

RECM and Calibre Limited

(Formerly Velvospec Limited)
(Incorporated in the Republic of
South Africa)
(Registration number 2009/012403/06)
Preference share code: RACP
ISIN: ZAE000145041
("RAC" or "the Company")

Unaudited Interim financial results for the six months ended 30 September 2010

	Notes	Six months ended 30 September 2010	Nine months ended 31 March 2010
		R	R
Statement of Financial Position			
Assets			
Current assets			
Trade and other receivables		138 000	-
Other financial assets	1	506 347 349	-
Cash and cash equivalents	2	157 035	70
		<u>506 642 384</u>	<u>70</u>
Total assets		<u>506 642 384</u>	<u>70</u>
Equity and liabilities			
Equity			
Share capital	3	50 000 000	70
Reserves attributable to ordinary shares	4	108 159	-
Retained income/(loss) attributable to ordinary shares	5	329 734	(344 268)
		<u>50 437 893</u>	<u>(344 198)</u>
Reserves and retained income attributable to preference shares		3 941 046	-
Reserves	4	973 430	-
Retained income	5	2 967 616	-

		54 378 939	(344 198)
Non-current liabilities			
Other financial liabilities			
Deferred tax	6	450 000 000	-
		176 073	-
		450 176 073	-
Current liabilities			
Loans from shareholders		-	338 693
Trade and other payables		1 399 726	-
Current tax paid		687 646	5 575
		2 087 372	344 268
Total equity and liabilities		506 642 384	70

Statement of Comprehensive Income

Operating expenses		(3 146 347)	(344 268)
Operating (loss)		(3 146 347)	(344 268)
Investment income		8 567 804	-
Finance costs		(113)	-
Profit/(loss) before taxation		5 421 344	(344 268)
Taxation		(1 779 726)	-
Profit/(loss) before taxation		3 641 618	(344 268)
Other comprehensive income			
Available-for-sale financial assets adjustments		1 257 662	-
Taxation related to components of other comprehensive income		(176 073)	-
		1 081 589	-
Total comprehensive income/(loss)		4 723 207	(344 268)

Statement of Changes in Equity

	Share capital	Share premium	Fair value adjustment assets- available-for- sale reserve	Retained income/(loss)	Total equity
	R		R		R
Balance at 24 June 2009	-		-	-	-
<i>Changes in equity</i>					
Total comprehensive income/(loss)	-		-	(344 268)	(344 268)
Issue of ordinary shares	70		-	-	70
Balance 31 March 2010	70		-	(344 268)	(344 198)
<i>Changes in equity</i>					
Total comprehensive income/(loss)	-		1 081 589	3 641 618	4 723 207
Issue of ordinary shares	49 930	49 950 000	-	-	49 999 930
Balance 30 September 2010	50 000	49 950 000	1 081 589	3 297 350	54 378 939
Attributable to ordinary shareholders	50 000	49 950 000	108 159	329 735	50 437 894
Attributable to preference shareholders	-	-	973 430	2 967 615	3 941 045
Balance 30 September 2010	50 000	49 950 000	1 081 89	3 297 350	54 378 939
				Six months ended 30 September 2010	Nine months ended 31 March 2010
				R	R

Statement of Cash Flows

**Cash flows from
operating activities**

Cash utilised in	(2 602 277)	(338 693)
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operations		
Interest income	8 567 804	-
Finance costs	(113)	-
Tax paid	(380 000)	-
	<hr/>	<hr/>
	5 585 414	(338 693)

Cash flows from investing activities

Purchase of financial assets	(505 089 687)	-
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	(505 089 687)	-

Cash flows from financing activities

Proceeds on share issue	49 999 930	70
Proceeds from other financial liabilities	450 000 000	-
Net movement on shareholders' loans	(338 693)	338 693
	<hr/>	<hr/>
	499 661 237	338 763

Total cash movement for the period	156 964	70
Cash at beginning of period	70	-
	<hr/>	<hr/>
Total cash and cash equivalents end of period	157 034	70

<p>Notes to the interim results for the period ended 30 September 2010</p>

1 Other financial assets

Investments	506 347 349	-
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Investments comprises exposures to listed and unlisted securities. The investment objective is to optimise returns while minimising risks such as volatility of returns, risk of capital loss and the risk of negative real return.

The fair values of the financial assets were determined as follows: Listed or quoted investments are based on the quoted market price and unlisted securities on published prices.

2	Cash and cash equivalents		
	Bank balances	157 035	70
		<hr/>	
3	Share capital		
	Authorised		
	5 000 000 Ordinary shares of R0.01 each	50 000	50 000
	100 000 000 Redeemable, participating, non-cumulative Preference shares of R0.01 each	1 000 000	-
		<hr/>	
	Issued		
	5 000 000 Ordinary shares of R0.01 each	50 000	70
	Share premium	49 950 000	-
		<hr/>	
		50 000 000	70
	45 000 000 Redeemable, participating, non-cumulative Preference shares of R0.01 each and a premium of R9.99 per share. Refer to note 6 for disclosure	-	-
		<hr/>	
		50 000 000	70
		<hr/>	
4	Reserves		
	The fair value adjustment assets available-for-sale reserve comprises all fair value adjustments on available-for-sale financial instruments. When an asset or liability is derecognised, the fair value adjustment relating to that asset or liability is transferred to profit or loss.		
	Available-for-sale financial instruments	1 257 662	-
	Deferred tax on available-for-sale financial instruments	(176 073)	-
		<hr/>	
		1 081 589	-
		<hr/>	
	The reserves are attributable to the following classes of shareholders:		
	5 000 000 Ordinary shares	108 159	-
	45 000 000 Redeemable, participating, non-cumulative preference shares	973 430	-
		<hr/>	
		1 081 589	-
		<hr/>	

The reserves is divided between the ordinary and preference shares according to Article 4.5.3.2 of the Articles of the Company. On the occurrence of a redemption event, each preference shareholder shall be entitle to be paid, on the relevant redemption date, in redemption of the preference shares held by it - in reference and in priority to the holders of all other classes of shares in the share capital of the company, as a redemption amount in respect of each preference share held by it, an amount equal to the designated percentage of all payments to be made to shareholders, whether in cash or in specie, divided by the number of preference shares in issue at the relevant date. The designated percentage means, at any relevant time, the percentage which all the preference shares in the aggregate constitute of the entire issued share capital of the company.

Each of the following events set out in Article 4.5 of the company's Articles of Association constitutes a redemption event, namely:

- > A final order of competent court is made for the winding-up (of the company (the liquidation event));
- > A resolution by the board of directors of the company to redeem the Preference shares before the liquidation event (which the board of directors of the company shall be entitled to so resolve at any time after the Preference shares issue date);
- > A resolution is passed by the ordinary shareholders or all the shareholders, for the voluntary winding-up of the company, and or
- > A resolution is passed by the directors of the company, for the company to cease the conduct of its business.

**Retained
income**

5

The retained income is attributable to the following classes of shareholders:

5 000 000 Ordinary shares	329 734	(344 268)
45 000 000 Redeemable, participating, non-cumulative preference shares	2 967 616	-
	3 297 350	(344 268)

The retained income is divided between the ordinary and preference shares according to Article 4.5.3.2 of the Articles of the Company. On the occurrence of a redemption event, each preference shareholder shall be entitle to be paid, on the relevant redemption date, in redemption of the preference shares held by it - in reference and in priority to the holders of all other classes of shares in the share capital of the company, as a redemption amount in respect of each preference share held by it, an amount equal to the designated percentage of all payments to be made to shareholders, whether in cash or in specie, divided by the number of preference shares in issue at the relevant date. The designated percentage means, at any relevant time, the percentage which all the preference shares in the aggregate constitute of the entire issued share capital of the company.

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- > A resolution is passed by the ordinary shareholders of all the shareholders, for the voluntary winding-up of the company; and or
- > A resolution is passed by the directors of the company, for the company to cease the conduct of its business.

6 Other financial liabilities

Held at
amortised
cost

45 000 000 Redeemable, participating, non-cumulative preference shares

450 000 000

-

The other financial liabilities consists of 45 000 000 redeemable, participating, non-cumulative preference shares of R0.01 each and a share premium of R9.99 each, which shares are listed on the Johannesburg Stock Exchange. These redeemable, participating, non-cumulative preference shares share in the reserves and the retained income of the company as per note 4 and 5.

Events after balance sheet

7 date

The directors are not aware of any matter or circumstance arising since the end of the period.

Basis of accounting preparation

The condensed interim financial results have been prepared in accordance with IFRS IAS34 - Interim Financial Reporting, the Listings Requirements of the JSE Limited and Schedule 4 of the South African Companies Act (Act 61 of 1973, as amended). The accounting policies used in the preparation of these interim results are consistent with those used in the annual financial statements for the period ended 31 March 2010.

The interim results have been prepared in accordance with the IFRS and IFRIC interpretations as adopted for use in South Africa the time of the preparation of the information. As these standards and interpretations are subject of ongoing review, they may be amended between the date of this report and the finalization of the annual financial statements for the year ended 31 March 2011.

Commentary

Investment activity since listing in June of this year has been limited. In an environment of generally expensive assets, attractive investment opportunities are not overly abundant. We are finding some opportunities in the more obscure corners of the South African markets, but these have yet to translate into meaningful allocations of capital. At the interim reporting date, the investment portfolio can broadly be classified as follows:

Listed S.A. equities	1.30%
Unlisted S.A. equities	1.10%
Cash and money market instruments	97.70%
	<hr/> <hr/> 100.00%

In many instances, we are still in the process of committing capital to investments held at 30 September. When any individual investment reaches sufficient size to justify a more detailed discussion thereof, we may do so. Until such time, we limit disclosures about the portfolio in the interest of protecting our investment opportunities.

According to our estimates, the combined equity holdings in the portfolio are priced at approximately 63% of intrinsic value at the reporting date. This represents attractive value, but it must be kept in mind that in many cases the realisation of this value can be a process spanning over a considerable period of time.

Net asset value**(NAV)**

Net Asset Value of preference shares as at 30
September 2010 (cents per share)

1 009

Signed on behalf of the
board

P Viljoen

Cape Town, 12 November
2010

Directors: P Viljoen (Chairman), T de Bruyn, G
Pretorius, W Stals

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