

REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2009

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 and joint ventures.

During the year under review the investment in British American Tobacco Plc (BAT) was unbundled to shareholders as an interim dividend *in specie* amounting to R55.2 billion. Refer to the section on "Investments" below for further details of the unbundling.

After the unbundling referred to above the Group's interests consist mainly of investments in banking and financial services, printing and packaging, motor components, glass products, medical services, mining, petroleum products, food, wine and spirits and various other trade mark products.

RESULTS

Year ended 31 March:	2009	2008
Headline earnings (R million)	4 660	7 991
– per share (cents)	987.7	1 692.8
– diluted (cents)	954.8	1 649.0
Headline earnings from continuing operations (R million)*	3 168	4 551
– per share (cents)	671.5	964.1
– diluted (cents)	659.2	928.3
Earnings – net profit for the year (R million)	45 330	9 893
– per share (cents)	9 607.9	2 095.7
– diluted (cents)	9 570.4	2 048.9
Dividends (R million)**	902	2 471
– ordinary – per share (cents)	190.00	510.00

* *Headline earnings from continuing operations is calculated by excluding the equity accounted income of BAT, as well as all non-recurring costs relating to the unbundling.*

** *A final dividend of 110 cents (2008: 330 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:

GROUP RESTRUCTURING

On 7 October 2008 Remgro shareholders approved the unbundling of the investment in BAT by way of an interim dividend *in specie*, and on 3 November 2008 Remgro distributed 192.9 million ordinary shares in BAT and 302.6 million Reinet Investments S.C.A. (Reinet) depositary receipts (DRs) to Remgro shareholders in the ratio of 40.6054 BAT ordinary shares and 63.6977 Reinet DRs for every 100 Remgro shares held.

The interim dividend *in specie* amounted to a total amount of R55.2 billion and secondary taxation on companies (STC) of R686.0 million was payable on this dividend. In addition to the STC payable, Securities Transfer Tax (STT) amounting to R144.1 million was also payable. As R129.7 million of the STT was paid on behalf of Remgro shareholders

with the unbundling of the ordinary shares in BAT to them, this amount is included in the interim dividend *in specie* referred to above.

Due to the fact that the ordinary shares in BAT and Reinet DRs were distributed at market value, a capital gain of R40 805.0 million was realised on the dividend *in specie*.

All cautionary and other announcements relating to the unbundling of the investment in BAT are available on Remgro's website at www.remgro.com.

REPURCHASE OF REMGRO SHARES

At 31 March 2008 8 554 019 Remgro ordinary shares (1.9%) were held as treasury shares. During the six months ended 30 September 2008 a wholly owned subsidiary company of Remgro acquired 3 500 000 Remgro ordinary shares at an average price of R189.71 for a total amount of R666.4 million. These shares were acquired for the purpose of hedging the new share appreciation right scheme that was implemented subsequent to the unbundling of the investment in BAT. At 30 September 2008, 12 054 019 Remgro ordinary shares (2.7%) were held as treasury shares.

During the year under review no Remgro ordinary shares were purchased by The Remgro Share Trust, while 1 042 426 shares were delivered to participants against payment of the subscription price.

Subsequent to 30 September 2008, as part of the preliminary steps to the unbundling of the investment in BAT, the 8 554 019 Remgro ordinary shares held as treasury shares and 969 836 of the Remgro ordinary shares held by The Remgro Share Trust were cancelled after the unbundling of the investment in BAT was approved by Remgro shareholders. The balance of the Remgro ordinary shares held by The Remgro Share Trust, were delivered to participants and a wholly owned subsidiary company of Remgro provided a direct finance facility to the participants to allow them to settle the outstanding purchase price. At 31 March 2009 the outstanding amount of the direct finance facility amounted to R73.6 million and this amount is included in the balance sheet as a non-current asset under "Loans".

At 31 March 2009, 3 500 000 Remgro ordinary shares (0.8%) were held as treasury shares.

As a result of the 3.5 million treasury shares acquired and as part of the unbundling of the investment in BAT, the wholly owned subsidiary company that acquired the treasury shares, also received ordinary shares in BAT and Reinet DRs. At 31 March 2009, 1 252 712 ordinary shares in BAT and 1 966 260 Reinet DRs were held. These investments were classified as financial instruments "available-for-sale" for accounting purposes and only dividend income from these investments will in the future be accounted for in the income statement. The unbundling of the investment in BAT also resulted in Remgro receiving 196 626 Reinet warrant receipts. These warrant receipts were sold during December 2008 and an after-tax capital gain of R2.9 million was realised on this transaction.

XIOCOM WIRELESS, INC. (XIOCOM)

During the 2008 financial year Remgro acquired a 37.5% interest, on a fully diluted basis, in Xicom, a USA company that specialises in the deployment and operation of wireless broadband networks. Remgro has conditionally committed funds amounting to \$50.0 million to Xicom and on 31 March 2008 \$11.25 million had already been invested. During the year under review Remgro invested a further \$17.5 million in Xicom.

For the year under review Xicom was equity accounted for the twelve months to 31 March 2009, compared to eight months in the comparative year.

PG GROUP OF COMPANIES (PGSI)

With effect from 31 July 2007 Remgro acquired a 24.5% interest, on a fully diluted basis, in PGSI for R719.5 million. PGSI is the foreign holding company of the Plate Glass group. During the year under review Remgro invested a further \$1.0 million (or R7.9 million) in PGSI. On 31 March 2009, Remgro's interest in PGSI, on a fully diluted basis, was 25.0%.

During March 2009 Remgro advanced a bridging loan amounting to R29.0 million to PGSI in anticipation of a PGSI rights offer intending to raise up to R300 million from shareholders.

For the year ended 31 March 2009 PGSI, which has a December year-end, has been equity accounted for the twelve months to December 2008 compared to the five months to December 2007 in the comparative year.

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

During the 2007 financial year, 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, water and social infrastructure. By 31 March 2008, Remgro invested R50.4 million of the R350 million committed. During the year under review Remgro invested a further R24.7 million in KIEF.

BUSINESS PARTNERS LIMITED (BUSINESS PARTNERS)

During the year under review Remgro acquired a further 930 900 Business Partners shares for a total amount of R5.8 million. On 31 March 2009, Remgro's interest in Business Partners was 20.8% (31 March 2008: 20.2%) on a fully diluted basis.

Tsb SUGAR HOLDINGS (PTY) LIMITED (Tsb SUGAR)

With effect from 1 April 2007 Tsb Sugar concluded the Tenbosch land claim whereby it disposed of 4 800 hectares (ha) of irrigated sugar cane agricultural land in the Nkomazi region to land claimants in terms of a land reform transaction for an amount of R285 million. The transaction constituted the first phase of Tsb Sugar's land reform process.

The second phase of Tsb Sugar's land reform transactions of approximately 6 000 ha is currently in progress and consists of the remaining claimed land, situated mainly in the Malelane area. This transaction is expected to be completed in the next financial year.

Post balance sheet events:

KWV INVESTMENTS LIMITED (KWV INVESTMENTS)

On 14 April 2009, Remgro acquired 4 028 136 KWV Investments shares (9.6% shareholding) for a total consideration of R258.5 million. As Remgro's interest in Distell Group Limited (Distell) is held through Remgro-KWV Investments Limited, in which both Remgro and KWV Investments have a 50% interest, this acquisition effectively increases Remgro's indirect interest in Distell by 2.8% to 32.0% (31 March 2009: 29.2%).

For accounting purposes the investment in KWV Investments will be classified as a financial instrument "available-for-sale" and only dividend income will in the future be accounted for in the income statement.

XIOCOM

Since 31 March 2009 a further \$3.0 million was invested in Xicom. Currently \$31.75 million of the \$50.0 million conditional commitment has already been invested.

GROUP RESTRUCTURING

On 8 June 2009 Remgro and VenFin Limited announced that they are engaged in discussions regarding a possible merger of the two companies.

The boards of directors of the respective companies have proposed that the possible merger will be implemented on a net asset value (NAV) basis and will exclude VenFin's shareholding in Dimension Data Plc (Didata). Based on the NAV of Remgro and VenFin (excluding VenFin's shareholding in Didata) as at 5 June 2009, the agreed value date of the transaction, it is anticipated that VenFin shareholders will receive 1 Remgro share for every 6.25 VenFin shares held.

All cautionary and other announcements relating to the possible merger are available on Remgro's website at www.remgro.com.

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CASH RESOURCES

The Company's cash resources at 31 March 2009 were as follows:

	Local R million	Offshore R million	Total R million
Per consolidated balance sheet	1 507	3 543	5 050
Investment in money market funds	–	1 578	1 578
Less: Cash of operating subsidiaries	(633)	(28)	(661)
Cash at the centre	874	5 093	5 967

On 31 March 2009, approximately 31% (R1 578 million) of the available offshore cash at the centre was invested in money market funds which are not classified as cash and cash equivalents on the balance sheet. Refer to note 15 to the annual financial statements for further details.

GROUP FINANCIAL REVIEW

COMPARISON WITH PRIOR YEAR

With effect from 3 November 2008 the investment in BAT was distributed to Remgro shareholders as an interim dividend *in specie*. For the year under review the investment in BAT was accordingly only equity accounted for the seven months to 31 October 2008.

In order to facilitate year-on-year comparison, headline earnings and headline earnings per share are also presented for continuing operations, which excludes the equity accounted income of BAT, as well as all non-recurring costs relating to the unbundling.

BALANCE SHEET

The analysis of "Equity" and of "Source of headline earnings" below reflects the sectors into which the Group's investments have been classified. No adjustment has been made where investments are active mainly in one sector but also have interests in other sectors.

	2009		2008	
	R million	R per share	R million	R per share
<i>Equity employed</i>				
Attributable to equity holders	38 072	80.75	57 227	121.11
<i>Employment of equity</i>				
Tobacco interests	–	–	21 891	46.33
Financial services	10 969	23.27	10 559	22.34
Industrial interests	10 025	21.26	15 182	32.14
Mining interests	11 329	24.03	7 619	16.12
Corporate finance and other interests	5 749	12.19	1 976	4.18
	38 072	80.75	57 227	121.11

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INCOME STATEMENT

	2009		2008	
	R million	%	R million	%
<i>Source of headline earnings</i>				
Tobacco interests	2 295	49	3 579	45
Financial services	1 576	34	2 120	26
Industrial interests	1 318	28	1 895	24
Mining interests	164	4	264	3
Corporate finance and other interests	(693)	(15)	133	2
	4 660	100	7 991	100

	2009	2008
	R million	R million
<i>Composition of headline earnings</i>		
Subsidiary companies	142	910
Profits	159	933
Losses	(17)	(23)
Associated companies and joint ventures	4 518	7 081
Profits	5 023	7 148
Losses	(505)	(67)
	4 660	7 991

SHARE SCHEMES

During the year under review a new share scheme, the Remgro Equity Settled Share Appreciation Right Scheme (the SAR Scheme), was implemented in addition to the existing Remgro Share Scheme. No new allocations under the Remgro Share Scheme have been made during the year under review. In terms of the SAR scheme participants are offered shares to the value of the appreciation of a specified number of Remgro ordinary shares that can be exercised at different intervals but before the expiry of seven years from date of grant.

The earliest intervals at which the share appreciation rights are exercisable are as follows:

- One-third after the third anniversary of the grant date
- Two-thirds after the fourth anniversary of the grant date
- The remainder after the fifth anniversary of the grant date

Refer to note 25 to the annual financial statements for full details on the Remgro Share Scheme as well as the SAR Scheme.

PRINCIPAL SHAREHOLDER

Rembrandt Trust (Pty) Limited (Rembrandt Trust) holds all the issued unlisted B ordinary shares of the Company and is entitled to 44.89% (2008: 44.83%) of the total votes.

An analysis of the shareholders appears on pages 123 and 124.

SUBSIDIARY COMPANIES AND INVESTMENTS

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

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DIRECTORS

The names of the directors appear on pages 12 and 13.

Mr D Prins and Mrs M Ramos resigned as independent non-executive directors on 22 August 2008 and 26 February 2009 respectively. The Board of Directors wishes to thank them for their contribution. On 22 August 2008 Mr H Wessels was appointed as an independent non-executive director and was also appointed as the chairman of the Audit and Risk Committee.

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

DIRECTORS' INTERESTS

At 31 March 2009 the aggregate of the direct and indirect interests of the directors and their associates in the issued ordinary share capital of the Company amounted to 1.26% (2008: 0.94%).

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 125.

DIRECTORS' EMOLUMENTS

The total directors' fees for services rendered as directors during the past financial year amounted to R2 697 000 (2008: R2 525 000).

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 (No. 61 of 1973), as amended ("Companies Act"), and the Listings Requirements of the JSE Limited ("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 to the Board are incorporated in the notice of the annual general meeting that appears on page 126.

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.

DIVIDENDS

The final ordinary dividend per share was determined at 110 cents (2008: 330 cents). Total ordinary dividends per share in respect of the financial year to 31 March 2009 therefore amount to 190 cents (2008: 510 cents).

For a Remgro shareholder who continues to hold ordinary shares in BAT as well as Reinet DRs, this means an increase of 8.0% in dividend income when compared to the previous financial year.

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DECLARATION OF CASH DIVIDEND

DECLARATION OF DIVIDEND NO. 18

A final dividend of 110 cents (2008: 330 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 2009.

PAYMENT

The final dividend is payable on Monday, 24 August 2009, to shareholders of the Company registered at the close of business on Friday, 21 August 2009.

Shareholders may not dematerialise or rematerialise their holdings of ordinary shares between Monday, 17 August 2009, and Friday, 21 August 2009, both days inclusive.

SECRETARY

The name and address of the Company Secretary appears on page 122.

APPROVAL

The annual financial statements set out on pages 55 to 121 have been approved by the Board.

Signed on behalf of the Board of Directors.



Johann Rupert
Chairman

Stellenbosch
22 June 2009



Thys Visser
Chief Executive Officer