

RECM AND CALIBRE LIMITED

Integrated Report 2012

Contents

	Page
Company profile	1
Board of directors	2
Chairman's report	3
Investment managers' report	6
Corporate governance	7
Board of directors	7
Ethical performance	8
Internal controls	8
Audit and Risk Committee	8
Nomination and Remuneration Committee	8
Going concern	8
Company secretary and professional advice	9
Auditor independence	9
Shareholding	9
Annual general meeting	10
Sustainability	10
Other matters of interest to stakeholders	10
Annual financial statements for the year ended 31 March 2012	11
Corporate information	39
Notice of the annual general meeting	40
Form of proxy	Attached
Invitation to Chairman's meeting with the shareholders	Attached
Notice of intention to be present at the Chairman's meeting with the shareholders	Attached

Company profile

RECM and Calibre Limited ("RAC") was founded in 2010 as a joint venture between Regarding Capital Management ("RCM") (a fund manager) and Calibre Capital (Pty) Ltd (a private equity firm). Both RCM and Calibre are controlled by the same principals, namely Theunis de Bruyn, Werner Stals and Piet Viljoen.

INVESTMENT OBJECTIVE

RAC will make long-term investments, with the objective of generating high real returns. This will be achieved through the acquisition of assets where size, liquidity, regulations or complexity act as a deterrent to most buyers. We aim to follow two strategies, one is to buy minority stakes in undervalued publicly-listed companies, and the other is to buy influential ownership stakes in private businesses and to partner with management to grow the value of the business.

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 can consist of a price far below intrinsic value; alternatively, it can reside in the high quality nature of the asset acquired. The quality of an asset is normally determined by significant barriers to entry, good management or both.

INVESTMENT UNIVERSE

RAC has a very broad investment universe. We can invest in any asset (public or private) in any geography (onshore or offshore). We believe a broad universe is a significant competitive edge. However, we will 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 non-cumulative redeemable preference shares. The ordinary shares are unlisted, while the preference shares are listed on the JSE Limited. The economic interests of the ordinary and preference shares are exactly the same, although only the ordinary shares have voting power (except in certain special situations, which are more fully explained in the pre-listing statement which is available on our website at www.racltd.co.za).

INVESTMENT MANAGEMENT

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

RCM thus performs:

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

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

Board of directors

Pieter Gerhardt VILJOEN (49)

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 on to Investec Asset Management in 1995. He founded Regarding Capital Management (Pty) Ltd in 2003 and is currently Executive Chairman.

Matthys Vernon Pedron DAVIS (63)

Independent Non-Executive Director

BSc, BEng, MEng

Appointed: 10 November 2010

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

Theunis DE BRUYN (44)

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.

Lonn POTGIETER (55)

Financial Director

BCom, Dip Acc, CA(SA)

Appointed: 2 March 2011

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

Gerrit PRETORIUS (64)

Independent Non-Executive Director

BSc, BEng, LLB, PMD

Appointed: 1 November 2009

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

Werner STALS (51)

Non-Executive Director
Australian

CA(SA)

Appointed: 24 June 2009

After qualifying as a chartered

accountant and completing his articles he joined Hill Samuel Merchant Bank in London as manager in International Banking. In 1990 he returned to South Africa and worked for Huysamer Stals, a full service stockbroker on the JSE. He later became CEO of ABN AMRO's South African operations. Since 2003 he has been involved with Regarding Capital Management (Pty) Ltd, RE:CM Holdings (Pty) Ltd, Calibre Capital (Pty) Ltd and CKS Equities (Pty) Ltd. Mr Stals moved to Sydney, Australia in early 2006 and is currently managing a financial advisory business in Sydney.

Johannes Gerhardus SWIEGERS (57)

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 the 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.

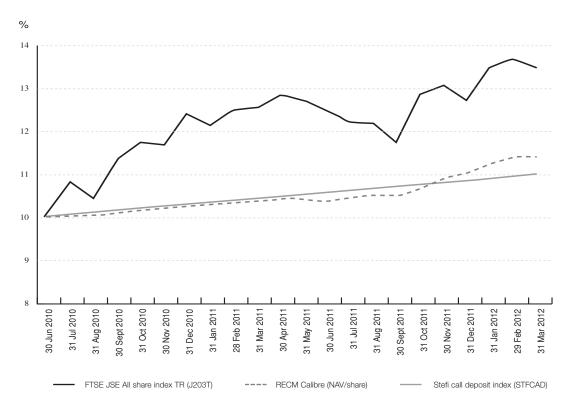
Chairman's report

Last year I reported that we were off to a slow start. At the end of our second year of doing business, nothing much has changed. We have only invested 28% of our capital with a further 17% potentially committed to a transaction. At this time last year we had invested around 10%. Despite this modest acceleration (and I use this word very lightly) in activity we still have a long way to go before we are fully invested. Many investors confuse a fully invested position with rigorous analysis, and frenetic transactional activity with due diligence. In our view, it is as a result of thorough due diligence and rigorous analysis that we are so much less "active" than the average investor. But our low levels of transactional activity hide a high level of research activity – we have examined many more investment opportunities than we currently own. Our current position attests to the fact that very few had the combination of managerial, business and valuation qualities that we look for.

At this point it might be worthwhile recapping RAC's purpose. In short, it is to generate high real returns, predominantly through buying full or part ownership of good businesses managed by honest people, at good prices. By "good price" we mean a price that compensates us for the risks of owning these businesses – because even good businesses face risks. Once we buy the shares of a company, we become part owners and share in these risks. No amount of financial modelling can reduce or negate these risks of ownership. Many investors who had utilised higher mathematical constructs such as "Value at Risk" as risk management tools are no longer around to tell their tales. Protection only comes in two forms: a price that is sufficiently lower than intrinsic value coupled with the ability to sit through the inevitable periods of weak business activity. The first form of protection (a low price) is generally only available when times are tough; currently market sentiment precludes this protection from being generally available. The second type of protection we jealously harbour through always holding enough cash on hand to enable us to endure tough times. Additionally, cash gives us the useful flexibility to buy when prices are low – and never to be in a position of being a forced seller.

In principle, the fewer decisions we make the fewer opportunities we will have to make mistakes. Therefore, if we can cut out all the "selling" decisions, we can cut out at least 50% of our potential sources of mistakes. We therefore intend to buy and hold most businesses, especially those which are unlisted. Unfortunately in the listed market, prices sometimes get so far ahead of themselves, that one has no choice but to sell. But even here, we aim to do as little as possible. All this of course means we have to buy very, very carefully. The price we pay will ultimately determine whether the investment is a success.

As you can see we aim to win by playing the best defence. This is how Chelsea won the European cup, and this is how RAC intends to compound its net asset value at high rates over time. So how have we done since we listed in May 2010? The chart below compares the progression of our net asset value per share with the total return from the JSE All Share Index as well as the return from cash.



Chairman's report continued

When we evaluate our performance, we look at the growth in net asset value per share over time. This is the one thing we have control of. We cannot control the market price of RAC. We can only take advantage of its mood swings. And we would encourage you to do the same, and not fall into the trap of joining in Mr Market's manic depressive oscillations. Since inception, our net asset value per share has underperformed the equity market, but with less volatility. This is not good enough, and we aim to do much better in future. We will keep reporting this metric to you over time. Importantly, our net asset value per share has done better than cash, in a much more tax effective way. And we have barely started our engines.

You will see from the investment managers' report that our NAV per share at year-end was R11,12. We calculate the intrinsic value of RAC to be over R12,00 per share. Of course, this is only our opinion based on our calculation of the intrinsic value of the companies we own, and is not a precise number by any stretch of the imagination. At year-end, Mr Market thought RAC was worth R9,65 per share. Now, we can complain about the unfairness of Mr Market's price until we are blue in the face; but that is the price. There is never any guarantee that life will be fair. All we can do is to work hard to compound the net asset value per share at high rates. Eventually this might be recognised by the market. In the meantime we would urge you to focus on intrinsic value as the basis for any transaction in RAC shares you may be considering.

In terms of what we have been doing over the past year, I can make the following broad observations:

- 1. We have increased the component of public (ie listed) equity from 8% to almost 27% of net asset value.
- 2. We have sold public holdings totalling 4% of net asset value, due to sharp increases in their share price to levels in line with our estimation of intrinsic value. Our average gain on these realisations was close to 40%.
- 3. We have maintained the component of private (ie unlisted) equity to almost 2% of net asset value.
- 4. The transaction, announced last year, of the funding of a portion of Trans Hex's acquisition of Namaqua mines from De Beers still has one condition precedent outstanding. We have no idea when, or if, this condition will be fulfilled. Until then, we remain in limbo.
- 5. We have evaluated obtaining an influential stake in more than ten different private companies over the last year; none have passed muster. We continue to be very active in evaluating potential private transactions.
- 6. We are currently evaluating a very promising offshore investment. We hope to have more news on this at the time of our interim reporting.

Our investment managers' report has more detail.

CHAIRMAN'S MEETING WITH SHAREHOLDERS

RAC has two classes of shares; ordinary and preference. Both have the same economic rights, but the ordinary shares are not listed and are held predominantly by RCM and also by Calibre Capital (Pty) Ltd (see page 9). These ordinary shares control the company, and have all the voting rights in the ordinary course of business. Preference shareholders, whose shares are listed, can only vote in two instances: firstly, if any declared dividends remain unpaid for six months or longer; or secondly, if any resolution is proposed that will affect their rights. This is more fully discussed in the Memorandum of Incorporation, which is available upon request. As there are no plans in this regard, only ordinary shareholders will be able to attend and vote at the annual general meeting. However, we plan to hold a Chairman's meeting for ordinary and preference shareholders, right after the conclusion of the annual general meeting (see page attached). At this meeting, the investment operations of RAC will be discussed, and there will be an opportunity for questions. We encourage all preference shareholders to attend this meeting. There is an invitation enclosed with this Integrated Report and we would appreciate it if you could let us know if you will be attending. Last year our boardroom was almost full; this year we might have to move to a bigger venue. If so, we will let all attendees know well in advance.

Chairman's report continued

PROSPECTS

As of the time of writing this report, global markets are digesting the potential fallout from a possible Greek exit from the EU. Greece is only a microcosm of a global problem – too much debt. In our opinion, markets are much too sanguine about how economies will cope with the very high debt levels they are carrying. As low interest rates distort pricing and authorities globally exert more control over capital (mainly in the form of a tighter bureaucratic and regulatory environment) we have no doubt that attractive buying opportunities will eventually develop. I hope to report increased commitment to the market and lower cash levels as this unfolds.

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

- 1. It must have at least three years' audited financial statements;
- 2. The business should be profitable;
- 3. The seller should have a price in mind; and
- 4. The sales process should not be an auction.

If your business fulfills these conditions, we would like nothing more than hearing from you. We can guarantee that you will receive an answer very quickly.

PG Viljoen

Executive Chairman

18 June 2012

Investment managers' report

RAC's net asset value per share (for both the unlisted ordinary and the listed preference shares) increased from R10,26 to R11,12 over the past year. This reflects the fact that the bulk of the company's assets were still in the form of cash and money market investments for most of the year. The book value of all RAC's equity investments stands at R123,3 million while the market value of these investments at year-end was R162,1 million. At 8,4% (after tax), the increase in net asset value per share compares respectably to that delivered by the major asset class indices in South Africa of 7,5% for equities (FTSE/JSE All Share), 13,1% for bonds (South Africa All Bond Index) and 5,3% for cash (Short-Term Fixed Income – SteFI – Call) over the same period.

At year-end, on a see-through basis, the asset allocation of RAC's investment portfolio was as follows:

	%
Equities – local listed and unlisted	28,3
Cash and money market deposits	71,7

Included in the cash and money market investments is a balance of R91,2 million earmarked for the funding of RAC's interest in the Namaqualand Mines transaction, on which we have commented before. If this balance were included as an equity investment, it would raise the percentage of the portfolio invested in equity to 44,6%.

As the percentages above suggest, we managed to deploy capital into a select number of attractive publicly traded equity opportunities during the year. As mentioned above, and in an effort to protect our investment opportunity set from competition, we generally refrain from disclosing details about our activities in publicly traded equities until such time as we have completed an ownership cycle (ie buy, hold and sell). But it is worth noting that many of the shares we own, and were researching as potential investments, experienced substantial share price increases during the last six months. This triggered a limited amount of selling activity in RAC's collective investment scheme investment, but we have not completed a full ownership cycle with any of the investments owned by RAC yet.

It is now more than a year since the bid of the Emerald Panther consortium (of which RAC is a member) for Namaqualand Mines was accepted. However, negotiations to finalise the exact terms of the investment continue. We will report progress in this matter when possible and appropriate.

At year-end, the publicly traded equities in RAC's portfolio were in aggregate priced at about 68% of our estimate of fair value. This compares to the 62% of fair value at which RAC's listed equities were trading a year ago. The table below shows some of the salient features of the aggregate portfolio

Enterprise value/Sales	0,4
Enterprise value/Operating profit	9,0
Price/Earnings	17,5
Price/Net asset value	0,6
Price/Tangible net asset value	0,8

A number of the holdings in the portfolio are currently experiencing cyclically depressed earnings, which results in fairly high earnings multiples. On our estimates of normal earnings, the shares in the portfolio are typically priced attractively – as indicated by our estimate of overall discount to fair value.

We continue to investigate potential investments, both publicly traded and private, but the pace at which we deploy capital into opportunities will always depend on the value we find: the more plentiful the value, the more rapid will our pace of capital deployment be. We are selective in committing capital, and continue to pass on many opportunities that are presented to us. We would like to be able to invest meaningful amounts of capital in the year to come, but there is no guarantee that this will be possible.

T de Bruyn Investment Manager W Hertzog
Investment Manager

Regarding Capital Management (Pty) Ltd

18 June 2012

Corporate governance

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

The board of directors supports the King III report on Corporate Governance ("King III" or the "King Code"). Good corporate governance is an integral part of RAC's business philosophy. The values espoused in this business philosophy will govern the way in which RAC interacts with all its stakeholders and stresses the importance of good corporate citizenship, integrity, transparency and accountability. Accordingly, RAC aims to comply with the provisions and the spirit of the King Code to the extent that these are practical and appropriate.

BOARD OF DIRECTORS

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

As of 31 March 2012, the board of RAC comprised seven directors with an appropriate balance of executive and non-executive directors, and the necessary calibre and credibility, skills and experience. There were no appointments or resignations during the current financial year.

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

The Nomination and Remuneration Committee comprises the Executive Chairman and an independent non-executive director. The Nominations and Remuneration Committee has been charged with the development of an appropriate policy for future appointments to the board. Despite the fact that the company has no employees, this committee considers remuneration matters pertaining to independent non-executive directors. Independent non-executive directors are entitled to receive fees for their services as directors of the board and for other services as disclosed.

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

During the year under review four meetings were held.

Name of member	22 June	9 November	27 February	15 March
	2011	2011	2012	2012
Mr PG Viljoen (Chairman)	Present	Present	Present	Present
Mr MVP Davis	-	Present	Present	Present
Mr T de Bruyn	Present	Present	Present	Present
Mr L Potgieter	Present	Present	Present	Present
Mr G Pretorius	Present	Present	Present	Present
Mr W Stals	-	Present	-	Present
Mr JG Swiegers	Present	Present	Present	Present

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

Corporate governance continued

ETHICAL PERFORMANCE

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.

INTERNAL CONTROLS

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

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

AUDIT AND RISK COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

This committee, comprising PG Viljoen and G Pretorius, met once prior to the end of the financial year. The committee has proposed the payment of directors' fees as follows:

	For 2013 year	For 2012 year
Non-executive director	R	R
MVP Davis	108 000	100 000
G Pretorius	108 000	100 000
JG Swiegers	162 000	100 000

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

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.

Corporate governance continued

COMPANY SECRETARY AND PROFESSIONAL ADVICE

All directors have unlimited access to the services of the Company Secretary, who in turn has access to appropriate resources within RCM in the provision of this support. All directors are also entitled to seek independent professional advice with regard to the affairs of the company.

AUDITOR INDEPENDENCE

The financial statements have been audited by the independent auditors, BDO South Africa Incorporated. The board, supported by the Audit and Risk Committee, has no reason to believe that BDO South Africa Incorporated has not at all times acted with unimpaired independence. During the current financial year the external auditors were remunerated as per Note 19 of the annual financial statements which details amounts paid to the external auditors for audit and non-audit services.

SHAREHOLDING

As of 31 March 2012 five million ordinary shares were in issue. Other than six ordinary shares held directly or indirectly in equal number by Messrs de Bruyn, Stals and Viljoen, the ordinary shares were equally held by Regarding Capital Management (Pty) Ltd and Calibre Capital (Pty) Ltd. The company also had 45 million preference shares in issue.

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

	2012	2012		
Ordinary shares	Number	%	Number	%
Regarding Capital Management (Pty) Ltd	2 499 997	49,9	2 499 997	49,9
Calibre Capital (Pty) Ltd	2 499 997	49,9	2 499 997	49,9
Preference shares	Number	%	Number	%
Stella Trust V	5 000 000	11,1	5 000 000	11,1
SBSA ITF Nedgroup Investment Managed Fund	4 500 000	10,0	4 500 000	10,0
SBSA ITF Nedgroup Investment Stable Fund	3 500 000	7,8	3 500 000	7,8
Coronation Capital Plus Fund	3 097 360	6,9	2 663 560	5,9
Corolife Absolute Portfolio Habsol	1 521 380	3,4	_	-
Coronation Real Return Focus Fund	-	-	1 385 800	3,1

Public shareholders analysis	2012		2011	
Security holders analysis	Number	Number %		%
Ordinary shares				
Public	_	_	_	-
Non-Public	8	100,0	8	100,0
Preference shares				
Public	422	77,1	446	77,1
Non-Public	9	22,9	9	22,9

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 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 on page 4, there is a Chairman's meeting for preference shareholders.

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

SUSTAINABILITY

RCM is the investment manager for the investment portfolio of the Company and adheres to the "Code for Responsible Investing in South Africa" (CRISA). RCM 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 RCM adheres to the Code for Responsible Investing in South Africa.

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

RCM communicates its views on sustainability with directors and management of the investee companies and reinforces 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

Despite the fact that the company is jointly owned by RCM and Calibre Capital (Pty) Ltd, 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 RCM. While there is no specific governance relating to information technology, the board does consider the risks related to the information technology utilised by RCM as a component of their overall review of RCM.

Other than the express support of the King Code, mentioned on page 7 and accounting standards mentioned in the notes, the company does not subscribe to any other rules, codes or standards on a voluntary basis.

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

Annual financial statements

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

	Page
Directors' responsibilities and approval	12
Certification by Company Secretary	13
Report of the Audit and Risk Committee	14
Directors' report	16
Report of the independent auditors	17
Statement of financial position	18
Statement of comprehensive income	19
Statement of changes in equity	20
Statement of cash flows	21
Notes to the annual financial statements	22

Directors' responsibilities and approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and the AC 500 standards issued by the Accounting Practices Board and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The directors have reviewed the company's cash flow forecast for the year to 31 March 2013 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The board of directors 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 17.

The annual financial statements set out on pages 18 to 38, which have been prepared on the going concern basis, were approved by the board of directors on 18 June 2012 and were signed on their behalf by:

PG Viljoen

Executive Chairman

L Potgieter
Financial Director

Certification by Company Secretary

The Company Secretary hereby certifies, in compliance with section 88(2)(e) of the Companies Act 2008, as amended, that all returns required have been lodged with the Registrar of Companies and that all such returns are true, correct and up to date.

0.00

Company Secretary

18 June 2012 Claremont

Report of the Audit and Risk Committee

This report, in respect of the financial year ended 31 March 2012, 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 Mr JG Swiegers who is a chartered accountant. It met on four occasions during the financial year. The committee will meet at least three times per year in future as per its terms of reference.

Composition of the committee and meetings attended during the year under review:

Name of member	19 April 2011	22 June 2011	9 November 2011	15 March 2012
Mr JG Swiegers (Chairman)	Present	Present	Present	Present
Mr MVP Davis	_	_	Present	Present
Mr G Pretorius	Present	Present	Present	Present

The effectiveness of the Audit and Risk Committee and its individual members are assessed on an annual basis.

The chairman of the board, finance director, external auditor and executives of the investment manager attend meetings by invitation.

3. ROLE AND RESPONSIBILITIES

The Audit and Risk Committee's role and responsibilities include responsibilities assigned to it by the board, as well as statutory duties per the Companies Act, 2008.

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

4. EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

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

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

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and audit fees for the 2012 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, BDO South Africa Incorporated, as the external audit firm and Mr CR Norris as the designated auditor responsible for performing the functions of auditor, for the 2013 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

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 RCM. The board report on the effectiveness of the system of internal controls is included elsewhere in the Integrated Report. The Audit and Risk Committee supports the opinion of the board in this regard.

7. GOING CONCERN

The Audit and Risk Committee has reviewed a documented assessment, including key assumptions, prepared by RCM of the going concern status of the company and has made recommendation to the board in accordance. The board's statement on the going concern status of the company, as supported by the Audit and Risk Committee, is stated elsewhere in the Integrated 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 RCM. Other than the risk of capital loss as it relates to the practise of investing, the board has not identified any risks that may threaten the long term sustainability of the company. The committee is satisfied that all of the major risks associated with an investment company have been identified and that all of the controls are in place to manage these risks.

9. INTERNAL AUDIT AND COMPLIANCE

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

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

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

10. INTERNAL FINANCIAL AND ACCOUNTING CONTROL

The Audit and Risk Committee has satisfied itself that the financial director, Mr L Potgieter, has appropriate expertise and experience.

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

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

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

JG Swiegers

Chairman of the Audit and Risk Committee

18 June 2012

Directors' report

The directors submit their report for the year ended 31 March 2012.

1. REVIEW OF ACTIVITIES

Main business and operations

The company is engaged in the activity of investments as principal and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net profit of the company was R13 554 522 (2011: R12 611 755), after taxation of R4 756 287 (2011: R5 053 413).

2. GOING CONCERN

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

3. EVENTS AFTER THE REPORTING PERIOD

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

4. DIRECTORS' SHAREHOLDING

Shareholding of directors, directly and indirectly:

	Ordinary shares	Preference shares
T de Bruyn	2	170 000
W Stals	2	50 500
PG Viljoen	2	522 495
L Potgieter	-	80 300

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

5. DIRECTORS' INTEREST IN CONTRACTS

The aforementioned directors are directors of Regarding Capital Management (Pty) Ltd. RECM and Calibre Limited has appointed Regarding Capital Management (Pty) Ltd to administer its affairs and to manage its investment portfolio as set out in the prospectus dated 14 May 2010.

6. AUTHORISED AND ISSUED SHARE CAPITAL

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.

Report of the independent auditors

To the shareholders of RECM and Calibre Limited

We have audited the annual financial statements of RECM and Calibre Limited set out on pages 18 to 38, which comprise the statement of financial position as at 31 March 2012, and the statement of comprehensive income, statement of changes in equity and statements 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 annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act 71 of 2008. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the 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 auditors' 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 auditors consider 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 the directors, 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 annual financial statements present fairly, in all material respects, the financial position of the company as of 31 March 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act 71 of 2008.

Other reports required by the Companies Act

As part of our audit of the annual financial statements for the year ended 31 March 2013, we have read the Directors' Report, the Report of the Audit and Risk Committee and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited annual 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 consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

BOO South of 100 Incorporated

BDO South Africa Incorporated

Registered Auditors

Per: WM Scholtz
Registered Auditor
Chartered Accountant (SA)

18 June 2012 Pretoria

Statement of financial position

as at 31 March 2012

	Note(s)	2012 R	2011 R
ASSETS	.,		
Non-current assets		288 052 283	219 875 090
Other financial assets	3	288 052 283	219 875 090
Current assets		277 392 960	295 609 693
Other financial assets Trade and other receivables Cash and cash equivalents	3 6 7	270 542 851 6 148 068 702 041	288 509 508 6 217 106 883 079
Total assets		565 445 243	515 484 783
EQUITY AND LIABILITIES Equity		106 213 198 55 621 320	63 127 871 51 312 787
Share capital Reserves Retained income	8 9 10	50 000 000 3 039 119 2 582 201	50 000 000 86 038 1 226 749
Preference shareholders' interest	11	50 591 878	11 815 084
Liabilities		459 232 045	452 356 912
Non-current liabilities		456 966 433	450 140 062
Deferred tax Other financial liabilities	5 12	6 966 433 450 000 000	140 062 450 000 000
Current liabilities		2 265 612	2 216 850
Trade and other payables Current tax payable	13	1 003 978 1 261 634	678 359 1 538 491
Total equity and liabilities		565 445 243	515 484 783

Statement of comprehensive income

		2012	2011
	Note(s)	R	R
Revenue	15	25 925 159	24 041 715
Operating expenses	16	(7 613 484)	(6 376 434)
Operating profit		18 311 675	17 665 281
Finance costs	17	(866)	(113)
Profit before taxation		18 310 809	17 665 168
Taxation	18	(4 756 287)	(5 053 413)
Profit for the year		13 554 522	12 611 755
Other comprehensive income:			
Available-for-sale financial instruments adjustment		36 357 085	1 000 446
Taxation related to components of other comprehensive income		(6 826 280)	(140 062)
Other comprehensive income for the year net of taxation	20	29 530 805	860 384
Total comprehensive income		43 085 327	13 472 139
Total comprehensive income attributable to:			
Ordinary shareholders		4 308 533	1 347 214
Preference shareholders		38 776 794	12 124 925
		43 085 327	13 472 139
Earnings and headline earnings per share and net asset value p	er share		
Per share information (ordinary and preference)			
Basic earnings per share (cents)	21	27,11	25,22
Net asset value per share (cents)	21	1 112,42	1 026,26

Statement of changes in equity

	Share capital R	Share premium R	Total share capital R	Fair value adjustment assets available- for-sale reserve R	Retained income R	Total equity R
Balance at 1 April 2010	70	-	70	-	(344 268)	(344 198)
Changes in equity Total comprehensive income for the year Issue of shares	- 49 930	- 49 950 000	- 49 999 930	860 384	12 611 755	13 472 139 49 999 930
Total changes	49 930	49 950 000	49 999 930	860 384	12 611 755	63 472 069
Balance at 1 April 2011	50 000	49 950 000	50 000 000	860 384	12 267 487	63 127 871
Changes in equity Total comprehensive income for the year	-	-	-	29 530 805	13 554 522	43 085 327
Balance at 31 March 2012	50 000	49 950 000	50 000 000	30 391 189	25 822 009	106 213 198
Note(s)	8	8	8	9; 20	10	

Statement of cash flows

		2012	2011
	Note(s)	R	R
Cash flows from operating activities			
Cash used in operations	22	(7 218 827)	(11 920 757)
Interest income		24 050 488	23 452 240
Dividends received		1 874 671	589 475
Finance costs		(866)	(113)
Tax paid	23	(5 033 144)	(3 514 922)
Net cash from operating activities		13 672 322	8 605 923
Cash flows from investing activities			
Additions to other financial investments		(13 853 360)	(507 384 152)
Net cash from investing activities		(13 853 360)	(507 384 152)
Cash flows from financing activities			
Proceeds on share issue		-	49 999 930
Proceeds from other financial liabilities		-	450 000 000
Proceeds from shareholders' loan		-	_
Repayment of shareholders' loan		-	(338 622)
Net cash from financing activities		-	499 661 308
Total cash movement for the year		(181 038)	883 079
Cash and cash equivalents at the beginning of the year		883 079	-
Total cash at the end of the year	7	702 041	883 079

Notes to the annual financial statements

for the year ended 31 March 2012

1. ACCOUNTING POLICIES - PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, the Companies Act 71 of 2008 and the Listings Requirements of the JSE Limited. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period. The adoption of the new accounting standards and amendments to IFRS only affected disclosure and had no impact on the results of either the current or prior year.

1.1 Financial instruments

Financial instruments disclosed in the financial statements include cash and cash equivalents, investments, short-term loans, trade and other receivables, financial liabilities and trade and other payables. Financial instruments are initially recognised at fair value, including transaction costs, when the company becomes party to the contractual terms of the instruments. The transaction costs relating to the acquisition of financial instruments held at fair value through profit and loss are included in the initial measurement of the instrument. Subsequent to initial recognition, these instruments are measured as follows:

Loans and receivables

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

Available-for-sale financial instruments

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

Trade and other payables

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

Cash and cash equivalents

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

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

Financial instruments (or part thereof) are derecognised when the company realises the rights to the benefits specified in the contract, the rights 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 instruments and proceeds receivable, as well as any prior adjustment to reflect their value that has been recognised in other comprehensive income, is included in the Statement of Comprehensive Income.

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

for the year ended 31 March 2012

Fair value estimation

Financial instruments that are measured at fair value in the Statement of Financial Position, are disclosed by level of the following fair value hierarchy:

- Level 1 Quoted prices in active markets for identical assets or liabilities. The fair value of Level 1 financial instruments traded in an organised financial market is measured at the applicable quoted prices.
- Level 2 Prices that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices). The fair value of Level 2 financial instruments traded in an organised financial market is measured at the applicable retail price which is typically available OTC. This typically relates to purchases not done through an exchange, for example purchase of units in a Collective Investment Scheme.
- Level 3 Prices for the assets or liabilities that are not based on observable market data. The fair value of the financial instruments (those not traded in an organised financial market) is determined using a variety of methods and assumptions are based on market conditions and risk existing at reporting date, including independent appraisals.

Fair values represents approximates of possible values, which may differ from the value that will finally be realised.

Impairment of financial instruments

At each reporting date the company assesses all financial instruments to determine whether there is objective evidence that a financial instruments or group of financial instruments 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 instruments, the cumulative loss, measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial instrument 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 instruments' 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 instruments at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

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

1.2 Tax

Current tax assets and liabilities

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

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

Notes to the

annual financial statements continued

for the year ended 31 March 2012

Deferred tax assets and liabilities

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

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 at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

Tax expenses

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

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

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

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

1.3 Share capital and equity

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

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

1.4 Revenue

Interest is recognised using the effective interest rate method.

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

1.5 Borrowing costs

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

2. ACCOUNTING POLICIES - NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

IAS 24 Related Party Disclosures (Revised)

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

In terms of the definition, the revision clarifies that joint ventures or associates of the same third party are related parties of each other.

for the year ended 31 March 2012

To this end, an associate includes its subsidiaries and a joint venture includes its subsidiaries.

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

The company has adopted the amendment for the first time in the 2012 financial statements.

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

2010 Annual Improvements Project: Amendments to IFRS 3 Business Combinations

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

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

The effective date of the amendment is for years beginning on or after 1 July 2010.

The company has adopted the amendment for the first time in the 2012 financial statements.

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

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

Additional clarification is provided on the requirements for risk disclosures

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

The company has adopted the amendment for the first time in the 2012 financial statements.

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

2010 Annual Improvements Project: Amendments to IAS 1 Presentation of Financial Statements

The amendment now requires that an entity must present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item.

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

The company has adopted the amendment for the first time in the 2012 financial statements.

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

2.2 Standards and interpretations not yet effective

IFRS 9 Financial Instruments

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

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the
 assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent
 payments of principal and interest only).

for the year ended 31 March 2012

All other financial assets are to be subsequently measured at fair value.

- For hybrid contracts, where the host contract is within the scope of IFRS 9, then the whole instrument is
 classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances,
 the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity
 changes its business model for the management of financial assets. In such circumstances, reclassification
 takes place prospectively from the beginning of the first reporting period after the date of change of the
 business model.
- Investments in equity instruments may be measured at fair value through other comprehensive income. When
 such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are
 not recycled to profit or loss on derecognition of the investment. The election may be made per individual
 investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost under any circumstances.

The effective date of the standard is for years beginning on or after 1 January 2015.

The company expects to adopt the standard for the first time in the 2015 financial statements.

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

IFRS 11 Joint arrangements, IAS 28 Investments in associates and joint ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers.

Joint control under IFRS 11 is defined as the contractually agreed sharing of control of an arrangement, which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control. The reference to "control" in "joint control" refers to the definition of "control" in IFRS 10.

IFRS 11 also changes the accounting for joint arrangements by moving from three categories under IAS 31 to the following two categories:

- Joint operation An arrangement in which the parties with joint control have rights to the assets and
 obligations for the liabilities relating to that arrangement. Joint operations are accounted for by showing the
 party's interest in the assets, liabilities, revenues and expenses, and/or its relative share of jointly controlled
 assets, liabilities, revenue and expenses, if any.
- Joint venture An arrangement in which the parties with joint control have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity accounting method. The option to account for joint ventures (as newly defined) using proportionate consolidation has been removed. Under this new classification, the structure of the joint arrangement is not the only factor considered when classifying the joint arrangement as either a joint operation or a joint venture, which is a change from IAS 31. Under IFRS 11, parties are required to considered whether a separate vehicle exists and, if so, the legal form of the separate vehicle, the contractual terms and conditions, and other facts and circumstances. In addition, IAS 28 was amended to include the application of the equity method to investments in joint ventures.

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

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

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

for the year ended 31 March 2012

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 applies to an entity that has an interest in subsidiaries, joint arrangements, associates and/or structured entities. Many of the disclosure requirements of IFRS 12 were previously included in IAS 27, IAS 31, and IAS 28, while others are new.

The objective of the new disclosure requirements is to help the users of financial statements understand the following:

- The effects of an entity's interests in other entities on its financial position, financial performance and cash flows
- The nature of, and the risks associated with, the entity's interest in other entities

Some of the more extensive qualitative and quantitative disclosures of IFRS 12 include:

- Summarised financial information for each of its subsidiaries that have non-controlling interests that are material to the reporting entity
- Significant judgements used by management in determining control, joint control and significant influence, and the type of joint arrangement (i.e. joint operation or joint venture), if applicable.
- Summarised financial information for each individually material joint venture and associate
- Nature of the risks associated with an entity's interests in unconsolidated structured entities, and changes to those risks.

The effective date of the standard is for years beginning on or after 1 January 2014.

The company expects to adopt the standard for the first time in the 2013 financial statements.

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

	31 March	31 Marcl
	2012	201
	R	F
OTHER FINANCIAL ASSETS		
Available-for-sale financial instruments		
Non-current assets	288 052 283	219 875 09
Listed shares – Quoted	34 373 878	7 304 56
Unlisted shares – Quoted	13 267 347	10 326 46
Unlisted shares - Unquoted	280 000	280 00
Unit trusts	240 131 058	201 964 05
Current assets	270 542 851	288 509 50
Money market funds	270 542 851	288 509 50
	558 595 134	508 384 59
Fair value hierarchy of available-for-sale financial instruments		
Level 1		
Class 1 - Listed shares - Quoted	34 373 878	7 304 56
Class 2 – Unlisted shares – Quoted	13 267 347	10 326 46
	47 641 225	17 631 03
Level 2		
Class 3 – Unit trusts	240 131 058	201 964 05
Class 4 – Money Market Funds	270 542 851	288 509 50
	510 673 909	490 473 56
Level 3		
Class 5 – Unlisted shares – Unquoted	280 000	280 00
	280 000	280 00
	558 595 134	508 384 59

for the year ended 31 March 2012

its fair value.

		Loans and receivables	Available- for-sale R	Total R
4.	FINANCIAL ASSETS BY CATEGORY			
	The accounting policies for financial instruments have been applied to the line items below:			
	2012			
	Cash and cash equivalents	-	702 041	702 041
	Other financial assets	-	558 595 134	558 595 134
	Trade and other receivables	6 148 068		6 148 068
		6 148 068	559 297 175	565 445 243
	2011			
	Cash and cash equivalents	_	883 079	883 079
	Other financial assets	_	508 384 598	508 384 598
	Trade and other receivables	6 217 106	_	6 217 106
		6 217 106	509 267 677	515 484 783
			31 March	31 March
			2012	2011
_			R	R
5.	DEFERRED TAX			
	Deferred tax liability			
	Recognised in other comprehensive income			
			6 966 433	140 062
	Reconciliation of deferred tax liability		6 966 433	140 062
	At beginning of year		140 062	
		stment		140 062 - 140 062
	At beginning of year	stment	140 062	
6.	At beginning of year	stment	140 062 6 826 371	140 062
6.	At beginning of year Temporary difference on available-for-sale instruments adjust	stment	140 062 6 826 371	140 062
6.	At beginning of year Temporary difference on available-for-sale instruments adjust TRADE AND OTHER RECEIVABLES	stment	140 062 6 826 371 6 966 433	140 062 140 062
6.	At beginning of year Temporary difference on available-for-sale instruments adjust TRADE AND OTHER RECEIVABLES Other receivables The carrying amount of trade and other receivables	988	140 062 6 826 371 6 966 433	140 062 140 062
6.	TRADE AND OTHER RECEIVABLES Other receivables The carrying amount of trade and other receivables approximates its fair value. Credit quality of trade and other receivables The investment manager assesses investible institutions by using independent risk ratings and internal research to assecredit limits. Investment funds are placed with these institutions	988	140 062 6 826 371 6 966 433	140 062 140 062

		31 March 2012 R	31 March 2011 R
7.	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents consist of: Bank balances	702 041	883 079
	Credit quality of cash at bank and short-term deposits, excluding cash on hand The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:		
	Credit rating F1+ (Fitch)	702 041	883 079
8.	SHARE CAPITAL		
	Authorised 5 000 000 ordinary shares of R0,01 each 100 000 000 non-cumulative redeemable participating	50 000	50 000
	preference shares of R0,01 each	1 000 000	1 000 000
		1 050 000	1 050 000
	Issued 5 000 000 Ordinary shares of R0,01 each Share premium	50 000 49 950 000	50 000 49 950 000
		50 000 000	50 000 000

		31 March 2012 R	31 Marcl 201 ⁻ F
	FAIR VALUE ADJUSTMENT INSTRUMENTS – AVAILABLE-FOR-SALE RESERVE		
;	The fair value adjustment instruments available-for-sale reserve comprises all fair value adjustments on available-for-sale financial instruments. When an asset or liability is derecognised, the fair value adjustment relating to that asset or liability is transferred to profit or loss.		
	The reserves are divided between the ordinary and preference shares according to Article 4.5.3.2 of the Memorandum of Incorporation of the company. On the occurrence of a redemption event, each preference shareholder shall be entitled to be paid, on the relevant redemption date, in redemption of the preference shares held by it in reference and in priority to the holders of all other classes of shares in the share capital of the company, as a redemption amount in respect of each preference share held by it, an amount equal to the designated percentage of all payments to be made to shareholders, whether in cash or in specie, divided by the number of preference shares in issue at the relevant date. The designated percentage means, at any relevant time, the percentage which all the preference shares in the aggregate constitute of the entire issued share capital of the company.		
	Each of the following events set out in Article 4.5 of the company's Memorandum of Incorporation constitutes a redemption event, namely:		
	 A final order of competent court is made for the winding-up (of the company ("the liquidation event"); 		
	 A resolution by the board of directors of the company to redeem the preference shares before the liquidation event (which the board of directors of the company shall be entitled to so resolve at any time after the preference shares issue date); 		
	 A resolution is passed by the ordinary shareholders or all the shareholders, for the voluntary winding-up of the company, and/or 		
	 A resolution is passed by the directors of the company, for the company to cease the conduct of its business. 		
F	Reserves attributable to the following classes of shareholders		
5	5 000 000 ordinary shares	3 039 119	86 03
4	5 000 000 redeemable, participating, non-cumulative preference shares	27 352 070	774 34
		30 391 189	860 38

	31 March 2012 R	31 March 2011 R
10. RETAINED INCOME		
The retained income is divided between the ordinary and preference shares according to Article 4.5.3.2 of the Memorandum of Incorporation of the company as explained in note 9.		
Retained income attributable to the following classes of shareholders 5 000 000 ordinary shares 45 000 000 redeemable, participating, non-cumulative preference shares	2 582 201 23 239 808	1 226 749 11 040 738
	25 822 009	12 267 487
11. PREFERENCE SHAREHOLDERS' INTEREST The reserves and retained income are divided between the ordinary and preference shares according to Article 4.5.3.2 of the Memorandum of Incorporation of the company. Refer to notes 8 and 9 for the various allocations.		
Reserve for the fair value adjustment of available-for sale instruments Retained earnings	27 352 070 23 239 808	774 346 11 040 738
	50 591 878	11 815 084
12. OTHER FINANCIAL LIABILITIES		
Held at amortised cost		
Non-current liabilities Other financial liabilities – Redeemable, participating, non-cumulative preference shares at amortised cost	450 000 000	450 000 000
The other financial liabilities consists of 45 000 000 redeemable, participating, non-cumulative preference shares of R0,01 each and a share premium of R9,99 each, which shares are listed on the Johannesburg Stock Exchange. These redeemable, participating, non-cumulative preference shares, share in the reserves and the retained income of the company.		
13. TRADE AND OTHER PAYABLES		
Trade payables Other payables	581 749 422 229	518 429 159 930
	1 003 978	678 359
The carrying amounts of trade and other payables approximate its fair value.		

	Financial liabilities at amortised cost R	Total R
14. FINANCIAL LIABILITIES BY CATEGORY		
2012		
Other financial liabilities Trade and other payables	450 000 000 1 003 978	450 000 000 1 003 978
	451 003 978	451 003 978
2011		
Other financial liabilities Trade and other payables	450 000 000 678 359	450 000 000 678 359
	450 678 359	450 678 359
	31 March 2012 R	31 March 2011 R
15. REVENUE		
Dividend revenue Unit trusts – local Listed financial assets – local Unlisted financial assets – local	1 284 842 246 440 343 389	177 049 412 426 –
Total dividend revenue	1 874 671	589 475
Interest revenue Bank Unit trusts	5 064 668 18 985 820	17 893 866 5 558 374
Total interest revenue	24 050 488	23 452 240
Total revenue	25 925 159	24 041 715
16. OPERATING EXPENSES		
Included in operating expenses are: Payments to Regarding Capital Management (Pty) Ltd for: Investment management fees Administrative and accounting fees Listing expenses JSE-related expenses Auditors' remuneration	6 167 335 136 800 - 199 919 280 145	4 840 535 114 000 886 430 112 615 118 276
17. FINANCE COSTS		
Bank	866	113

				31 March 2012 R		31 March 2011 R
18. TAXATION						
Major components of the tax expense						
Current Local income tax – current period			4	4 756 287		5 053 413
Reconciliation of the tax expense						
Reconciliation between accounting profit and ta Accounting profit	x expense		18	3 310 809	-	17 665 168
Tax at the applicable tax rate of 28% (2011: 28%)			;	5 127 027		4 946 247
Tax effect of adjustments on taxable income Non-taxable income Non-tax deductible expenses				(524 908) 154 168		(165 053) 272 219
			4	4 756 287		5 053 413
19. AUDITORS' REMUNERATION						
Fees for audit services				243 969		105 205
Current year Prior year				174 116 69 853		105 205 -
Fees for non-audit services				36 176		13 071
Current year Prior year				13 515 22 661		13 071 –
				280 145		118 276
	Gross R		Tax R	Change CGT ra		Net R
20. OTHER COMPREHENSIVE INCOME						
2012 Components of other comprehensive income Available-for-sale financial instrument adjustments Gains arising during the year:						
Listed shares – Quoted Unlisted shares – Quoted Unit Trusts	8 267 933 (408 137) 28 497 289	` 7	11 804) 76 109 4 174)	12 55 (9 50 (49 46)2)	6 738 683 (341 530) 23 133 652
	36 357 085	(6 77	9 869)	(46 41	1) 2	29 530 805
2011 Components of other comprehensive income						
Available-for-sale financial instrument adjustments						
Gains arising during the year: Listed shares – Quoted Unlisted shares – Quoted Unit Trusts	(269 112) 203 698 1 065 860	(2	37 676 28 518)		- - -	(231 436) 175 180
OHIL HUSES	1 000 446		19 220) 10 062)			916 640 860 384
	1 000 440	(12	10 002)			000 004

for the year ended 31 March 2012

	31 March 2012 R	31 March 2011 R
21. EARNINGS AND HEADLINE EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE		
Earnings and headline earnings per shares are based on the profit attributable to ordinary and preference shareholders in issue during the year. Earnings		
Net profit after tax	13 554 522	12 611 755
Net asset value Net asset value as at 31 March	556 213 198	513 127 871
Number of shares in issue Ordinary shares Preference shares	5 000 000 45 000 000	5 000 000 45 000 000
	50 000 000	50 000 000
Basic earnings per ordinary and preference share (cents) Net asset value per ordinary and preference share (cents)	27,11 1 112,42	25,22 1 026,26
22. CASH USED IN OPERATIONS		
Profit before taxation	18 310 809	17 665 168
Adjustments for: Dividends received Interest received Finance costs	(1 874 671) (24 050 488) 866	(589 475) (23 452 240) 113
Changes in working capital: Trade and other receivables Trade and other payables	69 038 325 619 (7 218 827)	(6 217 106) 672 783 (11 920 757)
	(1 210 021)	(11 020 101)
23. TAX PAID		
Balance at the beginning of the year Current tax for the year recognised in profit Balance at the end of the year	(1 538 491) (4 756 287) 1 261 634	- (5 053 413) 1 538 491
	(5 033 144)	(3 514 922)

for the year ended 31 March 2012

24	RFI	ATFD	PART	IFS

Relationships

Shareholder with significant influence Calibre Capital (Pty) Ltd

Regarding Capital Management (Pty) Ltd

Shareholder with joint control Calibre Capital (Pty) Ltd

Regarding Capital Management (Pty) Ltd

Members of key management T de Bruyn

L Potgieter PG Viljoen

	31 March	31 March
	2012	2011
	R	R
Related party balances		
Amounts included in trade payables, due to related parties		
Regarding Capital Management (Pty) Ltd	581 749	(513 520)
Related party transactions		
Asset management fee paid to related parties		
Regarding Capital Management (Pty) Ltd	6 167 335	4 840 535
Administrative fee paid to/(received from) related parties		
Regarding Capital Management (Pty) Ltd	136 800	114 000
RAC directors with material interests in contracts entered into by RAC		
Messrs PG Viljoen, T de Bruyn and L Potgieter, being directors of		
Regarding Capital Management (Pty) Ltd, have a material interest in the		
investment management agreement entered into between RAC and RCM		
for the management of the investment portfolio of RAC.		
DIRECTORS' EMOLUMENTS		
Non-executive director		
MVP Davis	100 000	40 000
G Pretorius	100 000	100 000
JG Swiegers	100 000	40 000

for the year ended 31 March 2012

26. RISK MANAGEMENT

Risk management objectives and policies

The company's financial objective is to grow the per share net asset value 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

The Company is subject to the risk of adverse movements in the market price of listed 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. The company has, at this stage, minimal exposure to interest rate risk associated with fluctuations in the market rates of financial instruments. This is due to the fact that it owns no long duration interest-bearing assets.

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	Over
	one year	one year
	R	R
At 31 March 2012		
Trade and other payables	1 003 978	_
Current tax payable	1 261 634	-
At 31 March 2011		
Trade and other payables	678 360	_
Current tax payable	1 538 491	-

for the year ended 31 March 2012

26. RISK MANAGEMENT continued

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. The company held no foreign denominated investments at year-end.

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 instruments 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 the above financial instruments are of good credit quality. No financial instruments are impaired or past due for each of the reporting dates under review.

Corporate information

RECM AND CALIBRE LIMITED

("RAC" or "the company")

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

Investments as principal activities

COMPANY REGISTRATION NUMBER

2009/012403/06

PREFERENCE SHARE CODE

RACP

ISIN

ZAE000145041

DIRECTORS

MVP Davis

T de Bruyn

L Potgieter

G Pretorius

W Stals

JG Swiegers

PG Viljoen

COMPANY SECRETARY

G Simpson

FINANCIAL STATEMENTS INTERNALLY COMPILED BY

MA Arbuthnot - Chartered Accountant (S.A.)

REGISTERED OFFICE AND BUSINESS ADDRESS

7th Floor, Claremont Central

8 Vineyard Road

Claremont

Cape Town, 7700

POSTAL ADDRESS

PO Box 45040

Claremont

7735

TELEPHONE NUMBER

(021) 657 3440

EMAIL ADDRESS

info@recm.co.za

WEBSITE

www.racltd.co.za

AUDITORS

BDO South Africa Incorporated

Registered Auditors

121 Boshoff Street

New Muckleneuk

Pretoria, 0181

(PO Box 1470, Pretoria, 0001)

SPONSOR

Deloitte & Touche Sponsor Services (Pty) Ltd

Building 6, The Woodlands

Woodlands Drive

Woodmead

Sandton, 2196

(Private Bag X6, Gallo Manor, 2052)

TRANSFER SECRETARIES

Link Market Services South Africa (Pty) Ltd

13th floor, Rennie House

19 Ameshoff Street

Braamfontein, 2001

(PO Box 4844, Johannesburg, 2000)

BANKERS

The Standard Bank of South Africa Limited

Park Vista Building

Cnr Hendrik Verwoerd & Embankment Street

Centurion

(PO Box 9633, Centurion, 0046)

ATTORNEYS

Edward Nathan Sonnenbergs Inc.

150 West Street

Sandton, 2196

(PO Box 783347, Sandton, 2146)

FINANCIAL SERVICE PROVIDER

Regarding Capital Management (Pty) Ltd

7th Floor, Claremont Central

8 Vineyard Road

Claremont

Cape Town, 7700

(PO Box 45040, Claremont, 7735)

Notice of 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 Regarding Capital Management (Pty) Ltd, 7th floor Claremont Central, 8 Vineyard Road, Claremont, Cape Town on Friday, 7 September 2012 at 12:00 for the purposes of passing, if approved, the following resolutions with or without modification:

SPECIAL RESOLUTION NUMBER ONE

Approval of directors' remuneration

"RESOLVED THAT independent non-executive directors' fees for services rendered as directors for the financial years 2012 and 2013 be determined as follows:

	Year ended	Year ended
	31 March	31 March
Type of fee	2013	2012
Board member	108 000	100 000
Chairman – Audit and		
Risk Committee	54 000	-"

Reason for and effect of this special resolution

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

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

ORDINARY RESOLUTION NUMBER ONE

Approval of annual financial statements

"RESOLVED THAT the audited annual financial statements of the Company for the year ended 31 March 2012 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.

ORDINARY RESOLUTION NUMBER TWO

Reappointment of auditors

"RESOLVED THAT the reappointment of BDO South Africa Incorporated as the Company's auditor, as nominated by the Company's Audit and Risk Committee, is approved and to note that the individual registered auditor who will undertake the audit during the financial year ending 31 March 2013 is Mr CR Norris."

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

ORDINARY RESOLUTION NUMBER THREE

Election of director

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

The brief CV is set out on page 2.

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 FOUR

Election of director

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

The brief CV is set out on page 2.

Notice of annual general meeting continued

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

ORDINARY RESOLUTION NUMBER FIVE

Election of Audit and Risk Committee chairman

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

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

ORDINARY RESOLUTION NUMBER SIX

Election of Audit and Risk Committee member

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

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

ORDINARY RESOLUTION NUMBER SEVEN

Election of Audit and Risk Committee member

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

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

ORDINARY RESOLUTION NUMBER EIGHT

Unissued shares

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

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.

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

VOTING AND PROXIES

Votina

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

The voting record date, being the date to be recorded in the register to be eligible to speak and vote at the annual general meeting, is Wednesday, 29 August 2012.

Electronic participation

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

Notice of

annual general meeting continued

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

Proxies

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

A form of proxy is attached for the convenience of certificated shareholders and "own name" dematerialised shareholders of the Company who are unable to attend the annual general meeting, but who wish to be represented thereat. In order to be valid, duly completed forms of proxy must be received by the Company's Transfer Secretaries, Link Market Services South Africa (Pty) Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) not later than 12:00 on Wednesday, 5 September 2012.

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 -
 - one year after the date on which it was signed;
 or
 - (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in sub-section (4) (c), or expires earlier as contemplated in sub-section (8) (d).

- (3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise
 - (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder:
 - (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
 - (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
- (4) Irrespective of the form of instrument used to appoint a proxy –
 - (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
 - (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
 - (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by
 - 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.

Notice of annual general meeting continued

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

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

The posting record date, being the date to be recorded in the register to be eligible to receive this notice of annual general meeting is Friday, 10 August 2012.

By Order of the Board

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G Simpson
Company Secretary

Cape Town
1 August 2012

Registered office:

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

Transfer secretaries:

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

Form of proxy





RECM and Calibre Limited

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

For use of ordinary shareholders who are:

- 1. Registered as such and who have not dematerialised their RAC ordinary shares; or
- 2. Hold dematerialised RAC ordinary shares in their own name

at the RAC annual general meeting to be held in the Boardroom of Regarding Capital Management (Pty) Ltd, 7th Floor, Claremont Central, 8 Vineyard Road, Claremont, Cape Town on Friday, 7 September 2012 at 12:00.

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

I/We (please print name in full)

series (produce productions)	
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 Friday, 7 September 2012 at 12:00 in the boardroom of Regarding Capital Management (Pty) Ltd, 7th Floor, Claremont Central, 8 Vineyard Road, Claremont, Cape Town for the purposes of considering and, if deemed fit, passing with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the company registered in my/our name(s) (see note 2).

	Number of votes (one per share)		
	In favour of	Against	Abstain
Special resolution 1 Approval of the independent non-executive directors' remuneration for the 2012 and 2013 financial years			
Ordinary resolution 1 Approval of the annual financial statements			
Ordinary resolution 2 To confirm the re-appointment of the auditors			
Ordinary resolution 3 To re-elect as director Mr G Pretorius			
Ordinary resolution 4 To re-elect as director Mr MVP Davis			
Ordinary resolution 5 To elect Mr JG Swiegers as chairman of the Audit and Risk Committee			
Ordinary resolution 6 To elect Mr MVP Davis as member of the Audit and Risk Committee			
Ordinary resolution 7 To elect Mr G Pretorius as member of the Audit and Risk Committee			
Ordinary resolution 8 To place the unissued ordinary shares under the control of the directors			

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

Signed at on 2012

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.
- A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company.
- 8. Where there are joint holders of any shares:
 - any one holder may sign this form of proxy;
 - the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of shareholders
 appear in the company's register of shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the
 exclusion of the vote(s) of the other joint shareholder(s).
- 9. Forms of proxy must be lodged with or posted to the Company Secretary to be received by 12:00 on Wednesday, 5 September 2012.

Invitation to

Chairman's meeting with the shareholders





RECM and Calibre Limited

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

All registered shareholders are cordially invited to attend the Chairman's meeting. The meeting will be held immediately following the formal annual general meeting at the premises of Regarding Capital Management (Pty) Ltd, 7th Floor Claremont Central, 8 Vineyard Road, Claremont.

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

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

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





NOTICE OF INTENTION TO BE PE SHAREHOLDERS	RESENT AT THE CHAIRMAN'S MEETING WITH THE
intend being present at the meeting to be held	, being an ordinary/preference shareholder of RECM and Calibre Limited in the Boardroom at Regarding Capital Management (Pty) Ltd, 7th Floor Cape Town on Friday, 7 September 2012 at approximately 12:00.
Signed:	
Date:	
Should you wish to receive documents electronic	cally, please insert your email address below:

