RAC

RECM AND CALIBRE

INTEGRATED ANNUAL REPORT 2015

Contents

Company profile

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

INVESTMENT OBJECTIVE

RAC makes long-term investments, with the objective of generating high real returns. We will achieve this through the acquisition of assets where size, liquidity, regulations or complexity act as a deterrent to most buyers. Our preference is to partner with good management teams of good businesses for long periods of time, but we will make ad hoc investments from time to time.

RISK MANAGEMENT

RAC believes the best way to manage risk is to build a large margin of safety into the price paid when assets are acquired. Such a margin of safety may consist of a price far below intrinsic value or alternatively, it may reside in the high quality nature of the asset acquired. The quality of an asset is normally determined by factors including significant barriers to entry, the sustainability of these barriers and good management.

INVESTMENT UNIVERSE

RAC has a very broad investment universe, and is able to invest in any asset (public or private) in any geography (both inside and outside South African borders). We believe our broad universe to be a significant competitive edge. However, we prefer to stick to areas in which we have a high level of competence in analysing the situation.

STRUCTURE

RAC is funded through the issue of two types of securities, ordinary shares and participating preference shares. The ordinary shares are unlisted, while the participating preference shares are listed on the JSE. The economic interests of the ordinary and participating preference shares are exactly the same, although only the ordinary shares have voting power (except in certain special situations, which are more fully explained in the pre-listing statement which is available at www.racltd.co.za).

INVESTMENT MANAGEMENT

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

RECM thus performs:

1. An investment management function for RAC in a similar fashion to that offered to its other clients, and according to RAC's specific mandate; and
2. Administrative and accounting functions on behalf of RAC.

All remaining content of this report should be read in this context. For the avoidance of doubt, where any reference is made to a function performed by the Company, other than a function performed by the Board or the Company itself, it should be read and understood that that function was performed by RECM in terms of its mandate as described above.

Board of directors

PIETER GERHARDT VILJOEN (52)

Executive Chairman

BCom (Hons), CFA

Appointed: 24 June 2009

Mr Viljoen started out as a lecturer at the University of Pretoria, and subsequently joined SARB as an economic analyst. He joined Allan Gray Investment Counsel in 1991 as a portfolio manager and later moved onto Investec Asset Management in 1995. He founded Regarding Capital Management (Pty) Ltd in 2003 and is currently Chairman of RECM.

THEUNIS DE BRUYN (47)

Executive Director

CA(SA)

Appointed: 24 June 2009

After serving articles at Ernst & Young, Mr de Bruyn joined Ford SA as assistant treasurer.

From there he joined Huysamer Stals stockbroking firm (thereafter sold to ABN AMRO) where he later headed up research. Mr de Bruyn is the founder and managing director of Calibre Capital (Pty) Ltd. He is also a founding shareholder of RECM.

JOHANNES CORNELIS VAN NIEKERK (40)

Executive Financial Director

Hons BCom (Maths), FIA, CFA

Appointed: 6 May 2013

Mr van Niekerk is a qualified actuary with more than 18 years of industry experience. He served as Chief Investment Officer of Citadel, the South African wealth manager, after which he became CEO of Peregrine Holdings, a JSE-listed financial services firm. Mr van Niekerk joined Regarding Capital Management (Pty) Ltd in April 2013 as owner and CEO.

JOHANNES GERHARDUS SWIEGERS (60)

Independent Non-Executive Director

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

Appointed: 10 November 2010

After qualifying as a chartered accountant, Mr Swiegers has served as a partner of predecessor firms of PricewaterhouseCoopers from 1984 to 1994 setting up the tax practice of the firm in the Western Cape.

He joined Remgro Ltd as Investment Manager, serving on various Boards and Audit Committees of listed and unlisted companies in the portfolio of Remgro Ltd. He served as CFO for Mediclinic International Ltd from 1999 to 2010.

ZANELE MATLALA (52)

Independent Non-Executive Director

BCompt (Hons), CA(SA)

Appointed: 1 December 2014

Zanele is the Chief Executive Officer of Merafe Resources. Before joining Merafe, she was Group Financial Director of Kagiso Investments (Pty) Ltd, a position she held from January 2006. Her first appointment as Chief Financial Officer was at the Development Bank of Southern Africa (DBSA), where she served as Executive Manager: Private Sector and International. She joined the DBSA from the IDC, where she was head of Wholesale Venture Capital Funds. She is also a non-executive director of Dipula Income Fund, Stefanutti Stocks Holdings and Business Partners Ltd. Zanele also serves as a trustee of the RECM Foundation.

TRENT ROSSINI (47)

Independent Non-Executive Director

Bsc (Mech) Engineering, GDE (Industrial Engineer)

Appointed: 1 December 2014

Trent has 24 years of industry experience across a variety of industries. His early career included roles at both Accenture and Deloitte Consulting. He then joined Internet Solutions to head up their security division and subsequently served in the role of Business Solutions Director. Trent joined the Discovery group in 1999 to head up their e-commerce initiatives and subsequently served in the role of Chief Information Officer for Discovery Health. He was instrumental in the set-up of the Joint Venture with PruHealth where he became Chief Operating Officer. In 2010, Trent left Discovery and co-founded inQuba, a business which is focused on customer experience management and customer engagement, where he serves as Chief Operating Officer.

Shareholders' letter

To our fellow shareholders

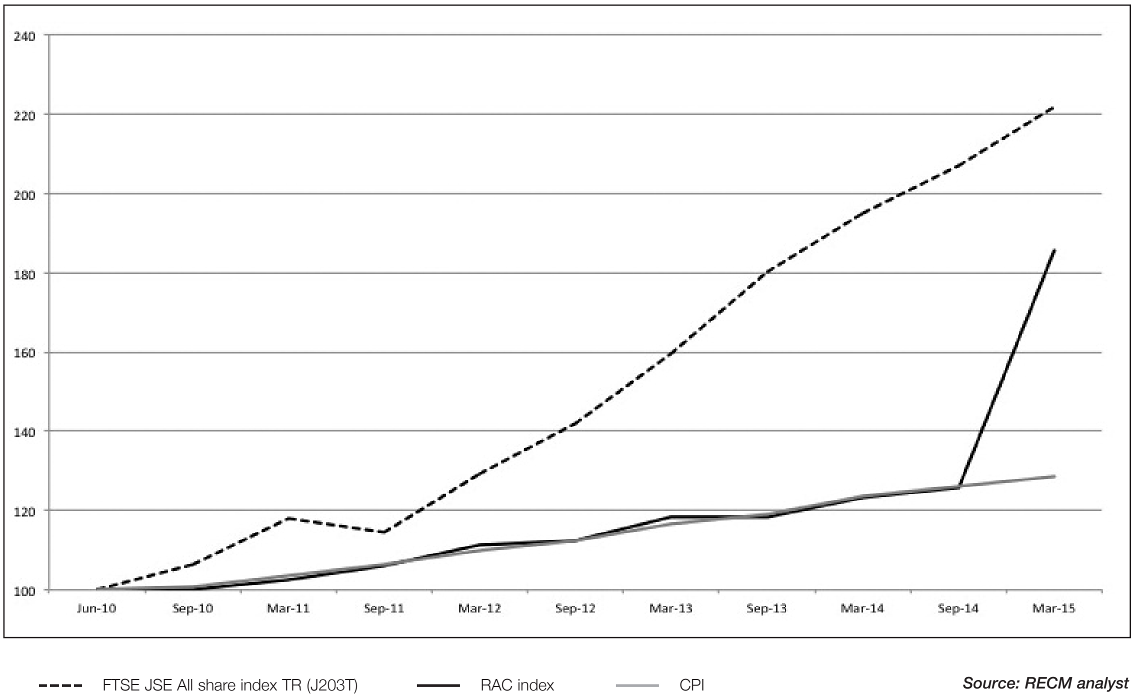
RECM and Calibre ("RAC") is a long-term investment vehicle that was set up in a very specific way in order to achieve the best possible outcome for its shareholders – both ordinary and preferred – over time.

Control of the Company vests with three partners – Piet Viljoen, Theunis de Bruyn and Jan van Niekerk. Our investment landscape is broad, our capital is patient and we do not plan to pay any dividend any time soon. Our main objective is to increase the Net Asset Value ("NAV") per share at a high rate over a long period of time.

We understand that some of our fellow shareholders might have time horizons or liquidity preferences that differ from ours. We have therefore listed the Participating Preference shares of RAC on the JSE to facilitate choice and opportunity for shareholders to make their own investment decisions. We will provide you with the appropriate information so that you can make informed decisions around the value of your shares. The price at which you transact is up to you.

During the past financial year, our NAV, for both the ordinary and the Participating Preference shares, grew by 50,5% on a per share basis. By comparison, the total return generated by the JSE All Share Index ("ALSI"), with dividends included, was 13,8%. Since listing in June 2010, our NAV per share has grown by 85,4%, while the ALSI total return index has grown by 121,8% over that same period. As such, we find ourselves a bit behind our primary goal of outperforming the average listed company, but we have caught up somewhat after our slow start.

The following chart shows our progression against our benchmark (the JSE All Share Index, including dividends):



Source: RECM analyst

Shareholders' letter

continued

The NAV per share growth of 50,5% over the last year implies an increase of R311 million. The composition of this increase is as follows:

	2015 R	2014 R
Interest and dividends	**30 720 051**	19 234 657
Realised profits on sale of assets	**17 149 208**	24 818 928
Adjustments to fair value of assets	**296 264 098**	(4 712 301)
Less: Operating expenses	**10 140 930**	8 943 652
Less: Tax paid and provided for	**22 967 057**	6 082 040
Net increase in NAV	**311 025 370**	24 315 592

There are a number of factors that have held back our NAV growth relative to the market. Some of them are moderating somewhat, while others remain. These factors are:

- **Our valuation policy whilst at fair value tends to be conservative.**

  Appraising the value of a business is not a straight-forward operation, and does not deliver indisputable single point solutions. When one values a business, you are expressing an opinion, and in our experience, one should hold such opinions lightly.

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

  For the shares in some of our businesses, there is no secondary market, yet accounting rules now force us to come up with exactly such a stab. At RAC, we will account for our activities as accurately and conservatively as we can. In some instances, our estimate of fair value does not deviate much from the price we were willing to pay to initially acquire the business. However, some of our investments have shown such strong earnings growth over time, that we have had no choice but to reflect an increased value.

  As a result, the first point to remember when judging the growth of RAC's NAV against that of the stock market is that well over half of our NAV (i.e. the unlisted investments) are held within a valuation range that tends to be consistently conservative.

- **Valuations for listed companies are arguably less conservative.**

  Valuations in the stock market are arguably less conservative, and have become even less so over the past year. As we pointed out last year, market valuations today are influenced by two stories. One goes that you can't pay a high enough price for a good quality business that has a growing dividend stream, mainly on account of the low level of interest rates. The second story goes that in a world where growth is scarce, you can't pay enough for it.

  In our opinion, story stocks have driven market valuations significantly above levels which could be considered conservative, to levels where the margin of safety is unsatisfactory.

  Therefore, when judging our NAV growth against the growth of the market, it is important to bear in mind that the market has possibly outstripped its underlying fundamentals. We have no doubt this will be, in due course, corrected – a correction which will have significantly less effect on the NAV of RAC. And possibly present us with some compelling investment opportunities.

- **Our NAV is calculated after all taxes have been accounted for.**

  When an investment is successful that means it is worth – hopefully a lot – more than you paid for it. But it also means that you owe capital gains tax to the government. Like death, taxes are inevitable – unless you are a really poor investor! Any valuation exercise worth more than the paper it is written on should include this very real liability. Our valuations for the purpose of calculating NAV very definitely includes the amount we have set aside for deferred tax liabilities. The returns from investing in the index are also taxable, but not included in the calculation, as different investors have different tax rates.

Last year we said we found investing in unlisted companies increasingly appealing. The reasons are simple – when dealing with like-minded partners in the underlying businesses, we have better access to information, transactions are conducted at more realistic valuations, and the management teams are not unduly influenced by day-to-day share price movements. We have thus followed our own advice and over the last year have been actively moving away from investing in listed companies. Today, 70% of our balance sheet is invested in private business, where there is no secondary market activity, either over the counter or on formal exchanges.

As a public company, we comply with IFRS accounting standards. The accounts for RAC are set out on pages 14 to 42 of this annual report. We understand the need for uniformity in financial reporting. But despite the best intentions of those that compiled these standards, we find that sometimes the picture is less clear once it has been IFRS'ed. As they say – the road to hell is paved with good intentions! The following describes some of the difficulties we have encountered!

RAC was originally set up as a single company that housed all of our investments. Some were held directly and others – mostly our listed investments – were held through a dedicated Unit Trust. As the underlying investments have changed from being primarily listed shares to primarily unlisted assets, the Unit Trust has been removed.

During the past year, we established a 100% subsidiary called RAC Investment Holdings (Pty) Ltd ("RIH"). All of our current investments will be transferred to this company, leaving RAC, the listed entity as a holding company. At year-end, though, this process had not been completed. The only investment that was held by RIH at year-end was Goldrush. RIH was funded through a loan account, which confuses some of the financial results for RAC.

In order to sensibly address this issue, we include additional information to elaborate on the accounts and activities of RAC. This information is presented in a slightly different way and should shed further light on our activities and the way we think.

Shareholders' letter

continued

OUR BUSINESS AND INTRINSIC NET ASSET VALUE

Investment	Note	% Owner-ship	Book value Rm	Directors' value(1) Rm	% of net asset value
Goldrush	2	**34,5**	**114,1**	**313**	**30,3**
Mining and Engineering	3		**150,5**	**239,1**	**23,1**
Transhex		25,0	94,2	84,2	8,1
West Coast Resources		27,2	38,4	122,2	11,8
ELB Group		2,2	17,9	32,7	3,2
Retail	4		**103,4**	**190**	**18,4**
Fledge Holdings					
Safari & Outdoor		27,0			
Food and Beverage	5		**74,6**	**102,8**	**10,6**
Sovereign Food		11,3	38,7	71,4	7,4
KWV		4,9	31,1	21,7	2,2
KLK Landbou		5,6	4,8	9,7	1,0
Other long-term investments	6		**55,7**	**107,8**	**11,2**
The American Homes		1,3	28,6	41,2	4,3
Conduit Capital		7,0	12,4	40,1	4,2
Excellerate Holdings		5,5	14,7	26,5	2,7
Held-for-sale investments	7		**27,1**	**12,7**	**1,2**
Total investments			**525,4**	**965,4**	**93,4**
Cash				**71,3**	**6,6**
Net asset value				**1 036,7**	
Liabilities				**109,8**	
Intrinsic net asset value				**926,9**	
Intrinsic net asset value per ordinary and preference share				**18,54**	

Notes:

1. *As mentioned above, IFRS requires RAC, as an investment entity, to place a fair value on all its assets. Where possible, we used market prices, either listed or over the counter. Where these were not available, we used our own estimate of fair value. Due to the uncertainty around valuation, our best estimates of fair value generally tend to be conservative.*

2. *During the past year, RAC concluded transactions that increased our ownership to an effective 34,5% of Goldrush, the second largest operator of Limited Payout Machines (LPMs) and Bingo games in the country. Goldrush is still very early in its growth phase. Over the past year, revenue grew by over 30% and operating profits more than doubled. The company is expanding into wider areas of gaming and has now also expanded into Africa, having been awarded a casino license and is developing an online sports betting business. Its retail sports betting outlets are already operating both in South Africa and in other African countries with LPMs. The group has been awarded further Bingo, LPM and sports betting licenses during the year that are in the process of being rolled out. We have agreements in place which will allow us to increase our shareholding to around 50% over time. Jan van Niekerk serves on the board.*

   The valuation of Goldrush is based on an earnings multiple for the existing operating business, plus an acknowledgement of the market value of the non-operational licenses and an adjustment for the balance sheet structure.

Shareholders' letter

continued

3. *Over the past twelve months we have increased our ownership of Transhex to just over 25%. We know Transhex well, as Theunis has served on the board for a number of years. We have a high regard for the management team, as they have produced commendable results over the past five years. Make no mistake, Transhex operates in a tough industry, and its own situation is not easy – but in Llewellyn Delport they operate under the stewardship of one of the best diamond miners in town, and will no doubt continue to make progress.*

   The Transhex acquisition of Namakwa Diamonds was finalised during the period under review. Subsequent to the acquisition, it was renamed West Coast Resources ("WCR"). RAC owns 27,2% of WCR while Transhex owns 40%, while the latter has a management contract to manage the mine. We believe the mine has strong prospects. The area was comprehensively surveyed by its previous owner De Beers, and its diamond reserves are well documented. Processing of tailings dumps has started and mining will commence later this year. Positive cash flows are expected within 12 months. Transhex has published its valuation of WCR on its website, while we have valued WCR at a combination of the capital we provided, plus RAC's share of the net assets owned by WCR on the date of acquisition.

   RAC owns 2,2% in ELB Group, a well-managed engineering business. During the past 12 months we (marginally) increased our stake by tendering our holding of B&W Instrumentation shares into the scheme of arrangement whereby ELB acquired the entire shareholding of B&W. The ELB group has a fortress balance sheet and conservative accounting, both necessary but not sufficient for success in a cyclical industry. To increase the chance of success you also need a good management team, which ELB has in spades. Theunis de Bruyn serves on their board.

4. *RAC owns 27% of Safari and Outdoor ("S&O"). This business consists of three stores, in Stellenbosch, Pretoria and Rivonia. S&O is the premier retailer of hunting and outdoor equipment in South Africa. Revenue and EBIT have grown by over 50% for the financial year ended February 2015. The growth was driven primarily by the opening of the new store in Rivonia, but same store sales were also up. Theunis de Bruyn serves on their board.*

   S&O has been valued at the same earnings multiple at which the business was purchased. The increase in value indicates the growth in underlying profitability.

   We own an effective indirect 2,5% shareholding in Dischem. This is held through a leveraged structure, Fledge Holdings. Dischem is privately owned and is a leading South African pharmaceutical retailer. The business has experienced solid growth, through an expanding footprint and market share gains. The change in value for the year reflects the increase in the underlying profitability of Dischem, plus the benefit of judicial leverage in the structure. No change was applied to the valuation multiples.

5. *RAC owns 11,3% of Sovereign Foods, a listed poultry producer in the Eastern Cape area. Management is doing a good job in running the business efficiently and growing its product range. Earnings have been under pressure, but we think that Sovereign will be a major beneficiary of the tough times the industry endured over the past few years. The weaker competitors have gone out of business or have been acquired; the irrational and continuous industry capacity expansion has been stymied and the weak rand is making imports less competitive. We expect strong earnings from Sovereign over the next few years; earnings for which one is not paying very much at all at the current valuation. We have used the current market price to value this investment.*

   RAC owns 4,9% of KWV, an unlisted wine and spirits producer. KWV is priced at around a third of its book value – a book value which is slowly growing. Last year, KWV returned to marginal profitability, and if management can successfully add product and improve sales execution both locally and globally, it can earn substantially more. We don't know if this will happen, but we have a high regard for the management team – and if the prizes their products are winning are any indication, the odds favour success. KWV has been named as one of the World's Top 50 Most Admired Wine Brands for four years running – and is the only South African wine brand to attain this global accolade. Their brandies are regularly voted best in the world. Over the past year, we have continued to add to our holding. We have valued this investment at its over-the-counter trading price.

   We have a 5,6% investment in KLK Landbou, an unlisted farming co-op headquartered in Upington. Their main lines of business include meat processing, fuel sales and motor dealerships. It is a well-run business, and profitability has grown over the past few years. Two years ago RAC tendered an offer to purchase an influential stake in the business. Unfortunately, we only ended up with our current holding, and were not able to progress further. However, we are very happy with this passive minority investment, and look forward to further supporting the management team in their endeavours. We have valued this investment at its over-the-counter trading price.

Shareholders' letter

continued

6. *Our other long-term investments are a diverse group.*

   RAC owns 7% of Conduit Capital, a specialist insurance business. There have been some recent developments on the shareholder front, with the net result that the CEO, Jason Druian left the group. His position has been filled – in an acting capacity – by the previous CFO, Lourens Louw. Sean Riskowitz, a large shareholder, who led the changes backed by a majority of shareholders, has taken the position of Chief Investment Officer. Although Jason had done a good job of developing Conduit from a small investment company 6 years ago, Sean has more ambitious plans for the business. In short, he intends to place more emphasis on growing the insurance side of the business, and also on simplifying the investment operations. Sean has reconstituted the board, and filled many of the seats with people who have insurance expertise. We support him and his team in these endeavours.

   We own 5,5% of Excellerate Holdings, an unlisted industrial services company. Despite the tough economic environment, revenue grew by 16%, and net profits by almost 50%. This management team punches way above their weight, and we can't wait to see what they come up with over the next few years. Over the past year, our interest in the business has increased due to the company buying back 10% of its shares in issue.

   At year-end we also owned 1,3% of The American Home (TAH), a single family residential Real Estate Investment Trust ("REIT"), based in Atlanta, Georgia. Subsequent to year-end, TAH was sold to a listed REIT for an amount slightly in excess of our cost price. Given the travails of this business (well documented in last year's report) we are happy with this outcome. The one thing that our investment in TAH proved – as if it still needs proving – is that even if a business does less well than you anticipate, you can still earn a decent return if you pay a low enough price, and it is run by honest people. And those two we got right here.

   Just before year-end, RAC acquired 32,4m shares in Sentula on the open market, and added to this by buying another 76,6m just after year-end.

7. *Our held-for-sale investments have reduced even further over the past year.*

   We completely exited from some holdings where our investment was too small to make a difference, or for various reasons, we couldn't see an avenue open to acquire a meaningful stake. We prefer to focus our resources in places where we can make a difference. In some other cases we made mistakes in evaluating the economics of the business or the quality of management.

   As reported last year, when one exits from unwanted positions, it generally happens that the good ones go first, and the bad ones tend to linger for much longer than you would want them to. Much like those boring dinner guests you should never have invited – and never will again. We are still part owner of three companies in this category and, as is always the case, we ended up keeping the worst for last. Their valuations relative to cost show this clearly.

8. *During the year, RAC invested a net amount of R44m as some of our newer investments were funded from realisations of other assets. This left us with cash of R71m at year-end. Some of this cash is held to fund further investments in our existing assets, which means that we have now fully invested the original capital raised for RAC.*

   RAC adjusted Statement of Cash Flows

	2015 R	2014 R
Aggregate cash and cash equivalents at beginning of the year	**98 733 652**	152 150 888
Plus interest and dividends received	**34 149 015**	16 980 798
Less: Cash operating expenses	**(9 637 731)**	(8 841 721)
Less: Cash tax paid	**(7 650 927)**	(4 205 398)
Less: Cash applied to investments	**(44 273 050)**	(57 350 915)
Aggregate cash and cash equivalents at end of the year	**71 320 959**	98 733 652

   We are raising further capital for investment through a R150 million funding arrangement from ABSA, which is in the process of being concluded subsequent to year-end.

Shareholders' letter

continued

Due to the competitive environment in which our private businesses operate, the management teams of the businesses consider it unwise to disclose much financial information. We share their view. Over time, this situation should resolve itself, and we look forward to sharing more detailed financial information with you in future.

RAC is now fully invested for the first time since listing. A year ago, we pointed out that we were in a position where the heavy lifting would be done by our investee companies, which would be reflected in a higher growth rate of our NAV per share. This has turned out to be the case. We have no current plans to sell any of our existing businesses, except for the few remaining ones in our held-for-sale category. We look forward to doing everything we can to assist these businesses in compounding their success in the years to come.

In line with this, we firmly believe that the intrinsic value of RAC is increasing at a much faster pace than the accounting NAV, and have again added significantly to our personal holding of preference shares. In total, we acquired 800 000 preference shares, for a consideration of R10m. The three of us continue to own all the outstanding ordinary shares which represent a 10% economic interest in the business. We now own 6,2% of the preference shares. None of us have ever received free or discounted shares, and we have no share option scheme in place. Every share we own has been bought with our own money. We believe this is true skin in the game, and aligns us properly with our fellow shareholders

During the course of the year, we said good-bye to two of our non-executive directors, Gerrit "Boel" Pretorius and Vernon Davis. They contributed much to our Board discussions, and had some very good investment insights and ideas. For this we thank them. Given the unique structure of RAC, our non-executive directors really have to like what they do to take on the responsibility. In this regard we have no doubt our incoming non-executive directors, Trent Rossini and Zanele Matlala, are exceptionally well qualified.

Today, RAC finds itself in a good position, with a portfolio of attractive assets and available capital for further investments. As our first five years of existence has shown – finding good companies with good management at good prices is a patient but worthwhile endeavour.

In this regard, please bear in mind our investment strategy. If you are involved in any business that meets these criteria and that needs capital or a responsible owner with a long-term orientation, please give one of us a call. We can't promise you a deal, but we can promise you a quick answer.

SHAREHOLDERS' MEETING

We will hold our annual meeting for all shareholders, immediately following the conclusion of the annual general meeting. This meeting is scheduled to take place on 20 August 2015 at the Southern Sun hotel in Newlands, Cape Town, at 11:00. At this meeting, all three of us will be available to discuss our investment operations, and also to answer as many questions as you like. There is an invitation enclosed with this annual report, and we would appreciate it if you would let us know if you will be attending.

Piet Viljoen *Chairman*	**Theunis de Bruyn**	**Jan van Niekerk**

Cape Town
1 June 2015

Corporate governance

RAC continues to, and will always, be committed to the highest standards of corporate governance. RAC has no employees and all of its investment and operational functions are performed by RECM. For this reason there is no need for the Company to appoint a CEO. However, RECM does have an appointed CEO.

The Board of Directors supports the King III Report on Corporate Governance ("King III" or the "King Code"). Good corporate governance is an integral part of RAC's business (and investment) philosophy. The values espoused in this philosophy will govern the way in which RAC interacts with all its stakeholders and stresses the importance of good corporate citizenship, integrity, transparency and accountability. Accordingly, RAC aims to comply with the provisions and the spirit of the King Code to the extent that these are practical and appropriate. RAC has published a register on its website (www.racltd.co.za), which covers the principles of the King Code and provides a narrative statement as to how each principle has been applied or why and to what extent a particular principle has not been applied.

BOARD OF DIRECTORS

RAC has a unitary board. RAC has an Executive Chairman, Piet Viljoen. Despite the requirements of King III, the Board is of the view that he is best placed to lead the Company. Gerrit Pretorius served as Lead Independent Director until his resignation as a director of RAC on 20 October 2014. On 25 February 2015, Gerhard Swiegers, who currently serves as Chairman of the Audit and Risk Committee, was appointed as Lead Independent Director. Gerhard Swiegers will, *inter alia*, provide leadership to the Board should the Chairman have a conflict of interest.

As of 31 March 2015, the Board of RAC comprised six directors with an appropriate balance of executive and non-executive directors. The directors are individuals of the highest calibre and credibility, and have the necessary skills and experience to make a meaningful contribution to the business of the Company and there is a clear division of responsibilities between directors. There exists a clear balance of power and authority at Board level ensuring that no one director has unfettered powers of decision-making.

Ongoing education ensures that directors are kept informed of industry developments and international best practices. Upon appointment, the staff of RECM provide an introductory programme to all independent non-executive directors. The aim of the programme is to acquaint the directors with a detailed understanding of the roles, operations and regulatory framework in existence within RECM so that they may better understand the manner in which the investment portfolio of the Company is being managed.

The directors have a duty and responsibility to ensure that the principles set out in King III are observed as are practical and appropriate. The directors have a fiduciary duty to act in good faith, with due diligence and care and in the best interests of the Company and all stakeholders. The Board of Directors accepts these duties and responsibilities.

During the year under review three meetings were held.

Name of member	22 May 2014	23 Oct 2014	25 Feb 2015
Piet Viljoen *(Chairman)*	Present	Present	Present
Vernon Davis	Present	N/A	N/A
Theunis de Bruyn	Present	Present	Present
Jan van Niekerk	Present	Present	Present
Gerrit Pretorius	Present	N/A	N/A
Gerhard Swiegers	Present	Present	Present
Zanele Matlala	N/A	N/A	Present
Trent Rossini	N/A	N/A	Present

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

INTERNAL CONTROLS

Based on the results of the formal documented review of the internal controls in existence and system of risk management within RECM, including the design, implementation and effectiveness of the internal financial controls and considering information and explanations given by management of RECM and discussions with the external auditor on the results of the audit, assessed by the Audit and Risk Committee, nothing has come to the attention of the Board that caused it to believe that the Company's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

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

AUDIT AND RISK COMMITTEE

The Company has an Audit and Risk Committee comprising independent non-executive directors, Gerhard Swiegers *(Chairman)*, Zanele Matlala and Trent Rossini. Gerrit Pretorius and Vernon Davis served as members until they resigned as directors of the Company on 20 October 2014. A detailed report by the Audit and Risk Committee follows.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee currently comprises Piet Viljoen and Gerhard Swiegers. Gerrit Pretorius served as a member of the Committee until his resignation as a director of RAC. RAC has combined its Nomination Committee and Remuneration Committee into a single Committee given the simple structure of the Company's business. RAC has no employees, CEO or senior management to remunerate and has only independent directors that require remuneration. Further, RAC appoints skilled directors not requiring mentoring and training requirements are delegated to the Company Secretary or Executive Financial Director. The appointment of a single committee, and consequentially the composition of this committee, is not in line with the King III best practice recommendations, however the JSE has granted RAC exemption from the mandatory compliance with these King III principles, as set out in paragraph 3.84(d) of the JSE's Listings Requirements, as far as they relate to the appointment and composition of a Nomination Committee and a Remuneration Committee, respectively.

The Nomination and Remuneration Committee considers and recommends future appointments to the Board. Despite the fact that the Company has no employees, this Committee considers remuneration matters pertaining to independent non-executive directors. Independent non-executive directors are entitled to receive fees for their services as directors of the Board and for other services as disclosed.

SOCIAL AND ETHICS COMMITTEE

The Company has a Social and Ethics Committee comprising Trent Rossini, Piet Viljoen and Jan van Niekerk. Vernon Davis served as a member until his resignation as a director of the Company. The Committee met once during the period. The directors have considered their individual and collective ethical performance and are satisfied that they have acted in an appropriate manner in regard to the business of RAC. No independent assurance as to ethical performance has been undertaken and no independent opinion in this regard has been expressed. The Committee is satisfied that RAC considers the relevant social and ethical matters in its initial and ongoing evaluation of its investee companies. In the instances where RAC has control, RAC will further undertake to exercise oversight of the social and ethical matters as may be relevant to the activities of the controlled entity.

GOING CONCERN

After making due enquiries and considering future cash flow requirements, the directors expect that the Company has adequate resources to continue to operate for the foreseeable future. For this reason, the financial statements have been prepared on the going concern basis.

COMPANY SECRETARY AND PROFESSIONAL ADVICE

All directors have unlimited access to the services of the Company Secretary, who in turn has access to appropriate resources within RECM in the provision of this support. During the financial year, the Board assessed the performance of the Company Secretary and remains satisfied as to the experience and expertise of the Company Secretary. The Company Secretary is not a director and maintains an arm's length relationship with the Board of the Company.

All directors are also entitled to seek independent professional advice with regard to the affairs of the Company.

AUDITOR INDEPENDENCE

The financial statements have been audited by the independent auditors, Ernst & Young Inc.. The Board, supported by the Audit and Risk Committee, has no reason to believe that Ernst & Young Inc. has not at all times acted with unimpaired independence. During the current financial year the external auditors were remunerated as per Note 15 of the annual financial statements which details amounts paid to the external auditors for audit and non-audit services.

Corporate governance

continued

ANNUAL GENERAL MEETING

The agenda for the annual general meeting is set by the Company Secretary and communicated to all shareholders in the notice of the annual general meeting, which accompanies the Integrated Annual Report. Consequently, the notice of the annual general meeting is distributed well in advance of the meeting and affords all shareholders sufficient time to acquaint themselves with the effects of any proposed resolutions. Adequate time is also provided by the Chairman in the annual general meeting for the discussion of any proposed resolutions. The conduct of a poll to decide on any proposed resolutions is controlled by the Chairman at the meeting and takes account of the votes of all shareholders, whether present in person or by proxy.

In terms of the Memorandum of Incorporation of the Company, the preference shareholders are not entitled to be present at the meeting unless there are preference share dividends which remain unpaid for a period of six months or a resolution is proposed which directly affects the rights attached to the preference shares or the interests of the preference shareholders. As mentioned below, there is a Chairman's meeting for preference shareholders.

SUSTAINABILITY

RECM is the investment manager for the investment portfolio of the Company and adheres to the "Code for Responsible Investing in South Africa" (CRISA). RECM conducts its affairs against a decision-making framework that evaluates the significant and relevant aspects of an investment, before making a decision. These would include considering the risk of permanent capital loss by evaluating the legality of the affairs of the venture, including social and environmental aspects. The Board has satisfied itself that RECM adheres to the Code for Responsible Investing in South Africa.

RECM places great emphasis on transparent and comprehensive reporting – it forms the basis of their investment decisions. RECM recognises that good governance reduces the investment risk. RECM takes environmental sustainability and governance issues into account in establishing the fair value of an investee company on a case by case basis.

RECM communicates its views on sustainability with directors and management of the investee companies and re-enforces these views by voting on resolutions where possible. A record of voting is publicly available on their website (www.recm.co.za).

Due to the Company structure, the extent of sustainability reporting is limited to the above activities.

OTHER MATTERS OF INTEREST TO STAKEHOLDERS

The Company is run independently, with the Board establishing the Company policies, governance and risk management practices.

The Company does not make use of any information technology, but relies on the systems and resources of and utilised by RECM. While there is no specific governance relating to information technology, the Board does consider the risks related to the information technology utilised by RECM as a component of their overall review of RECM.

Other than the express support of the King Code, mentioned on page 10 and accounting standards mentioned in the notes, the Company does not subscribe to any other rules, codes or standards on a voluntary basis.

Dealings with preference shareholders are conducted, *inter alia,* by way of an annual Chairman's meeting during which shareholders are invited to interact with the executive directors on any other matter of relevance. Shareholders may also contact the Company at other times by various means as detailed at the back of this document or on the Company's website. The Company may not always be able to disclose the specific shares held in the investment portfolio of the Company as this may be prejudicial to the investment strategy being pursued by the Investment Manager.

Audited Annual Financial Statements

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

Directors' responsibilities and approval of the annual financial statements

for the year ended 31 March 2015

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements, the requirements of the Companies Act of South Africa, the framework, measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors are satisfied that the Company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Board of Directors is responsible for the financial affairs of the Company.

The external auditors are responsible for independently reviewing and reporting on the Company's annual financial statements. The annual financial statements have been examined by the Company's external auditors and their report is presented on page 18.

The annual financial statements set out on pages 20 to 42, which have been prepared on the going concern basis, were approved by the Board of Directors on 1 June 2015 and were signed on their behalf by:

Piet Viljoen
Executive Chairman

Jan van Niekerk
Executive Financial Director

Certificate by Company Secretary

The Company Secretary hereby certifies, in compliance with section 88(2)(e) of the Companies Act of South Africa, as amended, that all returns required have been lodged with the Companies and Intellectual Property Commission and that all such returns are true, correct and up to date.

G Simpson
Company Secretary

1 June 2015
Claremont

Report of the Audit and Risk Committee

for the year ended 31 March 2015

This report, in respect of the financial year ended 31 March 2015, is presented by the Company's Audit and Risk Committee appointed by the ordinary shareholders.

The Audit and Risk Committee is an independent statutory committee appointed by the ordinary shareholders. Further duties, other than statutory duties, are delegated to the Audit and Risk Committee by the Board of Directors of the Company. This report includes both these sets of duties and responsibilities.

1. AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

The Audit and Risk Committee has adopted formal terms of reference that were approved by the Board of Directors. The Committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein.

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

The Audit and Risk Committee is independent and consists of three independent, non-executive directors who are suitably skilled and experienced. The Committee is chaired by JG Swiegers who is a chartered accountant. It met on three occasions during the financial year. The Committee will meet at least three times per year in future as per its terms of reference.

Name of member	22 May 2014	14 Oct 2014	25 Feb 2015
Gerhard Swiegers *(Chairman)*	Present	Present	Present
Zanele Matlala	N/A	N/A	Present
Trent Rossini	N/A	N/A	Present
Vernon Davis	Present	Present	N/A
Gerrit Pretorius	Present	Present	N/A

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, Executive Directors, external auditor and executives of RECM attend meetings by invitation.

3. ROLE AND RESPONSIBILITIES

The Audit and Risk Committee's role and responsibilities include responsibilities assigned to it by the Board, as well as statutory duties per the Companies Act of South Africa.

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

4. EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

The Audit and Risk Committee has satisfied itself that the external auditor was independent of the Company, which includes consideration of previous appointments of the auditor, the extent of other work undertaken by the auditor for the Company and compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.

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

The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and audit fees for the 2015 year.

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

The Committee has nominated, for election at the annual general meeting, Ernst & Young Inc., as the external audit firm and MP Rapson as the designated auditor responsible for performing the functions of auditor, for the 2016 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.

Report of the Audit and Risk Committee

continued

for the year ended 31 March 2015

5. FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The Audit and Risk Committee has reviewed the accounting policies and the financial statements of the Company and is satisfied that they are appropriate and comply with International Financial Reporting Standards.

6. INTERNAL FINANCIAL CONTROLS

The Audit and Risk Committee has evaluated reports on the effectiveness of the Company's system of internal controls and risk management as performed by RECM. The Board Report on the effectiveness of the system of internal controls is included in the Directors' Responsibilities and Approval on page 14 of the Integrated Annual Report. The Audit and Risk Committee supports the opinion of the Board in this regard.

7. GOING CONCERN

The Audit and Risk Committee has reviewed a documented assessment, including key assumptions, prepared by RECM of the going concern status of the Company and has made recommendation to the Board in accordance. The Board's statement on the going concern status of the Company, as supported by the Audit and Risk Committee, is stated in the Directors' Responsibilities and Approval on page 14 of the Integrated Annual Report.

8. GOVERNANCE OF RISK

The Board has assigned oversight of the Company's risk management function to the Audit and Risk Committee. The Committee considered the risk management policy and plan as well as the risk management process as performed by RECM. Other than the risk of capital loss as it relates to the practice of investing, the Board has not identified any risks that may threaten the long-term sustainability of the Company. The Committee is satisfied that all of the major risks associated with an investment company have been identified and that all of the controls are in place to manage these risks.

9. INTERNAL AUDIT AND COMPLIANCE

The Audit and Risk Committee relies on RECM and its service providers to perform the internal audit function, albeit in different formats. Furthermore, the Committee oversees cooperation between RECM staff and external auditors, and serves as a link between the Board of Directors and these functions.

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

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

10. INTERNAL FINANCIAL AND ACCOUNTING CONTROL

The Audit and Risk Committee has satisfied itself that the Financial Director has appropriate expertise and experience.

The Audit and Risk Committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of RECM management responsible for the financial function.

Interim results and preliminary results are published after the September half-year and March full year-end.

The Committee is satisfied that it has complied with all its legal, regulatory and other responsibilities during the year under review.

Gerhard Swiegers
Chairman of the Audit and Risk Committee

1 June 2015

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

Report on the financial statements

We have audited the financial statements of RECM and Calibre Limited set out on pages 20 to 42, which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of RECM and Calibre Limited as at 31 March 2015, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 March 2015, we have read the Directors' Report, the Report of the Audit and Risk Committee and the Certificate by Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Ernst + Young Inc.

Ernst & Young Inc.

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

1 June 2015

Ernst & Young Inc.
35 Lower Long Street
Cape Town

Directors' report

for the year ended 31 March 2015

The directors submit their report for the year ended 31 March 2015.

1. REVIEW OF ACTIVITIES

Main business and operations

The Company is engaged in investing as principal and operates principally in South Africa.

The operating results and state of affairs of the Company are fully set out in the attached annual financial statements and do not in our opinion require any further comment. RAC has adopted NAV as its primary indicator of performance and accordingly trading statements are published based on the movement of RAC's NAV per share.

Net profit of the Company was R286 409 443 (2014: R23 151 200), after taxation of R17 317 153 (2014: R5 814 995).

2. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. EVENTS AFTER THE REPORTING PERIOD

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

4. DIRECTORS' SHAREHOLDING

Shareholding of directors, directly and indirectly as at 31 March 2015:

	Ordinary shares				Preference shares			
	2015 Number	**2015 %**	2014 Number	2014 %	**2015 Number**	**2015 %**	2014 Number	2014 %
Theunis de Bruyn	**1 250 001**	**25,00**	1 250 001	25,00	**1 147 700**	**2,55**	739 700	1,64
Piet Viljoen	**2 500 001**	**50,00**	2 500 001	50,00	**1 334 025**	**2,96**	954 725	2,12
Jan van Niekerk	**1 249 998**	**25,00**	1 249 998	25,00	**346 332**	**0,77**	313 678	0,70
Trent Rossini	**–**	**–**	–	–	**1 350 000**	**3,00**	1 250 000	2,78
Gerhard Swiegers	**–**	**–**	–	–	**80 000**	**0,17**	–	–
Total	**5 000 000**		5 000 000		**4 258 057**		3 258 103	

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

5. DIRECTORS' INTEREST IN CONTRACTS

Piet Viljoen and Jan van Niekerk are also 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

There were no changes in the authorised or issued share capital of the Company during the year under review.

7. DIVIDENDS

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

Statement of financial position

at 31 March 2015

	Notes	2015 R	2014 R
ASSETS			
Non-current assets		**883 595 786**	525 909 430
Investments	3	**714 253 898**	505 987 018
Loans and other receivables	6	**169 341 888**	19 922 412
Current assets		**74 418 456**	105 919 966
Investments	3	**67 971 006**	98 631 775
Loans and other receivables	6	**3 097 497**	7 186 314
Cash and cash equivalents	7	**3 349 953**	101 877
Total assets		**958 014 242**	631 829 396
EQUITY AND LIABILITIES			
Equity		**926 973 445**	615 948 075
Share capital – ordinary shareholders	8	**50 000 000**	50 000 000
Share capital – preference shareholders	8	**450 000 000**	450 000 000
Reserves		**79 950 251**	55 334 324
Retained income		**347 023 194**	60 613 751
Liabilities			
Non-current liabilities		**29 196 620**	12 424 971
Deferred tax	5	**29 196 620**	12 424 971
Current liabilities		**1 844 177**	3 456 350
Trade and other payables	9	**1 704 985**	1 861 639
Current tax payable		**139 192**	1 594 711
Total equity and liabilities		**958 014 242**	631 829 396
Net asset value			
Net asset value attributable to ordinary shareholders		**92 697 345**	61 594 807
Net asset value attributable to preference shareholders		**834 276 101**	554 353 268
Net asset value per ordinary share (cents)		**1 854**	1 232
Net asset value per preference share (cents)		**1 854**	1 232

Statement of comprehensive income

for the year ended 31 March 2015

	Notes	2015 R	2014 R
Revenue	11	**30 720 051**	19 234 657
Operating expenses	12	**(10 140 930)**	(8 943 652)
Operating profit		**20 579 121**	10 291 005
Other income	13	**17 149 208**	24 818 928
Fair value gains on subsidiaries and associates	17	**287 223 959**	–
Impairments recycled through profit and loss		**(21 225 692)**	(6 143 738)
Profit before taxation		**303 726 596**	28 966 195
Taxation	14	**(17 317 153)**	(5 814 995)
Profit for the year		**286 409 443**	23 151 200
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Net gain on available-for-sale financial instruments		**26 189 347**	20 106 627
Realised gain on sale of available-for-sale investments recycled to profit or loss		**(17 149 208)**	(24 818 928)
Impairment loss reclassified		**21 225 692**	6 143 738
Taxation related to components of other comprehensive income		**(5 649 904)**	(267 045)
Other comprehensive income for the year net of taxation	16	**24 615 927**	1 164 392
Total comprehensive income		**311 025 370**	24 315 592
Earnings and headline earnings per share			
Per share information (ordinary and preference)			Restated
Basic and diluted earnings per share (cents)	18	**573**	46
Basic and diluted headline earnings per share (cents)	18	**579**	16

Statement of changes in equity

for the year ended 31 March 2015

	Preference share capital R	Ordinary share capital R	Fair value adjustment assets available-for-sale reserve R	Retained income R	Total share-holders' equity R
Balance at 31 March 2013	450 000 000	50 000 000	54 169 932	37 462 551	591 632 483
Profit for the year	–	–	–	23 151 200	23 151 200
Other comprehensive income	–	–	1 164 392	–	1 164 392
Balance at 31 March 2014	450 000 000	50 000 000	55 334 324	60 613 751	615 948 075
Balance at 31 March 2014	**450 000 000**	**50 000 000**	**55 334 324**	**60 613 751**	**615 948 075**
Profit for the year	**–**	**–**	**–**	**286 409 443**	**286 409 443**
Other comprehensive income	**–**	**–**	**24 615 927**	**–**	**24 615 927**
Balance at 31 March 2015	**450 000 000**	**50 000 000**	**79 950 251**	**347 023 194**	**926 973 445**
Notes	8	8			

Statement of cash flows

for the year ended 31 March 2015

	Notes	2015 R	2014 R
Cash flows from operating activities			
Cash utilised in operations	19	**(9 637 731)**	(8 841 721)
Interest income		**13 125 860**	13 691 554
Dividends received		**21 023 155**	3 289 244
Tax paid	20	**(7 650 927)**	(4 205 398)
Net cash inflow from operating activities		**16 860 357**	3 933 679
Cash flows from investing activities			
Loans to investees		**(149 419 476)**	(19 922 412)
Purchase of other financial investments		**(81 758 828)**	(161 150 403)
Proceeds on disposal of financial investments		**217 566 023**	177 020 472
Net cash outflow from investing activities		**(13 612 281)**	(4 052 343)
Net movement in cash and cash equivalents		**3 248 076**	(118 664)
Cash and cash equivalents at beginning of the year		**101 877**	220 541
Cash and cash equivalents at the end of year		**3 349 953**	101 877

Notes to the annual financial statements

for the year ended 31 March 2015

1. ACCOUNTING POLICIES – PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act of South Africa and the Listings Requirements of the JSE Limited. The principal accounting policies applied in the preparation of the financial statements are set out below. They are presented in South African Rands.

These accounting policies have been applied consistently to all periods presented in these financial statements. 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. Refer to note 2.1.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Assessment as investment entity

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

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

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

Investment entities with interests in associates and joint ventures may elect to account for those investments at fair value provided they meet the criteria of IAS 28 and IAS 39. Such election must be applied consistently as a matter of accounting policy choice. The Company reports to its investors via annual and semi-annual results and to its management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the Company's annual reports.

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

Trade receivables and loans and receivables

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

Available-for-sale financial instruments

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

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price.

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

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

1.2 Financial instruments

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

Classification

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

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

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

Initial recognition and measurement

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

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

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

Notes to the annual financial statements

continued

for the year ended 31 March 2015

Subsequent measurement

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

Loans and receivables

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

Available-for-sale financial instruments

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

Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss and financial assets which meet the definition of subsidiaries or associates.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss.

Trade and other payables

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

Cash and cash equivalents

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

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

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

Fair value determination

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Impairment of financial assets

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

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

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

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

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

1.3 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Tax liabilities or assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

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

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

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

1.4 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Redeemable, participating, non-cumulative preference shares are classified as equity.

1.5 Revenue

Interest for all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale is recognised using the effective interest rate method.

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

1.6 Borrowing costs

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

2. NEW STANDARDS AND INTERPRETATIONS

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

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Impact
IAS 32 – Offsetting financial assets and financial liabilities	1 January 2014	No material impact.
Amendments to IFRS 10	1 January 2014	No material impact, as this standard was early adopted in the prior year.

2.2 Standards and interpretations not yet effective

The following new and revised IFRS statements, interpretations and amendments applicable to the Company have been issued but are not yet effective.

Standard/ Interpretation:	Effective date: Years beginning on or after	Impact
IFRS 9 – Financial Instruments	1 January 2018	Impact yet to be determined.
2013 Annual Improvements	1 July 2014	No material impact.
IFRS 15 – Revenue Standard	1 January 2017	No material impact.
IFRS 10, IFRS 12 and IAS 28 – amendments	1 January 2016	No material impact.

Notes to the annual financial statements

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for the year ended 31 March 2015

	2015 R	2014 R
3. INVESTMENTS		
Fair value hierarchy of financial assets		
Level 1		
Class 1 – Listed shares – Quoted – available-for-sale	**241 132 347**	139 546 424
Class 2 – Unlisted shares – Quoted – available-for-sale	**31 390 404**	33 393 135
	272 522 751	172 939 559
Level 2		
Class 3 – Unit trusts	**34 956 206**	275 624 310
Listed investments held by unit trust – available-for-sale	**–**	72 062 485
Cash held by unit trust – available-for-sale	**34 956 206**	203 561 825
Class 4 – Call accounts – available-for-sale	**33 014 800**	25 360 823
	67 971 006	300 985 133
Level 3		
Class 5 – Unlisted shares – Unquoted – available-for-sale	**70 999 261**	50 818 664 *
Class 5 – Unlisted shares – Unquoted – fair value through profit or loss	**370 731 886**	79 875 437 *
	441 731 147	130 694 101
Total financial assets at fair value	**782 224 904**	604 618 793
Non-current assets	**714 253 898**	505 987 018
Financial assets – available-for-sale	**343 522 012**	426 111 581
Financial assets – fair value through profit or loss	**370 731 886**	79 875 437
Current assets		
Financial assets – available-for-sale	**67 971 006**	98 631 775
Total investments	**782 224 904**	604 618 793
Management classifies cash as current and other investments as non-current.		
Level 3 reconciliation		
Opening balance	**130 694 101**	46 238 454
Purchases	**6 632 549**	79 875 437
Sales	**–**	–
Gains on investments recognised in other comprehensive income	**17 180 537**	4 580 210
Gains on investments recognised in profit and loss	**287 223 960**	–
Closing balance	**441 731 147**	130 694 101

* *In the prior year, investments to the value of R79 875 437 were incorrectly disclosed as part of available-for-sale investments. The prior period disclosure has been amended to correctly disclose the investments as at fair value through profit or loss. This had no effect on the statement of financial position or statement of comprehensive income as no fair value movements had been recognised due to the fact that the investments were purchased close to the end of the prior year.*

Level 1

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

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

Level 2

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

Class 4 available-for-sale financial assets are valued by taking the following market observable data into account and applying them to the holdings:

- credit spread of the institution at which the funds are held
- any difference in the interest rate earned and what is available in the market

Level 3

Class 5 unlisted unquoted shares are valued using a number of valuation techniques based on the following unobservable market data as relevant to each investment:

- Net profit of investee
- Equity and net debt of investee
- Return on capital
- Price/Earnings ratio
- Expected cash flows
- Earnings multiple

Notes to the annual financial statements

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for the year ended 31 March 2015

3. INVESTMENTS (continued)

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

2015

Description of significant unobservable inputs

	Valuation technique	Fair value Rm	Significant unobservable inputs	Range	Sensitivity
Retail: Safari and Outdoor; Fledge (excluding loans)	Multiples	170	EBITDA	4 – 8	A change in multiple up by 1 would result in an increase in fair value of approximately R24 million.
			Discount for lack of marketability and liquidity to listed entity	35% – 45%	A change in discount rate of 10% would result in a change in fair value of approximately R27 million. A 30% discount is currently being applied for lack of liquidity and marketability.
Excellerate	Last observable price	26,5	Delisted market price per share versus last observable price	115 cents – 220 cents	
			P/E Multiple, as check on last observable price	6 – 8,5	Using a multiple of 6 to 8,5 would result in a price of 222 to 314 cents per share, before applying a discount for liquidity.
			Discount for lack of marketability and liquidity on P/E Multiple as a check on last observable price		A change in discount rate of 10% would result in a change in fair value of approximately R4 million. A 30% discount is currently being applied for lack of liquidity.
RAC Investment Holdings	NAV	117	EBITDAR of substantial underlying investments in RAC Investment Holdings	5 – 7	A change in the EBITDAR multiple of the underlying investment by 1 would result in an increase or decrease in fair value of approximately R38 million.
Mining: West Coast resources; Dinoka	NAV	122	Valuation of mining rights	10%	A multi-period excess earnings method was used to calculate the mining rights in WCR. There are numerous unseen inputs into this calculation. A change in the value of the mining rights by 10% would result in a R14 million change in the NAV of RAC.
The American Home	Credit and time value of money discount	41	Discount due to the time value of money (5%) and the increased credit risk of a future dated receipt of redemption proceeds	20% – 30%	A change in discount rate of 10% would result in a change in fair value of approximately R1,5 million. A 30% discount is currently being applied.

There has been a change in the valuation technique used for valuing The American Home as we have entered into an agreement to sell the investment subsequent to year-end. It has been valued based on an assessment of credit risk as well as a time value of money discount for future proceeds receivable.

Notes to the annual financial statements

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for the year ended 31 March 2015

3. INVESTMENTS (continued)

2014

Description of significant unobservable inputs

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

Impairment losses

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

4. FINANCIAL ASSETS BY CATEGORY

The categorisation of financial assets is as follows:

	Amortised cost R	Loans and receivables R	Available-for-sale R	Financial assets at fair value through profit or loss R	Total R
2015					
Cash and cash equivalents	**3 349 953**	**–**	**–**	**–**	**3 349 953**
Investments	**–**	**–**	**411 493 018**	**370 731 886**	**782 224 904**
Loans and other receivables	**–**	**172 439 385**	**–**	**–**	**172 439 385**
	3 349 953	**172 439 385**	**411 493 018**	**370 731 886**	**958 014 242**
2014					
Cash and cash equivalents	101 877	–	–	–	101 877
Investments	–	–	524 743 356	79 875 437	604 618 793
Loans and other receivables	–	27 108 726	–	–	27 108 726
	101 877	27 108 726	524 743 356	79 875 437	631 829 396

Notes to the annual financial statements

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for the year ended 31 March 2015

		2015 R	2014 R
5.	**DEFERRED TAX**		
	Deferred tax liability	**29 196 620**	12 424 971
	Temporary difference on receivables and payables	**(71 312)**	968 409
	Temporary difference on fair value gains through profit and loss	**16 123 595**	–
	Temporary difference on available-for-sale instruments	**13 144 337**	11 456 562
	Reconciliation of deferred tax liability		
	At beginning of year	**12 424 971**	13 296 442
	Temporary difference on receivables and payables	**(1 039 721)**	(1 138 516)
	Temporary difference on fair value gains through profit and loss	**16 123 595**	–
	Temporary difference on available-for-sale instruments	**1 687 775**	267 045
		29 196 620	12 424 971
6.	**LOANS AND OTHER RECEIVABLES**		
	Interest receivable	**128 897**	4 011 570
	Dividends receivable	**2 963 844**	2 510 134
	Loans receivable	**169 341 888**	19 922 412
	Other receivable	**4 756**	664 610
		172 439 385	27 108 726
	Non-current	**169 341 888**	19 922 412
	Current	**3 097 497**	7 186 314
	Credit quality of loans and other receivables The loans to investees have been granted at either interest free or market-related interest rates and vary from no to set repayment terms, with no assets pledged as security against the loans.		
	The Investment Manager assesses investible institutions by using independent risk ratings and internal research to assess credit limits when providing loans. Investment funds are placed with these institutions on the basis of the credit limits so established.		
	Fair value of loans and other receivables		
	Loans and other receivables	**172 439 385**	27 108 726
	The carrying amount of loans and other receivables approximates its fair value. As of March 2015, no loans and other receivables were impaired, past due, or provided for.		
7.	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents consist of:		
	Bank balances	**3 349 953**	101 877
	Credit quality of cash at bank and short-term deposits, excluding cash on hand The credit quality of cash at bank and short-term deposits can be assessed by reference to external ratings (if available) or historical information about counterparty default rates.		
	Credit rating		
	F1+ (Fitch)	**3 349 953**	101 877

Notes to the annual financial statements

continued

for the year ended 31 March 2015

	2015 R	2014 R
8. SHARE CAPITAL		
Authorised		
5 000 000 ordinary shares of R0,01 each	**50 000**	50 000
200 000 000 non-cumulative redeemable participating preference shares of no par value (2014: 100 000 000 non-cumulative redeemable participating preference shares of no par value)	**–**	–
During the prior year, the authorised non-cumulative redeemable participating preference shares were converted into participating preference shares with no par value. At the same time, the authorised capital was increased from 100 000 000 shares to 200 000 000 shares.		
250 000 000 redeemable preference shares of no par value	**–**	–
The redeemable preference shares will have the rights and privileges, restrictions and conditions as determined by the Directors upon issue thereof, but which are intended to rank in priority to the participating preference shares, the perpetual preference shares and ordinary shares in respect of dividends and on winding up.		
1 500 000 000 perpetual preference shares of no par value The perpetual preference shares will have the rights and privileges, restrictions and conditions as determined by the Directors upon issue thereof, but which are intended to rank in priority to the participating preference shares and ordinary shares in respect of dividends and on winding up.	**–**	–
	50 000	50 000
Issued		
5 000 000 ordinary shares of R0,01 each	**50 000**	50 000
Share premium	**49 950 000**	49 950 000
	50 000 000	50 000 000
45 000 000 participating preference shares	**450 000 000**	450 000 000
	450 000 000	450 000 000

Notes to the annual financial statements

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for the year ended 31 March 2015

8. SHARE CAPITAL (continued)

As at 31 March 2015, five million ordinary shares were in issue. The beneficial interests as at 31 March 2015 are shown below. The Company also had 45 million preference shares in issue, shareholders with beneficial interests of 3% or greater are listed below:

Beneficial shareholder name	2015		2014	
Ordinary shares	**Number**	**%**	**Number**	**%**
Nicholas Viljoen Trust	**2 500 000**	**50,00**	2 500 000	50,00
PG Viljoen	**1**	**0,00**	1	0,00
Theunis de Bruyn Family Trust	**1 250 001**	**25,00**	1 250 001	25,00
TTOW Investments (Pty) Ltd (JC van Niekerk)	**1 249 998**	**25,00**	1 249 998	25,00
Preference shares	**Number**	**%**	**Number**	**%**
SBSA ITF Nedgroup Investment Managed Fund	**4 500 000**	**10,0**	4 500 000	10,0
Coronation Capital Plus Fund	**3 478 849**	**7,7**	3 524 680	7,8
SBSA ITF Nedgroup Investment Stable Fund	**2 582 303**	**5,7**	3 500 000	7,8
SBSA ITF RECM Global Flexible Fund	**2 508 394**	**5,6**	2 508 394	5,6
TNT Trust (T Rossini)	**1 350 000**	**3,0**	1 250 000	2,8
Allan Gray Equity Fund	**1 348 411**	**3,0**	–	–
Piet Viljoen	**1 334 025**	**3,0**	954 725	2,1
Corolife Absolute Portfolio Habsol	**1 229 169**	**2,7**	1 410 602	3,1
SBSA ITF Symmetry Inflation Plus Fund	**1 117 818**	**2,5**	2 577 655	5,7
SBSA ITF Standard Bank Group Retirement Fund	**136 000**	**0,3**	2 494 285	5,5

Public shareholders analysis

	2015		2014	
Security holders analysis	**Number**	**%**	**Number**	**%**
Ordinary shares				
Non-public	**4**	**100,00**	4	100,00
Preference shares				
Public	**697**	**97,8**	658	97,5
Non-public	**16**	**2,2**	17	2,5

	2015 R	2014 R
9. TRADE AND OTHER PAYABLES		
Trade payables	**873 259**	655 593
Audit fee payable	**568 182**	313 500
Directors' fee payable	**263 544**	892 546
	1 704 985	1 861 639

Trade and other payables are interest free and generally settled within 60 days.

	Financial liabilities at amortised cost R	Total R
10. FINANCIAL LIABILITIES BY CATEGORY		
2015		
Trade and other payables	**1 704 985**	**1 704 985**
	1 704 985	**1 704 985**
2014		
Trade and other payables	1 861 639	1 861 639
	1 861 639	1 861 639

	2015 R	2014 R
11. REVENUE		
Dividend revenue		
Unit trusts – local	**662 366**	1 192 492
Listed financial assets – local	**15 696 718**	1 834 604
Unlisted financial assets – local	**5 117 781**	2 772 282
Total dividend revenue	**21 476 865**	5 799 378
Interest revenue		
Bank	**2 427 378**	3 972 551
Financial assets	**6 815 808**	9 462 728
Total interest revenue	**9 243 186**	13 435 279
Total revenue	**30 720 051**	19 234 657
12. OPERATING EXPENSES		
Included in operating expenses are:		
• Payments to Regarding Capital Management (Pty) Ltd for:		
– Investment management fees	**7 594 266**	6 963 143
– Administrative and accounting fees	**684 000**	136 800
• JSE-related expenses	**115 106**	54 091
• Auditors' remuneration	**893 082**	445 603
13. OTHER INCOME		
Profit on sale of available-for-sale assets	**17 149 208**	24 818 928
	17 149 208	24 818 928

Notes to the annual financial statements

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for the year ended 31 March 2015

	2015 R	2014 R
14. TAXATION		
Major components of the tax expense		
Current		
Income tax – current period	5 876 571	6 953 511
Income tax – prior period	318 837	–
	6 195 408	6 953 511
Deferred		
Current period	11 121 745	(1 138 516)
	17 317 153	5 814 995
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense		
Accounting profit	303 726 596	28 966 195
Tax at the applicable tax rate of 28% (2014: 28%)	85 043 447	8 110 535
Tax effect of adjustments on taxable income		
Prior year underpayment	318 837	–
Tax rate differential for capital gains	(7 681 279)	(2 316 202)
Non-taxable income	(5 920 851)	(820 399)
Non-taxable fair value adjustments	(56 237 318)	–
Non-tax deductible expenses	1 794 317	841 061
	17 317 153	5 814 995
15. AUDITORS' REMUNERATION		
Fees for audit services	881 682	406 154
Current year	568 182	313 500
Prior year	313 500	92 654
Fees for non-audit services	11 400	39 449
	893 082	445 603

	Gross R	Tax R	Net R
16. OTHER COMPREHENSIVE INCOME			
2015			
Components of other comprehensive income			
Available-for-sale financial instrument adjustments			
Gains/(losses) arising during the year:			
Listed shares – Quoted	43 064 284	(8 038 666)	35 025 618
Unlisted shares – Quoted and unquoted	18 739 153	(3 497 975)	15 241 178
Unit Trusts	(31 537 606)	5 886 737	(25 650 869)
	30 265 831	(5 649 904)	24 615 927

Notes to the annual financial statements

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for the year ended 31 March 2015

	Gross R	Tax R	Net R
16. OTHER COMPREHENSIVE INCOME (continued)			
2014			
Components of other comprehensive income			
Available-for-sale financial instrument adjustments			
Gains/(losses) arising during the year:			
Listed shares – Quoted	8 233 086	(1 536 850)	6 696 236
Unlisted shares – Quoted and unquoted	7 754 235	(1 447 464)	6 306 771
Unit Trusts	(14 555 884)	2 717 269	(11 838 615)
	1 431 437	(267 045)	1 164 392
17. FAIR VALUE GAINS ON SUBSIDIARIES AND ASSOCIATES			
Gains arising during the year			
Unlisted shares – Subsidiaries	**117 030 617**	**–**	**117 030 617**
Unlisted shares – Associates	**170 193 342**	**(16 123 595)**	**154 069 747**
	287 223 959	**(16 123 595)**	**271 100 364**

Deferred tax has not been raised on the fair value gains on the subsidiary and some of the associates as the manner of expected recovery of these investments is unlikely to result in future tax consequences. The temporary differences not recognised amount to R200 847 560.

	2015 R	2014 R
18. EARNINGS AND HEADLINE EARNINGS PER SHARE		
Earnings and headline earnings per shares are based on the profit attributable to ordinary and preference shareholders in issue during the year.		
Number of shares in issue		
Ordinary shares	**5 000 000**	5 000 000
Preference shares	**45 000 000**	45 000 000
Earnings		
Net profit after tax	**286 409 443**	23 151 200
Adjusted to headline earnings as follows:		
Profit on asset disposal	**(17 149 208)**	(24 818 928)
Impairment	**21 225 692**	6 143 738
Tax adjustment	**(760 944)**	3 486 210
Headline earnings	**289 724 983**	7 962 220
		Restated
Basic and diluted earnings per ordinary and preference shares (cents)	**573**	46
Headline earnings per ordinary and preference shares (cents)	**579**	16

The prior year earnings per share figures were amended to include both preference and ordinary shares. In the prior year, earnings per share was calculated based on the number of ordinary shares of 5 000 000. Earnings per share should have been calculated on the total number of ordinary and preference shares (i.e. 50 000 000 million shares) as both classes of share have an equal right to participate in the residual interest and profits of the Company. As a result, the earnings per share for the year ended 31 March 2014 changed from 463 cents per share to 46 cents per share for basic and diluted earnings per share and from 159 cents per share to 16 cents per share for headline earnings per share.

Notes to the annual financial statements

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for the year ended 31 March 2015

		2015 R	2014 R
19.	**CASH USED IN OPERATIONS**		
	Profit before taxation	**303 726 596**	28 966 195
	Adjustments for:		
	Dividends received	**(21 476 865)**	(5 799 378)
	Interest received	**(9 243 186)**	(13 435 279)
	Impairment	**21 225 692**	6 143 738
	Unrealised gain on investments	**(287 223 959)**	–
	Realised gain on sale of investments	**(17 149 208)**	(24 818 928)
	Changes in working capital:		
	Trade and other receivables	**659 854**	(664 610)
	Trade and other payables	**(156 655)**	766 541
		(9 637 731)	(8 841 721)
20.	**TAX PAID**		
	Balance at the beginning of the year	**(1 594 711)**	1 153 402
	Current tax for the year recognised in profit	**(6 195 408)**	(6 953 511)
	Balance at the end of the year	**139 192**	1 594 711
		(7 650 927)	(4 205 398)

21. INVESTMENTS IN ASSOCIATES

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

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

During the year the Company purchased a 27,2% interest in West Coast Resources (Pty) Ltd ("WCR"). WCR is in the business of diamond mining and exploration.

Notes to the annual financial statements

continued

for the year ended 31 March 2015

22. RELATED PARTIES

Relationships

Shareholders with significant influence	Nicholas Viljoen Trust; Piet Viljoen; Theunis de Bruyn Family Trust; TTOW Investments (Pty) Ltd (JC van Niekerk)
Subsidiary	RECM Institutional Worldwide Flexible Fund (for a portion of the year) RAC Investment Holdings (Pty) Ltd
Associates	Safari and Outdoor Warehouse (Pty) Ltd Fledge Holdings (Pty) Ltd West Coast Resources (Pty) Ltd
Members of key management	Theunis de Bruyn; Jan van Niekerk; Piet Viljoen
Common directors	Regarding Capital Management (Pty) Ltd (Investment adviser) RECM Services (Pty) Ltd (Investment adviser) RAC Investment Holdings (Pty) Ltd

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

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

	2015 R	2014 R
Related party transactions		
Revenue received from related parties		
RECM Institutional Worldwide Flexible Fund		
– Dividends	**662 366**	1 192 492
– Interest	**3 341 937**	6 091 952
Fledge		
– Dividends	**4 066 200**	2 510 134 *
Safari and Outdoor		
– Interest	**1 619 615**	221 996 *
Asset management fee paid to related parties		
Regarding Capital Management Proprietary Limited	**3 797 133**	5 953 429 **
RECM Services (Pty) Ltd	**3 797 133**	1 009 714 **
Administrative fee paid to related parties		
Regarding Capital Management Proprietary Limited	**684 000**	136 800
Related party balances		
Amounts included in loans and receivables regarding related parties		
RECM Institutional Worldwide Flexible Fund	**–**	3 789 574
RAC Investment Holdings	**114 059 440**	–
Safari and Outdoor	**10 000 000**	10 221 996 *
Fledge	**12 886 256**	12 432 546 *
West Coast Resources (Pty) Ltd	**35 360 036**	–

* *Disclosure has been updated to include loans to related parties and dividends and interest received from related parties, which were not shown in the prior year.*

** *The asset management fee paid to related parties has also been updated for the prior year to show the split of the fee correctly between Regarding Capital Management (Pty) Ltd and RECM Services (Pty) Ltd. The entire fee was previously disclosed as being paid to Regarding Capital Management (Pty) Ltd.*

RAC directors with material interests in contracts entered into by RAC

Messrs PG Viljoen and JC van Niekerk, are directors of Regarding Capital Management Proprietary Limited, and RAC.

Notes to the annual financial statements

continued

for the year ended 31 March 2015

	2015 R	2014 R
23. DIRECTORS' EMOLUMENTS		
Non-executive directors		
Gerhard Swiegers	**182 022**	171 720
Trent Rossini	**40 450**	–
Zanele Matlala	**40 450**	–
Vernon Davis	**70 786**	114 480
Gerrit Pretorius	**70 786**	114 480

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

During the year under review Vernon Davis and Gerrit Pretorius resigned as directors on 20 October 2014. They were replaced by Trent Rossini and Zanele Matlala on 1 December 2014

24. RISK MANAGEMENT

Risk management objectives and policies

The Company's financial objective is to grow the net asset value per share at a high rate; bearing in mind the absolute necessity to ensure the Company's ability to operate as a going concern at all times. The manager of the Company's assets regards the risk of losing capital as the most important risk to manage. This risk is managed firstly through buying only into assets where the price paid is substantially less than the value received. A secondary, but equally important risk management tool is to focus on the underlying quality of the assets acquired.

The Board of RAC is required to consider and report on various risks in its financial reporting. The risk management function focuses on actively securing the Company's financial objectives by employing the services of a professional Investment Manager. The most significant financial risks to which the Company is exposed are described below. The Company does not engage in the trading of financial assets for speculative purposes. Its Memorandum of Incorporation also limits the amount of leverage it can employ.

Market risk

Market risk comprises three types of risk: Interest rate risk, foreign exchange risk and other price risk. The directors do not believe there is significant concentration risk.

A decrease or increase of 3% in the market price would have an estimated R8,2 million impact on the fair value of the portfolio. This movement would impact the statement of comprehensive income.

Equity price risk

The Company is subject to the risk of adverse movements in the market price of listed securities and unlisted quoted securities in which it has invested. This market risk is managed by the investment adviser by buying assets below their expected value. These investments are monitored on an ongoing basis by the investment adviser and periodically reported on to the Board of Directors. Significant investments are approved in advance by the Board.

Interest rate risk

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

At 31 March 2015 if interest rates had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been R46 422 (2014: R70 124) higher/lower.

Foreign exchange risk

The Company is able to operate internationally and foreign exchange risk arising from exposure to foreign currencies may arise from time to time. Due to the Company not having any foreign monetary financial instruments at year-end, no foreign exchange risk has been completed.

24. 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 manages liquidity risk through an ongoing review of foreseeable future commitments and ensuring that adequate cash balances are maintained at all times. The Company is very conservative in its approach to liquidity risk.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 60 days R	Over 60 days R
At 31 March 2015		
Trade and other payables	**1 704 985**	**–**
At 31 March 2014		
Trade and other payables	1 861 639	–

Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company in full. The Company is exposed to this risk primarily due to receivables from financial institutions or investee companies. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets not held at fair value recognised at the reporting date. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

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

25. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

26. SUBSEQUENT EVENTS

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

27. INVESTMENT IN UNCONSOLIDATED SUBSIDIARIES

The Company's subsidiary, RAC Investment Holdings is not consolidated due to the Company adopting the investment entity exemption (refer note 1). RAC Investment Holdings is an investment holding company, operating in South Africa.

The fair value of the subsidiary as at 31 March 2015 is R117 050 617.

Corporate information

RECM AND CALIBRE LIMITED
("RAC" or "the company")

COUNTRY OF INCORPORATION AND DOMICILE
South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES
Investments as principal activities

COMPANY REGISTRATION NUMBER
2009/012403/06

PREFERENCE SHARE CODE
RACP

ISIN
ZAE000145041

DIRECTORS
T de Bruyn
Z Matlala
T Rossini
JG Swiegers
JC van Niekerk
PG Viljoen

COMPANY SECRETARY
G Simpson

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

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

POSTAL ADDRESS
PO Box 45040
Claremont
7735

TELEPHONE NUMBER
(021) 657 3440

EMAIL ADDRESS
info@recm.co.za

WEBSITE
www.racltd.co.za

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

SPONSOR
Questco (Pty) Ltd
The Pivot
No 1 Montecasino Boulevard, Entrance D,
2nd Floor, Fourways, 2055
(PO Box 98956 Sloane Park, 2152)

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

BANKERS
The Standard Bank of South Africa Ltd
Park Vista Building
Cnr Hendrik Verwoerd & Embankment Street
Centurion
(PO Box 9633, Centurion, 0046)

ATTORNEYS
Cliffe Dekker Hofmeyr
11 Buitengracht Street
Cape Town, 8001, South Africa
(PO Box 695, Cape Town, 8000)

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

Notice of annual general meeting

RECM AND CALIBRE LIMITED

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

NOTICE IS HEREBY GIVEN that the annual general meeting of shareholders of RECM and Calibre Limited will be held at Southern Sun Newlands, 7 Main Road, Newlands, Cape Town on 20 August 2015, at 11:00 for the purposes of passing, if approved, the following resolutions with or without modification:

ORDINARY RESOLUTION NUMBER ONE

Approval of annual financial statements

"RESOLVED THAT the audited annual financial statements of the Company for the year ended 31 March 2015 be accepted and approved."

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

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

ORDINARY RESOLUTION NUMBER TWO

Reappointment of auditors

"RESOLVED TO appoint Ernst & Young Inc. as the Company's auditor, as nominated by the Company's Audit and Risk Committee and to note that the individual registered auditor who will undertake the audit during the financial year ending 31 March 2016 is Mr MP Rapson."

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

ORDINARY RESOLUTION NUMBER THREE

Election of director

"RESOLVED THAT Ms Z Matlala be elected as a director of the Company."

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

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

ORDINARY RESOLUTION NUMBER FOUR

Election of director

"RESOLVED THAT Mr T Rossini be elected as a director of the Company."

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

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

ORDINARY RESOLUTION NUMBER FIVE

Election of director

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

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

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

ORDINARY RESOLUTION NUMBER SIX

Election of Audit and Risk Committee member

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

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

ORDINARY RESOLUTION NUMBER SEVEN

Election of Audit and Risk Committee member

"RESOLVED TO elect Ms Z Matlala as a member of the Audit and Risk Committee."

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

ORDINARY RESOLUTION NUMBER EIGHT

Election of Audit and Risk Committee member

"RESOLVED TO elect Mr T Rossini as a member of the Audit and Risk Committee."

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

VOTING AND PROXIES

Voting

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

The voting record date, being the date to be recorded in the register to be eligible to speak and vote at the annual general meeting, is Friday 14 August 2015 and the last date to trade is Thursday, 6 August 2015.

Electronic participation

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

Notice of annual general meeting

continued

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, 2004 (PO Box 4844, Johannesburg, 2001) not later than 11:00 on Tuesday, 18 August 2015.

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

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

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

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

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

(2) A proxy appointment –

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

   (b) Remains valid for –

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The posting record date, being the date recorded in the register to be eligible to receive this notice of annual general meeting is Friday, 22 May 2015.

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

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

By Order of the Board

G Simpson
Company Secretary

Cape Town

1 June 2015

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

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

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:

Registered as such and who have not dematerialised their RAC ordinary shares; or 2. Hold dematerialised RAC ordinary shares in their "own name" at the RAC annual general meeting to be held at the Southern Sun Newlands, 7 Main Road, Newlands, Cape Town on Thursday, 20 August 2015 at 11:00.

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

I/We (please print name in full) ____________________

of (address) ____________________

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

1. ____________________ or failing him

2. ____________________ or failing him

3. the chairman of the annual general meeting as my/our proxy to act for me/us at the annual general meeting which will be held on Thursday, 20 August 2015 at 11:00 at the Southern Sun Newlands, 7 Main Road, Newlands, Cape Town for the purposes of considering and, if deemed fit, passing with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the company registered in my/our name(s) (see note 2).

	Number of votes (one per share)		
	In favour of	**Against**	**Abstain**
Ordinary resolution 1 Approval of the annual financial statements			
Ordinary resolution 2 To confirm the appointment of the auditors			
Ordinary resolution 3 To elect as director Z Matlala			
Ordinary resolution 4 To elect as director T Rossini			
Ordinary resolution 5 To elect as director JG Swiegers			
Ordinary resolution 6 To elect JG Swiegers as member of the Audit and Risk Committee			
Ordinary resolution 7 To elect Z Matlala as member of the Audit and Risk Committee			
Ordinary resolution 8 To elect T Rossini as member of the Audit and Risk Committee			

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

Signed at ____________________ on ____________________ 2015

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's Transfer Secretaries to be received by 11:00 on Tuesday, 18 August 2015.

Invitation to Shareholders' meeting

RECM AND CALIBRE

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

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

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

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

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

G Simpson
Company Secretary

NOTICE OF INTENTION TO BE PRESENT AT THE SHAREHOLDERS' MEETING

I, ______________________________ , being an ordinary/preference shareholder of RECM and Calibre Limited intend being present at the meeting to be held at the Southern Sun Newlands, 7 Main Road, Newlands, Cape Town on Thursday, 20 August 2015 at approximately 11:00.

Signed: ______________________________

Date: ______________________________

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

Email: ______________________________