RE·CM

CALIBRE capital

RECM AND CALIBRE LIMITED

Annual report 2011

>> Contents

>> Introduction

RECM and Calibre Limited ("RAC" or "the Company") was incorporated in South Africa under the name Velvospec Limited on 24 June 2009. The Company changed its name to RECM and Calibre Limited on 8 September 2009.

No significant business activity occurred in RAC during the financial period ended 31 March 2010. The JSE granted permission for the listing of the preference shares in June 2010. The 45 million preference shares were fully subscribed and listed on 8 June 2010 raising R450 million. In addition, ordinary shareholders contributed R50 million of equity capital.

The capital raised as a result of the listing, as well as the ordinary equity capital raised, has been entrusted to Regarding Capital Management (Pty) Limited ("RCM") who has been appointed as investment manager for the investment portfolio of the Company. RCM was appointed with a fully discretionary mandate prior to listing and has continued to act in that capacity to date. RAC is a long-term investment fund and as all operational and administrative functions have been outsourced to RCM, RAC does not employ any staff.

Thus RCM performs:

1. An investment management function for RAC in a similar fashion to that offered to its other clients, 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 RCM in terms of its mandate above.

>> Board of directors

Pieter Gerhardt VILJOEN (48)

Executive Chairman

BCom (Hons), CFA

Appointed: 24 June 2009

With more than 20 years' industry experience, Piet has consistently achieved returns that place him in the top tier of fund managers. He 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 on to Investec Asset Management in 1995. Piet is the founder and Executive Chairman of Regarding Capital Management (Pty) Ltd.

Matthys Vernon Pedron DAVIS (62)

Independent Non-Executive Director

BSc, BEng, MEng

Appointed: 10 November 2010

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

Theunis DE BRUYN (43)

Executive Director

CA(SA)

Appointed: 24 June 2009

After serving articles at Ernst & Young, Theunis joined Ford SA as assistant treasurer. From there he joined Huysamer Stals stockbrokers (thereafter sold to ABN AMRO) where he later headed up research. Theunis is the founder and Managing Director of Calibre Capital (Pty) Ltd.

Gerrit PRETORIUS (63)

Independent Non-Executive Director

BSc, BEng, LLB, PMD

Appointed: 1 November 2010

A graduate in electrical engineering and law, Gerrit essentially spent his entire working career at Reunert. In 1997 he was appointed CEO of Reunert Limited until his retirement in August 2010.

Werner STALS (50)

Non-Executive Director
Australian

CA(SA)

Appointed: 24 June 2009

Werner has extensive experience in the banking and fund management industries as well as in equity and capital markets. After his articles, he joined Hill Samuel Merchant Bank in London as manager in International Banking. In 1990 he returned to South Africa and worked for Huysamer Stals, a full service stockbroker on the JSE. He became CEO of ABN AMRO's South African operations when they acquired a minority stake in Huysamer Stals. Since 2003 he has been involved with Regarding Capital Management (Pty) Ltd, Calibre Capital (Pty) Ltd and CKS Equities. Werner moved to Sydney, Australia in early 2006 and is currently managing a financial advisory business in Sydney.

Johannes Gerhardus SWIEGERS (56)

Independent Non-Executive Director

Hons BAcc, BCom (Hons) (Taxation), CA(SA)

Appointed: 10 November 2010

After qualifying as a chartered accountant, Gerhard served as a partner of the predecessor firms of PricewaterhouseCoopers from 1984 to 1994 setting up the tax practice of the firm in the Western Cape. He joined Remgro as Investment Manager, serving on various boards and audit committees of listed and unlisted companies in the portfolio of Remgro, apart from being involved in mergers and acquisitions within the group. He served as CFO for Mediclinic International from 1999 to 2010, amongst others, being part of the team responsible for the international expansion of the group.

Lonn POTGIETER (54)

Financial Director

BCom, Dip Acc, CA(SA)

Appointed: 2 March 2010

After completing articles with Goldby, Compton and McKelvie (now Deloitte), Lonn worked for a short time in manufacturing before joining the financial services industry in 1986. Since then he has worked in private banking and asset management for Rand Natal Trust Company, Board of Executors, ABSA Group and Regarding Capital Management (Pty) Ltd.

>> Chairman's report

It is fair to say that RECM and Calibre Limited (RAC) is off to a slow start. This is, however, exactly what we expected – and communicated – when we invited investors to participate in our listing last year. Prices of businesses – both private and public – were high when we listed, and have generally increased since then. As future investment returns are dominated by the price one pays when buying, high prices generally lead to low returns. Our strategy to remain on the sidelines and run large cash balances should be seen in this light.

At this point it might be worth reiterating our investment philosophy, as well as pointing out what I believe to be our competitive advantage(s) in applying our philosophy.

OUR INVESTMENT PHILOSOPHY

Satisfactory returns come from buying good businesses at a discount to their intrinsic value. A good business is one that generates cash, has an identifiable, sustainable competitive advantage, and is managed by honest, hardworking people. Such businesses have the ability to grow their intrinsic value over time – an important element of investment returns. However, this element of returns is not very dependable. In a free market economy, competition is vicious, and permanent competitive advantages are rare. More often a company might enjoy a competitive advantage for a period, before the competition figures it out, and erodes the advantage, to the point that the business generates, at best, economically neutral returns.

Buying a business at a large discount to intrinsic value is a more dependable source of investment return. Almost regardless of the economic environment, if one buys a one rand coin for 50 cents, the outcome of your investment activity should be satisfactory. As I mentioned in the opening paragraph, pricing conditions in the market do not favour such activities at present. No matter; I believe our co-investors are just as patient as we are. At some point in the future, bargains will present themselves, and RAC will have the cash to take advantage of such bargains.

OUR COMPETITIVE ADVANTAGES

These lie along four domains: firstly, the fact that we have permanent capital; secondly, the fact that in the area in which we choose to operate (smaller listed and unlisted companies) there is less price competition; thirdly, that we have earned a reputation for being a good partner to good businesses and lastly (but not least!) RAC's low cost structure. I believe these advantages will determine our success over time; it is worth looking at each in a bit more detail:

1. Permanent capital protects us from swings in investment sentiment. In open-ended funds (such as unit trusts) investors tend to panic when markets decline, and cash in their investment. This forces such funds to become sellers, at exactly the time that bargains are presenting themselves. RAC, with its permanent capital, can take a long-term view, buy when prices are low and hold on to bargains, all without the fear of client withdrawals. This is a major competitive advantage over open-ended funds.

2. Because we are focusing on smaller companies, we have much less competition from other buyers, which helps us pay lower prices. Most investment funds are highly regulated and, as such, are limited in their ability to buy into smaller or private companies. Also, due to the institutional imperative of growing assets under management, most investment houses are ruled out from buying shares in small companies. Basic micro-economic principles dictate that less demand equal lower prices. This competitive edge is very hard – if not impossible – for our competitors to match.

3. We have spent significant time and effort to build a reputation as responsible co-owners of businesses, with whom serious business people prefer to partner with. This gives us an advantage over the run of the mill paper-shuffling trader who is continuously buying and selling in response to the market's gyrations. I would add that we still have to do a lot of work on proving and exploiting this advantage, as we are nowhere near to having achieved our goal of having the reputation of being the leading business partner for good businesses. In years to come I hope to be able to report to you that we have expanded this competitive advantage significantly.

4. Finally, a word on costs. RAC has employed RCM as its investment manager. For its services, RCM is paid 1% of net asset value per annum. There is no performance fee, nor is there any other form of reimbursement. What you see is what you get. This 1% represents a very low cost of business – according to our research, it is one of the lowest

costs amongst all listed investment companies. It is also cheaper than all actively managed unit trusts, and only slightly more expensive than index funds (including Exchange Traded Funds). As proof of our attention to costs, our total listing costs summed to less than R1 million, or 0,2% of the value of the funds raised. Listing costs – which include the high priced services of (generally) intercompany-related investment bankers – for similar sized companies regularly exceed 1% or R5 million. As investors pay these fees, they reduce investment returns. The principals of both RCM and of Calibre Capital (Pty) Ltd are significant investors in RAC, and it is also in their interest to keep costs as low as possible, and thereby maximise investment returns.

I should point out that these competitive advantages are just that: advantages. They are not guarantees of success, just factors that increase the chance of success. Management still has to do the hard work, apply proper due diligence and be creative in their thinking. And even then, we will make mistakes. We will continue to build on our competitive advantages, continue to apply our investment philosophy, and thereby maximise the odds of achieving satisfactory investment returns.

INVESTMENT RETURNS

On listing, in June 2010, RAC raised R450 million from the public, and R50 million from its principals, for a total capitalisation of R500 million – or R10 per share. As mentioned, the listing costs totalled just less than R1 million, leaving us with R499 million to invest. As at year-end, net asset value totalled just over R513 million or R10,26 per share. This represents a return of 2,6% on the capital amount raised, and compares to a return of 24,6% for the JSE All Share Index (on a total return basis) for the year ended 30 June 2011. Please see the investment managers' report for a more in-depth discussion of our investment activities over the past year.

This return is significantly lower than our hurdle rate. As mentioned earlier, we are off to a slow start. As in the fable, the hare has outstripped the tortoise, by a long shot. However, the race is in the very early stages, and a lot can and will still happen. There are very few certainties in investing, and even fewer accurate predictions, but we are certain about this prediction: we will have better opportunities to deploy our cash than present themselves in the current market.

CHAIRMAN'S MEETING WITH SHAREHOLDERS

RAC has two classes of shares; ordinary and preference. Both have the same economic rights, but the ordinary shares are not listed and are held by RCM and also by Calibre Capital (Pty) Ltd. These ordinary shares control the Company, and have all the voting rights in the ordinary course of business. Preference shareholders, whose shares are listed, can only vote in two instances: firstly, if any declared dividends remain unpaid for six months or longer; or secondly, if any resolution is proposed that will affect their rights. This is more fully discussed in the Articles of Association, which are available upon request. As there are no plans in this regard, only ordinary shareholders will be able to attend and vote at the annual general meeting. We plan to hold a Chairman's meeting for both ordinary and preference shareholders, right after 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 questions. We encourage all 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.

PROSPECTS

As of the time of writing this report, global markets are declining due to a combination of factors, not least of which is the recent downgrade of the credit status of the USA. With lower prices come better investment opportunities, and I hope to report increased commitment to the market and lower cash levels in due course.

Of course you can help us in this regard. If you know of, or own, a business that is for sale, please contact us. In the interests of saving time the proposition should satisfy the following criteria:

i. It must have at least three years' audited financial statements;
ii. The business should be profitable;
iii. The seller should have a price in mind; and
iv. The sales process should not be an auction.

If your business fulfils these conditions, we would like nothing more than hearing from you.

PG Viljoen
Executive Chairman

19 August 2011

>> Report of the investment managers

In this report, we will attempt to give you some insight into how we are allocating the capital that you have entrusted to us. We accept that some shareholders may like more information than that which we will be disclosing in this report, but we provide limited disclosures for good reason. The investments made to date include holdings in a number of small and illiquid listed and over-the-counter traded shares. In some instances, we are still buying those shares. We want to guard against disclosure of such holdings resulting in competition for those shares from other buyers.

Being in a position to own both public and private market assets, we are reasonably indifferent as to whether an asset RAC owns is listed or unlisted. In some instances, we will not be surprised to see buy-out offers for the shares we own being tabled. Such offers often make forced sellers out of investors limited to owning publicly traded assets. We will be in a position to join insiders in such a situation (should we choose to do so) but again, disclosing our holdings of shares in such businesses, or explaining our investment case in any depth, may well serve to drive up share prices prematurely, thereby depriving us of what could be an even more attractive investment opportunity than a small stake in a listed business.

We trust that the information we do disclose is sufficient to obtain a good understanding of our investment activities. Where an investment has passed through what we like to call a full ownership cycle (buying, holding and selling) we will be sure to discuss the investment in more depth – but note that such a cycle can cover a fairly long time. As long-term value investors, it probably comes as no surprise that there are no such situations in the portfolio yet. Please also note that due to the way in which ownership of RAC's investments is structured, the underlying asset allocation of RAC's portfolio may not be readily apparent from the audited financial statements. For a better understanding of that aspect, please refer to the quarterly disclosures that have been made on SENS. At the date of this report, there was a slightly greater allocation to local listed and unlisted equities than at the date of the last quarterly disclosure of 30 June 2011.

At 31 March 2011, and at the date of this report, the bulk of RAC's portfolio was invested in cash and money market instruments. Notwithstanding the fact that the investments were made in a variety of financial vehicles, the effective holdings at 31 March 2011 were as follow:

	R'million	**%**
Cash and money market deposits	461,1	90,7
Equities – local listed and unlisted	47,3	9,3

This is the result of two primary factors:

1. A relative lack of attractively priced private market investment opportunities.
2. A deliberate and methodical approach to deploying capital into public market opportunities.

Subsequent to the financial year-end, we concluded an agreement to acquire a 34% interest in the diamond mining business, Namaqualand Mines, a division of De Beers Consolidated Mines Limited. This investment involves an initial commitment of about R100 million, but final negotiations are continuing. We are acquiring Namaqualand Mines with Trans Hex Group Limited, who will own 50% of the venture, and will also operate the mines. The additional 16% will be owned by management and empowerment shareholders. Namaqualand Mines gives us the opportunity to invest with partners we trust in buying an asset that is attractively priced for reasons we believe we understand – a proposition that appeals to us.

As far as our public market activities are concerned: as mentioned, we employ a deliberate and methodical approach to allocating capital. There is no theme to the investments that have been made; the only common denominator is that they offer very attractive value. In an interesting dichotomy, it appears to us that most of the more established, larger market capitalisation companies listed on the JSE are, with a limited number of exceptions, not priced very attractively, but there are a number of smaller companies that are priced very attractively relative to our estimates of intrinsic value. While some of these companies are struggling with very poor profitability currently (often due to difficult business cycle conditions), others are trading well and just seem to be ignored by the market.

>> >> Report of the investment managers continued

Where we invest in a small publicly traded company in which we do not have significant influence, we will typically look to allocate about 1% to 3% of RAC's net asset value to such an opportunity. At the end of July 2011, slightly more than 14% of RAC's portfolio was invested in such opportunities. In the interests of giving you some better insight into these holdings, we thought the following aggregate metrics for the portfolio may be of interest:

Enterprise value/Sales	0,6
Enterprise value/Operating profit	9,6
Price/Earnings	9,7
Price/Net asset value	0,8
Price/Tangible net asset value	1,1

Some of these multiples are not particularly low, but this is mainly because a number of the companies included in the portfolio are not currently earning what we estimate their normal earnings should be, or because the value of the company is captured in ownership of readily saleable assets that produce little by way of earnings. Of greater interest to us, is what the portfolio's aggregate price to fair value relationship is. Based on market prices at the end of July 2011, and our estimates of fair value at the same point in time, we believe the portfolio is currently priced at about 62% of fair value. This represents attractive value to us.

We are continually investigating and researching new investment opportunities, and are steadily deploying more cash into public market opportunities. But the large cash allocation in the portfolio could change very quickly: given the right business, the right management partners and the right price, we won't hesitate to allocate a large percentage of RAC's portfolio to a single investment.

Theunis de Bruyn
Investment Manager

Wilhelm Hertzog
Investment Manager

Regarding Capital Management (Pty) Ltd

19 August 2011

>> Corporate governance

RAC is, and will be, committed to the highest standards of corporate governance. However, as mentioned above, RAC has no employees and its investment and operational functions are performed by RCM.

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 philosophy. The values espoused in this business 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 to a company of this nature and size.

Due to the implementation date of the Companies Act 2008 having been delayed, all reference to the Companies Act in this annual report refers to the Companies Act No 61 of 1973.

BOARD OF DIRECTORS

RAC has a unitary Board. RAC is currently chaired by Piet Viljoen. It does not have a Chief Executive Officer or a Managing Director. Despite the requirements of King III, the Board is of the view that Piet Viljoen is best placed to lead the Company. As a result, the Board has, in compliance with King III and the JSE Listings Requirements, appointed Gerrit Pretorius 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 2011, the Board of RAC comprised seven directors, of whom four are non-executive directors, reflecting an appropriate balance of executive and non-executive directors, and the necessary calibre and credibility, skills and experience.

Education is ongoing to ensure that directors are kept informed of industry developments and international best practice. All independent non-executive directors have attended an introductory programme provided by the staff of RCM. The aim of the programme was to acquaint the directors with a detailed understanding as to the roles, operations and regulatory framework in existence within RCM so that they may better understand the manner in which the investment portfolio of the Company was being managed.

Subsequent to the financial year-end, the Board has created a Nomination and Remuneration Committee comprising the Executive Chairman and an independent non-executive director. The Nomination and Remuneration Committee has been charged with the development of an appropriate policy for future appointments to the Board. Despite the fact that the Company has no employees, this Committee will still consider remuneration matters as these may relate to the 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 in the prospectus at the time of listing.

The directors have a duty and responsibility to ensure that the principles set out in King III are observed. 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.

INTERNAL CONTROLS

Based on the results of the formal documented review of the internal controls and system of risk management within RCM, including the design, implementation and effectiveness of the internal financial controls conducted by internal review during the 2011 year, and considering information and explanations given by management of RCM 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 Board's opinion is supported by the Audit and Risk Committee.

AUDIT AND RISK COMMITTEE

The Company has an Audit and Risk Committee comprising Gerhard Swiegers (Chairman), Gerrit Pretorius and Vernon Davis. A detailed report by the Audit and Risk Committee follows on page 10.

INTEGRATED REPORT

The Company has not prepared an integrated report, as required and envisaged in its fullness by King III, for the current financial year. The Company does not regard itself as a leader in this regard and will allow the concept to evolve before venturing to prepare one.

NOMINATION AND REMUNERATION COMMITTEE

This Committee did not meet prior to the financial year-end. Subsequent to the end of the financial year, the Committee met and proposed the payment of directors' fees as follows:

Non-executive director	For 2011 year R	For 2012 year R
MVP Davis	40 000	100 000
G Pretorius	100 000	100 000
JG Swiegers	40 000	100 000

These proposed fees are subject to the approval of the shareholders at the annual general meeting. The Terms of Reference of this Committee has been drafted and is expected to be approved later in 2011. Until such time the Board will be responsible for the selection of suitably experienced and skilled members.

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 RCM in the provision of this support. 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, Grant Thornton. The Board, supported by the Audit and Risk Committee, has no reason to believe that Grant Thornton has not at all times acted with unimpaired independence. During the current financial year the external auditors were remunerated as per note 20 of the annual financial statements which details amounts paid to the external auditors for audit and non-audit services.

SHAREHOLDING

As of 31 March 2011, five million ordinary shares were in issue. Other than six ordinary shares held equally by Messrs de Bruyn, Stals and Viljoen, the ordinary shares were equally held by Regarding Capital Management (Pty) Ltd and Calibre Capital (Pty) Ltd. The Company also had 45 million preference shares in issue.

Shareholders with beneficial interests of 3% or greater are listed below:

	2011		2010	
Ordinary shares	**Number**	**%**	**Number**	**%**
Regarding Capital Management (Pty) Ltd	2 499 997	50,0	3 500	50,0
Calibre Capital (Pty) Ltd	2 499 997	50,0	3 500	50,0
Preference shares	**Number**	**%**	**Number**	**%**
Stella Trust V	5 000 000	11,1	–	–
Nedgroup Inv. Managed Fund	4 500 000	10,0	–	–
Nedgroup Inv. Stable Fund	3 500 000	7,8	–	–
Coronation Capital Plus Fund	2 663 560	5,9	–	–
Coronation Real Return Focus Fund	1 385 800	3,0	–	–

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 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. A proxy form is included in the annual report for this purpose.

In terms of the Articles of Association of the Company, the preference shareholders are not entitled to receive notice of the annual general meeting or 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.

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

All meeting participants are required to provide identification reasonably satisfactory to the chairman of the annual general meeting.

>> Report of the Audit and Risk Committee

This report is presented by the Company's Audit and Risk Committee appointed by the Board in respect of the financial year ended 31 March 2011.

The Audit and Risk Committee is an independent statutory committee appointed by the shareholders. Further 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 subsequent to the end of the financial year. The Committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein. The terms of reference are available on request.

2. AUDIT AND RISK COMMITTEE MEMBERS, MEETING ATTENDANCE AND ASSESSMENT

The Audit and Risk Committee, as reconstituted on 2 March 2011, is independent and consists of three independent, non-executive directors, listed below, who are suitably skilled and experienced. It met only twice during the financial year due to the fact that the Company was only fully operational for a nine-month period. The Committee will meet at least three times per year in future as per its Terms of Reference.

During the year under review two meetings were held.

Name of member	10 November 2010	2 March 2011
Mr T de Bruyn *(Chairman)* CA(SA) Appointed: 24 June 2010 Resigned: 10 November 2010	Present	In attendance
Mr JG Swiegers *(Chairman)* HonsBAcc, BCom (Hons) – (Taxation), CA(SA) Appointed: 10 November 2010	Present	Present
Mr G Pretorius BSc, BEng, LLB, PMD Appointed: 1 November 2010	Present	Present
Mr MVP Davis BSc BEng, MEng Appointed: 10 November 2010	–	Present
Mr W Stals CA(SA) Appointed: 24 June 2010 Resigned: 10 November 2010	Present	In attendance

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 other assurance providers (legal, compliance, risk, health and safety) 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, 1973 and 2008.

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 and any other legislation relating to the appointment of auditors.

The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and audit fees for the 2011 year.

There is a formal procedure that governs the process whereby the auditor is considered for non-audit services. The Committee approved the terms of a master service agreement for the provision of non-audit services by the external auditor, and approved the nature and extent of non-audit services that the external auditor may provide in terms of the agreed pre-approval policy.

The Committee has nominated, for election at the annual general meeting, Grant Thornton, as the external audit firm and Wilna Scholtz as the designated auditor, responsible for performing the functions of auditor, for the 2012 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.

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 conducted an overview of the effectiveness of the Company's system of internal controls and risk management as performed by RCM. The Board report on the effectiveness of the system of internal controls is included on page 7 of the 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 RCM 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 on page 8 of the annual report.

>> Report of the Audit and Risk Committee

continued

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 RCM.

9. INTERNAL AUDIT AND COMPLIANCE

The Audit and Risk Committee relies on RCM and its services providers to perform the internal audit function. Furthermore, the Committee oversees cooperation between RCM 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 RCM management responsible for the financial function.

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

19 August 2011

>> Annual financial statements

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

>> Directors' responsibilities and approval

The directors are required in terms of the Companies Act of South Africa, as amended, 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 International Financial Reporting Standards and the AC 500 standards issued by the Accounting Practices Board and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The annual financial statements have been prepared by Mr L Potgieter, the Financial Director.

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 procedures and 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 have reviewed the Company's cash flow forecast for the year to 31 March 2012 and, in the light of this review and the current financial position, they 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 are 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 38, which have been prepared on the going concern basis, were approved by the Board of directors on 19 August 2011 and were signed on their behalf by:

PG Viljoen	**L Potgieter**
Executive Chairman	*Financial Director*

Cape Town

>> Declaration by Company Secretary

The Company Secretary hereby certifies, in compliance with section 268G(d) of the Companies Act 1973, 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.

L Potgieter
Company Secretary

19 August 2011
Cape Town

>> Report of the independent auditors

To the shareholders of RECM and Calibre Limited

We have audited the accompanying annual financial statements of RECM and Calibre Limited, which comprise the directors' report, the statement of financial position as at 31 March 2011, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 17 to 38.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, as amended. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual 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 whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual 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 annual 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 the directors, as well as evaluating the overall presentation of the annual 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 annual financial statements present fairly, in all material respects, the financial position of the Company as of 31 March 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, as amended.

Grant Thornton

Grant Thornton
Registered Auditors
Chartered Accountants (SA)

Per: WM Scholtz
Registered Auditor
Chartered Accountant (SA)

19 August 2011
Pretoria

>> Directors' report

The directors submit their report for the year ended 31 March 2011.

1. **REVIEW OF ACTIVITIES**

Main business and operations

The Company is engaged in investments as principal activities 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 R12 611 755 (2010: R344 268 loss), after taxation of R5 053 413 (2010: Rnil).

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 settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. **EVENTS AFTER THE REPORTING PERIOD**

After year-end the Company, together with Trans Hex Group Limited and other parties, have reached agreement with De Beers Consolidated Mines ("DBCM") to acquire the assets and liabilities relating to Namaqualand Mines, a division of DBCM, subject to certain conditions precedent.

The directors are not aware of any other matter or circumstance arising since the end of the financial year.

4. **DIRECTORS' SHAREHOLDING**

Shareholding of directors, directly and indirectly:

	Ordinary shares	Preference shares
T de Bruyn	2	170 000
W Stals	2	50 000
PG Viljoen	2	500 000
L Potgieter	–	80 300

There has been no directors' dealings between the financial year-end and the date of this report.

5. **DIRECTORS' INTEREST IN CONTRACTS**

The abovementioned directors are directors of Regarding Capital Management (Pty) Ltd. RECM and Calibre Limited has appointed Regarding Capital Management (Pty) Ltd 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**

During the year under review the Company issued the following shares:

- 4 999 930 ordinary shares of R0,01 each with a share premium of R9,99 per share.
- 45 000 000 redeemable, participating, non-cumulative preference shares of R0,01 each and a share premium of R9,99 each. These shares were listed on the JSE Limited on 8 June 2010 and an amount of R450 million was raised during the listing process.

7. **DIVIDENDS**

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

8. **DIRECTORS**

The directors of the Company during the year and to the date of this report are as follows:

Name	Changes
MVP Davis	Appointed 10 November 2010
T de Bruyn	
L Potgieter	Appointed 02 March 2011
G Pretorius	
W Stals	
JG Swiegers	Appointed 10 November 2010
PG Viljoen	

PG Viljoen, T de Bruyn and W Stals, who automatically retire in terms of Article 16 of the Articles of Association, make themselves available for re-election at the annual general meeting on 22 September 2011.

9. **SECRETARY**

The secretary of the company is Mr L Potgieter.

Business address	Postal address
7th Floor, Claremont Central	P O Box 45040
8 Vineyard Road	Claremont
Claremont	7735
Cape Town	
7700	

10. **AUDITORS**

Grant Thornton continued in office as auditors of the Company for 2011.

At the annual general meeting to be held on 22 September 2011, shareholders will be requested to reappoint Grant Thornton as auditors of RECM and Calibre Limited and to confirm that Ms W Scholtz will be the designated audit partner for the 2012 financial year.

>> Statement of financial position

as at 31 March 2011

	Note(s)	2011 R	2010 R
ASSETS			
Non-current assets		**219 875 090**	–
Other financial assets	4	**219 875 090**	–
Current Assets		**295 609 693**	–
Other financial assets	4	**288 509 508**	–
Trade and other receivables	7	**6 217 106**	–
Cash and cash equivalents	8	**883 079**	–
Total assets		**515 484 783**	–
EQUITY AND LIABILITIES			
Equity		**63 127 871**	(344 198)
		51 312 787	(344 198)
Share capital	9	**50 000 000**	70
Reserves	10	**86 038**	–
Retained income	11	**1 226 749**	(344 268)
Preference shareholders' interest	12	**11 815 084**	–
Liabilities			
Non-current liabilities		**450 140 062**	–
Other financial liabilities	13	**450 000 000**	–
Deferred tax	6	**140 062**	–
Current liabilities		**2 216 850**	344 198
Loans from shareholders	3	**–**	338 622
Current tax payable		**1 538 491**	–
Trade and other payables	14	**678 359**	5 576
Total equity and liabilities		**515 484 783**	–

>> Statement of comprehensive income

for the year ended 31 March 2011

	Note(s)	2011 R	2010 R
Revenue	16	**24 041 715**	–
Operating expenses	17	**(6 376 434)**	(344 268)
Operating profit/(loss)		**17 665 281**	(344 268)
Finance costs	18	**(113)**	-
Profit/(loss) before taxation		**17 665 168**	(344 268)
Taxation	19	**(5 053 413)**	–
Profit/(loss) for the year		**12 611 755**	(344 268)
Other comprehensive income:			
Available-for-sale financial assets adjustments		**1 000 446**	–
Taxation related to components of other comprehensive income		**(140 062)**	–
Other comprehensive income for the year net of taxation	22	**860 384**	–
Total comprehensive income/(loss)		**13 472 139**	(344 268)
Total comprehensive income/(loss) attributable to:			
Ordinary shareholders		**1 347 192**	(344 268)
Preference shareholders		**12 124 730**	-
		13 472 139	(344 268)
Per share information (ordinary and preference)			
Headline/basic earnings/(loss) per share (cents)	21	**25,22**	(4 918,11)
Net asset value per share (cents)	21	**1 026,26**	-

>> Statement of changes in equity

for the year ended 31 March 2011

	Share capital R	Share premium R	Total share capital R	Fair value adjustment assets available-for-sale reserve R	Retained income R	Total equity R
Balance at 01 April 2009	–	–	–	–	–	–
Changes in equity						
Total comprehensive loss for the year	–	–	–	–	(344 268)	(344 268)
Issue of shares	70	–	70	–	–	70
Total changes	70	–	70	–	(344 268)	(344 198)
Balance at 01 April 2010	**70**	**–**	**70**	**–**	**(344 268)**	**(344 198)**
Changes in equity						
Total comprehensive income for the year	**–**	**–**	**–**	**860 384**	**12 611 755**	**13 472 139**
Issue of shares	**49 930**	**49 950 000**	**49 999 930**	**–**	**–**	**49 999 930**
Total changes	**49 930**	**49 950 000**	**49 999 930**	**860 384**	**12 611 755**	**63 472 069**
Balance at 31 March 2011	**50 000**	**49 950 000**	**50 000 000**	**860 384**	**12 267 487**	**63 127 871**
Note(s)	9	9	9	10, 22	11, 21	

>> Statement of cash flows

for the year ended 31 March 2011

	Note(s)	2011 R	2010 R
Cash flows from operating activities			
Cash used in operations	23	**(11 920 757)**	(338 692)
Interest income		**23 452 240**	–
Dividends received		**589 475**	–
Finance costs		**(113)**	–
Tax paid	24	**(3 514 922)**	–
Net cash from operating activities		**8 605 923**	(338 692)
Cash flows from investing activities			
Additions to other financial assets		**(507 384 152)**	–
Net cash from investing activities		**(507 384 152)**	–
Cash flows from financing activities			
Proceeds on share issue	9	**49 999 930**	70
Proceeds from other financial liabilities	13	**450 000 000**	–
Proceeds from shareholders' loan		**–**	338 622
Repayment of shareholders' loan		**(338 622)**	–
Net cash from financing activities		**499 661 308**	338 692
Total cash movement for the year		**883 079**	–
Total cash at the end of the year	8	**883 079**	–

>> Notes to the annual financial statements

for the year ended 31 March 2011

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa, as amended, and the Listings Requirements of the JSE Limited. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period. 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.

1.1 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 at fair value, including transaction costs, when the Company becomes party to the contractual terms of the instruments. The transaction costs relating to the acquisition of financial instruments held at fair value through profit and loss are included in the initial measurement of the instrument. Subsequent to initial recognition, these 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 realised and included in the income statement.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate 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. These are initially and subsequently recorded at fair value.

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

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 the fair value of the financial asset that has been recognised in other comprehensive income, is included in the statement of comprehensive income.

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 the statement of comprehensive income.

ACCOUNTING POLICIES continued

Fair value estimation

Financial instruments that are measured at fair value in the statement of financial position, are disclosed by level of the following fair value hierarchy:

Level 1 – Quoted prices in active markets for identical assets or liabilities;

Level 2 – Prices that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices); and

Level 3 – Prices for the assets or liabilities that are not based on observable market data.

The fair value of Level 1 financial instruments traded in an organised financial market is measured at the applicable quoted prices. The fair value of the financial instruments that are not traded in an organised financial market is determined using a variety of methods and assumptions are based on market conditions and risk existing at reporting date, including independent appraisals. Fair values represent approximates of possible values, which may differ from the value that will finally be realised.

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 asset's 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 and reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

1.2 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.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (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 (tax loss).

ACCOUNTING POLICIES continued

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 (tax 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:

- a 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.

1.3 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 liabilities.

1.4 Revenue

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the Company's right to receive payment has been established.

1.5 Borrowing costs

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

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

The Company has chosen to early-adopt the following standards and interpretations:

2010 Annual Improvements Project: Amendments to IFRS 7 Financial Instruments: Disclosures

Additional clarification is provided on the requirements for risk disclosures.

The effective date of the amendment is for years beginning on or after 1 January 2011.

The Company has early-adopted the amendment for the first time in the 2011 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the Company, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

ACCOUNTING POLICIES continued

2.2 Standards and interpretations not yet effective

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2011 or later periods:

IAS 24 Related Party Disclosures (Revised)

The revisions to IAS 24 include a clarification of the definition of a related party as well as providing a partial exemption for related party disclosures between government-related entities.

In terms of the definition, the revision clarifies that joint ventures or associates of the same third party are related parties of each other. To this end, an associate includes its subsidiaries and a joint venture includes its subsidiaries.

The partial exemption applies to related party transactions and outstanding balances with a government which controls, jointly controls or significantly influences the reporting entity as well as to transactions or outstanding balances with another entity which is controlled, jointly controlled or significantly influenced by the same government. In such circumstances, the entity is exempt from the disclosure requirements of paragraph 18 of IAS 24 and is required only to disclose:

- the name of the government and nature of the relationship; and
- information about the nature and amount of each individually significant transaction and a quantitative or qualitative indication of the extent of collectively significant transactions. Such information is required in sufficient detail to allow users to understand the effect.

The effective date of the amendment is for years beginning on or after 1 January 2011.

The Company expects to adopt the standard for the first time in the 2012 annual financial statements.

The adoption of this standard is not expected to impact on the results of the Company, but may result in more disclosure than is currently provided in the annual financial statements.

IFRS 9 Financial Instruments

This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. Phase one deals with the classification and measurement of financial assets. The following are changes from the classification and measurement rules of IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- Under certain circumstances, financial assets may be designated as at fair value
- For hybrid contracts, where the host contract is within the scope of IFRS 9, the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.

ACCOUNTING POLICIES continued

- Investments in equity instruments may be measured at fair value. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost under any circumstances.

The effective date of the standard is for years beginning on or after 1 January 2013.

The Company expects to adopt the standard for the first time in the 2014 annual financial statements.

The adoption of this standard is not expected to impact on the results of the Company, but may result in more disclosure than is currently provided in the annual financial statements.

2010 Annual Improvements Project: Amendments to IFRS 3 Business Combinations

The amendment clarifies the initial measurement of non-controlling interests. Only those interests which represent a present ownership interest shall be measured at either fair value or the present ownership's proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of shareholders' interest shall be measured at their acquisition date fair values, unless otherwise required by IFRS.

It further provides transitional provisions for dealing with contingent consideration arrangements in a business combination that occurred before the effective date of the revised IFRS 3.

For equity settled share-based payment transactions of the acquiree that the acquirer does not exchange for its share-based payment transactions, vested transactions shall be measured as part of shareholders' interest at a market-based measure. Unvested transactions shall be measured at a market-based measure as if acquisition date were grant date. This measure is then allocated to shareholders' interest based on the ratio of vesting period completed to greater of total vesting period or original vesting period.

The effective date of the amendment is for years beginning on or after 01 July 2010.

The Company expects to adopt the amendment for the first time in the 2012 annual financial statements.

It is unlikely that the amendment will have a material impact on the Company's annual financial statements.

	31 March 2011 R	31 March 2010 R
3. LOANS FROM SHAREHOLDERS		
Calibre Capital (Proprietary) Limited	–	(169 311)
Regarding Capital Management (Proprietary) Limited	–	(169 311)
	–	(338 662)
The carrying amounts of loans from shareholders approximate its fair value.		
4. OTHER FINANCIAL ASSETS		
Available-for-sale		
Listed and unlisted shares – Quoted	17 631 034	–
Unlisted shares – Unquoted	280 000	–
Unit trusts	201 964 056	–
Money market funds	288 509 508	–
	508 384 598	–
Non-current assets		
Available-for-sale	219 875 090	–
Current assets		
Available-for-sale	288 509 508	–
	508 384 598	–

Fair value information

Available-for-sale financial assets are recognised at fair value, unless they are unlisted equity instruments and the fair value cannot be determined using other means, in which case they are measured at cost. Fair value information is not provided for in these financial assets.

The following classes of available-for-sale financial assets are measured to fair value using quoted market prices:

- Class 1 – Listed and unlisted shares – Quoted
- Class 2 – Unlisted shares – Unquoted
- Class 3 – Unit trusts
- Class 4 – Money market funds

Fair value hierarchy of available-for-sale financial assets

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

	31 March 2011 R	31 March 2010 R
Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.		
Level 1		
Class 1 – Listed and unlisted shares (Quoted)	**17 631 034**	–
Class 2 – Unlisted shares (Unquoted)	**280 000**	–
Class 3 – Unit trusts	**201 964 056**	–
Class 4 – Money Market Funds	**288 509 508**	–
	508 384 598	–

	Loans and receivables R	Available-for-sale R	Total R
5. FINANCIAL ASSETS BY CATEGORY			
The accounting policies for financial instruments have been applied to the line items below:			
2011			
Cash and cash equivalents	**–**	**883 079**	**883 079**
Other financial assets	**–**	**508 384 598**	**508 384 598**
Trade and other receivables	**6 217 106**	**–**	**6 217 106**
	6 217 106	**509 267 677**	**515 484 783**
2010			
None	–	–	–

	31 March 2011 R	31 March 2010 R
6. DEFERRED TAX		
Deferred tax liability		
Recognised in other comprehensive income	**(140 062)**	–
Reconciliation of deferred tax liability		
Originating temporary difference on revaluation of other financial assets	**(140 062)**	–

	31 March 2011 R	31 March 2010 R
7. TRADE AND OTHER RECEIVABLES		
Other receivables	**6 217 106**	–
The trade and other receivables represent income receivable from investments.		
The carrying amount of trade and other receivables approximates its fair value.		
Credit quality of trade and other receivables The investment manager assesses investible institutions by using independent risk ratings and internal research to assess credit limits. 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	**6 217 106**	–
The carrying amount of trade and other receivables approximates its fair value.		
8. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Bank balances	**883 079**	–
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, excluding cash on hand, that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:		
Credit rating		
F1+ (Fitch)	**883 079**	–
9. 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**	1 000 000
	1 050 000	1 050 000
Reconciliation of number of shares issued		
Reported as at 1 April 2010	**7 000**	7 000
Issue of shares – ordinary shares	**4 993 000**	–
	5 000 000	7 000
Issued		
5 000 000 Ordinary shares of R0,01 each	**50 000**	70
Share premium	**49 950 000**	–
	50 000 000	70

	31 March 2011 R	31 March 2010 R
10. FAIR VALUE ADJUSTMENT OF ASSETS – AVAILABLE-FOR-SALE RESERVE		

The fair value adjustment of 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.

The reserves are divided between the ordinary and preference shares according to Article 4.5.3.2 of the Articles of Association 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.

	31 March 2011 R	31 March 2010 R
Available-for-sale other financial assets	1 000 446	–
Deferred tax on available-for-sale other financial assets	(140 062)	–
	860 384	–
Reserves attributable to the following classes of shareholders		
5 000 000 ordinary shares	86 038	–
45 000 000 redeemable, participating, non-cumulative preference shares	774 346	–
	860 384	–

	31 March 2011 R	31 March 2010 R
11. RETAINED INCOME		
The reserves are divided between the ordinary and preference shares according to Article 4.5.3.2 of the Articles of Association of the Company. On the occurrence of a redemption event, each preference shareholder shall be entitled 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 attributable to the following classes of shareholders		
5 000 000 ordinary shares	**1 226 749**	(344 267)
45 000 000 redeemable, participating, non-cumulative preference shares	**11 040 738**	–
	12 267 487	(344 267)
12. PREFERENCE SHAREHOLDERS' INTEREST		
The reserves and retained income are divided between the ordinary and preference shares according to Article 4.5.3.2 of the Articles of Association of the Company. Refer to notes 10 and 11 for the various allocations.		
Reserves: Fair value adjustment of assets-available-for sale reserve	**774 346**	–
Retained earnings	**11 040 738**	–
	11 815 084	–

	31 March 2011 R	31 March 2010 R
13. OTHER FINANCIAL LIABILITIES		
Held at amortised cost		
Other financial liabilities	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 JSE Limited. These redeemable, participating, non-cumulative preference shares, share in the reserves and the retained income of the Company.		
Non-current liabilities		
At amortised cost	450 000 000	–
Fair value of the financial liabilities carried at amortised cost		
Redeemable, participating, non-cumulative preference shares	450 000 000	–
14. TRADE AND OTHER PAYABLES		
Trade payables due to Regarding Capital Management (Pty) Ltd	518 429	–
Other payables	159 930	5 576
	678 359	5 576
The carrying amounts of trade and other payables approximate its fair value.		

	Financial liabilities at amortised cost R	Total R
15. FINANCIAL LIABILITIES BY CATEGORY		
The accounting policies for financial instruments have been applied to the line items below:		
2011		
Other financial liabilities	450 000 000	450 000 000
Trade and other payables	678 360	678 360
	450 678 360	450 678 360
2010		
Loans from group companies	338 622	338 622
Trade and other payables	5 576	5 576
	344 198	344 198

	31 March 2011 R	31 March 2010 R
16. REVENUE		
Dividend revenue		
Unit trusts – local	177 049	–
Listed and unlisted financial assets – local	412 426	–
	589 475	–
Interest revenue		
Bank	17 893 866	–
Unit trusts	5 558 374	–
	23 452 240	–
	24 041 715	–
17. OPERATING EXPENSES		
Included in operating expenses are:		
• Payments to Regarding Capital Management (Pty) Ltd for:		
– Investment management fees	4 840 535	–
• Administrative and accounting fees	114 000	–
– Listing expenses	886 430	338 693
– JSE-related expenses	112 615	–
– Auditors' remuneration	118 276	–
18. FINANCE COSTS		
Bank	113	–
19. TAXATION		
Major components of the tax expense		
Current		
Local income tax – current period	5 053 413	–
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense		
Accounting profit	17 665 168	(344 268)
Tax at the applicable tax rate of 28% (2010: 28%)	4 946 247	(96 395)
Tax effect of adjustments on taxable income		
Non-taxable income	(165 053)	–
Non-tax deductible expenses	272 219	96 395
	5 053 413	–
20. AUDITORS' REMUNERATION		
Consulting	9 930	–
Fees	105 205	–
Tax and secretarial services	3 141	–
	118 276	–

	31 March 2011 R	31 March 2010 R
21. PER SHARE INFORMATION (ORDINARY AND PREFERENCE)		
Earnings and headline earnings per shares are based on the profit attributable to ordinary and preference shareholders in issue during the year. The number of ordinary and preference shares in issue for the year under review was 50 000 000 (2010: 7 000).		
Earnings		
Net profit/(loss) after tax	12 611 756	(344 268)
Net asset value		
Net asset value as at 31 March	513 127 871	–
Number of shares in issue		
Ordinary shares	5 000 000	7 000
Preference shares	45 000 000	–
	50 000 000	7 000
Headline/basic earnings/loss per share (cents)	25,22	(4 918,11)
Net asset value per share (cents)	1 026,26	–

	Gross R	Tax R	Net R
22. OTHER COMPREHENSIVE INCOME			
Components of other comprehensive income – 2011			
Available-for-sale financial assets adjustments			
Gains arising during the year – Unit trusts	1 065 860	(149 220)	916 640
Losses arising during the year – Listed and unlisted (Quoted)	(65 414)	9 158	(56 256)
	1 000 446	(140 062)	860 384

	31 March 2011 R	31 March 2010 R
23. CASH USED IN OPERATIONS		
Profit before taxation	17 665 168	(344 268)
Adjustments for:		
Dividends received	(589 475)	–
Interest received	(23 452 240)	–
Finance costs	113	–
Changes in working capital:		
Trade and other receivables	(6 217 106)	–
Trade and other payables	672 783	5 576
	(11 920 757)	(338 692)

	31 March 2011 R	31 March 2010 R
24. TAX PAID		
Current tax for the year recognised in profit or loss	(5 053 413)	–
Balance at the end of the year	1 538 491	–
	(3 514 922)	–
25. CONTINGENCIES		
Tax consequences of undistributed reserves		
STC on remaining reserves	1 115 226	–

26. RELATED PARTIES

Relationships

Shareholder with significant influence	Calibre Capital (Proprietary) Limited Regarding Capital Management (Proprietary) Limited
Shareholder with joint control	Calibre Capital (Proprietary) Limited Regarding Capital Management (Proprietary) Limited
Members of key management	T de Bruyn L Potgieter PG Viljoen

	31 March 2011 R	31 March 2010 R
Related party balances		
Loan accounts – Owing (to)/by related parties		
Calibre Capital (Proprietary) Limited	–	(169 311)
Regarding Capital Management (Proprietary) Limited	–	(169 311)
Amounts included in trade receivable/(trade payable) regarding related parties		
Regarding Capital Management (Proprietary) Limited	(513 520)	–
Related party transactions		
Asset management fee paid to/(received from) related parties		
Regarding Capital Management (Proprietary) Limited	4 840 535	–
Administrative fee paid to/(received from) related parties		
Regarding Capital Management (Proprietary) Limited	114 000	–

	Note(s)	31 March 2011 R	31 March 2010 R

27. DIRECTORS' EMOLUMENTS

No emoluments were paid to the directors during the year.

28. RISK MANAGEMENT

Risk management objectives and policies

The Company is exposed to various financial risks. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated at its registered offices, in close co-operation with the Board of directors, and focuses on actively securing the Company's investment goals by employing the services of a professional investment manager. Long-term financial investments are managed to generate long-term growth of the investment portfolio.

The Company does not engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in note 13, cash and cash equivalents disclosed in note 8, and equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

Gearing ratio calculation

	Note(s)	31 March 2011 R	31 March 2010 R
Loans to/(from) shareholders	3	–	338 622
Other financial liabilities	13	450 000 000	–
		450 000 000	338 622
Less: Cash and cash equivalents	8	883 079	–
Net debt		449 116 921	338 622
Total equity		63 127 871	(344 198)
Total capital		512 244 792	(5 576)
Gearing ratio (%)		88	(6 073)

28. RISK MANAGEMENT continued

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's risk to liquidity is a result of the funds available to cover future commitments. The Company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate cash balances are maintained.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 3-month periods at a minimum.

The table below analyses the Company's financial liabilities and net-settled derivative 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.

	Less than one year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
At 31 March 2011				
Current tax payable	**1 538 491**	**–**	**–**	**–**
Trade and other payables	**678 360**	**–**	**–**	**–**
At 31 March 2010				
Loans from shareholders	338 622	–	–	–
Trade and other payables	5 576	–	–	–

Interest rate risk

Interest rate risk is the risk that the Company will experience larger-than-expected interest charges on financing or less-than-expected income from investments in interest-bearing assets.

As the Company has significant interest-bearing assets at times during the financial year, the Company's income and operating cash flows are substantially dependent on changes in market interest rates.

The Company is exposed to interest rate risk associated with fluctuations in the market rates and prices of financial instruments. These fluctuations in market rates and prices impact the value and revaluation gains or losses of financial instruments stated at fair value.

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2011, the Company had no bank borrowings. The exposure to interest rate risk, as it relates to financing, is not considered material.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

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

Credit risk is the risk that a counterparty fails to discharge an obligation to the company. The Company is exposed to this risk for various financial instruments, for example granting loans and receivables to customers and investments. The Company's maximum exposure to credit risk is limited to the carrying amount of the financial asset recognised at the reporting date.

28. RISK MANAGEMENT continued

The Company continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

None of the Company's financial assets are secured by collateral or other credit enhancements.

The credit risk for cash and cash equivalents and money market funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

Price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified in the consolidated statement of financial position either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the investment manager applies its conservative valuation approach and investment process in selecting investments.

29. ANALYSIS OF SHAREHOLDING

	2011		2010	
Beneficial shareholder name	**Number of shares**	**%**	**Number of shares**	**%**
Shareholders with beneficial interest of 5% or greater are listed below:				
Ordinary shares				
Regarding Capital Management (Pty) Ltd	**2 499 997**	**50,0**	3 500	50,0
Calibre Capital (Pty) Ltd	**2 499 997**	**50,0**	3 500	50,0
Preference shares				
Stella Trust V	**5 000 000**	**11,1**	–	–
Nedgroup Inv. Managed Fund	**4 500 000**	**10,0**	–	–
Nedgroup Inv. Stable Fund	**3 500 000**	**7,8**	–	–
Coronation Capital Plus Fund	**2 663 560**	**5,9**	–	–

Public shareholders analysis	**2011**		2010	
Security holders analysis	**Number**	**%**	**Number**	**%**
Ordinary shares				
Public	**–**	**–**	0	0
Non-Public	**8**	**100,0**	2	100
Preference shares				
Public	**446**	**77,1**	–	–
Non-Public	**9**	**22,9**	–	–

>> Corporate information

RECM AND CALIBRE LIMITED
(“RAC” or “the Company”)

COUNTRY OF INCORPORATION AND DOMICILE
South Africa

COMPANY REGISTRATION NUMBER
2009/012403/06

PREFERENCE SHARE CODE
RACP

ISIN
ZAE000145041

DIRECTORS
T de Bruyn
MVP Davis
L Potgieter
G Pretorius
W Stals
JG Swiegers
PG Viljoen

COMPANY SECRETARY
L Potgieter

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

POSTAL ADDRESS
PO Box 45040
Claremont
7735

TELEPHONE NUMBER
(021) 657 3440

EMAIL ADDRESS
info@recm.co.za

WEBSITE
www.racltd.co.za

AUDITORS
Grant Thornton
Chartered Accountants (SA)
Registered Auditors
Member of Grant Thornton International
121 Boshoff Street
New Muckleneuk
Pretoria, 0181
(PO Box 1470, Pretoria, 0001)

SPONSOR
Deloitte & Touche Sponsor Services (Pty) Ltd
Building 6, The Woodlands
Woodlands Drive
Woodmead
Sandton, 2196
(Private Bag X6, Gallo Manor, 2052)

TRANSFER SECRETARIES
Link Market Services South Africa (Pty) Ltd
13th floor, Rennie House
19 Ameshoff Street
Braamfontein, 2001
(PO Box 4844, Johannesburg, 2000)

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)

>> Notice of the 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")

Until the Companies Act, No 71 of 2008, as amended ("the Act"), came into effect on 1 May 2011, the Memorandum of Incorporation ("MOI") of the Company comprised its Memorandum of Association and its Articles of Association. On the date that the Act came into effect, the Memorandum of Association and Articles of Association of the Company automatically converted into the Company's MOI. Accordingly, for consistency of reference in this notice of annual general meeting, the term "MOI" or "Memorandum of Incorporation" is used throughout to refer to the Company's Memorandum of Incorporation (which previously comprised the Company's Memorandum of Association and its Articles of Association, as aforesaid). All references in this notice of annual general meeting (including all of the ordinary and the special resolutions contained herein) to the Company's MOI refer to provisions of that portion of the Company's MOI that was previously called the Company's Articles of Association.

NOTICE IS HEREBY GIVEN that the annual general meeting of ordinary shareholders of RECM and Calibre Limited will be held at Regarding Capital Management (Pty) Limited, 7th floor Claremont Central, 8 Vineyard Road, Claremont, Cape Town on Thursday, 22 September 2011 at 12:00 for the purposes of passing, if approved, the following resolutions with or without modification:

SPECIAL RESOLUTION NUMBER ONE

Approval of non-executive directors' remuneration

"RESOLVED THAT independent non-executive directors' fees for services rendered as directors for the financial years 2011 and 2012 be based on annual fees as follows:

Type of fee	Year ended 31 March 2011	Year ended 31 March 2012
Board member	100 000	100 000"

Reason for and effect of this special resolution

Special resolution number one is required in terms of section 66 of the Companies Act 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 2 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 and the Group for the year ended 31 March 2011 be accepted and approved."

In terms of section 62(3)(c) 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 TWO

Reappointment of auditors

"RESOLVED THAT the reappointment of Grant Thornton as the Company's auditor, as nominated by the Company's Audit and Risk Committee, is approved and to note that the individual registered auditor who will undertake the audit during the financial year ending 31 March 2012 is Ms W Scholtz."

ORDINARY RESOLUTION NUMBER THREE

Re-election of director

"RESOLVED THAT Mr PG Viljoen who retires in terms of article 16.1 of the Company's Memorandum of Incorporation and who has offered himself for re-election, be re-elected as a director of the Company."

In terms of section 62(3)(c) 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 FOUR

Re-election of director

"RESOLVED THAT Mr T De Bruyn who retires in terms of article 16.1 of the Company's Memorandum of Incorporation and who has offered himself for re-election, be re-elected as a director of the Company."

In terms of section 62(3)(c) 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

Re-election of director

"RESOLVED THAT Mr W Stals who retires in terms of article 16.1 of the Company's Memorandum of Incorporation and who has offered himself for re-election, be re-elected as a director of the Company."

In terms of section 62(3)(c) 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 SIX

Election of Audit and Risk Committee member

"RESOLVED THAT Mr JG Swiegers be elected chairman of the Audit and Risk Committee."

In terms of section 62(3)(c) 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 SEVEN

Election of Audit and Risk Committee member

"RESOLVED THAT Mr MVP Davis be elected a member of the Audit and Risk Committee."

In terms of section 62(3)(c) 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 EIGHT

Election of Audit and Risk Committee member

"RESOLVED THAT Mr G Pretorius be elected a member of the Audit and Risk Committee."

In terms of section 62(3)(c) 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 NINE

Placing the unissued ordinary shares under the control of the directors

"RESOLVED THAT the unissued ordinary shares be placed under the control of the directors to apply these as they deem fit in terms of the Companies Act."

In terms of section 62(3)(c) 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.

To transact such other business as may be transacted at an annual general meeting.

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, which any shareholder can request, 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 Monday, 19 September 2011.

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 for 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. Shareholders are advised that participation in the annual general meeting by way of electronic participation will not entitle a shareholder to vote. Should a shareholder wish to vote at the annual general meeting, he/she may do so by attending and voting at the annual general meeting either in person or by proxy.

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" dematerialised 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, 2001 (PO Box 4844, Johannesburg, 2000) not later than12:00 on Tuesday, 20 September 2011.

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 shareholders 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.

>> Notice of the annual general meeting continued

(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 CSDP or broker with regard to how they wish to cast their votes, should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their votes at the Company's annual general meeting in order for their CSDP 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 CSDP 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 CSDP or broker. If your CSDP 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 to be recorded in the register to be eligible to receive this notice of annual general meeting is Thursday, 1 September 2011.

By Order of the Board

L Potgieter
Company Secretary

Cape Town
Friday, 19 August 2011

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, 2001
(PO Box 4844, Johannesburg, 2000)

>> Form of proxy

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:

1. 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 in the Boardroom of Regarding Capital Management (Pty) Ltd, 7th floor, Claremont Central, 8 Vineyard Road, Claremont, Cape Town on Thursday, 22 September 2011 at 12:00.

Dematerialised shareholders holding shares other than with "own name" registration, must inform their CSDP or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the necessary letter of representation to attend the annual general meeting in person and vote or provide their CSDP 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 Thursday, 22 September 2011 at 12:00 in the boardroom of Regarding Capital Management (Pty) Ltd, 7th floor, Claremont Central, 8 Vineyard Road, Claremont, 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 non-executive directors' remuneration for the 2012 financial year			
Ordinary resolution 1 Approval of the annual financial statements			
Ordinary resolution 2 To confirm the re-appointment of the auditors			
Ordinary resolution 3 To re-elect as director Mr PG Viljoen			
Ordinary resolution 4 To re-elect as director Mr T de Bruyn			
Ordinary resolution 5 To re-elect as director Mr W Stals			
Ordinary resolution 6 To elect Mr JG Swiegers as chairman of the Audit and Risk Committee			
Ordinary resolution 7 To elect Mr MVP Davis as member of the Audit and Risk Committee			
Ordinary resolution 8 To elect Mr G Pretorius as member of the Audit and Risk Committee			
Ordinary resolution 9 To place the unissued ordinary shares under the control of the directors			

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 ______________ 2011

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 12:00 on Tuesday, 20 September 2011.

>> Invitation to Chairman's meeting with the shareholders

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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 premises of Regarding Capital Management (Pty) Ltd, 7th floor Claremont Central, 8 Vineyard Road, Claremont.

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, shareholders intending to be present at 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:** lonn.potgieter@recm.co.za
2. **Fax:** (021) 674 1021 (Attention: L Potgieter)
3. **Mail:** PO Box 45040, Claremont, 7735 (Attention: L Potgieter)

Lonn Potgieter
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 in the Boardroom at Regarding Capital Management (Pty) Ltd, 7th floor Claremont Central, 8 Vineyard Road, Claremont, Cape Town on Thursday, 22 September 2011 at approximately 12:30.

Signed: ______________________________

Date: ______________________________

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

Email: ______________________________