

Press release - Remgro Limited

Remgro Limited ("Remgro" or "the Group")

Final results for the year ended 31 March 2005

Financial information:

- Increase in headline earnings per share: 7.6%
- Increase in intrinsic value per share for the year: 19.5%
- Increase in the ordinary dividend per share: 10.2%

On the announcement of the results Thys Visser, Chief Executive Officer of the group said, "The strong performance of the Remgro share price relative to the market is testimony to the underlying strength of the Group's investments."

Overview

- Headline earnings increased by 6.3% to R4 982 million (2004: R4 687 million), however headline earnings per share increased by 7.6% to 1 001.8 cents due to the favourable impact of the share repurchase programme.
- Remgro's South African interests again delivered solid HEPS growth of 15.5% (i.e. excluding tobacco).
- The contribution of tobacco interests represented 41% (2004: 45%) of headline earnings. The decrease of 3.4% in headline earnings from its tobacco interests is mainly due to the strengthening of the Rand against the Pound and non-recurring warrant premium in the prior year.
- A stronger rand reduced R&R's contribution to headline earnings by R100 million (2004: R520 million). In sterling terms and excluding the non-recurring warrant premium included in the prior year, the increase was 7.3% (2004: 1.9%).
- BAT's attributable profit, excluding goodwill amortisation and exceptional items, increased by 8.9% in sterling.
- Remgro's intrinsic value per share increased to R119.97 (at 31 March 2005) from R100.36 (at 31 March 2004). This amounts to an increase of 19.5%. The intrinsic value per share before capital gains tax increased by 20.8% from R101.23 (31 March 2004) to R122.32 (at 31 March 2005).
- A final ordinary dividend per share of 198 cents was declared and together with the interim ordinary dividend of 116 cents that was declared and paid, the total ordinary dividend declared for the financial year ended 31 March 2005 was 314 cents per share. This represents an increase of 10.2% on the previous year's total ordinary dividend.

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- It is the Board's intention to also declare a special dividend of 600 cents per share shortly after and subject to the ABSA transaction being declared unconditional. The salient dates of the special dividend will then be announced on SENS and distributed to shareholders.
- Remgro remains as at 31 March 2005 in a strong net cash position at the centre with R1 094 million (2004: R2 150 million), which is set to further strengthen with the proceeds to be received from the sale of Remgro's ABSA interest to Barclays Bank PLC, the proceeds received on 16 May 2005 from the FirstRand transaction and the proposed Sage Limited acquisition by Momentum.
- Remgro's attributable share of R&R's cash amounts to £236.4 million (R2 778 million).

Corporate actions during 2004/2005

- Remgro increased its effective stake in BAT by 12 854 457 shares at a cost of £124.9 million. As at 31 March 2005, Remgro's effective interest in BAT was 10.03%.
- Remgro repurchased 14 079 239 shares (equating to 2.9% of Remgro's issued share capital) at an average price of R87.69 per share for a total amount of R1 234.6 million during the financial year ended 31 March 2005.
- During October 2004 Remgro sold its 50% interest in Henkel for R80 million, which resulted in an after tax capital surplus of R43.9 million which was accounted for in exceptional items.

Subsequent to year-end events

- On 5 May 2005 Barclays made an offer to ABSA shareholders to acquire a 60% interest in ABSA for R82.50 per share plus an entitlement to receive the final dividend of R2.00 per share declared by ABSA. Remgro entered into an agreement with Barclays to dispose of all or part of its interest in ABSA at the same terms and conditions of the offer. The transaction is subject to certain conditions precedent.
- In terms of the FirstRand black economic empowerment transaction announced, Remgro received R486.0 million on 16 May 2005 which resulted in Remgro's effective interest in FirstRand, including the indirect interest held by RMBH, diluting from 18.0% to 16.8%.
- On 20 May 2005 Momentum announced it has submitted an offer to acquire all the issued shares in Sage Limited. Remgro gave an irrevocable undertaking to vote in favour of the proposed scheme as well as the postponement of the repayment of a R95 million loan to 31 October 2005. The consideration comprises an initial payment of R1.42 per Sage share and a potential subsequent payment of up to a maximum of R0.33 per Sage share.

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Investment review:

Remgro derives income from investments in the following sectors:

- Tobacco
- Financial
- Industrial
- Mining and
- Corporate finance and other

Tobacco interests:

- Remgro's interest in BAT is represented by its one-third holding of the ordinary shares and debentures, as well as all the participation securities issued by R&R.
- Remgro's effective interest in BAT as at 31 March 2005 was 10.03%.
- BAT's attributable profit increased by 8.9% in sterling as a result from higher operating profit, lower finance costs, reduced effective tax rate and lower minority interests. However, after accounting adjustments to reflect the present value of the preference shares and preference share dividends, BAT's results for 2005 were 11% higher compared to the previous year.

Financial interests:

- Remgro's financial interests benefited substantially from the re-rating of the banking sector.
- ABSA reported solid earnings growth and contribution to Remgro's headline earnings was R517 million (2004: R419 million).
- FirstRand's and RMBH's contribution increased by 20.8% and 19.2%, respectively. The combined headline earnings increased to R1 172 million from R976 million in 2004.

Industrial interests:

- Total South Africa, Distell and Medi-Clinic were primarily responsible for industrial interests increasing by 13.1%.
- Total South Africa results were boosted by increased market share and improved margins as a result of the increase in the fuel price due to the movement in the US\$ crude oil price.
- Distell experienced good sales volume and operating margin growth as a result of enhanced efficiencies across various dimensions of the business. Distell's contribution to headline earnings increased by 59.3%.
- Medi-Clinic's contribution to headline earnings grew by 13% for the year under review. Bed capacity increased due to new hospitals commissioned and acquired. Medi-Clinic was successful in its efforts to enhance the affordability of healthcare costs.
- These good results were offset by a decline of 70% in the contribution from Transvaal Sugar to R19 million (2004: R64 million). This decline was predominantly due to the sugar industry

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taking strain as a result of prolonged drought conditions and the low world sugar price. Better climatic conditions expected for 2005.

- Unilever Bestfoods Robertsons produced lower results mainly due to a lower contribution by Israel, where the overall economic environment remained weak during the period under review as well as major restructuring expenses being incurred. The majority of these expenses have been included in headline earnings.
- Nampak's contribution to headline earnings declined by 9.2% for the year ended 31 March 2005 as a result of a fall-off in volumes due to decreased direct and indirect exports.
- Rainbow's results were negatively impacted by feed being contaminated for a limited period by a supplier product.

Mining interests:

- Mining interests declined by 41.3% to R101 million (2004: R172 million) primarily due to lower income from TransHex as a result of lower diamond sales (in rand terms), the stronger rand that has negatively impacted the whole mining sector and Gencor's unbundling of Implats in the previous year, resulting in the figures not being comparable.

Stellenbosch, 21 June 2005

-ENDS-

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