

REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2007

Dear Shareholder

The Board has pleasure in reporting on the activities and financial results for the year under review.

NATURE OF ACTIVITIES

The Company is an investment holding company. Cash income is derived mainly from dividends and interest. The consolidated annual financial statements of the Company and its subsidiaries also incorporate the equity accounted attributable income of associated companies.

The Group's interests consist mainly of investments in tobacco products, banking and financial services, printing and packaging, motor components, medical services, mining, petroleum products, food, wine and spirits and various other trade mark products.

RESULTS

Year ended 31 March:	2007	2006
Headline earnings – Excluding non-recurring portion of BEE costs (R million)	6 853	5 464
– per share (cents)	1 445.4	1 130.9
– diluted (cents)	1 401.3	1 106.1
Headline earnings (R million)	6 853	5 084
– per share (cents)	1 445.4	1 052.3
– diluted (cents)	1 401.3	1 027.7
Earnings – net profit for the year (R million)	6 942	8 202
– per share (cents)	1 464.2	1 697.6
– diluted (cents)	1 418.5	1 671.3
Dividends (R million)*	2 102	3 735
– ordinary – per share (cents)	434.00	361.00
– special – per share (cents)		400.00

* A final dividend of 281 cents (2006: 228 cents) per share was declared after the year-end and was therefore not provided for in the annual financial statements. No STC is payable on these dividends.

INVESTMENTS

The most important changes during the year under review were as follows:

RAINBOW CHICKEN LIMITED (RAINBOW)

During March 2007 Remgro made an offer by way of a scheme of arrangement to acquire the entire issued share capital of Rainbow not already owned by Remgro. The initial offer was for a cash consideration of R16.00 per Rainbow share or 9 Remgro ordinary shares for every 100 shares held in Rainbow, or a combination of the aforementioned. On 5 June 2007 Rainbow shareholders voted against the scheme of arrangement.

An alternative offer, consisting of a cash consideration of R16.00 per Rainbow share or 8.1 Remgro ordinary shares for every 100 shares held in Rainbow, or a combination thereof, became effective on 6 June 2007. The last day to trade in order to participate in the alternative offer will be 22 June 2007.

Since 6 June 2007, to date hereof, Remgro has acquired 7 841 819 Rainbow shares in the open market at R16.00 per share for a total amount of R126.0 million.

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KAGISO TRUST INVESTMENTS (PTY) LIMITED (KTI) AND THE KAGISO INFRASTRUCTURE EMPOWERMENT FUND (KIEF)

Remgro entered into agreements with KTI and KIEF, in terms of which it committed funds amounting to R350 million to KIEF. The fund has a target size of R650 million and aims to invest in infrastructure projects, including roads, airports, power and telecommunication installations, railway systems, ports and water and social infrastructure. By 31 March 2007 R4.7 million of the R350 million committed was invested.

RMB HOLDINGS LIMITED (RMBH)

During the year under review, Remgro acquired a further 6 836 847 RMBH shares at an average price of R28.88 for a total amount of R197.5 million. On 31 March 2007, Remgro's interest in RMBH was 23.7% (2006: 23.1%).

BUSINESS PARTNERS LIMITED (BUSINESS PARTNERS)

During January 2007 Remgro acquired a further 7 070 699 Business Partners shares for a total amount of R42.2 million. On 31 March 2007, Remgro's interest in Business Partners was 21.3% (2006: 17.8%).

Due to the increase in shareholding, Business Partners was reclassified as an investment in an associated company with effect from 31 March 2007, while previously it was accounted for under "Investments – Other". During the year under review only dividend income from Business Partners amounting to R5.2 million was accounted for. As from 1 April 2007 Business Partners will be equity accounted according to the equity method.

GENCOR LIMITED (GENCOR)

On 14 March 2006, Gencor was placed under voluntary liquidation and a liquidation dividend of R0.20 per share was declared. During May 2006 Remgro received R7.6 million.

SAGE GROUP LIMITED (SAGE)

As previously reported, Remgro sold its 17.9% interest in Sage to Momentum Group Limited during the previous financial year for R114 million, or R1.75 per Sage share, comprising of an initial payment of R1.42 per share and a potential subsequent payment of up to R0.33 per share. The initial payment received in September 2005 amounted to R92 million.

During the year under review, Remgro received a further R6 million, or R0.09 per Sage share, as partial payment of the potential subsequent payment that was still subject to certain tax disputes being resolved.

On 8 June 2007 Remgro received R17 million, or R0.27 per Sage share, as final distribution following the successful resolution of the tax disputes referred to above.

MEDI-CLINIC CORPORATION LIMITED (MEDI-CLINIC)

During December 2006 Remgro acquired a further 140 000 Medi-Clinic shares for an amount of R3.3 million. On 31 March 2007, Remgro's interest in Medi-Clinic was 47.6% (2006: 48.0%).

REPURCHASE OF REMGRO SHARES

During the year under review, a wholly owned subsidiary company of Remgro acquired a further 7 174 384 Remgro ordinary shares at an average price of R143.71 for a total amount of R1 031.0 million. At 31 March 2007, 8 554 019 Remgro ordinary shares (1.9%) were held as treasury shares. No derivative transactions, which may have led to the repurchase of Remgro shares, were entered into during the year under review.

The Remgro Share Trust purchased 563 000 Remgro ordinary shares during the year under review at an average price of R132.68 for a total amount of R74.7 million, while 262 016 shares were delivered to participants against payment of the subscription price.

SUBSEQUENT TO THE YEAR-END

PG GROUP OF COMPANIES (PG)

Remgro has acquired, subject to certain conditions precedent, a 25% interest in PG for R700 million. The transaction is not expected to have a material impact on Remgro's profits in the short term.

PG is the largest automotive and building glass corporation in Africa with a successful history of more than 100 years. PG Glass and Shatterprufe are recognised as two of the strongest brand names in Southern Africa and are synonymous with automotive and building glass throughout the region. PG is also a major exporter of automotive glass to Europe and the United States of America. PG operates a wide spread of manufacturing, wholesale and retail operations in both the automotive and building markets. A new state-of-the-art float glass line (R800 million investment) that will increase capacity by 80% and make South Africa a net exporter of float glass, has been commissioned during April 2007. In addition, PG has recently invested significantly in its automotive manufacturing facilities. It is ideally positioned to participate in the ongoing growth of the building and automotive sectors.

TSB SUGAR HOLDINGS (PTY) LIMITED (TSB SUGAR)

On 31 January 2007 Tsb Sugar entered into an agreement to sell certain sugarcane farms in the Nkomazi region to land claimants in terms of a land reform transaction for an amount of R285 million. The effective date of the transaction is 1 April 2007.

The farms and biological agricultural assets will be rented from the new owners and a joint management company will be responsible for the management of each of the farms. Tsb Sugar and the new owners each has a 50% interest in the management companies.

CASH RESOURCES AND APPLICATION

The Company's cash resources at 31 March 2007 are as follows:

	Local R million	Offshore R million	Total R million
Per consolidated balance sheet	1 867	3 137	5 004
Less: Cash from other operating subsidiaries	(647)	–	(647)
Cash at the centre	1 220	3 137	4 357
Attributable share of R&R's cash	–	2 151	2 151
Available cash	1 220	5 288	6 508

The final ordinary dividend per share has been increased by 23.2% to 281 cents. Total ordinary dividends per share in respect of the financial year to 31 March 2007 have therefore increased by 20.2% from 361 cents to 434 cents.

The total distribution to shareholders in respect of the financial year is as follows:

	2007 R million	2006 R million
(Based on total issued shares at time of payment)		
Ordinary		
– Interim	741	694
– Final	1 361	1 104
	2 102	1 798
Special	–	1 937
Total	2 102	3 735

The Board is of the opinion that, after the above distribution to shareholders, the Group will have sufficient cash resources to pursue investment opportunities and to continue its share repurchase programme.

GROUP FINANCIAL REVIEW

COMPARISON WITH PRIOR YEAR

During the previous financial year various investee companies in the Group concluded black economic empowerment (BEE) transactions. The accounting treatment of these transactions resulted in non-recurring charges of R379.7 million against headline earnings for the year ended 31 March 2006. Due to the material effect that the accounting treatment of these transactions had on Remgro's results, headline earnings per share, and its year-on-year comparison, are also presented excluding the non-recurring portion of BEE costs.

Since 1 January 2006, Medi-Clinic is accounted for as an associated company, whilst previously it was consolidated. Certain income statement items are therefore not directly comparable with those of the previous financial year.

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BALANCE SHEET

The analysis of "Equity" and of "Source of headline earnings" below reflects the divisions into which the interests have been classified. Each division represents the main business sector of the investments classified under it. No adjustment has been made where companies are active mainly in one sector but also have interests in other sectors.

	2007		2006	
	R million	R per share	R million	R per share
<i>Equity employed</i>				
Attributable to equity holders	45 672	96.69	37 494	78.14
<i>Employment of equity</i>				
Tobacco interests	20 124	42.60	14 055	29.29
Financial services	8 593	18.19	7 105	14.81
Industrial interests	9 546	20.21	8 320	17.34
Mining interests	5 677	12.02	3 678	7.66
Corporate finance and other interests	1 732	3.67	4 336	9.04
	45 672	96.69	37 494	78.14

INCOME STATEMENT

	2007		2006	
	R million	%	R million	%
<i>Source of headline earnings</i>				
Tobacco interests	2 964	43	2 369	47
Financial services	1 529	22	1 147	22
Industrial interests	1 924	29	1 184	23
Mining interests	155	2	288	6
Corporate finance and other interests	281	4	96	2
	6 853	100	5 084	100

	2007	2006
	R million	R million
<i>Composition of headline earnings</i>		
Subsidiary companies and joint ventures	888	1 061
Profits	900	1 088
Losses	(12)	(27)
Associated companies	5 965	4 023
Profits	5 965	4 048
Losses	–	(25)
	6 853	5 084

COMPANY NET PROFIT AND APPROPRIATION

	2007	2006
	R million	R million
The Company's own distributable reserves at the beginning of the year amounted to	2 779	7 986
Net profit for the year	3 356	4 188
Shares cancelled	–	(4 535)
Dividend No 12 of 228.00c per share paid in August 2006 (August 2005: 198.00c)	(1 104)	(1 034)
Special dividend of 400.00c per share paid in August 2006 (August 2005: 600.00c)	(1 937)	(3 132)
Dividend No 13 of 153.00c per share paid in January 2007 (January 2006: 133.00c)	(741)	(694)
The Company's own distributable reserves carried forward to the following year amounted to	2 353	2 779

SHARE SCHEME

During the year the trustees of the Remgro Share Scheme offered ordinary shares to participants as follows:

Date	Offer price (Rand)	Number of shares offered	Number of shares accepted as at 31 March 2007
02/05/2006	132.60	562	562
02/06/2006	133.00	323	323
26/06/2006	135.00	563 227	563 227
03/07/2006	135.01	4 279	4 279
15/08/2006	137.80	1 308	1 308
		569 699	569 699

The current position of the Remgro Share Scheme is as follows:

	Average offer price (Rand)	Number of shares
Ordinary shares due to participants		
Previous financial year	59.24	3 093 691
Offered and accepted in current financial year	135.02	569 699
Shares paid for and delivered	49.52	(262 016)
Resignations and other		(4 380)
Total at 31 March 2007	72.65	3 396 994

Refer to note 26 to the annual financial statements for full details on the Remgro Share Scheme.

PRINCIPAL SHAREHOLDER

Rembrandt Trust (Pty) Limited (Rembrandt Trust) holds all the issued unlisted B ordinary shares of the Company and is entitled to 44.84% (2006: 44.42%) of the total votes.

An analysis of the shareholders appears on pages 103 and 104.

SUBSIDIARY COMPANIES AND INVESTMENTS

Particulars of subsidiary companies, associated companies and other investments are disclosed in Annexures A and B.

DIRECTORS

The names of the directors appear on pages 10 and 11.

In terms of the provision of the Articles of Association, Messrs P E Beyers, W E Bührmann, P K Harris, J Malherbe, M M Morobe, D Prins, M H Visser and Miss M Ramos retire from the Board by rotation. These directors are eligible and offer themselves for re-election.

Mr J F Mouton retired as a director on 11 October 2006 and the Board of Directors' wishes to thank him for his contribution.

Mr J Malherbe was appointed as a non-executive director on 11 October 2006. Miss M Ramos and Mr M M Morobe were appointed on 26 March 2007 and 18 June 2007 respectively as independent non-executive directors.

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DIRECTORS' INTERESTS

At 31 March 2007 the aggregate of the direct and indirect interests of the directors in the issued ordinary share capital of the Company amounted to 0.88% (2006: 0.80%).

Mr J P Rupert is a director of Rembrandt Trust which owns all the issued unlisted B ordinary shares.

An analysis of directors' interests in the issued capital of the Company appears on page 105.

DIRECTORS' EMOLUMENTS

The Board recommends that directors' fees for services rendered as directors during the past financial year be fixed at R1 846 000 (2006: R1 870 000) in total.

ACQUISITION OF SHARES OF THE COMPANY

It is recommended that a general authority be granted to the Board to acquire, should circumstances warrant it, the Company's own shares and to approve the acquisition of shares in the Company by any of its subsidiaries, subject to the provisions of the Companies Act 61 of 1973, as amended ("the Companies Act"), and the Listings Requirements of the JSE Limited ("the Listings Requirements"). It is further recommended that a general authority be granted to the Board to enable the Board to, subject to the provisions of the Companies Act and the Listings Requirements, enter into derivative transactions which may or will lead to the Company being required to purchase its own shares.

Special resolutions to grant this general authority are incorporated in the notice of the annual general meeting that appears on page 106.

SPECIAL RESOLUTIONS

No special resolutions have been passed by the Company's major subsidiaries, the nature of which might be significant in respect of the state of affairs of the Group.

DIVIDEND DECLARATION

DIVIDEND NO 14

A final dividend of 281 cents (2006: 228 cents) per share was declared in respect of both the ordinary shares of one cent each and the unlisted B ordinary shares of ten cents each, for the financial year ended 31 March 2007.

PAYMENT

The final dividend is payable to shareholders of the Company registered at the close of business on Friday, 17 August 2007.

Shareholders may not dematerialise or rematerialise their holdings of ordinary shares between Monday, 13 August 2007, and Friday, 17 August 2007, both days inclusive.

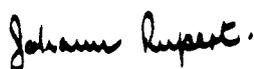
SECRETARY

The name and address of the Company Secretary appears on page 102.

APPROVAL

The annual financial statements set out on pages 49 to 101 have been approved by the Board.

Signed on behalf of the Board of Directors.



Johann Rupert
Chairman



Thys Visser
Chief Executive Officer

Stellenbosch
18 June 2007