

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")



## **RESULTS OF ANNUAL GENERAL MEETING AND CHAIRMAN'S COMMENTS**

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### **Annual General Meeting**

The Annual General Meeting ("AGM") of RAC ordinary shareholders was held on Thursday, 20 August 2015. The RAC ordinary shares are not listed on the JSE.

The following ordinary resolutions, as set out in the notice of AGM to ordinary shareholders posted 1 June 2015, were approved by 100% of the shares voted in person or by proxy, which represented 5 000 000 ordinary shares (100% of issued share capital):

- Approval of annual financial statements
- Reappointment of auditors
- Election of Ms Z Matlala as a director
- Election of Mr T Rossini as a director
- Election of Mr JG Swiegers as a director
- Election of Mr JG Swiegers as an Audit and Risk Committee member
- Election of Ms Z Matlala as an Audit and Risk Committee member
- Election of Mr T Rossini as an Audit and Risk Committee member

### **Director's meeting with preference shareholders**

At the Director's meeting with preference shareholders, which was held directly after the AGM, the following prepared comments were shared with attendees.

### **PORTFOLIO CHANGES SINCE YEAR END**

Just before and after year end RAC acquired 109mn shares in Sentula, a listed holding company with subsidiaries principally involved in the mining industry. These shares were subsequently exchanged for a 90% interest in an investment partnership. The principle of the partnership is Jacques Badenhorst, who has joined the board of Sentula. The partnership has since acquired further shares, and currently owns 115mn shares, being just less than 20% of Sentula.

RAC also acquired a 17% shareholding in College SA for a nominal amount. College SA is primarily involved in distance learning. Although the investment (and business) is quite small, we think it has a strong management team, is scalable, and will require more capital over time to grow.

We have made further (small) gains in whittling down the tail of our listed investments, and have added a small amount to our investment in KWV. We have received the first cash amounts from the realization of our American Homes investment.

After all the above transactions RAC now has cash of R87mn, up from R71mn at year end (being March 2015). Our R150mn facility with ABSA is almost finalized.

## **LATEST NET ASSET VALUE (“NAV”) PER SHARE (ORDINARY AND PREFERENCE)**

As at 31 July 2015, the NAV per share came to R18.49, marginally down from R18.54 at year end. The NAV per share has not been audited or reviewed. It should be noted that our unlisted investments (65% of the NAV) have not been revalued. We will do so at the time of the interim results.

Our valuation methodology is consciously conservative. Many of our businesses are growing rapidly, and therefore do not produce cash yet. Others have strong inherent optionality, which is path dependent. In both cases, it is hard to put a single number on the value with a high degree of confidence. The best defense against a volatile and unknown future is to own assets with a significant margin of safety built into their valuation.

We will provide our shareholders with more information as our businesses mature, and become more competitively entrenched. At that time, shareholders will better be able to make their own valuation judgments.

We continue to believe the accounting NAV significantly understates our intrinsic value, we just don't know by exactly how much.

## **BUSINESS UPDATES ON OUR SIGNIFICANT INVESTMENTS**

Transhex/West Coast Resources (c. 20% of NAV)

As Transhex is listed, we are precluded from making any comment. West Coast Resources will start mining operations towards the end of the year, as per the original mine plan. In the interim, results from treating recovery tailings dumps are significantly worse than expected.

Goldrush (c. 30% of NAV)

Goldrush continues to grow strongly, on the back of rolling out further LPM machines under existing licenses and the Bingo operation maturing, combined with further roll out of Bingo sites. Since year-end Goldrush has been awarded further LPM route licenses as well as further sports betting licenses. As one of the established operators in this industry, Goldrush continues its growth through acquisition of new licenses, building out new operations and growing profitability at existing operations.

Retail (c. 18% of NAV)

As stated in our annual financials, RAC owns a stake in Dischem, via an entity called Fledge Holdings. Dischem continues to expand and grow. Our other retail operation, Safari and Outdoor is also trading well.

## **GENERAL OBSERVATIONS**

Our bigger transactions have, on average, done better than our smaller ones.

Our private transactions have, on average, done better than our listed ones.

We believe this is evidence of:

Good acquisition prices. We are generally not part of an auction when acquiring the stake.

An ability to establish a good relationship with management. This results in us working together for the benefit of the company and produces good results. Incentive structures are also sensible.

Less noise surrounding business decisions. Markets' immediate reaction to news flow, as expressed in share price volatility, is of no consequence in guiding management endeavors.

These conclusions will tend to guide our future actions.

## **CASH REQUIREMENTS**

Although we have around R90mn available on the balance sheet, as well as the above-mentioned facility from ABSA, we are discussing a number of interesting transactions which might potentially utilize this cash.

We intend using debt for any further future acquisitions, unless we can present a transaction to our shareholders, which is so good that they would be willing to allow us to use our undervalued paper to fund it.

Our investment strategy remains to buy good businesses, with good management at good prices. If you are involved in any business that meets these criteria and that needs either capital or a responsible owner with a true long term orientation, please give us a call. We don't make many promises, but we promise not to waste your time.

Any forward looking statements contained in this announcement have not been reviewed nor reported on by the Company's auditors.

In the interest of sharing the information equally with all shareholders, this announcement is also published on SENS and on the RAC website [www.racltd.co.za](http://www.racltd.co.za).

20 August 2014  
Cape Town  
Sponsor  
Questco Proprietary Limited