue opportunities in the mining sector, through operating tolling businesses with modular plant designed by ELB engineering. We have yet to enter into our first agreement, but prospects seem encouraging. Very few players are willing to finance infrastructure in this sector, potentially creating good investment opportunities.

Our pipeline of potential transactions remains exciting, and we have the capacity to invest in new projects. During the course of the year, our shareholders approved changes to our capital structure which allows us the flexibility to access such funding under certain conditions.

CHAIRMAN'S MEETING WITH SHAREHOLDERS

We plan to hold a Chairman's meeting for ordinary and participating preference shareholders, immediately following the conclusion of the annual general meeting. At this meeting, the investment operations of RAC will be discussed, and there will be an opportunity for as many questions as you like. We encourage all participating preference shareholders to attend this meeting. There is an invitation enclosed with this annual report and we would appreciate it if you could let us know if you will be attending.

PG Viljoen

Cape Town
18 June 2014

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.

The Board of Directors supports the King III Report on Corporate Governance ("King III" or the "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 (www.racltd.co.za), which covers the principles of the King Code and provides a narrative statement as to how each principle has been applied or why and to what extent a particular principle has not been applied.

BOARD OF DIRECTORS

RAC has a unitary board. RAC has an Executive Chairman, PG Viljoen. Despite the requirements of King III, the Board is of the view that Mr Viljoen is best placed to lead the company. G Pretorius continues as Lead Independent Director who will, *inter alia*, provide leadership to the Board should the Chairman have a conflict of interest.

As of 31 March 2014, the Board of RAC comprised six directors with an appropriate balance of executive and non-executive directors. The directors are individuals of the highest calibre and credibility, and have the necessary skills and experience to make a meaningful contribution to the business of the Company.

Ongoing education ensures that directors are kept informed of industry developments and international best practices. Upon appointment, the staff of 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 Nomination and Remuneration Committee currently comprises PG Viljoen and G Pretorius. 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.

The directors have a duty and responsibility to ensure that the principles set out in King III 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 five meetings were held.

Name of member	18 Jun 2013	16 Jul 2013	26 Sep 2013	14 Oct 2013	17 Feb 2014
Mr PG Viljoen *(Chairman)*	Present	Present	Present	Present	Present
Mr MVP Davis	Present	Present	Present	Present	Present
Mr T de Bruyn	Present	Present	Present	Present	Present
Mr JC van Niekerk	Present	Present	Present	Present	Present
Mr G Pretorius	Present	Present	Present	Present	–
Mr JG Swiegers	Present	Present	Present	Present	Present

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

INTERNAL CONTROLS

Based on the results of the formal documented review of the internal controls in existence and system of risk management within RECM, 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.

The successful completion of an ISAE 3402 examination process for the period ended 31 March 2013, performed by Ernst & Young Inc. on the operational procedures and controls related to Asset Management and Operations activities, is further evidence of the rigour to which RECM subjects their internal risk processes and related controls. The Type II opinion, issued by Ernst & Young Inc., confirmed not only the fairness of the description and suitability of design of internal controls but also their operating effectiveness in the examination period.

AUDIT AND RISK COMMITTEE

The Company has an Audit and Risk Committee comprising independent non-executive directors, JG Swiegers *(Chairman)*, G Pretorius and MVP Davis. A detailed report by the Audit and Risk Committee follows.

NOMINATION AND REMUNERATION COMMITTEE

The Committee, comprising PG Viljoen and G Pretorius, has proposed the payment of directors' fees as follows:

Non-executive director	For 2016 year R	For 2015 year R
Board member	128 629	121 348
Chairman – Audit and Risk Committee	64 314	60 674

These fees are subject to the approval of the shareholders at the annual general meeting. As stated on page 1, the Company does not employ any staff. As such the Company has no need for any form of executive remuneration, share incentive scheme or any form of staff performance management programme. Directors' fees are only payable to independent non-executive directors as detailed above.

SOCIAL AND ETHICS COMMITTEE

A Social and Ethics Committee was constituted during the year, comprising MVP Davis, PG Viljoen and JC van Niekerk. The committee met once during the period. The directors have considered their individual and collective ethical 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.

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 maintains on 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.

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. During the current financial year the external auditors were remunerated as per Note 16 of the annual financial statements which details amounts paid to the external auditors for audit and non-audit services.

ANNUAL GENERAL MEETING

The agenda for the annual general meeting is set by the Company Secretary and communicated to all shareholders in the notice of the annual general meeting, which accompanies the Integrated Annual Report. Consequently, the notice of the annual general meeting is distributed well in advance of the meeting and affords all shareholders sufficient time to acquaint themselves with the effects of any proposed resolutions. Adequate time is also provided by the Chairman 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 Chairman 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 Chairman's Meeting for preference shareholders.

The designated auditor of the Company attends the annual general meeting to respond to any questions relevant to the audit of the financial statements.

SUSTAINABILITY

RECM is the investment manager for the investment portfolio of the Company and 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. A record of voting is publicly available on their website (www.recm.co.za).

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 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, mentioned on page 7 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 Chairman's meeting during which shareholders are invited to interact with the Chairman 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 the Investment Manager.

Annual Financial Statements

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

Directors' responsibilities and approval of the annual financial statements

for the year ended 31 March 2014

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 Limited 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 employees 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 page 16.

The annual financial statements set out on pages 17 to 39, which have been prepared on the going concern basis, were approved by the Board of Directors on 18 June 2014 and were signed on their behalf by:

PG Viljoen
Executive Chairman

JC van Niekerk
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

18 June 2014
Claremont

Report of the Audit and Risk Committee

for the year ended 31 March 2014

This report, in respect of the financial year ended 31 March 2014, 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 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 JG 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 in future as per its terms of reference.

Name of member	18 June 2013	14 October 2013	17 February 2014
JG Swiegers *(Chairman)*	Present	Present	Present
MVP Davis	Present	Present	Present
G Pretorius	Present	Present	–

The effectiveness of the Audit and Risk Committee and its individual members are assessed on an annual basis. The Chairman of the Board, Financial Director, external auditor and executives of the Investment Manager 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, as well as statutory duties per the Companies Act of South Africa.

The Audit and Risk Committee executed its duties in terms of the requirements of King III.

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 ensured that the appointment of the auditor complied with the Companies Act.

The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and audit fees for the 2014 year.

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

The Committee has nominated, for election at the annual general meeting, Ernst & Young Inc., as the external audit firm and MP Rapson as the designated auditor responsible for performing the functions of auditor, for the 2015 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 their advisors.

for the year ended 31 March 2014

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 12 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 by RECM of the going concern status of the Company and has made recommendation to the Board in accordance. 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 12 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 practise 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.

9. INTERNAL AUDIT AND COMPLIANCE

The Audit and Risk Committee relies on RECM and its service providers to perform the internal audit function, 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.

During the year, the Committee met with the external auditors without management being present.

The Audit and Risk Committee is satisfied that it complied with its legal, regulatory or other responsibilities.

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 RECM management responsible for the financial function.

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.

JG Swiegers
Chairman of the Audit and Risk Committee

18 June 2014

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

Report on the financial statements

We have audited the financial statements of RECM and Calibre Limited set out on pages 18 to 39, which comprise the statement of financial position as at 31 March 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of RECM and Calibre Limited as at 31 March 2014, 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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 March 2014, we have read the Directors' Report, the Audit and Risk Committee Report and the Certificate by Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Ernst + Young Inc.

Ernst & Young Inc.

Director: Malcolm Peter Rapson
Registered Auditor
Chartered Accountant (SA)

Ernst & Young Inc.
35 Lower Long Street
Cape Town

18 June 2014

Directors' report

for the year ended 31 March 2014

The directors submit their report for the year ended 31 March 2014.

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.

Net profit of the Company was R23 151 200 (2013: R11 640 542), after taxation of R5 814 995 (2013: R3 128 904).

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

On 5 May 2014, RAC Investment Holdings (Pty) Ltd, a 100 % subsidiary of the Company, purchased 30 323 689 shares in Goldrush Group Proprietary Limited for an amount of R41 840 626. Goldrush is a gaming group, focused largely on the Bingo and Limited Payout Machines (LPMs) sector. This will give RAC significant influence.

On 5 June 2014, amendments to the Sale Agreement entered into between Emerald Panther Investments 78 (Pty) Ltd ("EPI") and De Beers Consolidated Mines Limited ("DBCM") to purchase Namaqualand Mines ("NM") were signed. This will facilitate the purchase by RAC of a shareholding in EPI of 27,2%. The NM transaction has certain conditions pending, which are expected to be met on or about 31 October 2014.

On 2 June 2014, Protech Khuthele Holdings Limited ("Protech") issued a notice of application for business rescue and cautionary announcement. Shareholders were advised that Protech would commence with voluntary business rescue. Shareholders were further advised that Protech has received demands for immediate repayment for project expenses incurred which Protech is unable to pay. Protech believes there is a reasonable prospect of rescuing the company, as the assets, fairly valued exceed the liabilities of the company. At cost, the investment in Protech equates to 3% of the RAC portfolio.

4. DIRECTORS' SHAREHOLDING

Shareholding of directors, directly and indirectly as at 31 March 2014:

	Ordinary shares				Preference shares			
	2014 Number	**2014 %**	2013 Number	2013 %	**2014 Number**	**2014 %**	2013 Number	2013 %
T de Bruyn	**1 250 001**	**25,00**	1 520 572	30,41	**739 700**	**1,64**	170 000	0,38
PG Viljoen	**2 500 001**	**50,00**	1 749 624	34,99	**954 725**	**2,12**	722 495	1,61
JC van Niekerk	**1 249 998**	**25,00**	–	–	**313 678**	**0,70**	–	–
L Potgieter *	**–**	**–**	50 284	1,01	**80 300**	**0,18**	80 300	0,18

** L Potgieter resigned during the period ended 31 March 2014.*

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

5. DIRECTORS' INTEREST IN CONTRACTS

PG Viljoen and J C van Niekerk are also directors of Regarding Capital Management Proprietary Limited. RECM and Calibre Limited has appointed Regarding Capital Management Proprietary Limited to administer its affairs and to manage its investment portfolio as set out in the prospectus dated 14 May 2010.

6. AUTHORISED AND ISSUED SHARE CAPITAL

There were changes in the authorised share capital of the Company during the year under review.

The Company:

- converted the participating preference shares into participating preference shares of no par value;
- increased the authorised participating preference share capital to 200 000 000 participating preference shares;
- created 1 500 000 000 perpetual preference shares; and
- created 250 000 000 redeemable preference shares.

All changes were made with shareholder approval.

Other than converting participating preference shares to no par value, there were no changes to the issued share capital.

7. DIVIDENDS

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

Statement of financial position

at 31 March 2014

	Notes	2014 R	Restated 2013 R	Restated 2012 R
ASSETS				
Non-current assets		**525 909 430**	447 802 810	288 052 283
Investments	3	**505 987 018**	447 802 810	288 052 283
Trade and other receivables	6	**19 922 412**	–	–
Current assets		**105 919 966**	158 221 213	277 392 960
Investments	3	**98 631 775**	152 579 425	270 542 851
Trade and other receivables	6	**7 186 314**	4 267 845	6 148 068
Current tax receivable		**–**	1 153 402	–
Cash and cash equivalents	7	**101 877**	220 541	702 041
Total assets		**631 829 396**	606 024 023	565 445 243
EQUITY AND LIABILITIES				
Equity		**615 948 075**	591 632 483	556 213 198
Share capital – ordinary shareholders	8	**50 000 000**	50 000 000	50 000 000
Share capital – preference shareholders	8,9	**450 000 000**	450 000 000	450 000 000
Reserves		**55 334 324**	54 169 932	30 391 189
Retained income		**60 613 751**	37 462 551	25 822 009
Liabilities				
Non-current liabilities		**12 424 971**	13 296 442	6 966 433
Deferred tax	5	**12 424 971**	13 296 442	6 966 433
Current liabilities		**3 456 350**	1 095 098	2 265 612
Trade and other payables	10	**1 861 639**	1 095 098	1 003 978
Current tax payable		**1 594 711**	–	1 261 634
Total equity and liabilities		**631 829 396**	606 024 023	565 445 243
Net asset value				
Net asset value attributable to ordinary shareholders		**61 594 807**	59 163 249	55 621 320
Net asset value attributable to preference shareholders		**554 353 268**	532 469 234	500 591 878
Net asset value per ordinary share (cents)		**1 232**	1 183	1 112
Net asset value per preference share (cents)		**1 232**	1 183	1 112

Statement of comprehensive income

for the year ended 31 March 2014

	Notes	2014 R	Restated 2013 R
Revenue	12	**19 234 657**	20 773 118
Operating expenses	13	**(8 943 652)**	(8 070 220)
Operating profit		**10 291 005**	12 702 898
Other income	14	**24 818 928**	2 066 548
Impairments recycled through profit and loss		**(6 143 738)**	–
Profit before taxation		**28 966 195**	14 769 446
Taxation	15	**(5 814 995)**	(3 128 904)
Profit for the year		**23 151 200**	11 640 542
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Net gain on available-for-sale financial instruments		**20 106 627**	30 757 099
Realised gain on sale of available-for-sale investments recycled to profit or loss		**(24 818 928)**	(1 520 604)
Impairment loss reclassified		**6 143 738**	–
Taxation related to components of other comprehensive income		**(267 045)**	(5 457 752)
Other comprehensive income for the year net of taxation	17	**1 164 392**	23 778 743
Total comprehensive income		**24 315 592**	35 419 285
Earnings and headline earnings per share			
Per share information (ordinary and preference)			
Basic and diluted earnings per share (cents)	18	**463**	233
Headline earnings per share (cents)	18	**159**	208

Statement of changes in equity

for the year ended 31 March 2014

	Preference share capital R	Ordinary share capital R	Fair value adjustment assets available-for-sale reserve R	Retained income R	Total share-holders' equity R
Balance at 1 April 2012, as previously stated	–	50 000 000	30 391 189	(24 769 869)	55 621 320
Restatement – refer note 9	450 000 000	–	–	50 591 878	500 591 878
Balance at 1 April 2012, restated	450 000 000	50 000 000	30 391 189	25 822 009	556 213 198
Profit for the year	–	–	–	11 640 542	11 640 542
Other comprehensive income	–	–	23 778 743	–	23 778 743
Balance at 31 March 2013	**450 000 000**	**50 000 000**	**54 169 932**	**37 462 551**	**591 632 483**
Profit for the year	**–**	**–**	**–**	**23 151 200**	**23 151 200**
Other comprehensive income	**–**	**–**	**1 164 392**	**–**	**1 164 392**
Balance at 31 March 2014	**450 000 000**	**50 000 000**	**55 334 324**	**60 613 751**	**615 948 075**
Notes	9	8			

Statement of cash flows

for the year ended 31 March 2014

	Notes	2014 R	Restated 2013 R
Cash flows from operating activities			
Cash utilised in operations	19	**(8 841 721)**	(7 433 156)*
Interest income		**13 691 554**	19 522 763 *
Dividends received		**3 289 244**	3 130 578
Tax paid	20	**(4 205 398)**	(4 671 592)
Net cash inflow from operating activities		**3 933 679**	10 548 593
Cash flows from investing activities			
Loans to investees		**(19 922 412)**	–
Purchase of other financial investments		**(161 150 403)**	(130 587 179)*
Proceeds on disposal of financial investments		**177 020 472**	119 557 086 *
Net cash outflow from investing activities		**(4 052 343)**	(11 030 093)
Net movement in cash and cash equivalents		**(118 664)**	(481 500)
Cash and cash equivalents at beginning of the year		**220 541**	702 041
Cash and cash equivalents at the end of year		**101 877**	220 541

* *Prior year figures reclassified to show the interest movement fully in interest income as opposed to in cash utilised in operations as well as to show the split of investing activities between acquisitions and proceeds on disposals. Cash utilised in operations and interest income were previously reported as (R4 032 330) and R17 642 540. Net cash outflows from investing activities was previously reported as (R12 550 696).*

Notes to the annual financial statements

for the year ended 31 March 2014

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, except as noted below. The adoption of the new accounting standards and amendments to IFRS only affected disclosure and had no impact on the results of either the current or prior year.

Changes in accounting policy

The Company has early adopted the exemption in IFRS 10 relating to "Investment Entities".

The reason the Company has early adopted the exemption in IFRS 10, is to ensure more appropriate accounting and disclosure for its investments where it has control or significant influence. Consolidation of investments that have a business unrelated to that of an Investment Entity, can lead to confusing results and disclosures, and hence, adoption of the exemption to consolidate will provide results and disclosures that are more appropriate for users of the financial statements.

As a result of the adoption of the exemption in IFRS 10 relating to "Investment Entities", the Company is no longer consolidating its subsidiaries, but accounting for them at fair value under IAS 39.

The Company's subsidiary, the RECM Institutional Worldwide Flexible Fund (WWFF) is no longer consolidated. The RECM Institutional Worldwide Flexible Fund is a Collective Investment Scheme, operating in South Africa, 99,9% of which is owned by the Company.

The fair value of the subsidiary as at 31 March 2014 is R202 361 940 (31 March 2013: R265 160 302). The impact of not consolidating the WWFF will have no impact on the Net Asset Value of the Company as a result of fair value of the units of the fund materially approximating the net asset value. Previously, in the Group consolidated accounts, we would have reflected all the underlying assets and liabilities of the WWFF, while in the Company accounts, we would have only shown the fair value of the investment. The adoption of this standard removes the requirement for these Group consolidated results to be presented and therefore only the Company accounts are reported. The Company accounts have always reflected the investment in the WWFF at fair value, thus there is no need for a restatement.

Prior period restatement of preference shares as equity instruments

The Company changed its classification of the preference shares from liability instruments to equity instruments. In previous years the preference shares were classified as liabilities. We now believe the substance of these shares is that of equity rather than debt as per IAS 32.

The preference shares issued by the Company do not have a fixed maturity, and the Company has no contractual obligation to make any payments in relation to the preference shares. As a result, the Company has changed its classification of the preference shares to equity, and the directors feel that this change allows for more appropriate disclosure for readers of the financial statements. In terms of IAS 8 we need to restate the prior year financial statements. Previously the preference shares were classified as financial liabilities at fair value through profit and loss. In the current year they have been classified as equity instruments which are carried at the consideration received for them. This results in fair value gains and losses previously recorded in profit and loss having to be reversed, impacting profit and loss, opening retained income and the carrying value of the preference shares. Refer to note 9 for further details.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates 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 be material to the financial statements. Significant judgements include:

Assessment as investment entity

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

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

Based on the above, the Company is considered to meet all three conditions of the definition and, hence, qualifies as an investment entity.

Investment entities with interests in associates and joint ventures may elect to account for those investments as at fair value provided they meet the criteria of IAS 28 and IAS 39. Such election must be applied consistently as a matter of accounting policy choice. 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 reports.

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

Trade receivables and loans and receivables

The Company assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Available-for-sale financial instruments

The Company follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) 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 fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables approximates their fair values due to their short-term nature.

1.2 Financial instruments

Financial instruments disclosed in the financial statements include cash and cash equivalents, investments, short-term loans, trade and other receivables, financial liabilities and trade and other payables. Financial instruments are initially recognised when the Company becomes party to the contractual terms of the instruments.

Classification

The Company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables;
- Available-for-sale financial assets;
- Financial liabilities measured at amortised cost; and
- Financial liabilities measured at fair value through profit and loss.

Classification depends on the purpose for which the financial instruments were obtained or incurred and takes place at initial recognition.

Initial recognition and measurement

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

The Company measures financial assets at fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

All purchases and sales of financial instruments are recognised at the trade date.

Subsequent measurement

Subsequent to initial recognition, financial instruments are measured as follows:

Loans and receivables

Loans and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. These instruments are carried at amortised cost using the effective interest rate method.

Available-for-sale financial instruments

Other financial instruments are classified as available-for-sale and are carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial instruments are recognised through other comprehensive income in the period in which they arise. When these financial instruments are either derecognised or impaired, the accumulated fair value adjustments are reclassified and recognised in profit or loss.

Trade and other payables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are subsequently held at amortised cost.

Financial assets (or part thereof) are derecognised when the Company realises the rights to the benefits specified in the contract, or the Company surrenders or otherwise loses control of the contractual rights that comprises the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable, as well as any prior adjustment to reflect their value that has been recognised in other comprehensive income, is recognised in profit or loss.

Financial liabilities (or part thereof) are derecognised when the Company's obligation specified in the contract is discharged or cancelled or has expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in profit or loss.

Fair value determination

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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques 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.

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.

Impairment of financial assets

At each reporting date the Company assesses all financial assets to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity as a reclassification adjustment to other comprehensive income.

Impairment losses are reversed when an increase in the financial assets' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Impairment losses are recognised in profit or loss. Impairment loss reversals, except for equity investments classified as available-for-sale, are recognised in profit and loss.

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.

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.

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:

- transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

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.

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

1.4 Share capital and equity

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.

1.5 Revenue

Interest is recognised using the effective interest rate method.

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

1.6 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

for the year ended 31 March 2014

2. NEW STANDARDS AND INTERPRETATIONS

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

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Impact
IFRS 13 – Fair Value Measurement	1 January 2013	Prospective application. More detailed disclosure regarding fair value – refer note 3.
IAS 1 – Presentation of Financial Statements	1 January 2013	No material impact.
IFRS 7 – Offsetting financial assets and financial liabilities	1 January 2013	No material impact.
Amendments to IFRS 12 and IAS 27	1 January 2013	No material impact.
Amendments to IFRS 10	1 January 2014	The Company meets the definition of an "Investment Entity". It therefore will no longer consolidate subsidiaries, but account for them at fair value under IFRS 9 or IAS 39.

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.

Standard/ Interpretation:	Effective date: Years beginning on or after	Impact
IFRS 9 – Financial Instruments	No effective date	No material impact.
2013 Annual Improvements	1 July 2014	No material impact.
IAS 32 – Offsetting financial assets and financial liabilities	1 January 2014	No material impact.
IFRS 15 – Revenue Standard	1 January 2017	No material impact.

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	2014 R	2013 R
3. INVESTMENTS		
Fair value hierarchy of available-for-sale financial assets		
Level 1		
Class 1 – Listed shares – Quoted	**139 546 424**	102 223 402
Class 2 – Unlisted shares – Quoted	**33 393 135**	34 319 355
	172 939 559	136 542 757
Level 2		
Class 3 – Unit trusts	**275 624 310**	315 562 953
Listed investments held by unit trust	**72 062 485**	139 522 459
Cash held by unit trust	**203 561 825**	176 040 494
Class 4 – Call accounts	**25 360 823**	102 038 071
	300 985 133	417 601 024
Level 3		
Class 5 – Unlisted shares – Unquoted	**130 694 101**	46 238 454
	130 694 101	46 238 454
Total available-for-sale financial assets at fair value	**604 618 793**	600 382 235
Non-current assets		
Available-for-sale	**505 987 018**	447 802 810
Current assets		
Available-for-sale	**98 631 775**	152 579 425
Total investments	**604 618 793**	600 382 235
Level 3 reconciliation		
Opening balance	**46 238 454**	280 000
Purchases	**79 875 437**	42 388 454
Sales	**–**	–
Gains on investments	**4 580 210**	3 570 000
Closing balance	**130 694 101**	46 238 454

Level 1

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

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

Level 2

Class 3 available-for-sale financial assets are valued at the net asset value of the unit trust.

Class 4 available-for-sale 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

Level 3

Class 5 available-for-sale 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

3. INVESTMENTS (continued)

Management uses the above information in multiple valuation techniques as well as profitability valuation techniques by comparing the investee information to similar type entities in the listed market. The nature of the fair value calculations means that fair values range greatly and are sensitive to indirect and direct quantifiable and unquantifiable inputs. Factors that we took into account in all valuations include the current market conditions, the invested market segment and interest rate certainty. The market for these instruments often has significant barriers to entry, making the comparison pool of similar entities very shallow. Specifically, the retail pharmaceutical industry and hunting equipment industry have few market entrants with little reliable comparative data. Like all our investments, we plan on seeing the value of the business grow over a number of years to realize their true potential. 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.

Description of significant unobservable inputs

	Valuation technique	Fair value Rm	Significant unobservable inputs	Range	Sensitivity
Retail: Safari and Outdoor; Fledge (excluding loans)	Multiples	79,9	EBITDA and P/E Multiple	8 – 9,3	A change in multiple by 5 would result in an increase in fair value of R70 million
			Discount for lack of marketability and liquidity	20% – 30%	A change in discount rate of 10% would result in a change in fair value of approximately R10 million. A 30% discount is currently being applied for lack of liquidity
Excellerate	Last observable price	13,7	Delisted market price per share	115 cents	
			P/E Multiple, as check on last observable price		Using a multiple of 5 to 8,5 would result in a price of 135 to 160 cents per share and an increase in fair value of R2,4 to R3 million, before applying a discount for liquidity
			Discount for lack of marketability and liquidity on P/E Multiple as a check on last observable price		A change in discount rate of 10% would result in a change in fair value of approximately R1,8 million. A 30% discount is currently being applied for lack of liquidity
The American Home	Capitalisation Rate	36,8	Gross Yield for leased/rented properties	10% – 11%	An increase in capitalisation rate from 10% to 11% would result in a decrease in fair value of R3,6 million
	Capitalisation Rate		Gross Yield for redevelopment properties	15% – 18%	An increase in capitalisation rate by 3% would result in a decrease in fair value of R0,8 million
			Discount for lack of marketability and liquidity	14,7%	An increase in the discount rate by 5% would decrease the fair value by approximately R2 million

Impairment losses

Impairments relate to unrealised losses on investments for longer than one year, and have been recycled from other comprehensive income to profit and loss.

for the year ended 31 March 2014

	Amortised cost R	Loans and receivables R	Available-for-sale R	Total R
4. FINANCIAL ASSETS BY CATEGORY				
The accounting policies for financial instruments have been applied to the line items below:				
2014				
Cash and cash equivalents	**101 877**	**–**	**–**	**101 877**
Investments	**–**	**–**	**604 618 793**	**604 618 793**
Trade and other receivables	**–**	**27 108 726**	**–**	**27 108 726**
	101 877	**27 108 726**	**604 618 793**	**631 829 396**
2013				
Cash and cash equivalents	220 541	–	–	220 541
Investments	–	–	600 382 235	600 382 235
Trade and other receivables	–	4 267 845	–	4 267 845
	220 541	4 267 845	600 382 235	604 870 621

	2014 R	2013 R
5. DEFERRED TAX		
Deferred tax liability	**12 424 971**	13 296 442
Temporary difference on revenue receivable	**968 409**	872 257
Temporary difference on available-for-sale instruments adjustment	**11 456 562**	12 424 185
Reconciliation of deferred tax liability		
At beginning of year	**13 296 442**	6 966 433
Temporary difference on revenue receivable – profit and loss	**(1 138 516)**	872 348
Temporary difference on available-for-sale instruments adjustment – other comprehensive income	**267 045**	5 457 661
	12 424 971	13 296 442
6. TRADE AND OTHER RECEIVABLES		
Interest receivable	**4 011 570**	4 267 845
Dividends receivable	**2 510 134**	–
Loans receivable	**19 922 412**	–
Other receivable	**664 610**	–
	27 108 726	4 267 845
Non-current	**19 922 412**	–
Current	**7 186 314**	4 267 845

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for the year ended 31 March 2014

	2014 R	2013 R
6. TRADE AND OTHER RECEIVABLES (continued)		
Credit quality of trade and other receivables		
The loans to investees have been granted at market-related interest rates and set repayment terms, with no assets pledged as security against the loans.		
The Investment Manager assesses investible institutions by using independent risk ratings and internal research to assess credit limits when providing loans. Investment funds are placed with these institutions on the basis of the credit limits so established.		
Fair value of trade and other receivables		
Trade and other receivables	**27 108 726**	4 267 845
The carrying amount of trade and other receivables approximates its fair value. As of March 2014, no trade and other receivables were impaired, past due, or provided for.		
7. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Bank balances	**101 877**	220 541
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)	**101 877**	220 541
8. SHARE CAPITAL		
Authorised		
5 000 000 ordinary shares of R0,01 each	**50 000**	50 000
100 000 000 non-cumulative redeemable participating preference shares of R0,01 each	**–**	1 000 000
200 000 000 non-cumulative redeemable participating preference shares of no par value	**–**	–
	50 000	1 050 000
During the year, the authorised and non-cumulative redeemable participating preference shares were converted into participating preference shares with no par value. At the same time, the authorised capital was increased from 100 000 000 shares to 200 000 000 shares.		
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 and ordinary shares in respect of dividends and on winding up.		

for the year ended 31 March 2014

	2014 R	2013 R
8. SHARE CAPITAL (continued)		
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, the perpetual preference shares and ordinary shares in respect of dividends and on winding up.		
Issued		
5 000 000 ordinary shares of R0,01 each	**50 000**	50 000
Share premium	**49 950 000**	49 950 000
	50 000 000	50 000 000
45 000 000 non-cumulative redeemable participating preference shares of R10 each	**450 000 000**	450 000 000
	450 000 000	450 000 000

As at 31 March 2014, five million ordinary shares were in issue. The beneficial interests as at 31 March 2014 are shown below. The Company also had 45 million preference shares in issue, shareholders with beneficial interests of 3% or greater are listed below:

Beneficial shareholder name	**2014**		2013	
Ordinary shares	**Number**	**%**	**Number**	**%**
Nicholas Viljoen Trust	**2 500 000**	**50,00**	1 749 623	34,99
PG Viljoen	**1**	**0,00**	–	–
Theunis de Bruyn Family Trust	**1 250 001**	**25,00**	1 520 571	30,41
TTOW Investments Close Corporation (JC van Niekerk)	**1 249 998**	**25,00**	–	–
Werner & Susan Stals Trust	**–**	**–**	1 520 570	30,41
Preference shares	**Number**	**%**	**Number**	**%**
SBSA ITF Nedgroup Investment Managed Fund	**4 500 000**	**10,0**	4 500 000	10,0
Coronation Capital Plus Fund	**3 524 680**	**7,8**	3 147 560	7,0
Stella Trust V *	**–**	**–**	4 000 000	8,9
SBSA ITF Nedgroup Investment Stable Fund	**3 500 000**	**7,8**	3 500 000	7,8
SBSA ITF Symmetry Inflation Plus Fund	**2 577 655**	**5,7**	–	–
SBSA ITF RECM Global Flexible Fund	**2 508 394**	**5,6**	–	–
SBSA ITF Standard Bank Group Retirement Fund	**2 494 285**	**5,5**	–	–
Corolife Absolute Portfolio Habsol	**1 410 602**	**3,1**	1 521 380	3,4

* *For current year, shareholding not disclosed as beneficial interest was less than 3%.*

Public shareholders analysis

	2014		2013	
Security holders analysis	**Number**	**%**	**Number**	**%**
Ordinary shares				
Non-public	**4**	**100,00**	12	100,00
Preference shares				
Public	**658**	**97,5**	462	97,9
Non-public	**17**	**2,5**	10	2,1

9. PRIOR PERIOD RESTATEMENT OF PREFERENCE SHARES AS EQUITY INSTRUMENTS

The change in accounting policy does not affect the net asset value per share for the current or any prior years. Refer to note 1 for further details.

The restatements are as follows:

	2013		2012	
	As previously stated R	Restated R	As previously stated R	Restated R
Statement of comprehensive income				
Fair value adjustment on financial liabilities	(31 877 356)	–		
(Loss)/profit before tax	(17 107 910)	14 769 446		
(Loss)/profit for the year	(20 236 814)	11 640 542		
Basic and diluted earnings per share	(405)	233		
Headline earnings per share	(435)	202		
Statement of financial position				
Retained income	(45 006 683)	37 462 551	(24 769 869)	25 822 009
Preference shares – liability	532 469 234	–	500 591 878	–
Preference shares – equity	–	450 000 000	–	450 000 000

	2014 R	2013 R
10. TRADE AND OTHER PAYABLES		
Trade payables	**655 593**	546 098
Other payables	**1 206 046**	549 000
	1 861 639	1 095 098

	Financial liabilities at amortised cost R	Total R
11. FINANCIAL LIABILITIES BY CATEGORY		
2014		
Trade and other payables	**1 861 639**	**1 861 639**
	1 861 639	**1 861 639**
2013		
Trade and other payables	1 095 098	1 095 098
	1 095 098	1 095 098

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for the year ended 31 March 2014

	2014 R	2013 R
12. REVENUE		
Dividend revenue		
Unit trusts – local	**1 192 492**	1 864 564
Listed financial assets – local	**1 834 604**	772 501
Unlisted financial assets – local	**2 772 282**	493 513
Total dividend revenue	**5 799 378**	3 130 578
Interest revenue		
Bank	**3 972 551**	4 972 038
Financial assets	**9 462 728**	12 670 502
Total interest revenue	**13 435 279**	17 642 540
Total revenue	**19 234 657**	20 773 118

	2014 R	2013 R
13. OPERATING EXPENSES		
Included in operating expenses are:		
• Payments to Regarding Capital Management (Pty) Ltd for:		
– Investment management fees	**6 963 143**	6 628 236
– Administrative and accounting fees	**136 800**	136 800
• JSE-related expenses	**54 091**	61 975
• Auditors' remuneration	**445 603**	230 592
14. OTHER INCOME		
Profit on sale of available-for-sale assets	**24 818 928**	1 520 604
Sundry income	**–**	545 944
	24 818 928	2 066 548
15. TAXATION		
Major components of the tax expense		
Current		
Income tax – current period	**6 953 511**	3 557 899
Income tax – prior period	**–**	(1 301 343)
	6 953 511	2 256 556
Deferred		
Current period	**(1 138 516)**	872 348
	5 814 995	3 128 904
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense		
Accounting profit	**28 966 195**	14 769 446
Tax at the applicable tax rate of 28% (2013: 28%)	**8 110 535**	4 135 445
Tax effect of adjustments on taxable income		
Prior year overpayment	**–**	(280 333)
Tax rate differential for capital gains	**(2 316 202)**	(141 909)
Non-taxable income	**(820 399)**	(876 523)
Non-tax deductible expenses	**841 061**	292 224
	5 814 995	3 128 904

Notes to the annual financial statements

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for the year ended 31 March 2014

	2014 R	2013 R
16. AUDITORS' REMUNERATION		
Fees for audit services	**406 154**	194 640
Current year	**313 500**	171 000
Prior year	**92 654**	23 640
Fees for non-audit services	**39 449**	35 952
Current year	**39 449**	22 447
Prior year	**–**	13 505
	445 603	230 592

	Gross R	Tax R	Net R
17. OTHER COMPREHENSIVE INCOME			
2014			
Components of other comprehensive income			
Available-for-sale financial instrument adjustments			
Gains/(losses) arising during the year:			
Listed shares – Quoted	**8 233 086**	**(1 536 850)**	**6 696 236**
Unlisted shares – Quoted	**7 754 235**	**(1 447 464)**	**6 306 771**
Unit Trusts	**(14 555 884)**	**2 717 269**	**(11 838 615)**
	1 431 437	**(267 045)**	**1 164 392**
2013			
Components of other comprehensive income			
Available-for-sale financial instrument adjustments			
Gains arising during the year:			
Listed shares – Quoted	8 816 205	(1 645 774)	7 170 431
Unlisted shares – Quoted	3 889 951	(726 161)	3 163 790
Unit Trusts	16 530 339	(3 085 817)	13 444 522
	29 236 495	(5 457 752)	23 778 743

	2014 R	2013 R
18. EARNINGS AND HEADLINE EARNINGS PER SHARE		
Earnings and headline earnings per shares are based on the profit attributable to ordinary and preference shareholders in issue during the year.		
Number of shares in issue		
Ordinary shares	**5 000 000**	5 000 000
Preference shares	**45 000 000**	45 000 000
Earnings		
Net profit after tax	**23 151 200**	11 640 542
Adjusted to headline earnings as follows:		
Profit on asset disposal	**(24 818 928)**	(1 520 604)
Impairment	**6 143 738**	–
Tax adjustment	**3 486 210**	283 860
Headline earnings	**7 962 220**	10 403 798
Basic and diluted earnings per ordinary share (cents)	**463**	233
Headline earnings per ordinary share (cents)	**159**	208

for the year ended 31 March 2014

	2014 R	2013 R
19. CASH FROM/(USED IN) OPERATIONS		
Profit before taxation	**28 966 195**	14 769 446
Adjustments for:		
Dividends received	**(5 799 378)**	(3 130 578)
Interest received	**(13 435 279)**	(17 642 540)
Impairment	**6 143 738**	–
Realised gain on sale of investments	**(24 818 928)**	(1 520 604)
Changes in working capital:		
Trade and other receivables	**(664 610)**	–
Trade and other payables	**766 541**	91 120
	(8 841 721)	(7 433 156)
20. TAX PAID		
Balance at the beginning of the year	**1 153 402**	(1 261 634)
Current tax for the year recognised in profit	**(6 953 511)**	(2 256 556)
Balance at the end of the year	**1 594 711**	(1 153 402)
	(4 205 398)	(4 671 592)

21. INVESTMENT IN UNCONSOLIDATED SUBSIDIARIES

The Company's subsidiary, the RECM Institutional Worldwide Flexible Fund (WWFF) will no longer be consolidated due to the Company early adopting the investment entity exemption (refer note 1). The RECM Institutional Worldwide Flexible Fund is a Collective Investment Scheme, operating in South Africa.

The fair value of the subsidiary as at 31 March 2014 is R202 361 940 (31 March 2013: R265 160 302). The impact of not consolidating the WWFF will have no impact on the Net Asset Value of the Company. Previously, in the Group consolidated accounts, we would have reflected all the underlying assets and liabilities of the WWFF, while in the Company accounts, we would have only shown the fair value of the investment. The adoption of this standard removes the requirement for these Group consolidated results to be presented and therefore only the Company accounts are reported.

22. INVESTMENTS IN ASSOCIATES

During the year the Company purchased a 27% interest in Safari and Outdoor Warehouse (Pty) Ltd (S&O). S&O is the largest hunting and safari related shop in South Africa with a wide range of products catering for all hunting requirements.

The Company also purchased a single ordinary share in Fledge Holdings along with 50% of the class B shares. The rights and conditions allow RAC to appoint two members to the Board of directors of Fledge Holdings along with protective voting rights. Fledge Holdings is an investment vehicle with a minority interest in a leading South African pharmacy group.

for the year ended 31 March 2014

23. RELATED PARTIES

Relationships

Shareholders with significant influence	Nicholas Viljoen Trust; Theunis de Bruyn Family Trust; TTOW Investments Close Corporation (JC van Niekerk)
Subsidiary	RECM Institutional Worldwide Flexible Fund
Members of key management	T de Bruyn; JC van Niekerk; PG Viljoen

Messrs Viljoen, van Niekerk and de Bruyn do not receive any directors' emoluments from RAC or from any other Company directly in relation to services rendered to RAC.

Executive directors of RAC benefit as ordinary shareholders of the company.

	2014 **R**	2013 R
Related party transactions		
Revenue received from related parties		
RECM Institutional Worldwide Flexible Fund		
Dividends	**1 192 492**	1 864 564
Interest	**6 091 952**	6 556 645
Asset management fee paid to related parties		
Regarding Capital Management Proprietary Limited	**6 963 143**	6 628 236
Administrative fee paid to related parties		
Regarding Capital Management Proprietary Limited	**136 800**	136 800
Related party balances		
Amounts included in trade receivables regarding related parties		
RECM Institutional Worldwide Flexible Fund	**3 789 574**	4 267 845
RAC directors with material interests in contracts entered into by RAC		
Messrs P G Viljoen and J C van Niekerk, are common directors of Regarding Capital Management Proprietary Limited, and RAC.		

24. DIRECTORS' EMOLUMENTS

	2014 **R**	2013 R
Non-executive director		
MVP Davis	**114 480**	108 000
G Pretorius	**114 480**	108 000
JG Swiegers	**171 720**	162 000

Executive directors do not receive any directors' fees from the Company and the Company has no employees.

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25. RISK MANAGEMENT

Risk management objectives and policies

The Company's financial objective is to grow the net asset value per share at a high rate; 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 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 is 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. A decrease or increase of 3% in the market price would have an estimated R20 million impact on the fair value of the portfolio. This movement would impact the statement of comprehensive income.

Market 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 adviser and periodically reported on to the Board of Directors. Significant investments are approved in advance by the Board.

Interest rate risk

As the Company has significant interest bearing assets at times during the financial year, the Company's income and operating cash flows are influenced by market interest rates.

At 31 March 2014 if interest rates had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been R70 124 (2013: R76 239) higher/lower.

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. Due to the Company not having any foreign monetary financial instruments at year-end, no foreign exchange risk has been completed.

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. The Company is very conservative in its approach to liquidity risk.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position 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.

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25. RISK MANAGEMENT (continued)

	Less than one year R	Over one year R
At 31 March 2014		
Trade and other payables	**1 861 639**	**–**
At 31 March 2013		
Trade and other payables	1 095 098	–

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 not held at fair value recognised at the reporting date. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The Board considers that all financial assets are of good credit quality. No financial assets are impaired or past due for each of the reporting dates under review. Loans and receivables are to investees and no additional credit risk was identified during the year of assessment.

26. 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.

27. EVENTS AFTER THE REPORTING PERIOD

On 5 May 2014, RAC Investment Holdings (Pty) Ltd, a 100 % subsidiary of the Company, purchased 30 323 689 shares in Goldrush Group Proprietary Limited for an amount of R41 840 626 equating to a 20% holding in Goldrush. Goldrush is a gaming group, focused largely on the Bingo and Limited Payout Machines (LPMs) sector. This will give RAC significant influence.

On 5 June 2014, amendments to the Sale Agreement entered into between Emerald Panther Investments 78 (Pty) Ltd ("EPI") and De Beers Consolidated Mines Limited ("DBCM") to purchase Namaqualand Mines ("NM") were signed. This will facilitate the purchase by RAC of a shareholding in EPI of 27,2%. The NM transaction has certain conditions pending, which are expected to be met on or about 31 October 2014.

On 2 June 2014, Protech Khuthele Holdings Limited ("Protech") (listed on the JSE) issued a notice of application for business rescue and cautionary announcement. Shareholders were advised that Protech would commence with voluntary business rescue. Shareholders were further advised that Protech has received demands for immediate repayment for project expenses incurred which Protech is unable to pay. Protech believes there is a reasonable prospect of rescuing the company, as the assets, fairly valued exceed the liabilities of the company. At cost, the investment in Protech equates to 3% of the RAC portfolio.

Notice of annual general meeting

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")

NOTICE IS HEREBY GIVEN that the annual general meeting of shareholders of RECM and Calibre Limited will be held at Southern Sun Newlands, 7 Main Road, Newlands, Cape Town on Wednesday, 20 August 2014 at 11:00 for the purposes of passing, if approved, the following resolutions with or without modification:

SPECIAL RESOLUTION NUMBER ONE

Approval of directors' remuneration

"RESOLVED THAT independent non-executive directors' fees for services rendered as directors for the financial years 2015 and 2016 be determined as follows:

Directors' fees	Year ended 31 March 2016	Year ended 31 March 2015
Board member	**128 629**	121 348
Chairman – Audit and Risk Committee	**64 314**	60 674 "

Reason for and effect of this special resolution

Special resolution number one is required in terms of section 66 of the Companies Act, 2008 to authorise the Company to pay remuneration to non-executive directors of the Company in respect of their services as directors. Furthermore, in terms of the JSE Listings Requirements and King III, remuneration payable to non-executive directors should be approved by shareholders in advance or within the previous two years.

In order for this special resolution number one to be adopted, the support of at least 75% (seventy-five per cent) of the total number of votes, which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

ORDINARY RESOLUTION NUMBER ONE

Approval of annual financial statements

"RESOLVED THAT the audited annual financial statements of the Company for the year ended 31 March 2014 be accepted and approved."

In terms of section 65(7) of the Companies Act, the percentage of voting rights that will be required for this ordinary resolution to be adopted is an amount greater than 50% of the voting rights exercised on the resolution.

The Integrated Annual Report, including annual financial statements, is available at www.racltd.co.za.

ORDINARY RESOLUTION NUMBER TWO

Reappointment of auditors

"RESOLVED TO appoint Ernst & Young Inc. as the Company's auditor, as nominated by the Company's Audit and Risk Committee and to note that the individual registered auditor who will undertake the audit during the financial year ending 31 March 2015 is Mr MP Rapson".

In terms of section 65(7) of the Companies Act, the percentage of voting rights that will be required for this ordinary resolution to be adopted is an amount greater than 50% of the voting rights exercised on the resolution.

ORDINARY RESOLUTION NUMBER THREE

Election of director

"RESOLVED THAT Mr G Pretorius who retires in terms of article 35.12 of the Company's Memorandum of Incorporation and who has offered himself for re-election, be re-elected as a director of the Company."

A brief CV of the director is set out on page 2.

In terms of section 65(7) of the Act, the percentage of voting rights that will be required for this ordinary resolution to be adopted is an amount greater than 50% of the voting rights expressed on the resolution.

ORDINARY RESOLUTION NUMBER FOUR

Election of Audit and Risk Committee member

"RESOLVED TO elect Mr JG Swiegers as a member of the Audit and Risk Committee."

In terms of section 65(7) of the Act, the percentage of voting rights that will be required for this ordinary resolution to be adopted is an amount greater than 50% of the voting rights exercised on the resolution.

ORDINARY RESOLUTION NUMBER FIVE

Election of Audit and Risk Committee member

"RESOLVED TO elect Mr MVP Davis as a member of the Audit and Risk Committee."

In terms of section 65(7) of the Companies Act, the percentage of voting rights that will be required for this ordinary resolution to be adopted is an amount greater than 50% of the voting rights exercised on the resolution.

ORDINARY RESOLUTION NUMBER SIX

Election of Audit and Risk Committee member

"RESOLVED TO elect Mr G Pretorius as a member of the Audit and Risk Committee."

In terms of section 65(7) of the Companies Act, the percentage of voting rights that will be required for this ordinary resolution to be adopted is an amount greater than 50% of the voting rights exercised on the resolution.

VOTING AND PROXIES

Voting

The shareholders of the Company will be entitled to attend the general meeting and to vote on the resolutions set out above. On a show of hands, every RAC ordinary shareholder who is present in person, by proxy or represented at the general meeting shall have one vote (irrespective of the number of shares held in the Company), and on a poll, every RAC ordinary shareholder shall have for each share held by him/her that proportion of the total votes in the Company which the aggregate amount of the nominal value of that share held by him bears to the aggregate of the nominal value of all the shares issued by the Company.

The voting record date, being the date to be recorded in the register to be eligible to speak and vote at the annual general meeting, is Friday, 8 August 2014 and the last date to trade is Friday, 1 August 2014.

Electronic participation

Should any shareholder wish to participate in the general meeting by way of electronic participation, that shareholder should make application in writing (including details as to how the shareholder or its representative can be contacted) to so participate to the transfer secretaries at the address below, to be received by the transfer secretaries at least five business days prior to the annual general meeting in order for the transfer secretaries to arrange for the shareholder (and its representative) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Act and for the transfer secretaries to provide the shareholder (or its representative) with details as to how to access any electronic participation to be provided. The Company reserves the right to elect not to provide electronic participation at the annual general meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the shareholder so accessing the electronic participation.

Proxies

A RAC ordinary shareholder entitled to attend and vote at the annual general meeting may appoint one or more persons as its proxy to attend, speak and vote in its stead. A proxy need not be a shareholder of the Company.

A form of proxy is attached for the convenience of certificated shareholders and "own name" de-materialised shareholders of the Company who are unable to attend the annual general meeting, but who wish to be represented thereat. In order to be valid, duly completed forms of proxy must be received by the Company's Transfer Secretaries, Link Market Services South Africa (Pty) Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2004 (PO Box 4844, Johannesburg, 2001) not later than 11:00 on Monday, 18 August 2014.

Section 63(1) of the Act requires that meeting participants provide satisfactory identification.

Shareholders' rights regarding proxies in terms of section 58 of the Act are as follows:

(1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to –

(a) participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder, or

(b) Give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

(2) A proxy appointment –

(a) must be in writing, dated and signed by the shareholder; and

(b) Remains valid for –

(i) one year after the date on which it was signed; or

(ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in sub-section (4) (c), or expires earlier as contemplated in sub-section (8) (d).

(3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise –

(a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;

(b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and

(c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholder's meeting.

(4) Irrespective of the form of instrument used to appoint a proxy –

(a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;

(b) the appointment is revocable unless the proxy appointment expressly states otherwise; and

(c) if the appointment is revocable, a shareholder may revoke the proxy appointment by: –

(i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and

(ii) delivering a copy of the revocation instrument to the proxy, and to the Company.

(5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of –

(a) the date stated in the revocation instrument, if any; or

(b) the date on which the revocation instrument was delivered as required in sub-section (4)(c)(ii).

(6) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy otherwise provides.

Any shareholder of the Company who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the general meeting should he/she decide to do so.

Dematerialised shareholders of the Company, other than "own name" dematerialised shareholders of the Company, who have not been contacted by their Participant or broker with regard to how they wish to cast their votes, should contact their Participant or broker and instruct their Participant or broker as to how they wish to cast their votes at the Company's annual general meeting in order for their Participant or broker to vote in accordance with such instructions. If such dematerialised shareholders of the Company wish to attend the Company's annual general meeting in person, they must request their Participant or broker to issue the necessary Letter of Representation to them. This must be done in terms of the agreement entered into between such dematerialised shareholders of the Company and the relevant Participant or broker. If your Participant or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

The posting record date, being the date recorded in the register to be eligible to receive this notice of annual general meeting is Friday, 20 June 2014.

A shareholder who is entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy so appointed need not be a shareholder of the Company. Proxy forms should be posted so as to reach the registered office of the Company not less than 48 hours prior to the holding of the annual general meeting.

If shareholders have dematerialised their shares with a Participant or broker, other than with "own name" registration, they must arrange with the Participant or broker to provide them with the necessary Letter of Representation to attend the annual general meeting or the shareholder must instruct them as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the Participant of broker, in the manner and cut-off time stipulated therein.

By Order of the Board

G Simpson
Company Secretary

Cape Town

18 June 2014

Registered office:
7th Floor, Claremont Central, 8 Vineyard Road,
Claremont, 7700
(PO Box 45040, Claremont, 7735)

Transfer secretaries:
Link Market Services South Africa (Pty) Ltd,
13th floor, Rennie House, 19 Ameshoff Street,
Braamfontein, 2004
(PO Box 4844, Johannesburg, 2001)

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
MVP Davis
T de Bruyn
G Pretorius
JG Swiegers
JC van Niekerk
PG Viljoen

COMPANY SECRETARY
G Simpson

FINANCIAL STATEMENTS INTERNALLY COMPILED BY
WD Junor – Chartered Accountant (S.A.)

REGISTERED OFFICE AND BUSINESS ADDRESS
7th Floor, Claremont Central
8 Vineyard Road
Claremont
Cape Town, 7700

POSTAL ADDRESS
PO Box 45040
Claremont
7735

TELEPHONE NUMBER
(021) 657 3440

EMAIL ADDRESS
info@recm.co.za

WEBSITE
www.racltd.co.za

AUDITORS
Ernst & Young Inc.
Ernst & Young House
35 Lower Long Street
Cape Town 8001
(PO Box 656, Cape Town, 8000)

SPONSOR
Questco (Pty) Ltd
The Pivot
No 1 Montecasino Boulevard, Entrance D,
2nd Floor, Fourways, 2055
(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 Limited
Park Vista Building
Cnr Hendrik Verwoerd & Embankment Street
Centurion
(PO Box 9633, Centurion, 0046)

ATTORNEYS
Edward Nathan Sonnenbergs Inc.
150 West Street
Sandton, 2196
(PO Box 783347, Sandton, 2146)

FINANCIAL SERVICE PROVIDER
Regarding Capital Management (Pty) Ltd
7th Floor, Claremont Central
8 Vineyard Road
Claremont
Cape Town, 7700
(PO Box 45040, Claremont, 7735)

Form of proxy

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")

For use of ordinary shareholders who are:

Registered as such and who have not dematerialised their RAC ordinary shares; or 2. Hold dematerialised RAC ordinary shares in their "own name" at the RAC annual general meeting to be held at the Southern Sun Newlands, 7 Main Road, Newlands, Cape Town on Wednesday, 20 August 2014 at 11:00.

Dematerialised shareholders holding shares other than with "own name" registration, must inform their Participant or broker of their intention to attend the annual general meeting and request their Participant or broker to issue them with the necessary letter of representation to attend the annual general meeting in person and vote or provide their Participant or broker with their voting instructions should they not wish to attend the annual general meeting in person. These shareholders must not use this form of proxy.

I/We (please print name in full) ______________________________

of (address) ______________________________

being a shareholder(s) of RAC and holding ______________ ordinary shares hereby appoint (name in block letters)

1. ______________________________ or failing him

2. ______________________________ or failing him

3. the chairman of the annual general meeting as my/our proxy to act for me/us at the annual general meeting which will be held on Wednesday, 20 August 2014 at 11:00 at the Southern Sun Newlands, 7 Main Road, Newlands, Cape Town for the purposes of considering and, if deemed fit, passing with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the company registered in my/our name(s) (see note 2).

	Number of votes (one per share)		
	In favour of	**Against**	**Abstain**
Special resolution 1 Approval of the independent non-executive directors' remuneration for the 2015 and 2016 financial years			
Ordinary resolution 1 Approval of the annual financial statements			
Ordinary resolution 2 To confirm the appointment of the auditors			
Ordinary resolution 3 To elect as director Mr G Pretorius			
Ordinary resolution 4 To elect Mr JG Swiegers as member of the Audit and Risk Committee			
Ordinary resolution 5 To elect Mr MVP Davis as member of the Audit and Risk Committee			
Ordinary resolution 6 To elect Mr G Pretorius as member of the Audit and Risk Committee			

Please indicate with an "X" in the appropriate spaces above how you wish your votes to be cast.
Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at ______________ on ______________ 2014

Signature ______________________________

Assisted by (where applicable) ______________________________

Number of shares ______________________________

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and vote in place of that shareholder at the annual general meeting.

Please read the notes on the reverse side hereof.

Notes to the proxy form

1. A shareholder may insert the name or names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the annual general meeting" but any such deletion must be initialled by the shareholder.
2. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the space provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the annual general meeting as he deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his proxy is not obliged to use all the votes exercisable by the shareholder or his proxy, or cast them in the same way.
3. Any alteration or correction made to this form must be initialled by the signatory/ies.
4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.
5. The completion and lodging of this form will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof, should such shareholder wish to do so.
6. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
7. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company.
8. Where there are joint holders of any shares:
   - any one holder may sign this form of proxy;
   - the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of shareholders appear in the company's register of shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
9. Forms of proxy must be lodged with or posted to the Company Secretary to be received by 11:00 on Monday, 18 August 2014.

Invitation to
Chairman's meeting with the shareholders

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")

All registered shareholders are cordially invited to attend the Chairman's meeting. The meeting will be held immediately following the formal annual general meeting at the Southern Sun Newlands, 7 Main Road, Newlands, Cape Town.

At the meeting the Chairman will address all shareholders on the investment operations of RAC and will also afford shareholders the opportunity to pose any questions they may have. All shareholders are encouraged to be present.

In order to assist with catering and logistics, the shareholders intending to attend the meeting are requested to notify the secretary by completing the attached form. Your assistance is greatly appreciated. The notice may be returned by either of the following means:

1. **Email:** guy.simpson@recm.co.za
2. **Fax:** (021) 674 1021 (Attention: G Simpson)
3. **Mail:** PO Box 45040, Claremont, 7735 (Attention: G Simpson)

G Simpson
Secretary

NOTICE OF INTENTION TO BE PRESENT AT THE CHAIRMAN'S MEETING WITH THE SHAREHOLDERS

I, ______________________________ , being an ordinary/preference shareholder of RECM and Calibre Limited intend being present at the meeting to be held at the Southern Sun Newlands, 7 Main Road, Newlands, Cape Town on 20 August 2014 at approximately 11:00.

Signed: ______________________________

Date: ______________________________

Should you wish to receive documents electronically, please insert your email address below:

Email: ______________________________