

**CPN - Capricorn Investment Holdings Limited - JSE Limited approval salient 28 Mar 2012**

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CAPRICORN INVESTMENT HOLDINGS LIMITED

(formerly Cenmag Holdings Limited)

(Registration Number 1987/004821/06)

("Capricorn" or "the Company")

Share code: CPN ISIN: ZAE000149951

**JSE LIMITED APPROVAL, SALIENT DATES AND REVISED PRO FORMA FINANCIAL EFFECTS**

The board of directors of Capricorn ("the Board") is pleased to announce that the circular ("the Circular") to shareholders detailing, inter alia, the reverse-listing of Western Utilities Corporation (Proprietary) Limited ("WUC") into Capricorn has been approved by the JSE Limited ("the JSE") and will be posted to Capricorn shareholders on Monday, 2 April 2012.

In addition to the proposed acquisition of WUC, the waiver for Watermark Global PLC ("Watermark"), vendor of WUC, of the requirement to make a mandatory offer to minority shareholders of Capricorn ("the Waiver") and the specific issue of shares, announced on SENS on 15 December 2011, and the change of control and the mandatory offer by Trinity Asset Management (Proprietary) Limited ("TAM") ("the TAM Mandatory Offer"), announced on SENS on 13 February 2012, the circular also contains the following:

- \* The conversion of the authorised and issued share capital of Capricorn to ordinary shares with no par value;
- \* The change in name of the Company from Capricorn to Mine Restoration Investments Limited ("Mine Restoration Investments"), subject to Capricorn shareholder approval; and
- \* The specific issue of up to 1 535 540 and 1 447 368 new no par value ordinary shares, ranking paripassu with the existing ordinary shares in issue, for cash to the sponsor and corporate advisor respectively in lieu of fees at an issue price of R0.19 per share.

## REVISED PRO FORMA FINANCIAL EFFECTS

Following the SENS announcement published on 7 February 2012, the Company provides shareholders with the revised and final pro forma financial effects as is detailed in the circular to shareholders to be posted on 2 April 2012.

The table below sets out the unaudited pro forma financial effects of the impact of the Acquisition of WUC ("the Acquisition"), on a "stand alone" basis and as well as the combined effect of the Acquisition and the issue of 210 526 316 new Capricorn ordinary shares at an issue price of 19 cents per share ("the Specific Share Issue"), including the shares that will be issued to the advisors in lieu of fees that forms part of the transaction costs that have been split between the Acquisition and the Specific Share Issue ("specific issue in lieu of fees") on Capricorn's basic earnings per share, headline earnings per share, net asset value per share and net tangible asset value per share.

The unaudited pro forma financial effects have been prepared to illustrate the impact of the Acquisition and the Specific Share Issue (including the specific issue in lieu of fees) on the unaudited financial information of Capricorn for the six months ended 31 August 2011, had the Acquisition and the Specific Share Issue (including the specific issue in lieu of fees) taken place on 1 March 2011 for statement of comprehensive income purposes and on 31 August 2011 for statement of financial position purposes.

The pro forma financial effects have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the audited, published financial statements of Capricorn for the year ended 28 February 2011. The unaudited pro forma financial effects set out below are the responsibility of Capricorn's board of directors and have been prepared for illustrative purposes only, and because of their nature may not fairly present the financial position, changes in equity, the results of operations or cash flows of Capricorn after the Acquisition and the Specific Share Issue (including the specific issue in lieu of fees).

The unaudited pro forma financial effects have been prepared in accordance with the JSE's Listings Requirements and the Guide on Pro Forma Financial Information issued by The South African Institute of Chartered Accountants.

Before	After the	After the	%
change	Acquisition	and the	
Acquisition	2,3	Specific	

			Share	
Issue 4,5				
Basic earnings per 0.07 share (cents)	(9.87)		(5.28)	(8043)
Headline earnings 0.05 per share (cents)	(2.51)		(1.34)	(2678)
Net asset value 9.48 per share (in cents)	(7.82)		4.40	(54)
Net tangible asset per share (in cents) 9.48	(27.48)		(6.12)	(165)
Total number of shares in issue	59 886 020	243 951 999	455 695 274	661
Weighted number of shares in issue	59 886 020	243 951 999	455 695 274	661

Notes:

1.) The basic earnings and headline earnings per share in the column labelled "Before" have been extracted, without adjustment, from the reviewed, published condensed results of Capricorn for the six months ended 31 August 2011. The net asset value and net tangible asset value per share in the column labelled "Before" have been extracted from the financial information presented in the reviewed, published condensed results of Capricorn for the six months ended 31 August 2011.

2.) The earnings and headline earnings per share in the "After the Acquisition" column assumes:

a) The consolidation of WUC's income and expenditure, as extracted from the reviewed results of WUC for the six months ended 30 June 2011, adjusted for:

- i.) The impairment of the intangible asset of R44 835 682, relating to the process technology which facilitates the treatment of acid mine drainage;
- ii.) The acquisition of the 51% interest in Octavovox (Proprietary) Limited ("Octavovox"), in accordance with the signed sale of shares agreement dated 15 December 2011:

- The financial information in respect of Octavovox for the six months ended 30 September 2011 has been obtained from the directors of Octavovox, who confirmed that Octavovox was inactive for the six month period ended 30 September 2011;
- Raising of the Anthracite Briquetting Project intangible asset of R47 958 960 (per the valuation performed by Mazars Corporate Finance (Proprietary) Limited ("Mazars"));
- Applying an amortisation charge of R2 158 153, net of tax, to the Anthracite Briquetting Project intangible asset; and
- Recognition of the gain on the bargain purchase of Octavovox of R16 610 530, measured as the excess of the fair-value of Octavovox's assets and liabilities over the purchase consideration of R1 000 000;

iii.) The acquisition of a 49% interest in WE Shelf Trading 270 (Proprietary) Limited (to be known as Prodiflex Coal) ("Prodiflex Coal"), as per the signed sale of shares agreement dated 15 December 2011, recognised at cost in terms of IAS 28: Investments in associates. The financial information for Prodiflex Coal was obtained from the directors of Prodiflex Coal, who confirmed that, as at the acquisition date, Prodiflex Coal was a shelf-company and was inactive for the six month period in question; and

iv.) The adjustments that have been made to account for the raising of the Anthracite Briquetting Project intangible asset, which has recently been independently valued by Mazars, set out in Annexure 13 to this Circular, would be considered misleading if the adjustments were not made;

b) Raising of the gain on bargain purchase of R10 267 276 in respect of the reverse-acquisition, measured as the excess of the fair-value of Capricorn's assets and liabilities over the consideration effectively transferred of R34 785 938 (calculated in respect of the equity-settled portion of the consideration plus the cash portion of the purchase consideration). This will not have a continuing effect on Capricorn's financial results;

- c) The payment of estimated transaction costs amounting to R1 610 126, which have been allocated to the Acquisition and expensed in terms of IFRS 3: Business Combinations. This will not have a continuing effect on Capricorn's financial results;
- d) The issue of 182 300 030 new Capricorn ordinary shares at 19 cents per share in part settlement of the purchase consideration to Watermark ; and
- e) The issue of 1 765 948 new Capricorn ordinary shares at 19 cents per share in part settlement of the fees due to the sponsor and corporate adviser, in respect of the Acquisition.

3. The net asset value and net tangible asset value per share in the "After the Acquisition" column assumes:

- a) The consolidation of WUC's income and expenditure, as extracted from the reviewed results of WUC for the six months ended 30 June 2011, adjusted for:
  - i) The impairment of the intangible asset of R44 835 682, relating to the process technology which facilitates the treatment of acid mine drainage;
  - ii) The acquisition of the 51% interest in Octavovox, per the signed sale of shares agreement dated 15 December 2011:
    - (i) The financial information in respect of Octavovox for the six-months ended 30 September 2011 has been obtained from the directors of Octavovox, who confirmed that Octavovox had no assets or liabilities as at 30 September 2011;
    - (ii) Raising of the Anthracite Briquetting Project intangible asset of R47 958 960 (per the valuation performed by Mazars, set out in Annexure 13 to this Circular);
    - (iii) Recognition of the gain on the bargain purchase of Octavovox of R16 610 530, measured as the excess of the fair-value of Octavovox's assets and liabilities over the purchase consideration of R1 000 000; and
    - (iv) Raising of the non-controlling interest in respect of the non-controlling shareholders' interest of the Anthracite Briquetting Project intangible asset

and the deferred tax liability in respect of the Anthracite Briquetting Project, amounting to R16 919 921;

- (v) The acquisition of the 49% interest in Prodiflex Coal, per the signed sale of shares agreement dated 15 December 2011, recognised at cost in terms of IAS 28: Investments in associates. The financial information for Prodiflex Coal was obtained from the directors of Prodiflex Coal, who confirmed that as at the acquisition date Prodiflex Coal was a shelf-company and was inactive for the six-month period;
- (vi) The adjustments have been made to account for the raising of the Anthracite Briquetting Project intangible asset, which has recently been independently valued by Mazars, which would be considered misleading if the adjustments were not made.

b) the Acquisition is a reverse-acquisition in terms of IFRS 3:

Business Combinations.

Accordingly, Capricorn is regarded as the legal parent and accounting acquiree and WUC is regarded as the legal subsidiary company and the accounting acquirer.

In accordance with this accounting treatment:

- i) The identifiable assets and liabilities of Capricorn have been measured at fair-value;
- ii) From a legal point of view Capricorn has obtained a 100% interest in WUC.

However, from an accounting point of view Watermark has obtained a 74.7% interest in Capricorn (because Capricorn is issuing 182 300 030 new Capricorn ordinary shares to Watermark in part-settlement of the purchase consideration relating to the Acquisition), with the remaining 25.3% interest in Capricorn being retained by Capricorn's shareholders. Because Watermark has, from an accounting perspective, obtained a 74.7% interest in, and gained control of, the legal acquirer, being Capricorn, it is necessary to calculate the fair-value of the consideration effectively transferred. The fair-value of the consideration effectively transferred is effectively the fair-value of Capricorn as an entity. If the business

combination had taken the form of WUC issuing additional ordinary shares to Capricorn's shareholders in exchange for their ordinary shares in Capricorn, WUC would have had to issue 34 new WUC ordinary shares  $((100/0.747)-100)$  to Capricorn's shareholders, for the ratio of ownership interest in the combined entity to remain the same. Watermark would then own 100 of the 134 issued shares in WUC, amounting to 74.7% of the combined entity. As a result, the fair-value of the consideration effectively transferred by WUC to Capricorn's shareholders is the fair-value of the 34 new WUC shares issued to Capricorn to give Capricorn shareholders a 25.3% interest in the combined entity.

However, the fair-value of the consideration effectively transferred is required to be based on the most reliable measure, and has been calculated using the quoted market price of Capricorn's shares of 19 cents per share, as this is considered to provide a more reliable basis for measuring the fair-value of the consideration effectively transferred than the estimated fair-value of WUC's shares and, therefore, the fair-value of the consideration effectively transferred (in respect of the portion of the purchase consideration settled through the issue of 182 300 030 Capricorn ordinary shares) is 59 886 020 Capricorn ordinary shares multiplied by 19 cents per Capricorn ordinary share;

- iii) Raising of the gain on the bargain purchase of R10 267 276 in respect of the reverse-acquisition, measured as the excess of the fair-value of Capricorn's assets and liabilities over the consideration effectively transferred of R34 785 938 (calculated in respect of the equity-settled portion of the consideration plus the cash portion of the purchase consideration); and
- iv) Elimination of the loan acquired by Capricorn.

c) Raising of a current liability in respect of the cash portion of the purchase consideration of R23 407 594;

d) Raising of a current liability in respect of transaction costs of R1 274 596, directly relating to the Acquisition;

e) The issue of 182 300 030 new Capricorn ordinary shares at 19 cents per share in part-settlement of the purchase consideration to Watermark; and

f) The issue of 1 765 948 new Capricorn ordinary shares at 19 cents per share in part-settlement

of the fees due to the sponsor and corporate adviser, in respect of the Acquisition.

4. The earnings and headline earnings per share in the "After the Acquisition and Specific Share Issue" column assumes:
  - a) The adjustments as set out in 2(a) to (e) above;
  - b) The issue of 210 526 316 new Capricorn ordinary shares at 19cents per share, in respect of the Specific Share Issue;
  - c) The issue of 1 216 960 new Capricorn ordinary shares at 19cents per share in part-settlement of the fees due to the sponsor and corporate adviser, in respect of the Specific Share Issue; and
  - d) No income benefit has been attributed to the cash received in respect of the Specific Share Issue, as the proceeds will be used for the Acquisition, the cash portion of the transaction costs and the remainder to fund working capital.
  
5. The net asset value and net tangible asset value per share in the "After the Acquisition and Specific Share Issue" column assumes:
  - a) The adjustments as set out in 3(a) to (f) above;
  - b) Payment of the cash-portion of R23 407 594 in respect of the Acquisition;
  - c) Payment of the transaction costs of R1 274 596, directly relating to the Acquisition and R878 356, directly relating to the Specific Share Issue;
  - d) The raising of R40 000 000 through the issue of 210 526 316 new Capricorn ordinary shares at 19 cents per share, in respect of the Specific Share Issue;
  - e) The issue of 1 216 960 new Capricorn ordinary shares at 19cents per share in part-settlement of the fees due to the sponsor and corporate adviser, in respect of the Specific Share Issue; and
  
6. The deduction from equity of the estimated transaction costs of R1109 579, directly attributable to the Specific Share Issue, accounted for in accordance with IAS 32: Financial Instruments.

The "After the Acquisition and Specific Share Issue" column is then measured as a percentage of the "Before" column.

SALIENT DATES AND TIMES



The following salient dates and times are contained in the Circular to be posted to shareholders of Capricorn on 2 April 2012:

#### TAM MANDATORY OFFER TIMETABLE 2012

Circular posted to shareholders on	Monday, 2 April
Opening date of the TAM Mandatory Offer to minority shareholders of Capricorn	Monday, 2 April
Last day to trade in order to be eligible to participate in the TAM Mandatory Offer	Friday, 11 May
Shares trade "ex" the TAM Mandatory Offer	Monday, 14 May
Closing date of the TAM Mandatory Offer to minority shareholders at 12h00	Friday, 18 May
Record date of the TAM Mandatory Offer	Friday, 18 May
Dematerialised shareholders will have their accounts at their CSDP or broker credited within six business days of receipt of acceptance by the transfer secretaries with the last payment being made on	Monday, 21 May
Cheques will be posted to certificated shareholders within six business days of receipt of acceptance by the transfer secretaries with the last payment being made on or about	Monday, 21 May
Results of the offer to be released on SENS on	Monday, 21 May
Results of the offer to be published in the Press	Tuesday, 22 May

#### SPECIFIC SHARE ISSUE TIMETABLE

Circular posted to shareholders on	Monday, 2 April
Opening date of the Specific Share Issue to	Monday, 2 April

existing Capricorn shareholders	
Specific Share Issue becomes unconditional	Monday, 30
April	
Finalisation data in relation to the Specific	Friday, 4 May
Share Issue announced on SENS by no later	
than	
Last date to trade shares in order to be	Friday, 11 May
eligible to subscribe for the Specific Share	
Issue	
Ex the entitlement to apply in terms of the	Monday, 14 May
Specific Share Issue	
Record date and closing date at 12h00 of the	Friday, 18 May
Specific Share Issue	
Dematerialised shareholders will have their	Monday, 21 May
accounts at their CSDP or broker updated on	
Refund cheques to be posted to certificated	Monday, 21 May
shareholders	
Date of issue and posting of new Mine	Monday, 4 June
Restoration Investments share certificates in	
terms of the Specific Share Issue to	
certificated shareholders on or about but not	
before	

#### REVERSE-LISTING AND GENERAL MEETING TIMETABLE

Circular posted to shareholders on	Monday, 2 April
Opening of period in which Capricorn	
shareholders can object to the proposed TRP	
dispensation to Watermark releasing them from	Monday, 2 April
the obligation to make a mandatory offer to	
all Capricorn shareholders	
Last day to trade in order to be eligible to	Friday, 13 April
vote at the general meeting	
Record date to vote at the general meeting	Friday, 20 April

Closing of period in which Capricorn shareholders can object to the proposed TRP dispensation to Watermark releasing them from the obligation to make a mandatory offer to all Capricorn shareholders	Monday, 23 April
Forms of proxy to be received by no later than 11h00 on April	Wednesday, 25
General meeting to be held at 11h00 on	Monday, 30 April
Results of the general meeting released on SENS on	Monday, 30 April
Results of the general meeting published in the press and special resolutions submitted to CIPC on	Tuesday, 1 May
Special resolutions, new authorised share capital and name change certificate expected to be registered by CIPC by no later than close of business on	Thursday, 17 May
Finalisation data in relation to the name change and conversion of shares to no par value shares announced on SENS by no later than	Friday, 18 May
Finalisation announcement in the press by no later than	Monday, 21 May
Last date to trade share in the old name Capricorn at a par value of R0.001 in order to be recorded as a shareholder by the record date on	Friday, 25 May
Listing of, and trading in, new Mine Restoration Investments ordinary shares ("Shares") with no par value under the new JSE Code MRI and ISIN ZAE000164562 on the Alternative Exchange	Monday, 28 May
Listing of new Mine Restoration Investments	

Shares with no par value in relation to the Specific Share Issue and the Acquisition on the JSE from the commencement of business on or about	Monday, 28 May
Record date for determining those shareholders whose shares will be subject to the change of name and conversion of share capital on	Friday, 1 June
Date of issue and posting of new Mine Restoration Investments share certificates to certificated shareholders, provided that the old share certificates have been lodged by 12h00 on the record date (share certificates received after this time will be posted within 5 business days of receipt) on or about	Monday, 4 June
Dematerialised shareholders will have their accounts at their CSDP or broker updated on	Monday, 4 June
Notes	

1. The abovementioned dates and times are South African dates and times and are subject to amendment. Any such amendment will be announced on SENS and in the press.
2. Should dematerialised shareholders of the Company wish to participate in the above corporate actions or attend or vote at the general meeting, they are required to advise their CSDP or broker by the cut-off time stipulated above or in accordance with their agreements with their CSDP or broker.
3. Share certificates in the name of Capricorn will not be able to be dematerialised or rematerialized after Friday, 25 May 2012.

CONDITIONS PRECEDENT

The WUC Acquisition is still subject to the following conditions precedent being fulfilled by no later than 31 May 2012 or such later date as the parties may agree as detailed below:

\* shareholder approval by Capricorn shareholders in general meeting, which shareholder approval will comprise approval of the various ordinary and special resolutions as detailed in the Notice of general meeting contained in the Circular;

\* approval by the Capricorn shareholders of the waiver of the mandatory offer required to be made by Watermark ("the Watermark Mandatory Offer");

\* the JSE approving the lifting of the suspension of the Capricorn listing and the successful transfer of the listing to the Alternative Exchange of the JSE;

\* regulatory approval, such as CIPC approval, where required;

\* the issue of a compliance certificate by the TRP with respect to the waiver of the Watermark Mandatory Offer as per Section 121 (b)(i) and Regulation 102 (13) of the Act;

\* the DBSA ("the DBSA") approving the sale of WUC to Capricorn in writing, which approval is outstanding at the last practicable date; and

\* WUC being released in writing unconditionally from all the subscription obligations as detailed in the circular to Capricorn shareholders.

For and on behalf of the board

28 March 2012

Johannesburg

Sponsor Corporate Advisor

Arca Moela Sponsors AfrAsia Corporate Finance

(Proprietary) Limited (Proprietary) Limited

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