

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

1. EARNINGS

	2008		2007	
	Gross R million	Net R million	Gross R million	Net R million
HEADLINE EARNINGS RECONCILIATION				
Net profit for the year attributable to equity holders		9 893		6 942
Plus/(minus):				
– Negative goodwill	–	–	(44)	(44)
– Net impairment of investments, assets and goodwill	(15)	(8)	–	–
– Profit on sale and restructuring of investments	(1 665)	(1 627)	(7)	(7)
– Net (surplus)/loss on disposal of property, plant and equipment	(114)	(138)	–	–
– Non-headline earnings items included in equity accounted earnings of associated companies and joint ventures	(122)	(129)	14	1
Headline earnings		7 991		6 892
Non-recurring portion of BEE costs added back		37		–
Headline earnings – Excluding non-recurring portion of BEE costs		8 028		6 892
EARNINGS PER SHARE				
		Cents		Cents
Headline earnings per share				
– Basic		1 692.8		1 453.6
– Diluted		1 649.0		1 409.2
Headline earnings per share – Excluding non-recurring portion of BEE costs				
– Basic		1 700.7		1 453.6
– Diluted		1 656.8		1 409.2
Earnings per share				
– Basic		2 095.7		1 464.2
– Diluted		2 048.9		1 418.5

Earnings per share

In determining earnings per share and headline earnings per share the weighted number of shares in issue, being 472 052 993 (2007: 474 123 689), was taken into account after deduction of treasury shares as well as shares held in The Remgro Share Trust and certain associated companies.

Diluted earnings per share

In determining diluted earnings per share and diluted headline earnings per share the weighted number of shares in issue was adjusted for the deemed dilutive effect of the shares accepted by participants in the Remgro Share Scheme but not yet delivered.

Because the scheme shares have to be accounted for as treasury shares, the delivery thereof to participants will be regarded as an issue of shares. As the market value (fair value) of the shares at date of delivery will differ from the offer value, the number of shares represented by the difference will be regarded as an issue of ordinary shares for no consideration. These imputed shares total 1 908 925 (2007: 1 672 153) and have been added to the weighted number of shares to determine the dilutive effect.

Some subsidiary and associated companies have similar management incentive schemes as well as other instruments that can dilute these companies' earnings in the future. To calculate Remgro's diluted earnings per share, R175 million (2007: R187 million) and R182 million (2007: R193 million) were offset against headline earnings and earnings respectively to account for the potential diluted effect.

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2. PROPERTY, PLANT AND EQUIPMENT

	<i>Land and buildings R million</i>	<i>Machinery and equipment R million</i>	<i>Vehicles R million</i>	<i>Office equipment R million</i>	<i>Total R million</i>
Carrying value at 1 April 2006	874	1 211	219	13	2 317
Cost	1 267	2 311	376	39	3 993
Accumulated depreciation	(393)	(1 100)	(157)	(26)	(1 676)
Additions	102	300	78	22	502
Disposals	(5)	(4)	(6)	–	(15)
Depreciation	(27)	(167)	(26)	(3)	(223)
Transfer to assets held for sale	(123)	(17)	–	–	(140)
Other	(30)	30	–	–	–
Carrying value at 31 March 2007	791	1 353	265	32	2 441
Cost	1 199	2 581	429	47	4 256
Accumulated depreciation	(408)	(1 228)	(164)	(15)	(1 815)
Additions	225	187	49	3	464
Disposals	(5)	(2)	(6)	(1)	(14)
Depreciation	(30)	(188)	(31)	(2)	(251)
Businesses acquired	–	1	–	–	1
Transfer to assets held for sale	(40)	(19)	(12)	–	(71)
Other	(45)	40	2	1	(2)
Carrying value at 31 March 2008	896	1 372	267	33	2 568
Cost	1 320	2 740	421	51	4 532
Accumulated depreciation	(424)	(1 368)	(154)	(18)	(1 964)

	2008	2007
	%	%
Depreciation rates are as follows:		
Buildings	0 – 50	0 – 50
Machinery and equipment	3½ – 100	3½ – 100
Vehicles	4 – 33½	4 – 33½
Office equipment	5 – 33½	5 – 33½

Liabilities resulting from mortgage loans, finance leases and instalment sale agreements are secured by assets with a book value of R3 million (2007: R1 million).

The registers containing details of land and buildings are available for inspection by members or their proxies at the registered offices of the companies to which the relevant properties belong.

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3. BIOLOGICAL AGRICULTURAL ASSETS

Included in non-current assets:

Reconciliation of carrying value at the beginning and end of the year	Sugarcane roots R million	Sugarcane plants R million	Other R million	2008 R million	Sugarcane roots R million	Sugarcane plants R million	Other R million	2007 R million
Balances at 1 April	55	22	14	91	47	34	14	95
Fair value adjustment	14	27	1	42	22	(4)	–	18
Transfer to assets held for sale	(28)	(16)	–	(44)	(14)	(8)	–	(22)
Other	(14)	(8)	–	(22)	–	–	–	–
Balances at 31 March	27	25	15	67	55	22	14	91

The quantity at 31 March is as follows:

Sugarcane roots (ha)	3 654	5 024
Sugarcane plants (ha)	3 654	5 024
Other (ha)	1 787	1 393

Included in current assets:

Reconciliation of carrying value at the beginning and end of the year	Breeding stock R million	Broiler stock R million	2008 R million	Breeding stock R million	Broiler stock R million	2007 R million
Balances at 1 April	160	109	269	143	99	242
Additions	576	2 810	3 386	418	2 115	2 533
Decrease due to harvest	(526)	(2 775)	(3 301)	(403)	(2 114)	(2 517)
Fair value adjustment	3	12	15	2	9	11
Balances at 31 March	213	156	369	160	109	269

4. INVESTMENT PROPERTIES

	2008			2007		
	Cost R million	Accumulated depreciation R million	Net value R million	Cost R million	Accumulated depreciation R million	Net value R million
Land	3	–	3	3	–	3
Buildings	30	–	30	29	–	29
	33	–	33	32	–	32

Reconciliation of carrying value at the beginning and end of the year	Land R million	Buildings R million	2008 R million	Land R million	Buildings R million	2007 R million
Balances at 1 April	3	29	32	3	28	31
Additions	–	1	1	–	1	1
Balances at 31 March	3	30	33	3	29	32

The South African investment properties were valued during the 2008 financial year by an independent, qualified valuer using market information. Foreign investment properties were valued by an independent, qualified valuer during the 2006 year. The fair value of the investment properties, VAT exclusive, is R345 million (2007: R318 million).

No depreciation was provided for on investment properties, as all the assets have significant residual values. The remaining useful life of the assets is estimated as 50 years.

The registers containing details of investment properties are available for inspection by members or their proxies at the registered offices of the companies to which the relevant properties belong.

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5. GOODWILL AND TRADE MARKS

	2008			2007		
	Cost or valuation R million	Accumulated impairment/ amortisation R million	Net value R million	Cost or valuation R million	Accumulated impairment/ amortisation R million	Net value R million
Goodwill	345	–	345	342	–	342
Trade marks and other	154	91	63	146	75	71
	499	91	408	488	75	413

Amortisation rates are as follows:	2008	2007
	%	%
Trade marks and other	5 – 100	5 – 100

Reconciliation of carrying value at the beginning and end of the year	2008			2007		
	Goodwill R million	Trade marks and other R million	R million	Goodwill R million	Trade marks and other R million	R million
Balances at 1 April	342	71	413	316	36	352
Additions	–	–	–	19	37	56
Amortisation	–	(12)	(12)	–	(14)	(14)
Businesses acquired	2	–	2	7	2	9
Other	1	4	5	–	10	10
Balances at 31 March	345	63	408	342	71	413

Goodwill is tested annually for any possible impairment and for this reason allocated to the respective cash-generating units as indicated below.

	Rainbow Chicken Limited and its subsidiaries	Tsb Sugar Holdings (Pty) Limited and its subsidiaries	Wispeco Holdings Limited and its subsidiaries	2008 Total
Goodwill allocated (R million)	291	38	16	345
Basis of valuation of cash-generating units	Value in use	Value in use	Value in use	

R287 million of the goodwill relating to Rainbow Chicken and its subsidiaries relates to the acquisition of Vector Logistics (Pty) Limited in 2005. In determining the value in use of the cash-generating unit to which this goodwill was allocated, the following assumptions were used:

Discount rate	18.80%
Growth rate	5.0%
Period	5 years

Sensitivity analysis of assumptions used in the goodwill impairment test:

Assumption	Movement	Impairment
Discount rate	+5%	Nil
Growth rate	–5%	Nil

During the year under review no impairment of goodwill occurred.

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6. INVESTMENTS – ASSOCIATED COMPANIES (Annexures B & C)

	2008			2007		
	Listed R million	Unlisted R million	Total R million	Listed R million	Unlisted R million	Total R million
Shares – at cost	9 182	6 930	16 112	6 720	4 289	11 009
Equity adjustment	7 483	19 538	27 021	4 758	17 077	21 835
Carrying value	16 665	26 468	43 133	11 478	21 366	32 844
Long-term loans	–	42	42	–	189	189
	16 665	26 510	43 175	11 478	21 555	33 033
Market values of listed investments	22 147		22 147	28 871		28 871
Directors' valuation of unlisted investments		82 286	82 286		62 969	62 969
Market values and directors' valuation	22 147	82 286	104 433	28 871	62 969	91 840
Excess of market values and directors' valuation over the carrying value of investments:						
– attributable to equity holders			61 258			58 807
– attributable to minority			–			–
			61 258			58 807

Of the directors' valuations of unlisted investments stated above, a substantial proportion amounting to R72 010 million (2007: R55 283 million) was based on the stock exchange prices of underlying listed shares held by the unlisted investments concerned.

	2008 R million	2007 R million
Reconciliation of carrying value at the beginning and end of the year		
Carrying value at 1 April	33 033	26 098
Exchange rate differences on translation of carrying value at the beginning of the year to year-end rate	2 003	4 292
<i>Income of associated companies retained</i>	4 100	3 366
Share of net attributable profit of associated companies	7 230	6 003
Dividends received from associated companies	(3 297)	(2 748)
Exchange rate differences on translation between average rate to year-end rates	167	111
Equity-accounted movements on reserves	(154)	(824)
Loans repaid	(147)	(165)
Disposals/capital reductions	(236)	(85)
Investments made	3 411	201
Restructuring of interest in Unilever	1 167	–
Investments reclassified as associated companies	–	106
Other	(2)	44
Carrying value at 31 March	43 175	33 033

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	2008 R million	2007 R million
7. INVESTMENTS – JOINT VENTURES (Annexure B)		
Unlisted shares – at cost	97	–
Equity adjustment	(34)	–
Carrying value	63	–
Long-term loans	1	8
	64	8
Directors' valuation of unlisted investments	64	8
Excess of directors' valuation over the carrying value of investments:		
– attributable to equity holders	–	–
– attributable to minority	–	–
	–	–
Reconciliation of carrying value at the beginning and end of the year		
Carrying value at 1 April	8	1
Exchange rate differences on translation of carrying value at the beginning of the year to year-end rate	10	–
<i>Losses of joint ventures recognised</i>	(25)	–
Share of net attributable losses of joint ventures	(20)	–
Exchange rate differences on translation between average rate to year-end rates	(5)	–
Equity accounted movements on reserves	(11)	–
Loans granted/(repaid)	(7)	7
Investments made	89	–
Carrying value at 31 March	64	8
The Group's share in the results, assets and liabilities of joint ventures is as follows:		
Profit/(loss)	(20)	–
Sales	71	8
Assets	124	6
Liabilities	66	5

The Group's share in capital commitments of joint ventures amounted to R11 million (2007: RNil million).

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8. INVESTMENTS – OTHER (Annexure B)

	<i>Listed</i> R million	2008 <i>Unlisted</i> R million	<i>Total</i> R million	<i>Listed</i> R million	2007 <i>Unlisted</i> R million	<i>Total</i> R million
Consolidated						
Investments – other						
Shares – available-for-sale	8 483	68	8 551	6 229	16	6 245
Market values of listed investments	8 483		8 483	6 229		6 229
Directors' valuation of unlisted investments		68	68		16	16
Market values and directors' valuation	8 483	68	8 551	6 229	16	6 245
Reconciliation of carrying value of investments available-for-sale at the beginning and end of the year					2008 R million	2007 R million
Balances at 1 April					6 245	4 136
Fair value adjustments for the year					2 258	2 169
Investments made					48	48
Disposals					–	(2)
Investment reclassified as associated company					–	(106)
Balances at 31 March					8 551	6 245

9. RETIREMENT BENEFITS

Balance sheet assets

Retirement benefits	10	10
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Balance sheet obligations

Retirement benefits	(91)	(85)
Post-retirement medical benefits	(138)	(129)
	(229)	(214)

Income statement

Retirement benefits*	2	(95)
Post-retirement medical benefits	10	11
Expense/(income)	12	(84)

* Refer note 22 on page 93.

9. RETIREMENT BENEFITS *(continued)*

9.1 Retirement benefits

Some of the Company's subsidiaries have various defined benefit pension funds, defined contribution pension funds and defined contribution provident funds which are privately administered independent of the finances of the Group. All the funds are governed by the Pension Funds Act, 1956 (as amended). All salaried employees are obliged to accept membership of one of these funds.

For statutory purposes the defined benefit pension funds are actuarially valued every three years by independent actuaries using the projected unit credit method. The latest actuarial valuations of these funds were conducted between 31 March 2005 and 31 March 2008.

	Balance sheet					Income statement
	Fair value of plan assets R million	Present value of funded obligations R million	Unrecognised actuarial (gains)/ losses R million	Pension fund surplus limitation R million	Amount recognised in balance sheet R million	Included in staff costs R million
Balances at 1 April 2006	722	(633)	(16)	(142)	(69)	
Current service cost	–	(4)	–	–	(4)	4
Interest cost	–	(40)	–	–	(40)	40
Expected return on assets	53	–	–	–	53	(53)
Surplus limitation utilisation	–	–	–	108	108	(108)
Amortisation of actuarial (gains)/losses	–	–	(22)	–	(22)	22
Contributions	7	–	–	–	7	–
Transfer of assets	(88)	–	–	–	(88)	–
Exchange rate differences	114	(132)	(2)	–	(20)	–
Benefit payments	(31)	31	–	–	–	–
Actuarial movements: fund obligation	–	11	(11)	–	–	–
Actuarial movements: plan assets	(6)	–	6	–	–	–
Balances at 31 March 2007	771	(767)	(45)	(34)	(75)	(95)
Current service cost	–	(3)	–	–	(3)	3
Interest cost	–	(44)	–	–	(44)	44
Expected return on assets	52	–	–	–	52	(52)
Surplus limitation utilisation	–	–	71	(79)	(8)	8
Amortisation of actuarial (gains)/losses	–	–	1	–	1	(1)
Contributions	8	–	–	–	8	–
Exchange rate differences	64	(80)	4	–	(12)	–
Benefit payments	(83)	83	–	–	–	–
Actuarial movements: fund obligation	–	(34)	34	–	–	–
Actuarial movements: plan assets	63	–	(63)	–	–	–
Balances at 31 March 2008	875	(845)	2	(113)	(81)	2

The pension fund surplus is not recognised as an asset in the balance sheet as the process of allocating these surpluses in terms of the Pension Funds Act has not been finalised yet.

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	2008 R million	2007 R million	
9. RETIREMENT BENEFITS <i>(continued)</i>			
9.1 Retirement benefits <i>(continued)</i>			
Amount of plan assets represented by investment in the entity's own financial instruments	20	14	
Actual return on plan assets	115	47	
Adjustment for experience on plan assets	–	5	
Adjustment for experience on funded obligations	(21)	17	
Expected contributions to retirement funds for the year ended 31 March 2009: R8 million			
	Number	Number	
Number of members	444	445	
Composition of plan assets	%	%	
Cash	6.81	6.69	
Equity	22.48	20.62	
Bonds	1.67	2.73	
Property	1.39	0.70	
International	67.65	69.26	
	100.00	100.00	
Principal actuarial assumptions on balance sheet date			
Discount rate	6.50 – 9.62	5.40 – 9.95	
Expected rates of return on plan assets*	6.43 – 10.25	6.48 – 9.95	
Future salary increases	6.25 – 7.25	5.75 – 7.04	
Future pension increases	3.50 – 6.25	2.90 – 4.75	
Inflation rate	6.25	4.75	
* The expected return on plan assets is determined with reference to the expected long-term returns on equity, cash and bonds.			
	2008	2007	2006
Fund history for the current and previous 2 years	R million	R million	R million
Fair value of plan assets	875	771	722
Present value of funded obligations	(845)	(767)	(633)
Surplus/(deficit)	30	4	89

9. RETIREMENT BENEFITS *(continued)*

9.2 Post-retirement medical benefits

	Balance sheet				Income statement
	<i>Fair value of plan assets</i> R million	<i>Present value of funded obligations</i> R million	<i>Unrecognised actuarial (gains)/losses</i> R million	<i>Amount recognised in balance sheet</i> R million	<i>Included in staff costs</i> R million
Balances at 1 April 2006	16	(121)	(11)	(116)	
Current service cost	–	(3)	–	(3)	3
Interest cost	–	(10)	–	(10)	10
Expected return on assets	2	–	–	2	(2)
Liability accepted	5	(6)	(2)	(3)	–
Amortisation of actuarial (gains)/losses	–	(1)	1	–	–
Benefit payments	–	1	–	1	–
Actuarial movements	12	(6)	(6)	–	–
Balances at 31 March 2007	35	(146)	(18)	(129)	11
Current service cost	–	(3)	–	(3)	3
Interest cost	–	(11)	–	(11)	11
Expected return on assets	3	–	–	3	(3)
Amortisation of actuarial (gains)/losses	–	–	1	1	(1)
Benefit payments	–	1	–	1	–
Actuarial movements	(1)	6	(5)	–	–
Balances at 31 March 2008	37	(153)	(22)	(138)	10
				2008 R million	2007 R million
Amount of plan assets represented by investment in the entity's own financial instruments				2	2
Actual return on plan assets				2	14
Adjustment for experience on plan assets				–	14
Adjustment for experience on funded obligations				–	4
Expected contributions to retirement funds for the year ended 31 March 2009: R8 million					
				Number 987	Number 1 050
Fund history for the current and previous 2 years				2008 R million	2007 R million
Fair value of plan assets				37	35
Present value of funded obligations				(153)	(146)
Surplus/(deficit)				(116)	(111)
				2008 %	2007 %
Composition of plan assets					
Cash				3.00	3.00
Equity				92.00	92.00
Bonds				5.00	5.00
				100.00	100.00

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	2008 %	2007 %
9. RETIREMENT BENEFITS <i>(continued)</i>		
9.2 Post-retirement medical benefits <i>(continued)</i>		
Principal actuarial assumptions on balance sheet date		
Discount rate	8.75 – 9.00	7.50 – 7.75
Expected rates of return on plan assets *	9.75	8.75
Annual increase in healthcare costs	5.50 – 7.50	4.75 – 6.75

* The expected return on plan assets is determined with reference to the expected long-term returns on equity, cash and bonds.

	2008 Increase R million	2008 Decrease R million
The effect of a 1% movement in the above-mentioned expected yearly increase in healthcare costs is as follows:		
Post-retirement medical liability	2	2
Current service costs and interest on obligation	17	16

	2008 R million	2007 R million
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10. TAXATION

10.1 Deferred taxation

Deferred taxation liability	1 454	1 205
Property, plant and equipment	334	378
Intangibles	13	16
Inventories	109	84
Provisions	(68)	(44)
Biological agricultural assets	26	34
Investments (accounted for directly in equity)	1 027	738
Tax losses	(38)	–
Future capital gain taxable	35	–
Other	16	(1)
Deferred tax asset	(4)	(124)
Property, plant and equipment	(2)	(44)
Provisions	(2)	(20)
Tax losses	–	(49)
Other	–	(11)
Net deferred taxation	1 450	1 081

The movement between balances of deferred taxation at the beginning and end of the year can be analysed as follows:

Beginning of the year	1 081	700
Rate change	(25)	–
As per income statement	79	43
Direct in equity	315	338
	1 450	1 081

No deferred tax is provided on temporary differences relating to investments in subsidiary companies and joint ventures as Remgro controls the dividend policy of these companies and consequently also controls the reversal of the temporary differences.

Deferred taxation on capital distributions received from 1 October 2001 to 30 September 2007 is provided at 14.0%, as a result of the promulgation of retrospective legislation.

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	2008 R million	2007 R million
10. TAXATION (continued)		
10.2 Tax losses		
Estimated tax losses available for set-off against future taxable income	189	245
Utilised to create deferred tax asset	(135)	(168)
	54	77
10.3 Secondary taxation on companies (STC)		
The STC credits on 31 March, which could be set off against future dividend payments, amount to		
– The Company	76	172
– Subsidiary companies	2 970	1 356
Unutilised STC credits	3 046	1 528
A foreign wholly owned subsidiary company of Remgro has reserves available that will give rise to additional STC credits of R1 621 million (2007: R1 538 million) when declared as dividends to its South African holding company.		
Remgro's history of dividends received compared to ordinary dividends paid suggests increasing STC credits over time. It is therefore unlikely that Remgro's STC credits will be utilised against ordinary dividends paid in the foreseeable future, and consequently no deferred tax asset has been created for the Company's unutilised STC credits.		
10.4 Taxation in income statement		
Current	313	339
– current year – South African normal taxation	290	332
– Taxation on capital gain	17	–
– Foreign taxation	8	8
	315	340
– previous year – South African normal taxation	(2)	(1)
Secondary taxation on companies – current	27	21
Deferred – current year	56	60
– previous year	1	(17)
– rate change	(13)	–
– tax on capital gain	35	–
	419	403
10.5 Reconciliation of effective tax rate of the Company and its subsidiaries with standard rate		
Effective tax rate	12.9	26.4
Reduction/(increase) in standard rate as a result of:		
Exempt dividend income	2.3	3.0
Non-taxable capital profit	13.5	–
Other non-taxable income	3.6	0.4
Foreign taxation	(1.7)	(0.5)
Taxation in respect of previous years	–	1.1
Rate change	0.4	–
Future capital gain payable	(1.2)	–
Secondary taxation on companies	(0.8)	(1.4)
Standard rate	29.0	29.0

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	2008 R million	2007 R million
11. INVENTORIES		
Raw materials	333	272
Finished products	549	430
Work in progress	12	6
Consumable stores	59	46
	953	754

12. DEBTORS AND SHORT-TERM LOANS

	THE COMPANY		CONSOLIDATED	
	2008 R million	2007 R million	2008 R million	2007 R million
Trade debtors (gross)	3	6	1 184	919
Less: Provision for impairments	–	–	(44)	(49)
Trade debtors (net)	3	6	1 140	870
Dividends receivable	–	–	–	168
Advance payments and other	–	–	245	176
Loans – Subsidiary companies	2 310	2 366	–	–
	2 313	2 372	1 385	1 214

Debtors with a carrying value of R32 million (2007: R42 million) provided collateral to the Group. Loans to subsidiary companies are unsecured, carry no interest and are repayable on request.

Movements on the provision for impairments of trade debtors are as follows:

	2008 R million	2007 R million
Balances at 1 April	49	38
Provision for impairments on debtors	8	19
Debtors written off as uncollectable during the year	(3)	(3)
Unused amounts written back	(11)	(7)
Other	1	2
Balances at 31 March	44	49

During the year, bad debts amounting to R11 million (2007: R9 million) were written off. The other classes of assets in debtors and short-term loans have no assets where impairments were made. For further information refer to note 31.

13. DERIVATIVE INSTRUMENTS

The following material derivative instruments existed at 31 March:

Assets	Currency value million	2008 Forward value R million	Fair value R million	Currency value million	2007 Forward value R million	Fair value R million
	<i>Foreign exchange contracts</i>					
Buy: USA dollar	11.7	95.0	8.8	1.3	8.7	2.6
Other	2.0	26.2	2.5	–	–	–
Sell: USA dollar	–	–	–	20.5	154.4	3.1
			11.3			5.7
<i>Other derivative instruments</i>						
Sugar selling contracts			0.3			9.7
Maize option contracts			–			0.3
Exchange option contracts			7.0			–
			7.3			10.0
			18.6			15.7

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13. DERIVATIVE INSTRUMENTS *(continued)*

The following material derivative instruments existed at 31 March:

Liabilities	2008			2007		
	Currency value million	Forward value R million	Fair value R million	Currency value million	Forward value R million	Fair value R million
<i>Foreign exchange contracts</i>						
Buy: Euro	1.0	11.6	1.1	–	–	–
USA dollar	0.1	1.3	0.1	–	–	–
Other	–	–	–	0.1	0.8	–
Sell: USA dollar	5.3	42.6	0.8	3.7	27.7	0.4
			2.0			0.4
<i>Other derivative instruments</i>						
Sugar selling contracts			–			9.3
Maize selling contracts			–			16.9
Soy option contracts			1.3			–
			1.3			26.2
			3.3			26.6
				2008		2007
				R million		R million

14. ASSETS CLASSIFIED AS HELD FOR SALE

On 31 January 2007 Tsb Sugar entered into an agreement to sell certain assets in terms of a land reform transaction. The effective date of the Tenbosch transaction was 1 April 2007. The second phase of the land reform transaction is now in process and the assets that will be sold in terms of the agreement are therefore classified as held for sale and valued in terms of the requirements of IFRS 5.

Details of the assets classified as held for sale are as follows:

Assets

Property, plant and equipment	71	140
Biological agricultural assets	44	22
Inventories	1	1
Debtors	–	24
Various other net assets	89	2
	205	189

15. CASH AND CASH EQUIVALENTS

Cash at the centre	3 273	4 357
Other operating subsidiaries	661	647
	3 934	5 004

The cash is held in the following currencies (in rand):

	2008	2007
South African rand	1 201	1 867
British pound	2 733	3 137
	3 934	5 004

At year-end cash and cash equivalents earned interest at effective interest rates that vary between 10.85% and 10.95% (2007: 8.50% and 9.06%) per annum at local financial institutions and between 5.20% and 5.45% (2007: 5.33% and 5.35%) per annum abroad.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	2008 R million	2007 R million
15. CASH AND CASH EQUIVALENTS <i>(continued)</i>		
Cash and cash equivalents are represented by the following:		
United Kingdom treasury bills	2 557	–
Current accounts and money market instruments	1 376	5 003
Cash	1	1
	3 934	5 004
At year-end the Group's cash was invested at financial institutions with the following		
Moody's credit rating:		
Aaa	2 648	–
Aa1	100	1 427
Aa2	–	2 095
Aa3	98	–
A1	–	300
A2	–	363
Baa1	1 087	818
Cash on hand	1	1
	3 934	5 004
16. SHARE CAPITAL AND SHARE PREMIUM		
Share capital		
Authorised		
512 493 650 ordinary shares of 1 cent each	5.1	5.1
40 506 352 B ordinary shares of 10 cents each	4.1	4.1
	9.2	9.2
Issued		
449 003 606 (2007: 448 802 207) ordinary shares of 1 cent each	4.5	4.5
35 506 352 (2007: 35 506 352) B ordinary shares of 10 cents each	3.5	3.5
	8.0	8.0
	Number of shares	Number of shares
Movement of the ordinary shares of 1 cent each for the year:		
Total number of shares issued at 1 April	448 802 207	448 802 207
Shares issued	201 399	–
Total number of shares issued at 31 March*	449 003 606	448 802 207
<i>* Treasury shares held by wholly owned subsidiary companies included.</i>		
	2008 R million	2007 R million
Share premium		
Movement of the share premium account for the year:		
Balance at 1 April	–	–
Shares issued	37	–
Balance at 31 March	37	–

16. **SHARE CAPITAL AND SHARE PREMIUM** *(continued)*

Each ordinary share has one vote.
Each B ordinary share has ten votes.

Number of shares held in treasury by a wholly owned subsidiary and shares held by The Remgro Share Trust (ordinary shares of 1 cent each): 11 972 555 (2007: 11 948 372).

At a general meeting held on 22 August 2007, the unissued shares, as at 31 March 2007, comprising 63 691 443 ordinary shares of 1 cent each and 5 000 000 B ordinary shares of 10 cents each were placed under the control of the Board of Directors as a general authority in terms of section 221(2) of the Companies Act (No. 61 of 1973), as amended ("Companies Act"), subject to the provisions of the Companies Act and the Rules and Requirements of the JSE until the next annual general meeting of the Company, for allotment and issue to such persons as they deemed fit, provided that 26 000 000 ordinary shares and 5 000 000 B ordinary shares in the authorised share capital of the Company are reserved for the purposes of the Remgro Share Scheme in terms of an ordinary resolution passed by the shareholders on 21 September 2000.

Details in respect of the share scheme and the current year's offers are disclosed in note 24 and the Report of the Board of Directors.

	2008 R million	2007 R million
17. RESERVES		
17.1 Composition of reserves		
The Company:		
Retained earnings	2 255	2 353
Subsidiary companies and joint ventures		
Non-distributable reserves:	31 102	24 653
Fair value reserve	6 977	5 003
Other non-distributable reserves	1 586	1 931
Retained earnings	22 539	17 719
Associated companies:		
Equity reserves	25 340	20 155
	58 697	47 161
Statutory non-distributable reserves included in		
Other non-distributable reserves	11	11
Equity reserves	507	453

17.2 Included in the respective reserves above are reserves arising on exchange rate translation

	Non-distributable reserves R million	Equity reserves R million	Retained earnings R million	2008 Total R million	2007 Total R million
Balances at 1 April	802	2 713	366	3 881	(1 154)
Exchange rate adjustments during the year	370	1 685	307	2 362	5 035
Transfer of equity adjustment	(5)	167	(162)	-	-
Balances at 31 March	1 167	4 565	511	6 243	3 881

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	2008 R million	2007 R million				
18. LONG-TERM LOANS						
Interest-bearing loans						
Secured long-term loans with effective interest rates of between 9.37% and 15% (2007: 9.5% and 11%) per annum repayable over a period of between three to ten years These liabilities are secured by assets with a book value of R48 million (2007: R68 million).	202	197				
Net liabilities resulting from various capitalised finance leases and instalment sale agreements payable in monthly, quarterly and annual instalments at varying interest rates per annum amount to These liabilities are secured by vehicles, plant, machinery and equipment with a book value of R3 million (2007: R1 million).	3	1				
Various unsecured loans with varying terms and interest rates	3	–				
	208	198				
Instalments payable within one year transferred to short-term interest-bearing loans	(19)	(37)				
	189	161				
Payable – two to five years	180	129				
Payable thereafter	9	32				
	189	161				
19. TRADE AND OTHER PAYABLES						
Trade payables	1 182	968				
Accumulated expenses	644	472				
	1 826	1 440				
20. SHORT-TERM LOANS						
Interest-bearing loans						
Portion of long-term interest-bearing loans payable within one year	19	37				
Bank overdrafts	103	103				
	122	140				
Interest-free loans with no fixed repayment conditions	68	93				
	190	233				
21. PROVISIONS						
	<i>Legal disputes*</i>	<i>Other**</i>	2008	<i>Legal disputes*</i>	<i>Other**</i>	2007
	R million	R million	R million	R million	R million	R million
Balances at 1 April	40	8	48	30	11	41
Additional provisions	4	1	5	13	1	14
Unused amounts	–	–	–	–	(4)	(4)
Other	–	(1)	(1)	–	–	–
	44	8	52	43	8	51
Provisions utilised during the year	(1)	(3)	(4)	(3)	–	(3)
Balances at 31 March	43	5	48	40	8	48

* Litigation, of which the timing and outcome is uncertain, is in progress against certain subsidiary companies.

** Various smaller provisions.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

	2008 R million	2007 R million
22. STAFF COSTS		
Salaries and wages	1 452	1 250
Share-based payments	23	20
Retirement benefits	1	1
Pension costs – defined contribution	87	79
Pension costs – defined benefit	2	(95)
Other post-retirement benefits	10	11
Other	46	36
	1 621	1 302

23. DIRECTORS' EMOLUMENTS

	<i>Executive</i> R'000	2008 <i>Non- executive</i> R'000	Total R'000	<i>Executive</i> R'000	2007 <i>Non- executive</i> R'000	Total R'000
Executive directors						
Fees	750		750	615		615
Salaries	11 919		11 919	11 472		11 472
Retirement fund contributions	2 690		2 690	2 411		2 411
Other benefits	1 212		1 212	1 238		1 238
Subtotal	16 571		16 571	15 736		15 736
Non-executive directors						
Independent		1 175	1 175		801	801
Non-independent		4 429	4 429		4 217	4 217
Total	16 571	5 604	22 175	15 736	5 018	20 754

Increase in value – Remgro Share Scheme*	–	–	–	5 607	–	5 607
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* Refer note 24.1 on page 95.

	<i>Fees</i> R'000	2008 <i>Salaries and other</i> R'000	Total R'000	<i>Fees</i> R'000	2007 <i>Salaries and other</i> R'000	Total R'000
Paid by:						
The Company	1 325		1 325	801		801
Management company	–	–	–	492	8 735	9 227
Subsidiary company	1 200	19 650	20 850	553	10 173	10 726
	2 525	19 650	22 175	1 846	18 908	20 754

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

23. DIRECTORS' EMOLUMENTS (continued)

	2008					2007				
	Fees R'000	Salaries R'000	Retire- ment fund R'000	Other benefits ⁽⁸⁾ R'000	Total R'000	Fees R'000	Salaries R'000	Retire- ment fund R'000	Other benefits ⁽⁸⁾ R'000	Total R'000
Executive										
W E Bührmann	150	1 578	341	221	2 290	123	1 272	276	219	1 890
D M Falck	150	2 027	436	319	2 932	123	1 884	403	316	2 726
J A Preller (Mrs)	150	910	210	221	1 491	123	864	196	219	1 402
M H Visser ⁽¹⁾	150	6 075	1 410	269	7 904	123	6 224	1 268	265	7 880
T van Wyk	150	1 329	293	182	1 954	123	1 228	268	219	1 838
Subtotal	750	11 919	2 690	1 212	16 571	615	11 472	2 411	1 238	15 736
Non-executive (independent)										
G D de Jager ⁽²⁾	225				225	160				160
P K Harris	175				175	147				147
M M Morobe ⁽³⁾	150				150	–				–
J F Mouton ⁽⁴⁾	–				–	99				99
D Prins	250				250	198				198
M Ramos (Miss) ⁽⁵⁾	150				150	–				–
F Robertson	225				225	197				197
Subtotal	1 175				1 175	801				801
Non-executive (non-independent)										
P E Beyers	150	514	131	102	897	123	645	155	100	1 023
J W Dreyer	150	1 395	306	102	1 953	123	1 328	287	100	1 838
E de la H Hertzog	150	1 000	204	75	1 429	123	916	183	73	1 295
J Malherbe ⁽⁶⁾	150	–	–	–	150	61	–	–	–	61
J P Rupert ⁽⁷⁾	–	–	–	–	–	–	–	–	–	–
Subtotal	600	2 909	641	279	4 429	430	2 889	625	273	4 217
Total	2 525	14 828	3 331	1 491	22 175	1 846	14 361	3 036	1 511	20 754

1. Mr M H Visser earns in addition to the above a director's fee of GBP75 000 (2007: GBP75 000) per annum from British American Tobacco Plc, an associated company.
2. Mr G D de Jager is a member of the Audit and Risk Committee as well as the Remuneration and Nomination Committee. During the 2007 financial year he was on these committees only for six months.
3. Mr M M Morobe was appointed as an independent non-executive director on 18 June 2007.
4. Mr J F Mouton retired as an independent non-executive director on 11 October 2006. He was a member of the Audit and Risk Committee as well as the Remuneration and Nomination Committee for six months.
5. Miss M Ramos was appointed as an independent non-executive director on 26 March 2007.
6. Mr J Malherbe was appointed as a non-executive director on 11 October 2006.
7. Mr J P Rupert receives no emoluments since 30 September 2005.
8. Benefits include medical aid contributions and vehicle benefits.

24. SHARE-BASED PAYMENTS

24.1 Remgro Share Scheme

The share-based payments that are accounted for in the financial statements are in respect of the Remgro Share Scheme (the "Scheme") and consist of ordinary shares in Remgro Limited that were offered to participants in terms of the Scheme. The offers are valid for one year from the offer date. The Scheme is a deferred purchase scheme and payment takes place in three equal instalments, the first of which is payable three years after the offer date. Participants have no rights to delivery, voting or ordinary dividends on shares before payment has been made. Participants may choose to pay on a later date, with the resultant deferment of rights. Payment relating to offers before 26 November 2004 must be settled within ten years, while offers thereafter must be settled before seven years have passed.

The valuation of the Scheme was performed using an actuarial model. This model was developed by an independent third party from the standard binomial option pricing model in order to address the unique nature of the Scheme, especially with regard to early exercise of offers.

The expected contract lifetimes are estimated by considering separately each of the tranches within that grant. The risk-free rate was estimated by using the implied yield on a SA zero-coupon government bond and the yield curve over the expected contract lifetimes of five, six and seven years from the offer date.

Share price volatility of ordinary shares in Remgro Limited was determined with reference to movements in the share price since 1 October 2000, that being the date from which Remgro commenced trading on the JSE.

Dividend yield was calculated using the two-year moving average dividend yield at each offer date.

	2008 R million	2007 R million
Fair value of offers made during the year	7	53
Share-based payment cost included in the income statement (in accordance with IFRS 2)	12	10
– Portion attributable to directors	8	7

Although the Group elected, in accordance with the transitional provisions of IFRS, to only apply IFRS 2 on transactions entered into after 7 November 2002 that had not vested at 1 January 2005, the following information relates to all offers to the participants of the Scheme.

Number and weighted average exercise prices of all share offers to participants of the Scheme:

	2008		2007	
	Number of shares	Rand	Number of shares	Rand
Previous financial years	3 396 994	72.65	3 093 691	59.24
Offered and accepted in current financial year	145 562	185.69	569 699	135.02
Shares paid for and delivered	(126 383)	56.50	(262 016)	49.52
Resignations and other	(4 250)	117.70	(4 380)	98.67
Total at 31 March	3 411 923	78.01	3 396 994	72.65
Exercisable at the end of the period	2 127 518	53.78	1 797 087	48.46

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24. SHARE-BASED PAYMENTS (continued)

24.1 Remgro Share Scheme (continued)

Exercise price range of all offers:

	Number of shares outstanding at year-end	2008 Weighted average contract lifetime in years	Weighted average exercise price per share (Rand)	Number of shares outstanding at year-end	2007 Weighted average contract lifetime in years	Weighted average exercise price per share (Rand)
R40 – R60	1 399 790	2.57	45.03	1 464 972	3.57	44.98
R60 – R80	625 238	5.12	64.46	678 927	6.16	64.67
R80 – R100	648 709	4.10	86.88	656 615	5.13	86.82
R100 – R120	24 248	4.64	114.05	28 430	5.67	114.93
R120 – R140	567 986	5.24	134.89	568 050	6.24	135.01
R140 – R160	390	5.66	155.45	–	–	–
R160 – R180	14 915	6.33	176.83	–	–	–
R180 – R200	130 647	6.22	186.70	–	–	–

The following assumptions were used in the binomial model to value offers:

	2008	2007
Weighted average Remgro share price for the year (R)	185.73	150.20
Exercise price (R)	155.45 – 187.50	132.60 – 137.80
Average expected exercise period (years)	5 – 7	5 – 7
Price volatility (%)	19.24 – 20.21	20.05 – 20.18
Risk-free rate (%)	7.7 – 8.4	7.1 – 8.6
Expected dividend yield (%)	2.5 – 2.6	2.9 – 3.1

Current status – offers to directors

– ordinary shares

Participant	Balance of shares accepted as at 31 March 2007	Shares accepted during the year	Date of acceptance of shares	Offer price (Rand)	Number of shares paid and delivered	Date of payment and delivery of shares	Share price on date of payment and delivery (Rand)	Increase in value* (R'000)	Balance of shares accepted as at 31 March 2008
Executive									
W E Bührmann	97 872			87.86					97 872
	7 303			135.00					7 303
		38 645	27/06/07	186.70					38 645
D M Falck	458 716			43.60					458 716
	104 917			63.00					104 917
	30 050			87.86					30 050
	92 988			135.00					92 988
		18 146	03/07/07	186.70					18 146
J A Preller	24 466			43.60					24 466
	34 572			87.86					34 572
	30 167			135.00					30 167
		2 319	03/07/07	186.70					2 319
M H Visser	278 979			63.00					278 979
	342 488			87.86					342 488
	172 681			135.00					172 681
		68 230	26/06/07	186.70					68 230
T van Wyk	42 161			87.86					42 161
	41 598			135.00					41 598
		3 029	03/07/07	186.70					3 029
Subtotal	1 758 958	130 369							1 889 327
Non-executive									
P E Beyers	191 130			43.60					191 130
J W Dreyer	191 130			43.60					191 130
J P Rupert	414 938			48.20					414 938
Subtotal	797 198								797 198
Total	2 556 156	130 369							2 686 525

* It refers to the increase in value of the scheme shares of the indicated participants from the offer date to the date of payment and delivery.

24. SHARE-BASED PAYMENTS *(continued)*

24.1 Remgro Share Scheme *(continued)*

Current status – offers to directors

– ordinary shares

Participant	Balance of shares accepted as at 31 March 2006	Shares accepted during the year	Date of acceptance of shares	Offer price (Rand)	Number of shares paid and delivered	Date of payment and delivery of shares	Share price on date of payment and delivery (Rand)	Increase in value* (R'000)	Balance of shares accepted as at 31 March 2007
Executive									
W E Bührmann	97 872			87.86					97 872
		7 303	26/06/06	135.00					7 303
D M Falck	458 716			43.60					458 716
	104 917			63.00					104 917
	30 050			87.86					30 050
		92 988	26/06/06	135.00					92 988
J A Preller	24 466			43.60					24 466
	34 572			87.86					34 572
		30 167	26/06/06	135.00					30 167
M H Visser	278 979			63.00					278 979
	342 488			87.86					342 488
		172 681	26/06/06	135.00					172 681
T van Wyk	24 464			43.60	24 464	02/08/06	143.50	2 444.0	
	33 195			48.20	33 195	02/08/06	143.50	3 163.4	
	42 161			87.86					42 161
		41 598	26/06/06	135.00					41 598
Subtotal	1 471 880	344 737			57 659			5 607.4	1 758 958
Non-executive									
P E Beyers	191 130			43.60					191 130
J W Dreyer	191 130			43.60					191 130
J P Rupert	414 938			48.20					414 938
Subtotal	797 198								797 198
Total	2 269 078	344 737			57 659			5 607.4	2 556 156

* It refers to the increase in value of the scheme shares of the indicated participants from the offer date to the date of payment and delivery.

24.2 Rainbow Share Scheme

Rainbow has an equity settled share scheme for certain of its employees in terms of which share options offered are exercisable in three equal tranches from two, three and four years after the grant date. Subject to the discretion of the Rainbow Share Incentive Trust's trustees, options are forfeited if not exercised before termination of employment. An expense of R10.8 million (2007: R8.0 million) relating to this scheme was recognised in the income statement.

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	2008 R million	2007 R million
25. PROFIT		
Profit is stated after taking the following into account:		
Income		
Fair value adjustment – biological assets	46	21
Fair value adjustment – derivative instruments	66	113
Rental income – investment properties	9	8
Interest received	296	332
Shareholder's loan to associated company	6	20
Financial institutions and other	290	312
Profit on redemption and sale of investments*	1 665	7
Profit with restructuring of investment in Unilever	1 167	–
Profit with unbundling of investment in Discovery by FirstRand	403	–
Other	95	7
Profit on sale of property, plant and equipment	114	–
Exchange rate gains	20	67
<i>* Refer to the Report of the Board of Directors for further information.</i>		
Expenses		
Amortisation of intangible assets	12	14
Fair value adjustment – derivative instruments	–	6
Expenses – investment properties	5	2
Rental	61	41
Land and buildings	26	20
Machinery and equipment	21	10
Vehicles	4	5
Office equipment	10	6
Research and development costs written off	1	–
Auditors' remuneration – audit fees	11	10
– other services	3	3
Professional fees	25	28
Depreciation	251	223
Buildings	30	27
Machinery and equipment	188	167
Vehicles	31	26
Office equipment	2	3
Loss on sale of property, plant and equipment	–	1
26. ADMINISTRATION AND MANAGEMENT FEES		
Total administration and management fees of Remgro Limited**	83	75
Less: Fees received	(16)	(16)
Intergroup – excluding wholly owned subsidiaries	(4)	(4)
Other	(12)	(12)
Net	67	59

** After recovery of appropriate portion from VenFin Limited.

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27. DIVIDEND INCOME

	THE COMPANY		CONSOLIDATED	
	2008 R million	2007 R million	2008 R million	2007 R million
Included in profit:				
Listed	–	–	274	151
Unlisted – Subsidiary companies	2 138	3 358		
– Other	–	–	–	5
	2 138	3 358	274	156
Dividends from associated companies set off against investments			3 297	2 748
			2008 R million	2007 R million

28. EQUITY ADJUSTMENT

Share of net attributable profit of associated companies and joint ventures – per income statement	7 210	6 003
Dividends received from associated companies and joint ventures	(3 297)	(2 748)
Share of net profit retained by associated companies and joint ventures	3 913	3 255
Exchange rate differences on translation between average rates and year-end rates	162	111
Equity adjustment transferred to non-distributable reserves (Refer to statements of changes in equity)	4 075	3 366
Portion of the share of net profit retained by associated companies and joint ventures, that has been accounted for from unaudited interim reports and management accounts	1 039	1 102
Contingent liabilities of associated companies and joint ventures		
Guarantees to third parties – Performance guarantees, suretyships and letters of credit of various associated companies and joint ventures	142	393
Contingent tax liabilities	98	103

Product liabilities – British American Tobacco Plc (BAT) has contingent liabilities arising when BAT group companies are named as defendants in court cases in various countries with respect to product liability and non-product liability litigation, and arising from overseas taxes, guarantees and other matters. Despite the quality of defences judged by BAT to be available, BAT states in their annual report, where full details may be found, that it is not impossible that its results of operations or cash flows in a particular quarter or financial year could be materially affected by the outcomes of such matters. This could give rise to a consequent effect on Remgro's share of BAT's results and attributable net assets.

Claims – There are a number of legal or potential claims against various associated companies, the outcome of which cannot be foreseen, but are not regarded as material individually or on a group basis.

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29. CASH FLOW INFORMATION

	CONSOLIDATED		THE COMPANY	
	2008 R million	2007 R million	2008 R million	2007 R million
29.1 Adjustments				
Amortisation of intangible assets and depreciation	263	237	–	–
Movement in provisions	5	(58)	–	–
Share scheme cost	68	18	–	–
Exchange rate gain on foreign cash	259	622	–	–
(Profit)/loss on the sale of property, plant and equipment	(114)	1	–	–
Other	1	–	–	–
	482	820	–	–
29.2 Decrease/(increase) in working capital				
Decrease/(increase) in inventories and biological agricultural assets	(341)	(180)	–	–
Decrease/(increase) in trade and other receivables	(327)	(109)	3	(1)
Increase/(decrease) in trade and other payables	393	86	2	3
Net movement in derivative instruments	(26)	33	–	–
	(301)	(170)	5	2
29.3 Reconciliation of dividends received				
Receivable at the beginning of the year	168	–	–	–
Per income statement	274	156	2 138	3 358
Dividends from associated companies set off against investments	3 297	2 748	–	–
Dividend in specie	(191)	–	–	–
Receivable at the end of the year	–	(168)	–	–
Cash received	3 548	2 736	2 138	3 358
29.4 Reconciliation of taxation paid with the amount disclosed in the income statement				
Paid in advance at the beginning of the year	14	67	–	–
Unpaid at the beginning of the year	(104)	(473)	–	–
Per income statement	(340)	(360)	–	–
– normal income	(296)	(339)	–	–
– capital gain	(17)	–	–	–
– STC	(27)	(21)	–	–
Unpaid at the end of the year	13	104	–	–
Paid in advance at the end of the year	(80)	(14)	–	–
Cash paid	(497)	(676)	–	–
29.5 Reconciliation of dividends paid				
Per statements of changes in equity	(2 178)	(3 748)	(2 233)	(3 782)
Paid by subsidiary companies to minority	(74)	(65)	–	–
Cash paid	(2 252)	(3 813)	(2 233)	(3 782)

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	2008 R million	2007 R million
30. BUSINESSES ACQUIRED		
During the past two years a subsidiary company in the Group acquired various small businesses. The assets and liabilities arising from these acquisitions were as follows:		
Net assets acquired	3	4
Goodwill (note 5)	2	7
Cash paid	5	11
Cash acquired from business	(1)	3
Net cash flow on acquisition of business	4	14

31. FINANCIAL INSTRUMENTS

31.1 Classes of financial instruments and fair value

Financial instruments on the balance sheet include investments, loans receivable, debtors, cash, creditors, long-term loans and derivative instruments. Details of the nature, extent and terms of these instruments are explained in the notes to the relevant items.

The accounting policy for financial instruments was applied to the following balance sheet line items.

	Non-financial assets R million	Loans and receivables R million	Assets at fair value through profit and loss R million	Available- for-sale R million	Carrying value R million	Fair value R million
2008						
Investments – other				8 551	8 551	8 551
Loans		2			2	2
Debtors and short-term loans	124	1 261			1 385	1 385
Derivative instruments			19		19	19
Cash and cash equivalents		3 934			3 934	3 934
	124	5 197	19	8 551	13 891	13 891
2007						
Investments – other				6 245	6 245	6 245
Loans		2			2	2
Debtors and short-term loans	95	1 119			1 214	1 214
Derivative instruments			16		16	16
Cash and cash equivalents		5 004			5 004	5 004
	95	6 125	16	6 245	12 481	12 481

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31. FINANCIAL INSTRUMENTS *(continued)*

31.1 Classes of financial instruments and fair value *(continued)*

Financial liabilities	<i>Liabilities at amortised cost R million</i>	<i>Liabilities at fair value through profit and loss R million</i>	<i>Carrying value R million</i>	<i>Fair value R million</i>
2008				
Long-term loans	189		189	189
Trade and other payables	1 826		1 826	1 826
Short-term loans	190		190	190
Derivative instruments		3	3	3
	2 205	3	2 208	2 208
2007				
Long-term loans	161		161	161
Trade and other payables	1 440		1 440	1 440
Short-term loans	233		233	233
Derivative instruments		27	27	27
	1 834	27	1 861	1 861

Fair value

On 31 March 2008 and 2007 the fair value of financial instruments approximates their carrying value.

The following methods and assumptions are used to determine the fair value of each class of financial instruments:

Financial instruments available-for-sale: Fair value is based on quoted market prices or, in the case of unlisted instruments, appropriate valuation methodologies.

Cash and cash equivalents, debtors, creditors and short-term loans: Due to the expected short-term maturity of these financial instruments their carrying values approximate their fair value.

Borrowings: The fair value of long-term borrowings is based on discounted cash flows using the effective interest rate method. As the interest rates of long-term borrowings are all market related their carrying values approximate their fair value.

Derivative instruments: The fair value of derivative instruments is determined by using mark-to-market valuations.

31.2 Financial instruments and risk management

Various financial risks have an impact on the Group's results: market risk (including price, interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Company and its subsidiary companies' risk management programmes, of which key aspects are explained below, acknowledge the unpredictability of financial markets and are aimed to minimise any negative effect thereof. Derivative instruments are used to hedge against certain financial risk exposures.

Risk management is performed by the central treasury department in terms of the policy that was approved by the Board of Directors. A treasury committee identifies, evaluates and hedges financial risks in terms of the Group's risk appetite, sets risk limits and monitors compliance to policy and procedures. The committee is assisted by the internal audit department that regularly, and on an ad hoc basis, reviews risk management controls and procedures. It is the responsibility of the Remgro Audit and Risk Committee to supervise these functions and assess the appropriateness of risk management strategies.

31. FINANCIAL INSTRUMENTS (continued)

31.2 Financial instruments and risk management (continued)

Relevant financial risks and risk management programmes are summarised as follows:

Market risk

Price risk

Exposure to share price risk is due to investments in listed and unlisted shares. "Investments available-for-sale" consists mainly of the investment in Impala Platinum Holdings Limited that is included at market value under "Investments – Other" in the balance sheet. The executive committee monitors all investments continuously and makes recommendations to the Board of Directors in this regard. Some operating subsidiaries have commodity options and futures contracts that are influenced by the prices of the underlying commodities.

Foreign exchange risk

The Company and its subsidiary companies operate internationally and are therefore exposed to foreign currency risk due to commercial transactions denominated in foreign currencies. These risks are limited using foreign exchange contracts when deemed necessary.

The Group has no significant exposure to foreign exchange risk.

Net assets of investments in foreign operations are exposed to foreign exchange translation risk. The most prominent of these is the investment in Remgro Investments Limited, Jersey, that owns the stake in R&R. At year-end the carrying value of the investment in R&R was £1 200 million (2007: £1 188 million) and it also had cash amounting to £165 million (2007: £219 million) abroad.

Interest rate risk

Due to significant cash investments, movements in market interest rates influence income. The profile of the cash and cash equivalents is explained in note 15. Interest rate risk is managed by the treasury department by using approved counterparties that offer the best rates.

The Company and its subsidiary companies are also exposed to interest rate risk due to long-term debt. The interest rate profile of the liabilities is disclosed in note 18.

The Group's sensitivity to market risk

The following table illustrates the sensitivity of the Group's profit and equity to market risk if markets change with the following percentages:

	Change	2008 Income statement R million	Equity R million	Change	2007 Income statement R million	Equity R million
Interest rates	2.0%	51		1.0%	33	
Foreign exchange:						
ZAR/UK pound	5.0%	1		5.0%	43	
Equity prices	10.0%		731	10.0%		534
Commodity prices	R50/ton	9		R50/ton	22	
		61	731		98	534

The above was calculated with reference to the carrying value of financial instruments at year-end and a possible change in the market risk factor.

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31. FINANCIAL INSTRUMENTS *(continued)*

31.2 Financial instruments and risk management *(continued)*

Credit risk

The Group's exposure to credit risk is the fair value of loans, debtors, short-term loans, derivative instruments and cash and cash equivalents as indicated above.

Loans receivable and debtors

At year-end no significant "Loans receivable" were outstanding. No significant concentration of credit risk existed regarding debtors as customers are spread over a wide geographical area. Policies and procedures are in place ensuring that sales occur only to customers with an acceptable credit history. Other debtors consist mainly of prepayments and dividends receivable.

Terms granted to trade debtors are determined by the relevant operating subsidiaries, i.e. Rainbow Chicken, Tsb Sugar and Wispeco, who each puts its own credit policy in place.

The following table indicates the age analysis of trade debtors in arrears and the corresponding outstanding amount of debtors at year-end:

Debtors	Age analysis of trade debtors in arrears			Total trade debtors in arrears R million
	60 days R million	90 days R million	120 days + R million	
2008	76	8	10	94
2007	85	7	20	112

A provision for doubtful debts of R44 million (2007: R49 million) was made. Refer note 12.

The credit quality of performing trade debtors against whom no impairment was provided, is as follows:

	2008	2007
New customers (history of less than six months)	125	57
Existing customers (history of six months +) – no past defaults	839	667
Existing customers (history of six months +) – with past defaults	82	34
	1 046	758

Derivative instrument transactions and cash investments

Derivative instrument transactions are limited to transactions with financial institutions with a good credit rating. The treasury committee approves these institutions and determines the limit of credit exposure of each separate entity.

Cash and cash equivalents are only held by approved institutions with an acceptable credit-worthiness. The treasury committee sets the limit for each financial institution. Refer to the cash and cash equivalents note (note 15) for additional information.

Liquidity risk

The Company and its subsidiary companies have substantial cash balances at their disposal and minimum long-term debt that limit their liquidity risk. Nevertheless it is ensured that adequate credit facilities are available to maintain flexibility in the funding of transactions.

31. FINANCIAL INSTRUMENTS (continued)

31.2 Financial instruments and risk management (continued)

The following schedule indicates the repayment terms of outstanding debt:

Financial liabilities	Carrying value R million	Contractual cash flow R million	Non-discounted cash flow		
			0 to 12 months R million	1 to 5 years R million	5 years and longer R million
2008					
Long-term loans	189	248	–	238	10
Trade and other payables	1 826	1 826	1 826	–	–
Short-term loans	190	211	211	–	–
Derivative instruments	3	56	56	–	–
	2 208	2 341	2 093	238	10
2007					
Long-term loans	161	206	–	172	34
Trade and other payables	1 440	1 440	1 440	–	–
Short-term loans	233	252	252	–	–
Derivative instruments	27	113	113	–	–
	1 861	2 011	1 805	172	34

32. CAPITAL MANAGEMENT

The Company manages its shareholders' equity, i.e. its issued capital (including share premium), reserves and treasury shares, as capital. The Group's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns to shareholders in the form of dividends and capital appreciation.

In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue shares or repurchase shares from shareholders. For the year under review dividends amounting to R2 471 million (2007: R2 102 million) were declared and shares to the value of R37 million (2007: RNil) were issued. The Group also repurchased its own shares to the value of R28 million (2007: R1 106 million).

Refer to the statements of changes in equity for further details regarding the Group's capital.

	2008 R million	2007 R million
33. COMMITMENTS		
Capital commitments	888	704
Uncompleted contracts for capital expenditure	114	106
Capital expenditure authorised but not yet contracted	161	253
Investment liabilities	613	345
Operating lease commitments	130	122
Due within one year	39	37
Due – two to five years	81	79
Due thereafter	10	6
	1 018	826

Above-mentioned commitments will be financed by internal sources and borrowed funds.

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34. BORROWING POWERS

There are no limitations on the borrowing powers of the Company and its subsidiaries in respect of loans and guaranteed debts.

	2008 R million	2007 R million
35. GUARANTEES AND CONTINGENT LIABILITIES		
35.1 Guarantees		
Guarantees by subsidiary companies	8	4
35.2 Contingent liabilities		
Legal actions pending	–	4
Contract grower guarantees*	50	53
Other	–	19
	50	76

* Certain subsidiary companies have contingencies relating to certain contract grower arrangements. It is not anticipated that any material liabilities will arise from these contingencies.

36. RELATED PARTY INFORMATION

Subsidiaries

Details of income from and investments in subsidiary companies are disclosed in note 27 and in Annexure A respectively.

Associated companies and joint ventures

Details of investments in and income from associated companies and joint ventures are disclosed in notes 6, 7 and 28 respectively, as well as in Annexures B and C.

Key management personnel

Only Remgro's directors are key management personnel. Information on directors' emoluments and their shareholding in the Company appears in notes 23 and 24 as well as in the Report of the Board of Directors.

Shareholders

Details of the principal shareholder appear in the Report of the Board of Directors. A detailed analysis of shareholders appears on pages 115 and 116 of the Annual Report.

Other

Certain contractually agreed upon, supporting and other services are rendered to VenFin Limited. Refer to note 26.

	2008 R million	2007 R million
Related party transactions		
CONSOLIDATED		
Transactions of Remgro Limited and its subsidiary companies with:		
<i>Controlling shareholder</i>		
Dividends paid	164	277
<i>Associates</i>		
Interest received	11	35
Dividends received	3 297	2 748
Sales	2	12
Administration fees	13	12
Purchases	113	200
Interest paid	1	–
Other expenses	–	1
<i>Key management personnel</i>		
Salaries and other benefits	19	18
Retirement benefits	3	3
Share-based payments	8	7

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	2008 R million	2007 R million
36. RELATED PARTY INFORMATION <i>(continued)</i>		
CONSOLIDATED <i>(continued)</i>		
Transactions of Remgro Limited and its subsidiary companies with <i>(continued)</i> :		
<i>Other</i>		
Fees received from VenFin Limited	17	21
Balances due from/(to) related parties		
Associated companies	(11)	(13)
THE COMPANY		
Transactions of Remgro Limited with:		
<i>Subsidiary companies</i>		
Dividends received	2 138	3 358
Administration fees received	5	4
Balances due by/(to) related parties		
Subsidiary companies	2 312	2 371

No security is given for any outstanding balances. No provisions for bad debts against outstanding balances with related parties have been made and no bad debt of related parties has been written off during the year.