

# *Remgro* *Limited*

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ANNUAL REPORT 2007

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## INVESTMENT PHILOSOPHY

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REMGRO invests in businesses that can deliver superior earnings and dividend growth over the long term. This involves the acquisition of meaningful interests in companies that have sound management and have the ability to generate strong cash returns and growth. Remgro forges strategic alliances on a partnership basis and endeavours to add value where possible. The purpose is to ensure excellent returns to shareholders by way of dividend and capital growth.

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## GROUP PROFILE

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REMGRO LIMITED is an investment holding company established with effect from 1 April 2000, after the restructuring of the former Rembrandt Group Limited. The Group's interests consist 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.

The Company's activities are concentrated mainly on the management of investments and the provision of support rather than on being involved in the day-to-day management of business units of investees.

Subsidiaries not wholly owned are mainly listed companies with independent boards of directors on which this Company has non-executive representation. Non-subsidiary investments comprise both listed and unlisted companies not controlled by this Company and which are mostly associated companies due to significant influence and Board representation.

# GROUP STRUCTURE

AT 31 MARCH 2007



## ASSOCIATED COMPANIES AND OTHER

### TOBACCO INTERESTS

✦ British American Tobacco	10.4%
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### FINANCIAL SERVICES

✦ RMB Holdings	23.7%
✦ FirstRand	9.3%

### INDUSTRIAL INTERESTS

✦ Air Products SA	50.0%
✦ Distell	29.4%
✦ Dorbyl	41.4%
✦ Kagiso Trust Investments	41.8%
✦ Medi-Clinic	47.6%
✦ Nampak	13.4%
✦ Total South Africa	24.9%
✦ Unilever Bestfoods Robertsons	41.0%

### MINING INTERESTS

✦ Trans Hex	33.6%
✦ Implats	4.2%

### OTHER INTERESTS

✦ Business Partners	21.3%
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## SUBSIDIARY COMPANIES

### INDUSTRIAL INTERESTS

✦ Tsb Sugar	100.0%
✦ Wispeco	100.0%
✦ Rainbow	61.4%

### CORPORATE AND OTHER INTERESTS

✦ Remgro Finance Corporation	100.0%
✦ M&I Group Services	100.0%

Percentages represent the direct interests held.

Annexures A and B provide further information of subsidiary companies and investments.

# GROUP STRUCTURE

INFORMATION ON THE COMPANIES IN WHICH INVESTMENTS ARE HELD

## ASSOCIATED COMPANIES AND OTHER

### TOBACCO INTERESTS



#### EFFECTIVE INTEREST: 10.4%

- Listed on the London Stock Exchange.
- Chief Executive Officer: P Adams
- Produces high-quality tobacco products for a diverse, worldwide market. The company is involved from the planting and growing of tobacco crops to the marketing of the products.
- Interest is represented by a one-third shareholding in the ordinary shares and a 100% shareholding in the "2005" participating securities of R&R Holdings SA (R&R). The other two-thirds shareholding in R&R is held by Compagnie Financière Richemont SA.
- Market capitalisation at 31 March 2007: £32 658 million
- Website: [www.bat.com](http://www.bat.com)

### FINANCIAL SERVICES



#### EFFECTIVE INTEREST: 23.7%

- Listed on the JSE Limited.
- Chief Operating Officer: P Cooper
- RMBH's interests are:
  - FirstRand Limited (33%)
  - RMB Structured Insurance Limited (80%)
  - OUTsurance Limited (62%)
  - Glenrand M.I.B Limited (16%)
- Market capitalisation at 31 March 2007: R42 749 million
- Website: [www.rmbh.co.za](http://www.rmbh.co.za)



#### FIRSTRAND

#### EFFECTIVE INTEREST: 9.3%

(excluding indirect interest held through RMB Holdings)

- Listed on the JSE Limited.
- Chief Executive Officer: P K Harris
- The FirstRand group of companies is involved in the financial service activities, including retail, corporate, investment and merchant banking, short-term insurance, life insurance, employee benefits, health insurance and asset management.
- The banking and insurance activities are represented by the wholly owned subsidiaries FirstRand Bank Holdings Limited and Momentum Group Limited respectively and the health activities in the 57%-owned Discovery Holdings Limited.
- Market capitalisation at 31 March 2007: R127 063 million
- Website: [www.firstrand.co.za](http://www.firstrand.co.za)

### MINING INTERESTS



#### EFFECTIVE INTEREST: 33.6%

- Listed on the JSE Limited.
- Chief Executive Officer: L Delpont
- Exploration for, and mining and marketing of land and marine diamonds.
- Market capitalisation at 31 March 2007: R1 304 million
- Website: [www.transhex.co.za](http://www.transhex.co.za)



#### EFFECTIVE INTEREST: 4.2%

- Listed on the JSE Limited.
- Chief Executive Officer: D Brown
- Implats is a fully integrated mining and metallurgical organisation, which markets refined platinum group metals for global markets and is one of the world's largest platinum recyclers.
- Market capitalisation at 31 March 2007: R143 851 million
- Website: [www.implats.co.za](http://www.implats.co.za)

# GROUP STRUCTURE

INFORMATION ON THE COMPANIES IN WHICH INVESTMENTS ARE HELD

## ASSOCIATED COMPANIES AND OTHER

### INDUSTRIAL INTERESTS



**EFFECTIVE INTEREST: 50.0%**

- Unlisted
- Chief Executive Officer: A G Cooper
- Air Products SA produces oxygen, nitrogen, argon, hydrogen and carbon dioxide for sale in gaseous form by pipeline under long-term contracts to major industrial users, as well as the distribution of industrial gases and chemicals for sale, together with ancillary equipment, to the merchant market.
- The other 50% of the ordinary shares is held by Air Products and Chemicals Incorporated, a USA company.
- Website: [www.airproducts.com](http://www.airproducts.com)



**EFFECTIVE INTEREST: 47.6%**

- Listed on the JSE Limited.
- Chief Executive Officer: L J Alberts
- Medi-Clinic's business consists of the provision of comprehensive, high-quality hospital services on a cost-effective basis.
- Market capitalisation at 31 March 2007: R9 898 million
- Website: [www.mediclinic.co.za](http://www.mediclinic.co.za)



**EFFECTIVE INTEREST: 41.4%**

- Listed on the JSE Limited.
- Chief Executive Officer: R F Röhrs
- Dorbyl is an industrial group in the automotive engineering industry. The company specialises in the production and assembly of a wide range of vehicle components.
- Market capitalisation at 31 March 2007: R511 million
- Website: [www.dorbyl.co.za](http://www.dorbyl.co.za)



**EFFECTIVE INTEREST: 29.4%**

- Listed on the JSE Limited.
- Chief Executive Officer: J J Scannell
- Distell produces and markets fine wines, spirits and flavoured alcoholic beverages, in South Africa with an increasing international profile.
- Interest is represented by a 50% shareholding in Remgro-KWV Investments Limited, which held a 59% share in Distell at 31 March 2007.
- Market capitalisation at 31 March 2007: R10 397 million
- Website: [www.distell.co.za](http://www.distell.co.za)



**EFFECTIVE INTEREST: 41.8%**

- Unlisted
- Chief Executive Officer: J J Njeke
- KTI is an established empowerment company with a focus on investment banking services, media and strategic investments. KTI has an investment portfolio and strategy that is complementary to that of Remgro.
- Website: [www.kagiso.com](http://www.kagiso.com)



**EFFECTIVE INTEREST: 24.9%**

- Unlisted
- Chief Executive Officer: P W Jordan
- Subsidiary of Total (France). Total South Africa's business is the refining and marketing of petroleum and petroleum products in South Africa and it has a market share of 14.7%. It distributes to neighbouring NBLS countries. It has a 36% interest in National Petroleum Refiners of S.A. (Pty) Limited (Natref).
- Website: [www.total.co.za](http://www.total.co.za)



**EFFECTIVE INTEREST: 13.4%**

- Listed on the JSE Limited.
- Chief Executive Officer: G E Bortolan
- Nampak is Africa's largest and most diversified packaging manufacturer, with operations in the United Kingdom and Europe. It produces a wide variety of packaging products from metals, paper, plastic and glass and is the largest manufacturer and distributor of tissue paper products.
- Market capitalisation at 31 March 2007: R14 552 million
- Website: [www.nampak.com](http://www.nampak.com)



**EFFECTIVE INTEREST: 41.0%**

- Unlisted
- Chief Executive Officers: Mrs G A Klintworth (South Africa); M Keren (Israel)
- The UBR venture covers the territories of Southern Africa and Israel, and manufactures and markets an extensive range of food products, while enjoying market leadership in most of its major categories. Well-known international and local brands include *Robertsons* herbs and spices, *Knorr* soups, *Aromat* seasonings, *Rama* and *Flora* margarine, *Lipton* and *Joko* tea, and *Mrs Ball's* culinary products.
- Website: [www.unilever.co.za](http://www.unilever.co.za)

### OTHER INTERESTS



**EFFECTIVE INTEREST: 21.3%**

- Unlisted
- Chief Executive Officer: J Schwenke
- Business Partners is a specialist investment company providing debt and equity investment, mentorship and property management services for small and medium enterprises in South Africa.
- Website: [www.businesspartners.co.za](http://www.businesspartners.co.za)

## SUBSIDIARY COMPANIES

### INDUSTRIAL INTERESTS

### CORPORATE AND OTHER INTERESTS



#### EFFECTIVE INTEREST: 100.0%

- Unlisted
- Chief Executive Officer: H Snyman
- Tsb Sugar is involved in cane growing and the production, transport and marketing of sugar and animal feed. Citrus is also grown on the company's estates.
- Website: [www.tsb.co.za](http://www.tsb.co.za)



#### EFFECTIVE INTEREST: 100.0%

- Unlisted
- Chief Executive Officer: H Rolfe
- Wispeco's main business is the extrusion of aluminium profiles used mainly in the building, engineering and durable goods sectors.
- Website: [www.wispeco.co.za](http://www.wispeco.co.za)



#### EFFECTIVE INTEREST: 61.4%

- Listed on the JSE Limited.
- Chief Executive Officer: M Dally
- Rainbow is the holding company of one principal operating subsidiary, which is a vertically integrated chicken producer.
- Market capitalisation at 31 March 2007: R4 693 million
- Website: [www.rainbowchicken.co.za](http://www.rainbowchicken.co.za)

REMGRO FINANCE CORPORATION  
LIMITED and  
M&I GROUP SERVICES LIMITED

#### EFFECTIVE INTEREST: 100.0%

- Both companies are unlisted.
- Responsible for Remgro's central treasury function as well as management and support services.

**Remgro**  
Limited

## SALIENT FEATURES

	2007	2006	% change
HEADLINE EARNINGS PER SHARE – excluding non-recurring portion of BEE costs	1 445.4c	1 130.9c	27.8
HEADLINE EARNINGS PER SHARE	1 445.4c	1 052.3c	37.4
EARNINGS PER SHARE	1 464.2c	1 697.6c	(13.7)
HEADLINE EARNINGS – excluding non-recurring portion of BEE costs	R6 853m	R5 464m	25.4
HEADLINE EARNINGS	R6 853m	R5 084m	34.8
EARNINGS – net profit for the year	R6 942m	R8 202m	(15.4)

### Dividends per share

Ordinary	434.00c	361.00c	20.2
– Interim	153.00c	133.00c	15.0
– Final	281.00c	228.00c	23.2
Special		400.00c	

### Net asset value per share

(attributable to own members)

– at intrinsic value	R221.00	R157.59	40.2
Tobacco interests	R110.56	R70.99	55.7
Other investments	R110.44	R86.60	27.5

### Exchange rates

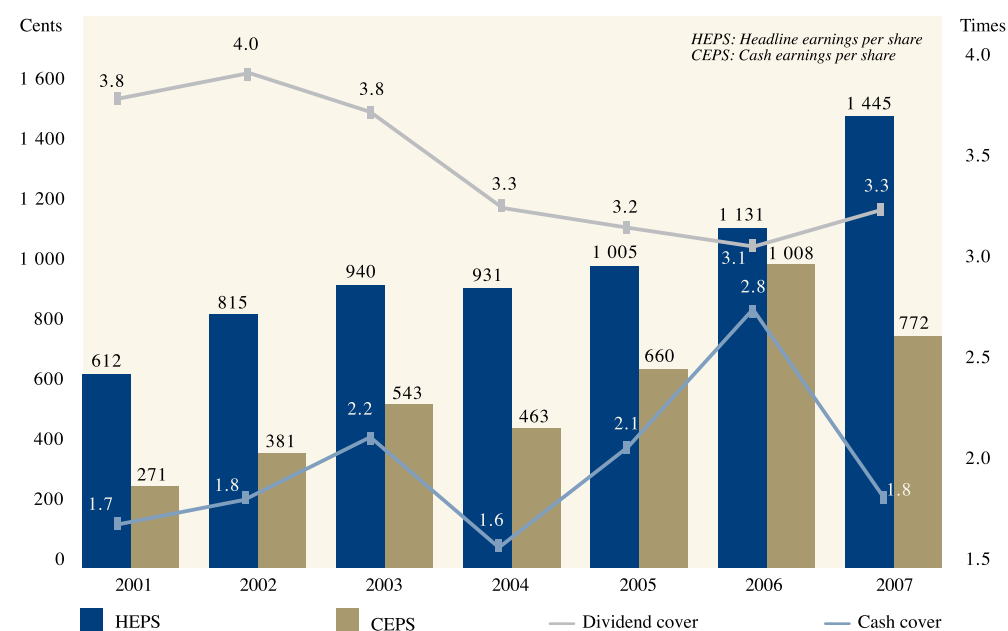
SA rand/pound sterling exchange rate

– weighted average for the financial year	13.2898	11.4050
– at 31 March	14.3449	10.6437

### Stock exchange prices

Closing price per share at 31 March	R181.00	R135.00	34.1
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### DIVIDEND COVER



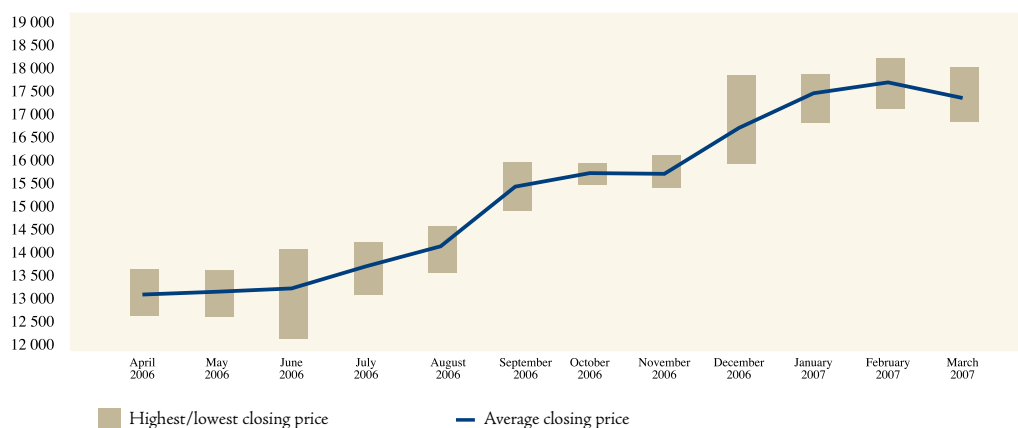


## SHARE STATISTICS

JSE Limited	2007	2006	2005	2004	2003	2002
Weighted number of Remgro ordinary shares in issue – excluding the unlisted “B” shares ('000)	438 617	447 648	461 786	467 774	481 011	486 494
Market capitalisation at 31 March (R million) – Ordinary shares only	81 233	60 588	45 633	35 028	25 030	30 649
Price (cents per share)						
– 31 March	18 100	13 500	9 380	7 200	5 145	6 300
– Highest	18 294	13 800	9 701	7 495	7 399	6 650
– Lowest	12 200	9 150	6 980	5 150	5 145	4 780
Number of shares traded ('000)	236 577	284 396	187 389	187 231	216 082	203 231
Value of shares traded (R million)	35 509	32 732	15 553	11 785	14 105	12 101
Shares traded/weighted number of ordinary shares (%)	53.9	63.5	40.6	40.0	44.9	41.8
Number of transactions	126 747	100 309	64 707	54 055	58 873	67 712

### REMGRO SHARE PRICE

Cents per share



# SEVEN-YEAR

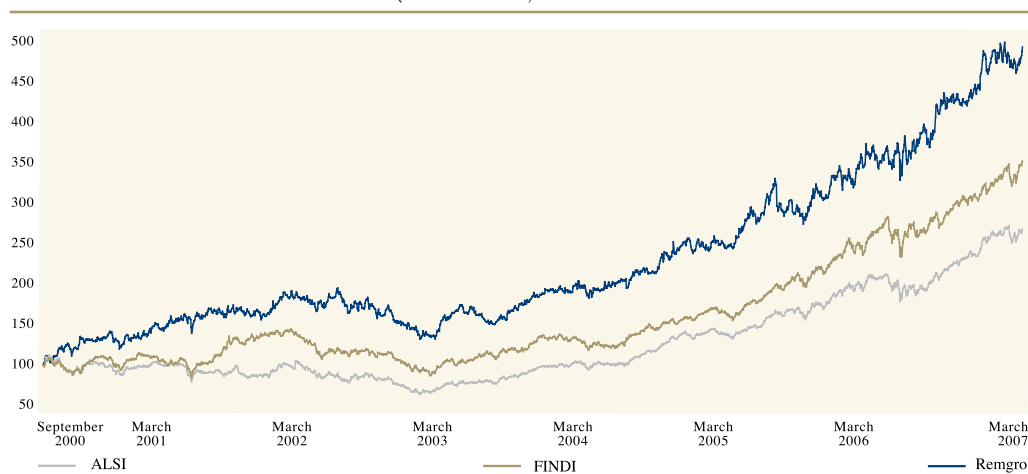
## CONSOLIDATED INCOME STATEMENTS

R million	2007	2006	2005	2004	2003	2002	2001
Profit before taking into account the following	1 476	1 938	1 384	1 292	1 209	734	504
Impairments, capital and non-recurring items	51	3 165	2 216	(132)	1 055	(158)	1 523
Consolidated profit before tax	1 527	5 103	3 600	1 160	2 264	576	2 027
Taxation	(403)	(857)	(417)	(397)	(394)	(173)	(109)
Consolidated profit after tax	1 124	4 246	3 183	763	1 870	403	1 918
Share in after-tax profit of associated companies	6 003	4 354	5 742	3 177	7 262	3 255	4 765
Profit before taking into account the following	5 995	4 428	4 514	4 164	4 421	3 881	2 901
Impairments, capital and non-recurring items	8	(74)	1 228	(987)	2 841	(626)	1 864
Net profit after tax	7 127	8 600	8 925	3 940	9 132	3 658	6 683
Minority interest	(185)	(398)	(407)	(335)	(446)	(151)	(109)
<b>Attributable net profit for the year</b>	<b>6 942</b>	8 202	8 518	3 605	8 686	3 507	6 574
<b>Headline earnings</b>	<b>6 853</b>	5 084	4 998	4 687	4 856	4 252	3 195
Headline earnings per share (cents)	1 445.4	1 052.3	1 005.0	931.3	940.1	814.5	612.1
Headline earnings per share – excluding non-recurring portion of BEE costs (cents)	1 445.4	1 130.9	1 005.0	931.3	940.1	814.5	612.1
Earnings per share (cents)	1 464.2	1 697.6	1 712.9	716.3	1 681.6	671.8	1 259.4
Dividends per share (cents)							
– Ordinary	434.00	361.00	314.00	285.00	248.00	206.00	162.00
– Special		400.00	600.00	200.00		100.00	

The figures for 2005 above have been restated in terms of IFRS. Figures for the years before 2005 have not been adjusted.

Since 1 January 2006, Medi-Clinic has been accounted for as an associated company, while it was consolidated previously.

REMGRO'S RELATIVE SHARE PERFORMANCE (BASED TO 100)



# SEVEN-YEAR

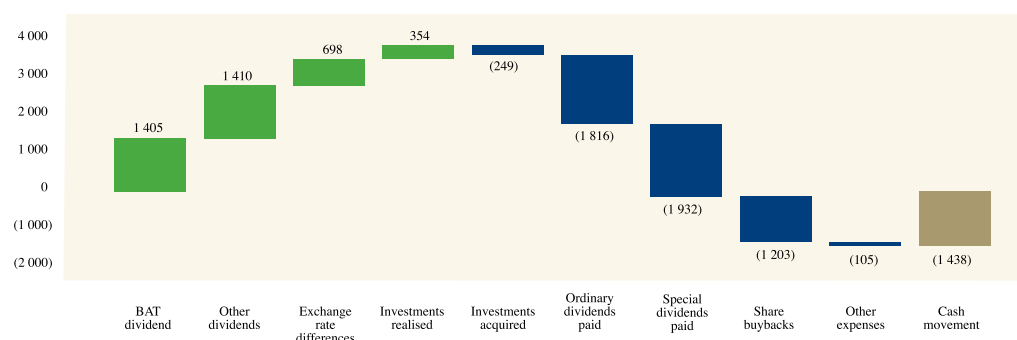
## CONSOLIDATED BALANCE SHEETS AND CASH FLOW STATEMENTS

R million	2007	2006	2005	2004	2003	2002	2001
<b>BALANCE SHEETS</b>							
Property, plant and equipment	2 565	2 444	4 120	3 515	3 253	2 083	2 027
Investments – Associated companies	33 033	26 098	28 201	22 737	19 844	16 984	13 164
Other non-current assets	6 797	4 584	2 645	2 106	3 607	2 831	2 968
Current assets	7 466	8 210	4 773	5 372	4 079	4 435	3 395
<b>Total assets</b>	<b>49 861</b>	<b>41 336</b>	<b>39 739</b>	<b>33 730</b>	<b>30 783</b>	<b>26 333</b>	<b>21 554</b>
Total equity	46 427	38 090	36 844	31 411	28 981	24 991	20 177
Non-current liabilities	1 580	1 144	866	685	472	244	310
Current liabilities	1 854	2 102	2 029	1 634	1 330	1 098	1 067
<b>Total equity and liabilities</b>	<b>49 861</b>	<b>41 336</b>	<b>39 739</b>	<b>33 730</b>	<b>30 783</b>	<b>26 333</b>	<b>21 554</b>
<b>Net asset value per share (Rand)</b> (attributable to own members)							
– at book value	96.69	78.14	71.51	59.26	54.19	46.10	37.14
– at intrinsic value	221.00	157.59	119.97	100.36	77.23	89.50	64.32
<b>CASH FLOW STATEMENTS</b>							
Cash generated from operations	1 666	1 474	1 566	1 383	1 055	618	401
Cash flow generated from returns on investments	3 040	4 200	2 670	2 013	2 542	1 697	1 196
Taxation paid	(676)	(369)	(546)	(363)	(220)	(111)	(116)
Cash available from operating activities	4 030	5 305	3 690	3 033	3 377	2 204	1 481
Dividends paid	(3 813)	(4 676)	(2 642)	(1 438)	(1 765)	(968)	(303)
Cash flow from operating activities	217	629	1 048	1 595	1 612	1 236	1 178
Net investing activities	(1 725)	3 364	(2 203)	(528)	(1 943)	(201)	356
Net financing activities	70	99	9	62	(82)	(158)	(631)
Net increase/(decrease) in cash and cash equivalents	(1 438)	4 092	(1 146)	1 129	(413)	877	903

The figures for 2005 above have been restated in terms of IFRS. Figures for the years before 2005 have not been adjusted.

Since 1 January 2006, Medi-Clinic has been accounted for as an associated company, while it was consolidated previously.

### CASH MOVEMENT AT THE HOLDING COMPANY ("CASH AT THE CENTRE") (R MILLION)



# DIRECTORATE

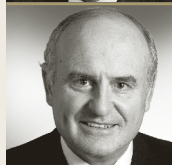
## AND MEMBERS OF COMMITTEES

### NON-EXECUTIVE DIRECTORS



**J P Rupert (57)**  
CHAIRMAN

**Directorships:** Executive Chairman of Compagnie Financière Richemont SA and Richemont Société Anonyme and Non-executive Chairman of VenFin Limited and Chairman of Business Partners Limited.



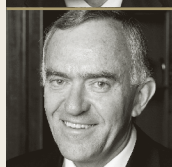
**E de la H Hertzog (57)**  
DEPUTY CHAIRMAN

**Directorships:** Chairman of Medi-Clinic Corporation Limited. Serves on the Board of Distell Group Limited, Total South Africa (Pty) Limited and Trans Hex Group Limited.



**P E Beyers (57)**

**Directorships:** Richemont Société Anonyme, British American Tobacco Plc, Distell Group Limited and Unilever Bestfoods Robertsons (Holdings) Limited L.L.C.



**J W Dreyer (56)**

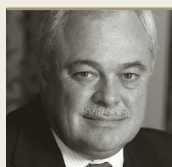
**Directorships:** RMB Holdings Limited.



**J Malherbe (52)**

**Directorships:** Dimension Data Holdings Plc, Datacraft Asia Limited, e.tv (Pty) Limited and Deputy Chairman of VenFin Limited.

### EXECUTIVE DIRECTORS

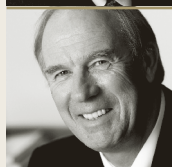


**M H Visser (53)**  
CHIEF EXECUTIVE OFFICER  
Qualification: BComm (Hons), CA(SA)  
Years of service with the Group: 27

**Directorships:** British American Tobacco Plc, Distell Group Limited, Kagiso Trust Investments (Pty) Limited, Nampak Limited, Medi-Clinic Corporation Limited, Unilever Bestfoods Robertsons (Holdings) Limited L.L.C. and Chairman of Rainbow Chicken Limited.



**W E Bührmann (52)**  
INVESTMENTS  
Qualification: BComm, CA(SA)  
Years of service with the Group: 20



**D M Falck (61)**  
GROUP FINANCE  
Qualification: CA(SA)  
Years of service with the Group: 35

**Directorships:** RMB Holdings Limited, FirstRand Limited, FirstRand Bank Holdings Limited, Total South Africa (Pty) Limited and Trans Hex Group Limited.



**J A Preller (Mrs) (57)**  
CORPORATE AFFAIRS  
Qualification: BEcon  
Years of service with the Group: 35



**T van Wyk (59)**  
INVESTMENTS  
Qualification: BComm, LLB, LLM,  
H Dip Tax  
Years of service with the Group: 17

**Directorships:** Air Products SA (Pty) Limited, Dorbyl Limited, Kagiso Trust Investments (Pty) Limited, Momentum Group Limited, Tsb Sugar Holdings (Pty) Limited, Chairman of Wispeco Holdings Limited and Deputy Chairman of Business Partners Limited.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

	<b>G D de Jager (56)</b>	<b>Directorships:</b> <i>Anglo Suisse Investment Holdings Limited, Lenco Holdings Limited and Sharp Interpack Limited.</i>
	<b>P K Harris (57)</b>	<b>Directorships:</b> <i>Chief Executive Officer of FirstRand Limited and director of RMB Holdings Limited and Momentum Group Limited.</i>
	<b>M M Morobe (50)</b>	<b>Directorships:</b> <i>Chairman of My Acre of Africa Trust and co-Chairman of City Year South Africa and director of Johannesburg Housing Company, Resolve Group (Pty) Limited and South African National Parks Board.</i>
	<b>D Prins (59)</b>	
	<b>M Ramos (Miss) (48)</b>	<b>Directorships:</b> <i>Sanlam Limited and Chief Executive Officer of Transnet Limited.</i>
	<b>F Robertson (52)</b>	<b>Directorships:</b> <i>Executive Deputy Chairman of Brimstone Investment Corporation Limited and Chairman of Lion of Africa Insurance Company Limited and Lion of Africa Life Assurance Company Limited.</i>

## MEMBERS OF COMMITTEES

### EXECUTIVE COMMITTEE

*M H Visser (Chairman)*  
*W E Bührmann*  
*D M Falck*  
*J A Preller*  
*T van Wyk*

### AUDIT AND RISK COMMITTEE

*D Prins (Chairman)*  
*G D de Jager*  
*D M Falck*  
*F Robertson*

### REMUNERATION AND NOMINATION COMMITTEE

*J P Rupert (Chairman)*  
*G D de Jager*  
*P K Harris*  
*F Robertson*

**Remgro**  
**Limited**

# GENERAL REPORT

## FINANCIAL REVIEW

### INTRODUCTION

The South African economy registered real GDP growth of 5% in calendar 2006, i.e. the third consecutive year at around such a level. The economy remained remarkably resilient towards the end of 2006 and early in 2007 in the face of higher interest rates. Both the global and domestic financial markets have also shrugged off the jitters that surfaced in May and June 2006 and in late February 2007. Domestic business and consumer confidence remained poised at elevated levels during the early part of 2007 suggesting that the strong economic growth could continue. With robust fixed investment spending across many sectors, employment is growing and this is improving household finances generally, in turn underpinning consumption spending.

While the interest rate sensitive components of domestic spending are expected to slow down, robust fixed investment and a recovery in exports are encouraging elements of the economy's recent performance. This needs to improve further in order to create a better balance on the current account of the balance of payments. The deficit on the current account which widened to 6.4% of GDP in 2006, continues to be handsomely financed by capital inflows, although these inflows tend to be dominated by portfolio investments. This in turn results in an element of risk regarding the rand exchange rate.

While domestic CPIX inflation came in close to the mid-level of the 3-6% target range during 2006, inflation accelerated towards the end of the year, breaking through the upper 6% boundary in April this year. Energy and food price increases have been the main drivers of higher inflation, but there is also evidence of broader inflation pressures. The SA Reserve Bank decided to increase interest rates with half a percent in June after pausing with interest rate hikes in February 2007. CPIX inflation is likely to continue trending above the upper 6% inflation target level over the short term, which increases the risk of further interest rate hikes.

On the global front, a key source of economic strength remains the robust growth in emerging markets, led by China, which is underpinning commodity strength and capital flows into developing countries. The resurgence of economic growth in Europe and Japan provides further support and compensates for what appears to be a soft landing in the USA. The global economy remains supportive of the South African economy although slightly lower growth is expected over the short term compared to last year.

### HEADLINE EARNINGS

Total headline earnings for the year to 31 March 2007 increased by 34.8% from R5 084 million to R6 853 million. Headline earnings per share, however, increased by 37.4% from 1 052.3 cents to 1 445.4 cents due to the favourable effect of the share repurchase programme. Excluding Remgro's share of the non-recurring portion of BEE costs incurred by various investee companies in the comparative year, headline earnings and headline earnings per share increased by 25.4% and 27.8% respectively.

#### CONTRIBUTION TO HEADLINE EARNINGS

	Year ended 31 March				
	2007	Non-recurring portion of BEE costs included		Non-recurring portion of BEE costs excluded	
	R'm	% change	2006 R'm	% change	2006 R'm
Tobacco interests	2 964	25.1	2 369	25.1	2 369
Financial services	1 529	33.3	1 147	6.5	1 436
Industrial interests	1 924	62.5	1 184	50.9	1 275
Mining interests	155	(46.2)	288	(46.2)	288
Corporate finance and other interests	281	192.7	96	192.7	96
	6 853	34.8	5 084	25.4	5 464

*The following commentary, comparing the results to those of the previous year, is based on headline earnings excluding the non-recurring portion of BEE costs.*

The contribution of the tobacco interests, which represented 43.3% (2006: 43.4%) of headline earnings, increased by 25.1%.

Currency movements had a greater impact on the Group's earnings than in the previous financial year. Due to the weaker rand, the currency impact on translation of R&R Holdings SA, Luxembourg's (R&R) contribution to headline earnings increased from an unfavourable R26 million in 2006 to a favourable R420 million, as set out in the table below.

	<b>Year ended 31 March</b>	
	<b>2007</b>	<b>2006</b>
Average exchange rate (R/£)	<b>13.2898</b>	11.4050
Closing exchange rate (R/£)	<b>14.3449</b>	10.6437
R&R's contribution (£'m)	<b>223</b>	208
R&R's contribution (R'm)	<b>2 964</b>	2 369
Favourable/(unfavourable) currency impact (R'm)	<b>420</b>	(26)

In sterling terms, R&R's contribution increased by 7.2%.

The combined contribution of FirstRand and RMBH to Remgro's headline earnings amounted to R1 529 million (2006: R1 313 million), an increase of 16.5%, due to good performances by First National Bank and Rand Merchant Bank. In 2006 dividends from Absa Group Limited amounting to R123 million were also accounted for in headline earnings.

The contribution of the industrial interests to headline earnings increased by 50.9%. Unilever Bestfoods Robertsons and Tsb Sugar produced strong results, while Distell and Rainbow Chicken continued their earnings growth, with contributions to Remgro's headline earnings amounting to R210 million and R293 million respectively (2006: R164 million and R250 million). Kagiso Trust Investments (Pty) Limited's (KTI) contribution to Remgro's headline earnings was R307 million. During the year under review KTI's profit was favourably impacted by fair value adjustments of the conversion right attached to its holding of Metropolitan Holdings Limited preference shares (R390 million) as well as a non-recurring profit realised on the exercise of its option to acquire an interest in The FirstRand Empowerment Trust (R81 million). As Remgro effectively acquired its investment in KTI during December 2005, no income from KTI was accounted for during the comparative year. Medi-Clinic's contribution to headline earnings increased from R200 million in 2006 to R278 million. This increase can be attributed mainly to secondary taxation on companies (STC) paid by Medi-Clinic in the comparative period on the special dividend that was paid in December 2005. Nampak's contribution to Remgro's headline earnings amounted to R125 million (2006: R107 million).

Mining interests' contribution to headline earnings decreased by 46.2% to R155 million (2006: R288 million). This decrease can be attributed mainly to the non-recurring special dividend amounting to R183 million received from Implats during the comparative year. Dividends received from Implats amounted to R147 million (2006: R277 million). Trans Hex's contribution to headline earnings was R8 million (2006: R10 million).

The central treasury division's contribution increased from R146 million to R266 million. This increase can be attributed mainly to higher interest rates as well as higher average cash balances compared to 2006. Also included therein, are foreign currency profits amounting to R65 million



# GENERAL REPORT

## FINANCIAL REVIEW

(2006: R24 million loss) relating to intergroup balances. These intergroup balances were settled during the past year.

Headline earnings was also impacted favourably by the accounting recognition of a pension fund surplus amounting to R70 million following the finalisation of a surplus allocation process.

### EARNINGS

Total earnings decreased by 15.4% to R6 942 million (2006: R8 202 million), mainly as a result of capital gains arising on the realisation of investments accounted for during the comparative year.

### CASH EARNINGS

Attributable cash earnings (excluding the Group's share of net profits retained by associated companies), before impairments and capital and non-recurring items, decreased by 24.9% from R4 871 million to R3 660 million, mainly as a result of a decrease in dividends received from associated companies. The latter amounted to R2 580 million compared to R3 478 million in 2006. This substantial decrease was mainly due to the special dividends received from Medi-Clinic and Dorbyl as well as Implats in 2006.

### 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 lead to the repurchase of Remgro shares, were entered into during the year under review.

The Remgro Share Trust purchased 563 000 (2006: 21 000) Remgro ordinary shares during the year under review, at an average price of R132.68 (2006: R134.46) for a total amount of R74.7 million (2006: R2.8 million), while 262 016 (2006: 1 308 790) shares were delivered to participants against payment of the subscription price.

### DIVIDENDS

Ordinary dividends of 434.00 cents per share were declared for the year, compared to 361.00 cents the previous year. This represents an increase of 20.2%. The dividend is covered 3.3 times by headline earnings and 1.8 times by cash earnings, against 3.1 times (excluding BEE costs) and 2.8 times respectively the previous year.

### INTRINSIC VALUE

The intrinsic net asset value of the Group includes valuations of all investments, incorporating subsidiary and associated companies, either at listed market value or, in the case of unlisted investments, at directors' valuation. The net assets of wholly owned non-investment subsidiary companies, consisting mainly of monetary items, are included at book value.

The following factors are taken into account in determining the directors' valuation of unlisted investments:

- ♦ Market value and earnings yield of similar listed shares, taking into account that the marketability of unlisted investments is limited and, in some cases, also the tradeability;
- ♦ Growth potential and risk;
- ♦ Underlying net asset value;
- ♦ Profit history; and
- ♦ Cash flow projections



The intrinsic net asset value at the end of March 2007 amounted to R221.00 per share. A schedule, setting out the analysis of the intrinsic net asset value per share on 31 March 2007 and 2006, is included at the end of the investment review.

The cash at the centre differs from the cash in the balance sheet. The latter comprises the following:

	<b>2007</b> <b>R million</b>	2006 R million
Per balance sheet	<b>5 004</b>	6 357
Less: Cash from other operating subsidiaries	<b>(647)</b>	(562)
Cash at the centre	<b>4 357</b>	5 795
– Local	<b>1 220</b>	4 066
– Offshore	<b>3 137</b>	1 729

Cash held by associated companies are not included. For information, R&R's cash attributable to Remgro at 31 March 2007, amounted to £150 million or R2 151 million (2006: £143 million or R1 524 million).

The table below compares the relative performance of the Remgro intrinsic net asset value per share in relation to certain selected JSE indices. No account has been taken of dividends paid by Remgro.

	<b>2007</b>	2006	2005	2004	2003	2002
Intrinsic net asset value –						
Rand per share	<b>221.00</b>	157.59	119.97	100.36	77.23	89.50
JSE – All share index	<b>27 267</b>	20 352	13 299	10 693	7 680	11 015
– Fin & Ind 30 index	<b>24 960</b>	19 491	13 477	9 953	6 682	9 713
– Financial 15 index	<b>9 345</b>	7 616	5 258	3 782	2 744	3 415
– Resource 20 index	<b>50 018</b>	34 923	21 585	19 961	15 763	24 512
Remgro share price (Rand)	<b>181.00</b>	135.00	93.80	72.00	51.45	63.00

	<b>1 year to 31 March 2007 (% year-on-year)</b>	<b>5 years to 31 March 2007 (% comp p.a.)</b>
<b>Relative performance</b>		
Intrinsic net asset value	<b>+40.2</b>	<b>+19.8</b>
JSE – All share index	<b>+34.0</b>	<b>+19.9</b>
– Fin & Ind 30 index	<b>+28.1</b>	<b>+20.8</b>
– Financial 15 index	<b>+22.7</b>	<b>+22.3</b>
– Resource 20 index	<b>+43.2</b>	<b>+15.3</b>
Remgro share price	<b>+34.1</b>	<b>+23.5</b>

The table below compares Remgro's internal rate of return (IRR) with that of certain selected JSE indices. For this purpose it has been assumed that dividends have been reinvested in either Remgro shares or in the particular index, depending on the case.

	<b>IRR From 26 September 2000 to 31 March 2007 (% comp p.a.)</b>
JSE – All share index	<b>+24.41</b>
– Fin & Ind 30 index	<b>+16.45</b>
– Financial 15 index	<b>+19.24</b>
– Resource 20 index	<b>+31.55</b>
Remgro share	<b>+32.20</b>

# GENERAL REPORT

## INVESTMENT REVIEW

(Note: Only limited commentary is given for listed companies seeing that the information is generally available. The unlisted investments are dealt with in more detail.)

## TOBACCO INTERESTS

### CONTRIBUTION TO HEADLINE EARNINGS

	2007 R million	2006 R million
R&R Holdings	2 964	2 369

### R&R HOLDINGS

Remgro's interest in British American Tobacco Plc (BAT) is represented by its one-third holding of the ordinary shares and all of the "2005" participation securities issued by R&R. This gives Remgro an effective interest of 10.4% in BAT at 31 March 2007. The other two-thirds of the ordinary share capital of R&R is held by Compagnie Financière Richemont SA (Richemont).

There was no change in the number of BAT shares held by R&R. However, due to the positive effect of BAT's continuing share buy-back programme, R&R's interest in BAT increased to 29.4% at 31 March 2007 (2006: 28.9%).

R&R, Remgro, Richemont and BAT are parties to a Standstill Agreement (the agreement) originally entered into at the time of the merger of Rothmans International and BAT in 1999. Under the terms of this agreement, BAT is not permitted to continue with its share buy-back programme without R&R's, Remgro's and Richemont's consent once their combined interest reaches 30%. At this level, the London Takeover Code would normally require that a cash offer be made for the shares in BAT that R&R does not already own. The agreement therefore protected R&R and its shareholders from the obligation to make a compulsory bid for BAT.

On 1 March 2007 BAT announced that it had sought R&R's, Remgro's and Richemont's consent to allow it to continue with its share buy-back programme, notwithstanding that it believes that the 30% limit will be reached within the next 12 to 15 months. To preclude any obligation on R&R, Remgro and Richemont to make a cash bid for those shares that they do not already own, BAT proposed to obtain approval from its independent shareholders for a waiver under the terms of the London Takeover Code.

R&R, Remgro and Richemont agreed to the proposals made by BAT. In return for giving their consent, they asked for and obtained a commitment from BAT that, if so requested, it will seek to obtain a secondary listing for its ordinary shares on the JSE Limited, subject to all regulatory approvals being obtained. On 26 April 2007 the independent shareholders approved the proposals made by BAT and the waiver under the terms of the London Takeover Code.

R&R's share of BAT's earnings for the twelve months to 31 March 2007 is based on BAT's results for the year ended 31 December 2006 plus the results for the quarter to 31 March 2007 less the results for the quarter to 31 March 2006.

Remgro's share of R&R's headline earnings consists of 35.46% of R&R's share of the attributable profit of BAT and its share of R&R's non-BAT profit (this includes income attributable to its investment in the "2006" participation securities issued by R&R during March 2006).

	2007 £ million	2006 £ million
<b>Attributable profit of BAT before capital and non-recurring items</b>	<b>2 077</b>	1 942
R&R's share of the attributable profit of BAT:		
– 29.06% to 29.40% (2006: 28.56% to 28.89%)	607	558
R&R's non-BAT income	9	29
<b>R&amp;R's headline earnings for the year ended 31 March</b>	<b>616</b>	587
Remgro's share thereof:		
– 35.46% of R&R's share of the attributable profit of BAT	215	198
– portion of R&R's non-BAT income	8	10
	<b>223</b>	208
	<b>R million</b>	R million
<b>Translated at an average R/£ rate of 13.2898 (2006: 11.4050)</b>	<b>2 964</b>	2 369

The following commentary is based on BAT's annual report for the year ended 31 December 2006.

BAT's adjusted, diluted earnings per share, a good indicator of its underlying performance, grew by 10% to 98.12 pence per share. This increase was the result of the improved underlying operating performance from both subsidiaries and associates, together with a lower effective tax rate and the benefit of the share buy-back programme, which more than offset the impact of higher net finance costs and minorities.

BAT cigarette sales volumes from subsidiaries for the year ended 31 December 2006 increased by 2% to 689 billion on both a reported and a 'like-for-like' basis. Net revenues rose by 5% on both an actual and 'like-for-like' basis. This volume and revenue growth was achieved across a broad spread of markets. The four global 'drive brands' (Kent, Dunhill, Lucky Strike and Pall Mall) continued their impressive performance and achieved overall volume growth of 17%. These brands now represent over 21% of BAT's volumes from subsidiaries, while international brands as a whole account for 40% of the total.

BAT's profit from operations was 8% higher at £2 622 million or 7% higher on a 'like-for-like' basis, with Asia-Pacific, Latin America and the Africa and Middle East regions contributing to these results.

In Europe, profit at £781 million was slightly lower mainly as a result of very competitive trading conditions in a number of markets and the inclusion in the comparative period of a one-off benefit in Italy. Excluding this benefit, profit increased by £9 million, with strong growth from Russia, Hungary, Italy and France, largely offset by declines in Spain, Poland, Germany, the Netherlands and Ukraine. Regional volumes on a 'like-for-like' basis were 2% higher at 248 billion, with growth in Russia, France, Spain and Hungary partly offset by declines in Ukraine, Italy and Germany.

# GENERAL REPORT

## INVESTMENT REVIEW

In Asia-Pacific, regional profit increased by £85 million to £616 million, mainly attributable to good performances in Australasia, Malaysia, South Korea and Pakistan. Volumes at 142 billion were 4% higher as strong increases in Pakistan, Bangladesh, South Korea and Vietnam were partially offset by declines in Malaysia and Indonesia.

Profit in Latin America increased by £81 million to £611 million due to good performances across the region, coupled with a stronger average exchange rate in Brazil. Volumes grew in many of the markets which led to an overall increase of 2% to 153 billion.

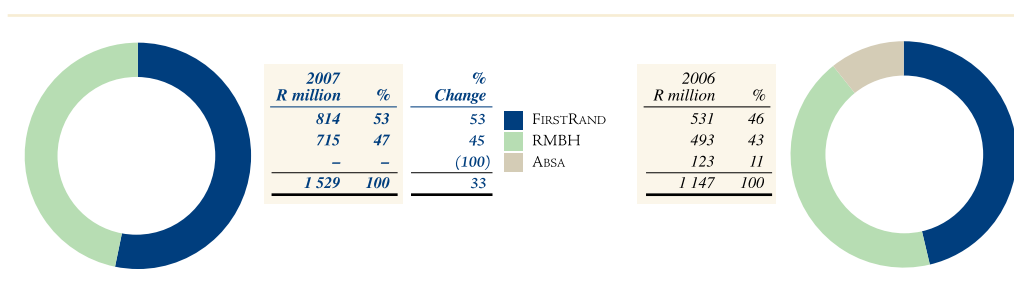
Profit in the Africa and Middle East region grew by £34 million to £468 million, mainly driven by South Africa, Nigeria, the Middle East and Egypt. Volumes were slightly higher at 103 billion, as a result of Nigeria, Egypt and the Middle East, partially offset by decreases in Turkey.

The profit from the America-Pacific region decreased by £12 million to £424 million, while volumes were down 3% to 44 billion sticks. The increases in profit and volumes from Japan were more than offset by lower contributions from Canada.

BAT's associated companies grew their volumes by 4% to 241 billion sticks. BAT's share of the post-tax results amounted to £431 million. Excluding exceptional items, the share of the post-tax results of associates, increased by £38 million to £427 million, mainly from Reynolds American and ITC. The contribution from Reynolds American, excluding brand impairment charges and the benefit from the favourable resolution of certain tax matters in both years as well as other exceptional charges in 2005, was £18 million higher at £285 million. This was mainly due to improved pricing and cost reductions, partially offset by lower volumes. The contribution from ITC, BAT's associate in India, increased by £11 million to £91 million.

## FINANCIAL SERVICES

### CONTRIBUTION TO HEADLINE EARNINGS



Both FirstRand Limited and RMB Holdings Limited have June year-ends and their results for the twelve months ended 31 December have therefore been equity accounted.

### FIRSTRAND

FirstRand's contribution to headline earnings shown above excludes the indirect contribution of FirstRand through Remgro's interest in RMBH.

For the latest reported six months ended 31 December 2006, FirstRand's headline earnings increased by 26% to R4 569 million (2005: R3 636 million). These results were achieved in a favourable economic environment that provided strong organic growth opportunities, particularly for the FirstRand Banking group.

## RMBH

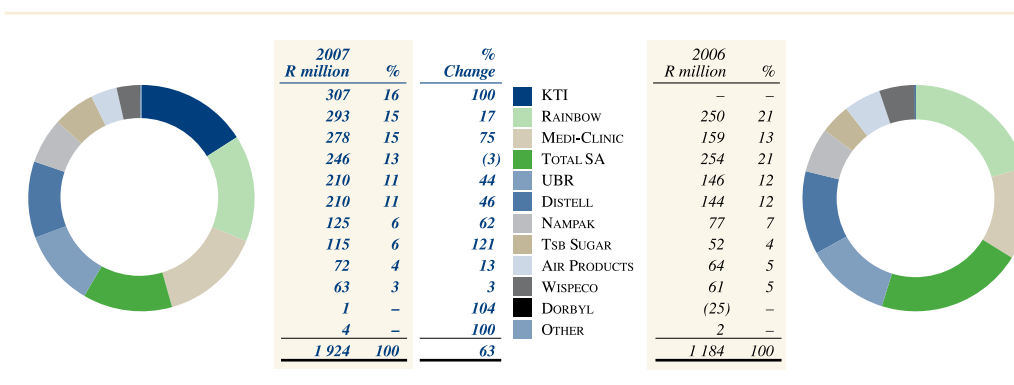
For the six months ended 31 December 2006, 86.9% (2005: 82.7%) of RMBH's headline earnings was from FirstRand, while its other interests contributed 13.1% (2005: 17.3%).

RMBH's other interests include RMB Structured Insurance Limited, OUTsurance Limited and Glenrand M.I.B. Limited.

OUTsurance posted excellent results for the six months ended 31 December 2006. Net earned premium income exceeded R1.3 billion, reflecting a 27% increase due to strong organic growth in both personal lines and business lines, as well as continued efficiency gains. OUTsurance's headline earnings for the six-month period increased by 18%. RMB Structured Insurance achieved muted growth in headline earnings of 7% while Glenrand M.I.B. reported headline earnings of R3.6 million (2005: R9 million) in challenging market circumstances.

## INDUSTRIAL INTERESTS

CONTRIBUTION TO HEADLINE EARNINGS



## KAGISO

Kagiso Trust Investments (Pty) Limited is a BEE controlled investment holding company. Its investments are predominantly in the financial services, media and other industrial sectors. Its two largest investments, by value, are in Metropolitan Holdings Limited (MHL) and Kagiso Media Limited.

KTI posted strong results for the six months ended 31 December 2006, with headline earnings of R625.9 million compared to R473.5 million for the full year ended June 2006.

Included in the earnings are profits realised on the sale of equity stakes in Alstom and Norman Bissett and Associates (NBA), which were held through Kagiso Ventures Private Equity Fund I. It should be noted that KTI has subsequently reinvested in both Alstom and NBA via Kagiso Strategic Investments II.

In October 2006, KTI acquired 7.5% of Macsteel as part of a broader BEE consortium.

In addition, unrealised fair value gains of R302 million, which are included in the headline earnings, were achieved on the investment in MHL.

KTI exercised its option to acquire an interest in the FirstRand Empowerment Trust in August 2006. This resulted in acquisition profits of R81 million, which are also included in headline earnings.

# GENERAL REPORT

## INVESTMENT REVIEW

### RAINBOW

Rainbow Chicken Limited's headline earnings increased by 19.2%, from R400.3 million to R477.0 million, and by 13.7% excluding a non-recurring taxation benefit.

Rainbow's revenue increased by 15.3% and chicken revenue by 13%. Rainbow's average price realisation growth of 8% resulted from an improved product mix. Overall chicken volumes increased by 5%, with encouraging growth in sales to the Quick Service Restaurant sector and targeted customers and brands.

The macro-economic environment remained positive during the year, despite increasing inflation and interest rates, and consumer demand remained strong. However, it is expected that the full impact of the interest rate hikes will only be felt in coming months.

Epol is a critical element in Rainbow's overall cost chain. It has performed well during the year, with improved capacity utilisation through higher external volumes. The raw material procurement strategy has enabled Epol to be price competitive despite inflationary pressures. The significantly higher maize prices will, however, be felt in feed and chicken prices in the new year, which will translate into profit margin compression in the 2008 financial year.

The local chicken industry remains on high alert for avian influenza. Rainbow and the local industry at large, through the Southern African Poultry Association and in co-operation with the National Department of Agriculture, have focused on prevention through increased biosecurity and stepped-up surveillance and monitoring of flock health.

Rainbow's strong performance is due to a number of strategic initiatives that have increased chicken volumes in targeted customer and branded products and the building of strategic partnerships with key customers, optimising route to market opportunities and product mix.

### MEDI-CLINIC

Medi-Clinic Corporation Limited's turnover increased by 14% to R5 364 million (2006: R4 723 million) for the year under review, while headline earnings (excluding the STC charge and BEE share-based payment cost) increased by 5% to R581 million (2006: R553 million).

On 27 March 2007, the group's acquisition of a controlling share (50% plus 1 share) in Emirates Healthcare Holdings Limited became unconditional. Emirates Healthcare owns and operates the Welcare Hospital (120 beds) and has commenced construction of the 210-bed City Hospital. This hospital should be operational at the end of 2007. Emirates Healthcare also has the right to develop other hospitals and clinics. This will make Emirates Healthcare the largest healthcare provider in Dubai. Due to the acquisition just before year-end none of Emirates Healthcare's operating results were included in Medi-Clinic's income.

Local acquisitions during the year under review included a 49.9% interest in the 190-bed Wits Donald Gordon Medical Centre, a 100% interest in the Legae Private Hospital (137 beds), as well as a 51% interest in the 200-bed Protector Group. Excluding the capacity increase, Medi-Clinic's turnover increased by 11%, partly due to an increase in both in-patient-bed-days and average income per bed-day as well as a slight change in the case profile of patients treated.

**TOTAL SOUTH AFRICA – UNLISTED**

Total South Africa (Pty) Limited reported excellent results for the year to 31 December 2006 due to increased retail market share and improved margins.

The market share of main fuels stood at 14.7% at the end of 2006 (2005: 14.6%). Whilst retail market share continued to grow during 2006, Commercial & Specialities continued its focus on consolidating customer profitability. In 2006, after the launch of the Clean Fuel 1, the Natref refinery experienced a few unplanned shutdowns which resulted in production being lower than expected. Natref is currently having planned maintenance and improvements resulting in a 50-days shutdown. After this operation the production rate is expected to increase.

The company again maintained a high level of investment in its marketing activities during the year. Safety remained a key focus area as part of the overall Total group emphasis on health, safety, environment and quality matters.

**UNILEVER BESTFOODS ROBERTSONS (HOLDINGS) LLC (UBR) – UNLISTED**

The UBR venture covers the territories of Southern Africa and Israel and manufactures and markets an extensive range of food products. It enjoys market leadership in most of the major categories.

*Israel*

The general economic climate in Israel is healthy, with growth in GDP of around 5%, interest rates at historically low levels (3.75%) and the shekel strengthening steadily against major currencies, notably the US dollar. This benign economic environment has been maintained despite the continuing political tensions within the region and the worsening crisis in nearby Gaza. Prices in the economy in general remain stable, with minor deflation over recent months. In the food sector price pressure from competing retailers remains a key feature, with levels of promotional activity continuing to rise steadily.

Turnover in shekel, for the twelve months ended 31 March 2007, increased by 3.5% compared with the previous period. This increase comprised a 2.4% increase in the professional market sector and a 4.0% increase in the retail sector.

Gross margins increased by 2.6% against the previous period. This was driven by a substantial improvement in sales mix, with high-margin cereal sales growing strongly, and by price increases taken in the Dressings and Margarine categories. Cost savings were also effected in line with plans, particularly in respect of distribution costs.

Indirect costs decreased by R25.6 million against the previous period due primarily to the effect of a restructuring programme completed in March 2007. This saw a significant reduction in employees through the period from 2005 to March 2007, but also brought benefits in respect of business simplification and process improvement.

*South Africa*

2006/2007 was the second year of the Path to Vitality 2010 Strategy. Volume growth in the retail business was 6%, in line with the strategic intent to move volume growth to a sustainable 5-6%. Market shares increased in most categories, particularly in regular soup, stock cubes and herbs and spices, while remaining flat in tea.

# GENERAL REPORT

## INVESTMENT REVIEW

Turnover increased by 10.3%. This was driven by a good performance in Savoury & Dressings (S&D) and Cooking with key launches of *Rama/Flora* and *Knorr* delivering positive results. Retail turnover is 11.3% higher than in 2006, reflecting strong volume growth across the range in the latter half of 2006. The growth was driven mainly by new product launches and brand specific activities, partly offset by lower growth in the March 2007 quarter due to competitor pricing in tea and the lack of pre-price increase buy-in on S&D.

Interest on shareholder loans decreased due to the partial repayment of loan capital, Remgro's portion thereof being R164 million.

UBR's contribution to Remgro's headline earnings is made up as follows:

	2007 R million	2006 R million
Earnings before capital and non-recurring items		
– South Africa	162	108
– Israel	51	18
	213	126
Less: Capital and non-recurring items charged against headline earnings	(17)	(1)
Headline earnings	196	125
Interest on shareholder's loan after taxation	14	21
Contribution to headline earnings	210	146

### DISTELL

Distell Group Limited's contribution to Remgro's headline earnings relates to its results for the twelve months ended 31 December 2006.

For the latest reported six-month period ended 31 December 2006, Distell's turnover grew by 16.6% to R4.3 billion on a sales volume increase of 11.0%. Sales volume in the domestic market increased by 11.9%. International sales volume, excluding Africa, grew by 3.3%, resulting in an increase of 27.5% in international turnover. Turnover derived from African countries increased by 16.3% on sales volume growth of 10.5%.

The increase of 30.2% to R460 million in Distell's headline earnings for the six-month period ended 31 December 2006, excluding the BEE expense of the previous year, was due to increased turnover resulting from brand marketing and pricing strategies.

### NAMPAK

Nampak Limited's contribution to Remgro's headline earnings relates to its results for the twelve months to 31 March 2007.

Nampak recently reported an increase in headline earnings per share of 6.2% to 87.6 cents (2006: 82.5 cents) for the six months ended 31 March 2007. However, earnings declined by 3.4% to R462.2 million from R478.3 million.

Revenue increased by 11%, boosted by good volume growth in South Africa. Although the profit margin increased, operating profit decreased by 1.5% to R781 million.



**Tsb Sugar – UNLISTED**

Tsb Sugar Holdings (Pty) Limited is primarily involved in cane growing and the production, transport and marketing of refined and brown sugar and animal feed. The main area of operation is the Nkomazi region in the Mpumalanga Lowveld. Sugar products are sold under the well-established Selati brand. The Selati brand enjoys market leadership in its target market (Gauteng, Mpumalanga, North West and Limpopo), while the recent expansion into other geographic areas has also been very successful. Tsb Sugar's two sugar mills are situated near Malelane and Komatipoort. Tsb Sugar also holds a 27.03% shareholding in Royal Swaziland Sugar Corporation Limited, a company that owns and operates two sugar mills. In addition, the company holds an effective shareholding of 63.5% in Mananga Sugar Packers – a sugar packaging and marketing company based in Swaziland which markets sugar under the First brand in Swaziland as well as in South Africa.

The South African sugar industry's production decreased by 10.8% in 2006/2007 due to climatic conditions. Tsb Sugar's sugar production decreased by only 7.7%. This was due to the favourable climatic conditions in the Tsb Sugar water catchment areas and the subsequent increase in irrigation water. The effect of a smaller harvest was offset by the increase in the world sugar price and together with a weaker rand, had a positive effect on the financial performance of millers and growers throughout the industry.

A total of 3.629 million tons of cane were crushed this season (2006: 3.737 million tons), with a sugar production of 436 804 tons raw sugar (2006: 461 057 tons) at the two mills operated by Tsb Sugar. The sugar to cane ratio of 8.3 compares favourably to the South African sugar industry average of 8.6 and indicated good production efficiencies at both mills.

Tsb Sugar operates a refinery at the Malelane Mill complex. Raw sugar received from the company's sugar mills is refined for both the local and export markets. The refinery produced 314 432 tons of refined sugar during the year (2006: 329 689 tons).

The animal feed operation, Molatek, produces various products for the needs of the livestock market. The major raw materials (molasses and bagasse) used in the production process are by-products of sugar production.

Tsb Sugar also invests in citrus through its 51% share in Golden Frontiers Citrus (GFC). GFC owns three citrus estates where grapefruit and oranges are cultivated, harvested and packed for the export market. The marketing of the citrus is undertaken by Komati Fruits, a partnership between various citrus producers. GFC harvested 48 000 tons citrus of which 37 000 tons were grapefruit and 11 000 tons oranges. The export percentage of 63% (2006: 70%) was lower than the previous year but a change in marketing strategy and higher prices contributed to increased profits for the citrus division.

Tsb Sugar's group results were influenced positively by the turnaround in the results of the Citrus division and the increased contribution from investments. The increase in the world sugar price over that of the previous financial year and the weakening of the exchange rate contributed to increased headline earnings of R115 million (2006: R52 million). Turnover increased by 39% to R2 282 million and operating profit by 225%.

It is expected that the decrease in the world sugar price will have a negative impact on the 2007/2008 results, while an expected increase in production will partly offset the lower export prices.

The settlement of land claims registered on Tsb Sugar farms is progressing well, with the Tenbosch land claim already in the registration phase. The other claims are in the negotiation phase and it is expected that they will be settled during the year. The cash flow of R285 million from settled land claims is expected in the 2007/2008 financial year and the cash flow from the balance of claims in the following year.

# GENERAL REPORT

## INVESTMENT REVIEW

### AIR PRODUCTS – UNLISTED

Air Products South Africa (Pty) Limited is the largest industrial manufacturer in Southern Africa of oxygen, nitrogen, argon, hydrogen and carbon dioxide. Products are supplied to the steel, chemical, petrol refining, pulp and paper industries as well as general fabrication and welding shops. The company also supplies gases to the resource minerals industry for platinum refining and copper and cobalt smelting.

The company focuses on cost-effective solutions in the supply of gases to major corporations through pipeline supply from major on-site plants, bulk liquid tankers as well as supplying smaller customers with a wide range of cylinders, minitanks and specialty gases or through an extensive distribution network.

The company has increased its market share in the packaged gas business through the leadership position established in the small liquid and minitank/maxitank product offering.

A new air separation plant, commissioned for Impala Platinum Refineries in Springs, is performing well, and has enabled the company to expand its extensive pipeline network by offering supplies to nearby customers in the plate glass and copper tubing industries.

Recently the company expanded its range of innovative offerings to provide atmospheric gas mixtures to be used in high-quality packaging of fresh produce. Additionally, the company has launched an oxygen-rich application, shown to increase hatching rates in the chicken industry.

Capital expenditure plans for the forthcoming year include major expansion of the existing air separation units to meet the ongoing demand for atmospheric gases at the Mittal Steel sites, and to meet the significant growth in the merchant markets.

Air Products has a September year-end. For the six-month period ended 31 March 2007, Air Products' turnover grew by 22.4% (2006: 0.7%) from R364.2 million to R445.9 million, and its headline earnings by 25.2% (2006: 0.9%) from R62.6 million to R78.4 million.

### WISPECO – UNLISTED

During the year under review Wispeco Holdings Limited's sales volume increased by 8%. However, turnover increased by 36% mainly due to higher selling prices driven by increasing raw-material costs. Headline earnings increased from R61 million to R62.6 million.

In anticipation of continued volume growth and to support Wispeco's philosophy of quick delivery, the company embarked on a capacity expansion programme during the financial year of which a large part has been completed and is operational.

Training programmes are of strategic importance to Wispeco. Internal programmes aim at productivity improvement as well as leadership and technical skills development, while external programmes focus on market development and include practical manufacturing training for customers as well as a formal learnership for unemployed members of the community.

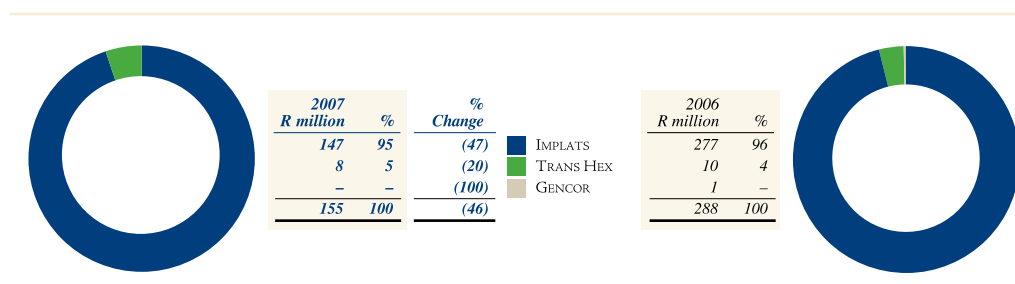
**DORBYL**

Dorbyl Limited's turnover and operating profit decreased by 2.4% to R962 million and by 24.5% to R17.9 million, respectively. Increased and continuing industry pressure on prices, lower take-offs by the motor manufacturers on some components and rising steel prices, adversely impacted margins and the profitability of most of the operations during the year.

Dorbyl's headline earnings per share increased by 104.1% from 176.1 cents headline loss per share in 2006 to a 7.3 cents headline earnings per share in 2007.

**MINING INTERESTS**

## CONTRIBUTION TO HEADLINE EARNINGS

**IMPLATS**

Remgro's interest in Implats is 4.2% and only dividend income has been accounted for.

**TRANS HEX**

Trans Hex Group Limited reported improved profits, but its headline earnings per share decreased by 27%, from 28.2 cents to 21.7 cents.

Total rough diamond sales for the financial year decreased by 12% and rand revenue was 5% lower than the prior year. The impact of lower sales volume was partially offset by the weaker rand and marginally higher selling prices. These factors resulted in an earnings per share of 39.4 cents (2006: 112.7 cents earnings per share loss).

# GENERAL REPORT

## INVESTMENT REVIEW

### CORPORATE FINANCE AND OTHER INTERESTS

	2007 R million	2006 R million
Central treasury	266	146
Net corporate cost	(61)	(56)
Pension fund surplus	70	–
Other interests	6	6
	<b>281</b>	96

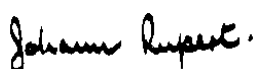
#### CORPORATE

The central treasury division's contribution increased from R146 million to R266 million. This increase can be attributed mainly to higher interest rates as well as higher average cash balances compared to 2006. Also included therein, are foreign currency profits amounting to R65 million (2006: R24 million loss) relating to intergroup balances. These intergroup balances were settled during the past year.

The net after-tax corporate costs above, which include salaries, donations and the cost of the share incentive scheme, increased by R5 million, from R56 million in 2006 to R61 million in 2007. Headline earnings was also impacted favourably by the accounting recognition of a pension fund surplus amounting to R70 million following the finalisation of a surplus allocation process.

#### ACKNOWLEDGEMENT

To all of those who contributed to the performance of the Group over the past year, we extend our sincere thanks: to the shareholders for their continued confidence; the managing directors and all colleagues in the various Group companies for their co-operation and support; all other directors, officials and employees for their dedication and all parties concerned for services rendered.



Johann Rupert

Stellenbosch  
18 June 2007



Thys Visser

# INTRINSIC NET ASSET VALUE

AT 31 MARCH 2007

	Notes	Shares held million	Stock exchange closing price £ million	Exchange rate	31 March 2007 R million	31 March 2006 R million
<b>Tobacco interest</b>						
R&R Holdings			3 641.0	14.3449	52 229	34 065
– BAT ordinary shares	1	214.3	1 589		3 405.2	
– Cash and dividends receivable					236.1	
– Other net assets					(0.3)	
<b>Financial services</b>						
FirstRand		481.1	2 460		11 836	9 623
RMB Holdings		280.9	3 599		10 111	7 990
<b>Industrial interests</b>						
Medi-Clinic Corporation		171.1	2 510		4 295	3 531
Unilever Bestfoods Robertsons					3 020	1 984
Distell Group		58.7	5 205		3 054	2 112
Nampak		78.1	2 221		1 735	1 308
Total South Africa					2 226	1 889
Rainbow Chicken		173.6	1 600		2 778	1 642
Tsb Sugar					1 980	1 260
Air Products South Africa					910	801
Dorbyl		14.1	1 300		211	191
Wispeco					421	441
Kagiso Trust Investments					1 312	710
Caxton		7.8	1 670		130	117
<b>Mining interests</b>						
Implats		26.7	22 801		6 085	3 886
Trans Hex Group		30.2	1 450		438	363
Gencor		38.0	–		–	8
<b>Other</b>						
Sundry investments and loans					220	117
Deferred taxation asset/(liability)					(738)	(417)
Other net assets/(liabilities)					506	(100)
<b>Cash at the centre</b>						
– Local	2				1 220	4 066
– Offshore	2		218.7	14.3449	3 137	1 729
<b>Intrinsic net asset value</b>					107 116	77 316
<b>Potential CGT liability</b>	3				(2 714)	(1 699)
<b>Intrinsic net asset value after tax</b>					104 402	75 617
Issued shares after deduction of shares repurchased and the shares in The Remgro Share Trust (million)					472.4	479.8
<b>INTRINSIC VALUE PER SHARE</b>					<b>R221.00</b>	R157.59

## Notes

1. This represents Remgro's effective interest of 10.4% in BAT Plc.
2. Cash at the centre excludes cash held by subsidiaries and associated companies that are separately valued above.
3. The potential capital gains tax (CGT) liability, which is unaudited, is calculated on the specific identification method using the most favourable calculation for investments acquired before 1 October 2001 and also taking into account the corporate relief provisions. Deferred CGT on investments available-for-sale (Implats and Caxton) is included in "Other" above.
4. Unlisted investments are shown at directors' valuation. Listed investments, with the exclusion of Rainbow Chicken, are shown at stock exchange prices. Rainbow Chicken is shown at R16.00, the price applicable for the alternative offer to Rainbow Chicken shareholders since 6 June 2007.

# CORPORATE GOVERNANCE

Remgro endorses and is fully committed to compliance with the principles of the King II Report's Code of Corporate Practices and Conduct. All the Company's listed subsidiaries and associated companies endorse the Code of Corporate Practices and Conduct where applicable.

The Company is an investment holding company. Reference to "the Company" may also denote the Company and its wholly owned subsidiaries. Each entity in which the Company is invested has its own governance structures. In giving effect to its risk management responsibilities, Remgro has also approved the maintenance of a broader continuous risk management review programme to ensure a coherent governance approach throughout the Group.

The Remgro Board advocates sound governance practices by all entities the Company is invested in. Effective corporate governance forms part of Remgro's investment assessment criteria. It is monitored by Remgro's non-executive representation on those boards.

In setting the parameters for this report, guidance was taken from the Global Reporting Initiative (GRI) Boundary Protocol. Disclosure is limited to those entities that could generate significant impact on the Company's sustainability performance and where it exercises control over the financial and operating policies of such entities, save where those entities disclose the relevant information in their own publicised annual reports.

The following are the notable aspects of the Company's corporate governance.

## BOARD CHARTER

The Board has adopted a formal charter which has been implemented to:

- identify, define and record the responsibilities, functions and composition of the Board, and
- serve as a reference to new directors.

The charter has been endorsed by all directors of Remgro Limited and is available for inspection at the registered address.

The Board, having reflected on the following, is satisfied that, for the year under review, the required actions contained in the charter were executed satisfactorily.

## COMPOSITION OF THE BOARD

Remgro has a fully functional Board that leads and controls the Group. On 31 March 2007, the Board consisted of five executive and ten non-executive directors of whom five are independent.

The roles of the chairman and the chief executive officer are separated. The chairman is a non-executive director but is not independent.

Board members are listed on pages 10 and 11.

## ROLE AND RESPONSIBILITIES

The Board is ultimately responsible for the strategic direction, risk appetite, performance and affairs of the Company. In directing the Group, the Board exercises leadership, integrity and judgement based on fairness, accountability, responsibility and transparency so as to achieve continuing prosperity for the Group.

After approving operational and investment plans and strategies, the Board empowers executive management to implement these and to provide timely, accurate and relevant feedback on progress made.

The Board remains accountable for the overall success of the approved strategies, based on values, objectives and stakeholder requirements, and for the process and policy to ensure the effectiveness of risk management and internal controls. The Board is the focal point of the Group's corporate governance and is also responsible for ensuring that it complies with all relevant laws, regulations and codes of best business practices.

The Board is responsible for monitoring the operational and investment performance of the Group including financial and non-financial aspects. It is also responsible for ensuring that procedures and practices are in place which will protect the Company's assets and reputation.

The Board has established the following subcommittees to assist it in discharging its duties and responsibilities:

- ✦ **The Remuneration and Nomination Committee**, consisting of four non-executive directors, advises the Board on the remuneration and terms of employment of all directors and members of senior management and is responsible for succession planning. Additionally, it annually participates in evaluating directors. The committee is also responsible for nominating directors. Directors do not have long-term contracts or exceptional benefits associated with the termination of services. The chairman of the Board is chairman of this committee. The chief executive officer attends meetings by invitation.

The committee has a formal mandate and its effectiveness is evaluated by the Board in terms thereof.

- ✦ **The Audit and Risk Committee**, consisting of three non-executive directors and one executive director, reviews the adequacy and effectiveness of the financial reporting process; the system of internal control; the management of financial, investment, technological and operating risks; risk funding; the internal and external audit processes; the Company's process for monitoring compliance with laws and regulations; its own code of business conduct; and procedures implemented to safeguard the Company's assets. An independent non-executive director is chairman of the committee.

The committee has a formal mandate and its effectiveness is evaluated by the Board in terms thereof. The committee evaluates the effectiveness of the treasury committee.

- ✦ **The Executive Committee**, consisting of all five executive directors, meets regularly between Board meetings to deal with issues delegated by the Board.

The Board is responsible for the appointment and induction of new directors. Non-executive directors are selected for their broader knowledge and experience and are expected to contribute effectively to decision-making and the formulation of strategies and policy.

Executive directors contribute their insight of day-to-day operations enabling the Board to identify goals, provide direction and determine the feasibility of the strategies proposed. These directors are generally responsible for taking and implementing all operational decisions.

## MEETINGS AND QUORUM

The articles of association requires three directors to form a quorum for Board meetings. A majority of members, preferably with significant representation of the non-executive directors, are required to attend all committee meetings.

The Board meets at least six times a year. The Audit and Risk Committee meets at least four times a year, and the Remuneration and Nomination Committee meets at least once a year.

# CORPORATE GOVERNANCE

## MATERIALITY AND APPROVAL FRAMEWORK

Issues of a material or strategic nature, which can impact on the reputation of the Company, are referred to the Board. Other issues, as mandated by the Board, are dealt with at senior management level.

The minutes of all the committee meetings are circulated to the members of the Board. Issues that require the Board's attention or a Board resolution, are highlighted and included as agenda items for the next Board meeting.

## REMUNERATION PRINCIPLES

The Company's policy that guides the remuneration of all directors and senior management is aimed at:

- Retaining the services of existing directors and senior management
- Attracting potential directors and senior managers
- Providing directors and senior management with remuneration that is fair and just
- Ensuring that no discrimination occurs
- Recognising and encouraging exceptional and value-added performance
- Ensuring that remuneration structures are consistent with the Company's long-term requirements
- Protecting the Company's rights by service contracts

In accordance with these objectives, the Remuneration and Nomination Committee annually reviews and evaluates the contribution of each director and member of senior management and determines their annual salary adjustments. For this purpose it also considers salary surveys compiled by independent organisations.

## DUTIES OF DIRECTORS

The Companies Act places certain duties on directors and determines that they should apply the necessary care and skill in fulfilling their duties. To ensure that this is achieved, best practice principles, as contained in the King II Report on Corporate Governance for South Africa, are applied.

The Board is also responsible for formulating the Company's communication policy and ensuring that spokespersons of the Company adhere to it. This responsibility includes clear, transparent, balanced and truthful communication to shareholders and relevant stakeholders.

After evaluating in terms of their respective charters, the directors are of the opinion that the Board and the subcommittees have discharged all their responsibilities.

## CONFLICTS

Mechanisms are in place to recognise, respond to and manage any potential conflicts of interest. Directors sign, at least once a year, a declaration stating that they are not aware of any undeclared conflicts of interest that may exist due to their interest in, or association with, any other company. In addition, directors disclose interests in contracts that are of significance to the Company's business and do not participate in the voting process of these matters.

All information acquired by directors in the performance of their duties, which is not disclosed publicly, is treated as confidential. Directors may not use, or appear to use, such information for personal advantage or for the advantage of third parties.

All directors of the Company are required to comply with the Remgro Code of Conduct and the requirements of the JSE Limited (JSE) regarding inside information, transactions and disclosure of transactions.



### COMPANY SECRETARY AND PROFESSIONAL ADVICE

All directors are entitled to seek independent professional advice concerning the affairs of the Group, at the Company's expense.

All directors have unlimited access to the services of the company secretary, who is responsible to the Board for ensuring that proper corporate governance principles are adhered to. Board orientation or training is done when appropriate.

### GOING CONCERN

At least once a year the Board considers the going concern status of the Group with reference to the following:

- Net available funds and the liquidity thereof
- The Group's residual risk profile
- World economic events
- The following year's strategic business plan, budgets and cash flow models
- The Group's current financial position

### SERVICE COMPANY

Since the establishment in 2000 of Remgro Limited and VenFin Limited, M&I Management Services (Pty) Limited has rendered management and support services to these two and their group companies. Neither Remgro, nor VenFin had a financial interest in M&I Management Services.

The service agreements with Remgro and VenFin stipulate that fees will not be more than 0.463% of market capitalisation. In the previous year to 31 March 2006, fees paid by Remgro amounted to R81 million, or 0.137% of market capitalisation.

During the past financial year a subsidiary of Remgro, M&I Group Services Limited ("new M&I"), has acquired the business of M&I Management Services and recovers some of its costs through fees for services rendered to group companies. An agreement has also been negotiated with VenFin to provide certain support and administrative services to the VenFin group of companies at fees determined annually.

The net cost of the "new M&I" will be part of the corporate costs of Remgro and is comparable with the fees paid in the past by Remgro to M&I Management Services. Refer also to note 19.

### RISK MANAGEMENT AND INTERNAL CONTROL

In determining strategic goals, the Board of Directors has ensured its understanding of all the risks accepted in the Company's investment portfolio with a view to maximising sustainable profits and growth. These risks are continuously measured against the risk appetite determined by the Board.

The categories of risk identified can be broadly classified as follows:

- **Performance risk** relates to those risks managed by the Board and includes strategic risk, opportunity risk, reputation risk, liquidity risk, and also risks relating to corporate governance, social responsibility and stakeholder relations.
- **Investment risk** inherent to existing investments. The Board has delegated the responsibility for investment risk management to the boards of the various investment companies. The Remgro Board monitors that these delegated responsibilities are effectively executed by appointing its own members in non-executive capacities on those boards.

## CORPORATE GOVERNANCE

- ✦ **Operational risk** includes operational effectiveness and efficiency, safeguarding of assets, compliance with relevant laws and regulations, reliability of reporting, effective operational risk management, human resource risk, technology risks, business continuity and risk funding.

The Board has documented and implemented a comprehensive risk management system, which incorporates continuous risk assessment, evaluation, and internal control embedment.

The Enterprise-wide Risk Management system applicable to the Company is as follows:

- ✦ **Group risk analysis**

The purpose of the Group risk analysis is to reconfirm and update the Group's consolidated risk profile. This ensures that the residual risk profiles by investment, and in total, remain within the risk tolerances set by the Board and that new emerging risks are identified and responded to in time.

- ✦ **Activity risk analysis**

The activity risk assessment further refines the Company's risk assessment at key activity level relevant to the achieving of detailed objectives and ensures that risk management initiatives are duly prioritised and resourced appropriately.

- ✦ **Operational risk management**

The Board influences the control environment by setting ethical values and organisational culture while ensuring that management styles, delegated authorities, business plans and management competency are appropriate, effective and efficient.

Operational risks are managed mainly by means of internal control. This is a process designed to provide reasonable assurance regarding the constant achievement of organisational objectives and to reduce the possibility of loss or misstatement to within accepted levels. The effectiveness of risk management is measured by the level of reduction of the Company's cost of risk.

Management structures have been established to focus on certain key risk activities, including treasury, safety, health, environment, asset protection, tax and risk funding.

- ✦ **Treasury**

Given the nature and its extent, control of treasury risk is regarded as very important. The responsibility of M&I Group Services Limited's central treasury department is to manage the risks associated with rates of return, compliance, liquidity as well as investment, financing and foreign exchange transactions in accordance with a written mandate.

A treasury committee, constituted of nominated members of the Risk and Audit Committee and senior management, is responsible for determining policy and procedures as well as clearly defined levels of competency and gives regular feedback to the Board. The treasury policy also ensures that the return on cash reserves is optimised taking cognisance of investment and credit risk and the Group's liquidity requirements.

V&R Management Services, a company registered and managed in Switzerland, renders treasury services to R&R Holdings and Remgro Investments (Jersey). These two companies have service contracts which record V&R's obligations and responsibilities concerning their treasury policies as approved and monitored by their Boards. V&R's activities and risk management practices are annually subject to independent audits. Remgro and VenFin each holds 50% of V&R.

✦ **Risk funding**

Risk funding is viewed as a cost of capital activity aimed at reducing the Company's residual exposures to potential risk with catastrophic impacts or risks which cannot be managed cost beneficially.

✦ **Integrated assurance**

The Board does not only rely on the adequacy of the control embedment process but regularly receives and considers reports on the effectiveness of risk management activities. The Audit and Risk Committee ensures that the assurance functions of management as well as internal and external audit are sufficiently integrated.

The various assurance providers to the Board comprise the following:

- ✦ The Executive Committee and senior management consider the Company's risk strategy and policy along with the effectiveness and efficiency thereof.
- ✦ The Audit and Risk Committee considers the adequacy of risk management strategies, systems of internal control, risk profiles, legal compliance, internal and external audit reports and also reviews the independence of the auditors, the extent and nature of their engagements, coverage and findings. This committee also reviews the level of disclosure in the annual reports and the appropriateness of policies adopted by management, the ethics register and other loss incidents reported. The Board reviews the functionality of the Audit and Risk Committee against its charter.

*INTERNAL AUDIT*

The Company's internal audit function is fulfilled by M&I Group Services Limited's Risk Management and Internal Audit department. It is an effective independent appraisal function and employs a risk-based audit approach, formally defined in accordance with the Institute of Internal Auditors' (IIA) definition of internal auditing and documented in a charter approved by the Board. The head of this department has direct access to the chairman of the Audit and Risk Committee as well as to the chairman of the Group.

*EXTERNAL AUDIT*

The Company's external auditors attend all Audit and Risk Committee meetings and have direct access to the chairman of the Audit and Risk Committee. Their audit coverage is adequately integrated with the Internal Audit functions without their scope being restricted.

Other services provided by the auditing firm mainly relate to tax matters and are effected by a department independent to the audit partners. Independence is further assured by terms of appointment.

The directors are of the opinion that, based on inquiries made and the reports from the internal and external auditors, the risk management programmes and systems of internal control of the Company and its dependent subsidiaries were effective for the period under review. In this regard Tsb Sugar and Wispeco are considered to be independent.

The Audit and Risk Committee has also satisfied itself that there are effective audit committees functioning at the Company's independent subsidiaries and associated companies.

# CORPORATE GOVERNANCE

## DEALINGS IN SECURITIES

In accordance with the Listings Requirements of the JSE, the Company has adopted a code of conduct for insider trading. During the closed period directors and designated employees are prohibited from dealing in the Company's securities. Directors and designated employees may only deal in the Company's securities outside the closed period, with the authorisation of the chairman or the managing director. The closed period lasts from the end of a financial reporting period until the publication of financial results for that period. Additional closed periods may be declared from time to time if circumstances warrant it.

## ATTENDANCE AT MEETINGS

	Directorate	Executive Committee	Audit and Risk Committee	Remuneration and Nomination Committee
<b>Number of meetings held</b>	6	7	4	2
<b>Attendance by directors</b>				
J P Rupert	6			2
M H Visser	6	7		2
P E Beyers	6			
W E Bührmann	6	7		
G D de Jager <sup>(1)</sup>	5		2	1
J W Dreyer	5			
D M Falck	6	7	4	
P K Harris	5			2
E de la H Hertzog	5			
J Malherbe <sup>(2)</sup>	3			
J F Mouton <sup>(3)</sup>	2		2	1
J A Preller (Mrs)	6	7		
D Prins	5		4	
M Ramos (Miss) <sup>(4)</sup>	1			
F Robertson	6		4	2
T van Wyk	6	7		

(1) Mr G D de Jager was a member of the Audit and Risk Committee as well as the Remuneration and Nomination Committee for six months.

(2) Mr J Malherbe was appointed to the Board of Directors of this Company on 11 October 2006 and has since attended all the meetings.

(3) Mr J F Mouton retired as a director of this Company on 11 October 2006.

(4) Miss Ramos was appointed to the Board of Directors of this Company on 26 March 2007.

# SUSTAINABILITY REPORT

As Remgro is an investment holding company, disclosure regarding sustainability is limited to that of the Company and its wholly owned subsidiaries, including Wispeco and Tsb Sugar. Social and sustainability reporting for listed investees is contained in the annual reports of those entities.

The main aspects to report on are as follows:

## STAKEHOLDER RELATIONS

The following are recognised as stakeholders in the Company:

- ♦ Shareholders and lenders as providers of capital
- ♦ The State as policy maker and regulator
- ♦ The investment community as interested party
- ♦ The community, through the creation of employment, and part benefactor of taxes paid by profitable organisations and as a recipient of social contributions

The Board regularly reviews its strategies against the requirements of the stakeholders to ensure balanced long-term growth and the viability of the Company and the environment in which it operates.

## GROUP ETHICS

Dr Anton Rupert, founder of the Group, which today includes Remgro Limited, more than 40 years ago drew up guidelines for doing business successfully. These guidelines developed into what is today Remgro's value system. The Company believes that these values incorporate the spirit in which it strives to be a good corporate citizen. It furthermore believes that ethical behaviour stems from the value system, as communicated and demonstrated by the Board of Directors.

Remgro's commitment to ethical behaviour is contained in the following documents:

- ♦ Code of ethics
- ♦ Gift policy
- ♦ Internet policy
- ♦ Disciplinary code

## SAFETY AND ENVIRONMENT

The Company has a duly constituted safety and health committee, as required by the Occupational Health and Safety Act. This committee assists the Board in ensuring that the Company provides and maintains a safe and healthy risk-free environment for staff and visitors by identifying risks and ensuring that controls designed to mitigate these risks are effective and complied with.

Most of the Company's core activities are regarded as having a low impact on the environment.

The Company benchmarks its current environmental practices against the criteria stipulated in the Global Reporting Initiative™ (GRI) Framework. These include:

- ♦ Materials
- ♦ Energy
- ♦ Water
- ♦ Biodiversity
- ♦ Emissions, effluents and waste
- ♦ Suppliers
- ♦ Products and services
- ♦ Compliance
- ♦ Transport

# SUSTAINABILITY REPORT

Where deemed appropriate, usage and impact are being quantified and measured against best practices. Where appropriate, compliance with safety, health and environmental systems are measured against formal standard systems such as ISO and subject to independent review. Independent boards monitor capital projects aimed at reducing environmental usage while increasing biodegradable recycling.

Tsb Sugar has set itself performance measures to minimise its environmental impact, for example bagasse, a by-product of the sugar production process, that is utilised to generate electricity. Approximately 60% of Tsb Sugar's electricity needs are generated from bagasse. Surplus electricity is supplied into the Eskom national network.

## HIV/AIDS POLICY

From an investment holding company perspective, the risk of HIV/Aids comprises two elements, namely:

### GROUP RISK

Given the potential impact of HIV/Aids on the markets, on human capital cost of employment and on the operational processes of the various businesses invested in, this risk is managed within the governance structures of the various companies.

The progress of these policies and strategies is monitored against best practice standards.

### COMPANY RISK

Remgro and M&I have a formal HIV/Aids policy and are committed to manage the pandemic, and the business risks associated with it, actively. The policy makes provision, inter alia, for the following:

- Compliance with all legal requirements as far as HIV/Aids is concerned
- No discrimination against employees or potential employees based on their HIV status
- Strict confidential treatment of information on the HIV status of employees
- General measures to prevent accidental infection

Remedi Medical Aid Scheme, of which most of M&I's staff are members, has a management plan for HIV/Aids in which employees can choose to participate.

## EMPLOYEES

Summary of employees of the operating subsidiaries

	2007	2006
Rainbow Chicken	7 223	6 686
Wispeco	963	888
Tsb Sugar (excluding contract workers)	2 533	2 308
Other	14	10
	10 733	9 892
M&I	172	188
	10 905	10 080

The boards of directors of the individual operating subsidiaries are responsible for their own strategies regarding employment equity, HIV/Aids programmes, training and other personnel matters. Further analyses in categories are therefore not given here.

## PANDEMICS

As part of its awareness of community risk, the Group monitors pandemic risks, such as bird flu, and will take appropriate steps as and when required.

## EMPLOYMENT EQUITY

M&I strives, in accordance with the Employment Equity Act, to afford all staff the opportunity to realise their full potential.

M&I's management and personnel are continuously involved in determining training and development needs and in implementing and monitoring a labour plan. Special attention is given to those groups which, because of historic reasons, may be in a disadvantaged position.

In accordance with the requirements of the Employment Equity Act, M&I annually submits a labour plan to the Department of Labour.

Because of the nature of its operations, inter alia to provide core services to Remgro, M&I's work force is characterised by the following:

- A high level of expertise within the top structure of the organisation and in various specialised divisions
- A young employee profile, especially with regard to management
- A low turnover rate of staff and, consequently, limited opportunities for new appointments

M&I believes that the quality of its staff is an important sustainable competitive advantage. Therefore it believes that its success does not lie in the uniformity of its staff, but in the diversity and development of their collective talents. For these, space and opportunity will always be created.

Human resource policies and procedures also address the issues of non-discrimination, child labour, disciplinary practices, human rights, etc.

## BEE – BLACK ECONOMIC EMPOWERMENT

The Board believes that BEE on a broad basis is a social, political and economic imperative and we therefore support the Company's subsidiaries and associated companies' initiatives in this regard. Although the ideal is to support people to realise their full potential, special focus is needed on those who, for historical reasons, have lagged behind. The aim is to enable them to compete on merit in the market. We look forward to the day when all South Africans, especially our children, can fully participate in our economy on a non-racial and equal basis.

# SUSTAINABILITY REPORT

## SOCIAL INVESTMENT

Corporate citizenship, namely the commitment of business to contribute to sustainable economic development, endorses the principle that no business exists in isolation but is undeniably an integral part of the environment in which operations take place. In its relations with all stakeholders (clients, personnel and the community), Remgro strives to be a value partner.

During the past few years, the focus of the Company's donation programme has shifted increasingly to the development of young people from disadvantaged communities as well as to assisting people in need, knowing that social investment brings dignity and a sense of hope.

Donations to deserving institutions are usually made over specific periods and although they cover quite a wide range, there is one noticeable exception: political parties. Although the Company respects the individual's right of choice to get involved with these organisations, it does not exercise a choice itself.

During the past year, the Company has been involved in the following projects and institutions:

## ENTREPRENEURSHIP AND TRAINING

The proceeds from a loan Remgro made available to the Peace Parks Foundation (PPF) some years ago support the activities of the *SA College for Tourism* in Graaff-Reinet and the *Southern African Wildlife College* near the border of the Kruger National Park. Both colleges are involved in practical training and job creation.

**SA College for Tourism (SACT)** – the demand for the services of this College, where especially young black women from previously disadvantaged communities are trained for careers in the hospitality industry, has increased to the extent that 90 students from eight Southern African countries were enrolled this year – 50% more than the previous year. To make provision for this intake, some structural changes had to be made to the Panorama Guesthouse in Graaff-Reinet, a subsidiary of the SACT.

Besides following courses in culinary arts, food and beverage studies, room and front-of-house services and guesthouse management, the students gain excellent practical experience from exposure to public events – during the past year these have included eleven wedding receptions, four large banquets and 22 conferences, while a restaurant was managed during a large Eastern Cape golf tournament.

The excellent work of the College has been acclaimed by two recent audits: one by Educor, South Africa's largest private education institution, and the other by THETA (the Tourism, Hospitality and Sport Education and Training Authority) during an unannounced on-site visit. The SACT received three perfect ratings from THETA, the only training provider who could achieve this rating thus far, while Educor in its report commended the quality of the training team and the practical nature of the course.

**Southern African Wildlife College** – since 1997 this College, on the western boundary of the Kruger National Park, has trained and empowered people from Africa to manage and conserve some of the world's most biologically diverse areas. This training has proved to be extremely valuable to transfrontier conservation areas in Angola, Botswana, Malawi, Mozambique, South Africa, Uganda, Zambia and Zimbabwe.

Besides training in the management and conservation of natural resources, courses are also presented in personnel management skills and community conservation strategies, while field trips provide students with sound practical experience.



**SciMathUS** – after six years this post-matric programme of the University of Stellenbosch, which gives talented black students from disadvantaged communities the opportunity to gain access to mainstream higher education, is well under way. The success of the programme is evident from the number of students involved in it since 2001 who are now following degree courses, with mathematics, science and accounting as major subjects.

Many students come from very low income families and some of them travel from places as far afield as Wellington and Mitchell's Plain by train, car or taxi to attend classes starting at 08:00 in the morning. The most needy students are offered accommodation in Stellenbosch. These expenses are afforded from the budget of SciMathUS.

At the end of 2006, 47 students from the Western, the Eastern and the Northern Cape as well as Gauteng and the Free State completed the National Senior Certificate examination, with a significant improvement in their maths, science and accounting results. Most of these students are currently studying at the University of Stellenbosch.

**Paul Roos Academy** – has almost come full circle with the first intake of Gr. 7 learners in 2003. This group, now in Gr. 11, will receive their last holiday tuition during this year and will write matric in 2008. For the Academy this examination will provide an excellent value test of the investment made in these learners over five years.

However, academic achievement is only one side of the coin of this project, which also focuses on identifying leadership talent in disadvantaged schools and on assisting these learners by providing additional tuition to realise their full potential. The growth in self-confidence, visible at an early stage, as well as the development of other skills, ensures that these learners are just so much better prepared to face the future.

In 2006, a total of 237 learners from Gr. 7-10 received tuition at the Academy. During school holidays they are accommodated in the hostels of Paul Roos Gymnasium and Rhenish and also take part in sport and other educational activities.

**Rally to Read** – celebrates its tenth year with a proud record. Since this literacy programme got under way in 1998, R21.5 million has been invested in the quality of literacy training in some of the most remote areas of the country. This year an additional R4.3 million will be spent at the 135 schools participating in the programme.

Annually in May, convoys of off-road vehicles depart from various centres to deliver books and other educational material to some of the country's most neglected schools. This year a total of 425 vehicles visited nine areas in eight provinces. Remgro is one of approximately 100 sponsors of this project.

**Equip** – is a school development programme of the National Business Initiative focusing on leadership and the quality of education at historically disadvantaged schools. Remgro's sponsorship for this purpose is used at two secondary and three primary schools in the Stellenbosch region.

Good progress has been made at two of the schools, while unfortunately conflict and disputes in one of the school management teams and a lack of strong leadership by principals at other schools hampered progress. As far as teacher development is concerned, more than fifteen teachers from five schools have been invited to register for an advanced certificate in education at the Cape Peninsula University of Technology.

# SUSTAINABILITY REPORT

## ENVIRONMENT

**WWF South Africa (WWF-SA)** – is a conservation organisation supported by Remgro since 1968. During the past year the organisation has sharpened its focus on the interplay between biodiversity and the impact of human activities. This focus comprises the following three initiatives:

The Marine Programme, which looks at the sustainability of seafood; the Freshwater Programme, which places emphasis on internationally traded water-intensive crops such as sugar; and the Biodiversity and Wine Initiative (BWI), a partnership between WWF-SA, The Green Trust, numerous members in the conservation sector and the South African wine industry.

Good progress has been made with all three initiatives. Some 800 officials have been trained for Marine Protected Areas, while a major breakthrough was achieved for the Freshwater Programme by the signing of a memorandum of understanding with the sugar industry. As far as the BWI is concerned, more than 70 wine farms could be involved in an attempt to bring a better balance between conservation and agriculture in the highly sensitive Cape Floral Region.

## CULTURAL DEVELOPMENT

**Klein Karoo National Arts Festival (KKNK)** – this year the Remgro/VenFin bursary will be brought to the notice of young people in the Eden District Municipality as part of the *Absa KKNK on Tour*, after which applications will be invited and a winner be selected by an expert panel before the end of the year.

Remgro's sponsorship of the festival in 2007 has also been used to sponsor the artistic programme which includes several dramas, amongst which were three translated into Afrikaans. One of the dramas, *'n Ander Tongval (Another Dialect)*, is based on the book with the same title by Antjie Krog. It has been compiled with a European tour in mind.

**Field Band Foundation (FBF)** – music is a catalyst for many of the problems encountered by the country's youth. This is how the FBF, which celebrates its tenth anniversary in 2007, approaches its role. With 30 bands at its disposal and a membership of 4 000, the Foundation harnesses music to improve the skills and career opportunities of young people who could otherwise have landed on the street.

An awareness of the dangers of HIV/Aids forms an integral part of the project. A recent survey on the prevalence of the disease amongst members between ages 16 and 26 has shown figures considerably lower than the national average. Regular exposure to international musicians and role models also reiterates the message to young people that there are many reasons for protecting themselves against HIV infection.

Last year, for the first time, the Foundation was able to send one of its members to university. This year two are receiving tertiary education, while many more are doing a bridging course which will enable them to follow suit. Remgro's investment in the FBF can be seen as a contribution to help change the "risk profile" of our youth.

**WAT** – the Dictionary of the Afrikaans Language (WAT) is 80 years old and is still in the forefront of renewing the language and making it as supple and as user-friendly as possible. Testimony of the relevance of its efforts is the fact that during the past two years six large South African universities, amongst which are Unisa and the US, have purchased the internet version of the WAT as an electronic source.

Besides collecting and recording Afrikaans words in all their forms, the WAT also plays an important role in the training of lexicographers as well as in the educational use of dictionaries. During the past year five doctoral students from Gabon and four employees of the Oxford University Press attended courses in lexicography at the WAT. Over a period of three years Remgro will contribute to the trust fund of the WAT.

#### SPORT DEVELOPMENT

**SA Golf Development Board (SAGDB)** – in a year of many challenges, the SAGDB has completed its restructuring process and committed itself anew to spending its money where most needed on the needs of the children in the national programmes. Structures were brought in accordance with this objective and administrative costs cut considerably to bring about a more performance-driven organisation. Besides its normal contribution, Remgro has made an additional R1.5 million available for the restructuring process.

SAGDB has also adopted Project 312 to assist development managers in assessing their own performance as well as those of coaches. In addition, coaches taking part in the National Training Programme completed their first year of study. The programme provides an opportunity to coaches to gain an accredited tertiary-level education and a coaching qualification from the PGA, which could help raise the standard of the programmes they are involved in.

**Western Cape Cricket Academy** – the ripple effect of the investment made in this Academy since 1993 is growing all the time. During the past year the names of current and former Academy players surfaced everywhere, not only in the SA World Cup squad and the SA “A” side to Australia, but also in the winning sides of the Lions, Titans and Cobras, respective winners of the Standard Bank Pro20, the SuperSport Competition and the MTN 45 Championships.

And it doesn’t stop there. Six women from Western Province (WP), and an equal number from Boland, all part of the Academy structure, represented their provinces at the national tournament for women where 20 teams participated. WP and Boland reached the finals, which was won by WP. To cap it all during a very successful year, several of the Academy’s umpires gained access to international and national panels.

#### COMMUNITY DEVELOPMENT

**Ikamva Labantu** – thanks to an administrative sponsorship by Remgro and VenFin, currently totalling just over R2 million a year, Ikamva, a community project with its roots firmly in the townships of the Western Cape, could, besides its involvement in early childhood development, family services and care for the visually impaired, continue its role as mentor for other community organisations.

During the past year, 120 more preschools joined Ikamva and 5 500 additional children between the ages of 0 and 6 were reached. Food was delivered to 110 indigent preschools, while 20 food gardens were successfully initiated for these schools. In the family services sector, children were cared for in 14 homes, while 15 “magnificent mothers” cared for 90 children from broken families.

A project launched by Ikamva in Philippi East at the request of Remgro to determine how many children were without support, is progressing well. Initially the programme was planned to provide for 100 vulnerable children, but this number soon grew to 247. Support comprises food parcels, school uniforms, stationery and financial assistance. The aim is to create a standard model of intervention which could be replicated elsewhere in the country. This also includes a disengagement process as families become more self-sustainable.

# SUSTAINABILITY REPORT

**u Mephi Child Care Programme** – offers abused, unwanted and abandoned orphans a place of security. In 2006, 409 children were admitted to the programme. The ideal for u Mephi is that children should grow up within their biological families. If this is not possible, the children are cared for in homes or, in the case of babies, they are made available for adoption. In 2006, 142 babies were adopted locally and internationally.

Childhood should be the happiest time in a child's life. The unfortunate reality is that many are physically, emotionally and sexually abused, are rejected and are denied the basic necessities for a normal life. Seven social workers assist these traumatised children to come to terms with their past in order to cope with the future.

**St Joseph's Home** – runs a ward of 25 beds for the treatment of HIV/Aids paediatric patients. Actually the ward is a step-down facility for children discharged from tertiary hospitals but still too ill to be sent home. Nursing care and rehabilitation are provided, and parents and caregivers are instructed in administering antiretroviral drugs.

Remgro's partial sponsorship of the ward helps to care for children who otherwise would have been sent home to suffer and even to die. Approximately 90% of the children admitted come from the Cape Town Metropole and most of them have only a single parent or grandparent.

**Yabonga** – is a HIV/Aids project in the Western Cape to which Remgro has made a once-off contribution of R1 million during the past year to assist the organisation in extending its activities to the rural areas of the Eastern and the Northern Cape.

In its 2006 annual report Maria Ramos, patron of Yabonga, wrote that the project developed into a meaningful and sustainable one over the past eight years, benefiting some 10 000 underprivileged children and those in dire need in our communities. More than 1 000 preschool children are also exposed to quality educational programmes prior to entering Grade 1.

## HEALTH CARE

**Wits/Donald Gordon Medical Centre (WDGMC)** – this year the first private academic hospital in the country is celebrating its fifth anniversary and is still making good progress. The accreditation programme has been strengthened by confirmation of the status of medical practitioners working at the WDGMC.

The transplant unit of the WDGMC has become the prominent liver, kidney and pancreas transplant centre in the northern provinces of South Africa, while the oncology and intensive care units are going from strength to strength. Together with the ear, nose and throat unit and the surgery department, these have all developed into centres of excellence.

**Organ Donor Foundation of SA** – dedicates itself to the task of providing many people with a second chance to a normal life by making life-sustainable organs available to them. Remgro supports this effort by sponsoring four flights per year for the transport of these organs. The excellent service provided by Falconair's staff in this regard is appreciated by all, by the doctors performing the transplants and the recipients of the organs.

## New commitments

Since 1 April 2007 the Company has made new commitments to the following programmes:

- **Shalamuka Foundation** – supporter of the Penreach programme, the largest school outreach project in Africa, through which the quality of education is promoted and a learning culture inculcated at disadvantaged schools.

Penreach started in 1994 and in that year reached 40 teachers and 10 schools. The latest figure is 2 000 teachers and 900 schools and the ripple effect of this intervention is such that some 200 000 schoolchildren in Mpumalanga are benefiting from it. Penreach runs workshops for principals, student governing bodies, preschool, primary school and secondary school teachers and represents an excellent example of the best education practice in emerging communities.

Remgro has committed itself to R2 million over two years to enable Penreach to extend its activities and to replicate the model elsewhere.

- ✦ **Beyers Naudé School Development Programme (BNSDP)** – this programme is managed by the Kagiso Trust, which has dedicated itself over more than 20 years to social justice in some of the poorest rural areas in the country. The programme concentrates on the sustainable development of rural schools in the former homeland Venda, which is plagued by poverty, a shortage of facilities and resources, poor teaching standards and dismal results.

Where the BNSDP is implemented, the morale and the functioning of school communities improve, absenteeism and vandalism are reduced, more learners enter for the matric examination and the pass rate increases. In one of the schools taking part in the programme the pass rate increases from 44% to 79.8% over two years. A total of 766 children from nine BNSDP schools wrote matric in 2005, 170 of whom passed with exemption, while 34 distinctions were attained. Six of the schools achieved a pass rate higher than the national average.

The BNSDP was launched in 2004 as a living legacy to the values and principles practised by Dr Beyers Naudé, founder of the Kagiso Trust. Remgro has agreed to contribute, in partnership with VenFin, R3.6 million over three years to the BNSDP.

- ✦ **Stellenbosch Community Development Programme (SCDP)** – was founded in 2005 with the aim of:
  - ✦ feeding malnourished, underprivileged, poverty-stricken and orphaned children, many of whom are infected by HIV/Aids;
  - ✦ providing primary health care;
  - ✦ assisting unemployed parents to lay out vegetable gardens and to learn new skills; and
  - ✦ acting in partnership with other organisations such as Child Welfare and clinics.

The SCDP's primary focus is on Kayamandi, where 568 children are fed daily and monthly food parcels provided to 60 families. An estimated 12% of the black townships' children are not attending school because their parents are too poor. Approximately 23% of Kayamandi's residents live in dwellings with only one room, 45% of households still use paraffin for heating, while 25% of adults indicated that they have gone hungry periodically during the past year.

- ✦ **Children's Art Festival (CAF)** – runs concurrently with the annual National Arts Festival in Grahamstown and has been designed to help children discover their own artistic potential.

International research has shown that 98% of children between the ages of 3 and 5 enjoy a superior level of creativity. By the age of 10 it diminishes to 32% and at age 15 to just 10%. Adults above 25 years retain only 2% of their natural creativity!

Skilled hands are a powerful tool for upliftment and empowerment and this is the focus of CAF's activities. During the festival an intensive development programme is presented to primary school learners to stimulate their creative skills. At several workshops the children are exposed to diverse cultures and the talents of artists, dancers, actors and musicians.



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FINANCIAL REPORT **2007**

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# STATEMENT OF RESPONSIBILITY

BY THE BOARD OF DIRECTORS

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements included in this Annual Report.

The annual financial statements are prepared, in accordance with International Financial Reporting Standards (IFRS) and the requirements of the South African Companies Act, on the going concern basis and incorporate full and responsible disclosure. The annual financial statements are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates.

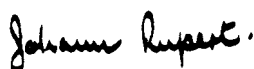
The directors are satisfied that the information contained in the financial statements fairly represents the results of operations for the year and the financial position of the Group at year-end. The accuracy of the other information included in the Annual Report was considered by the directors and they are satisfied that it accords with the financial statements.

The directors are also responsible for the Company's system of internal financial controls. The system was developed to provide reasonable, but not absolute, assurance regarding the reliability of the financial statements, the safeguarding of assets, and to prevent and detect misrepresentation and losses.

The directors are of the opinion that the Group will continue as a going concern in the future.

The financial statements were audited by independent auditors, PricewaterhouseCoopers Inc., to whom unrestricted access was given to all financial records and related information. The directors are further of the opinion that all statements that were made to the auditors during the course of the audit were valid and relevant. The auditor's report is presented on page 48.

Signed on behalf of the Board of Directors.



**Johann Rupert**  
*Chairman*

Stellenbosch  
18 June 2007



**Thys Visser**  
*Chief Executive Officer*

## STATEMENT BY THE COMPANY SECRETARY

I, Mariza Lubbe, being the Company Secretary of Remgro Limited, hereby certify that all returns required of a public company have, in respect of the year under review, been lodged with the Registrar of Companies and that all such returns are true, correct and up to date.



**Mariza Lubbe**  
*Secretary*

Stellenbosch  
18 June 2007

# REPORT OF THE INDEPENDENT AUDITOR

TO THE MEMBERS OF REMGRO LIMITED

We have audited the annual financial statements and group annual financial statements of Remgro Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 31 March 2007, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 49 to 101.

## **DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **OPINION**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and of the Group as of 31 March 2007, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

*PricewaterhouseCoopers Inc.*

**PRICEWATERHOUSECOOPERS** 

Director: N H Döman

Registered Auditor

Cape Town

18 June 2007

# 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.

# REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2007

## **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
<b>Available cash</b>	<b>1 220</b>	<b>5 288</b>	<b>6 508</b>

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
<b>Total</b>	<b>2 102</b>	<b>3 735</b>

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.

# REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2007

## 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
<b>Ordinary shares due to participants</b>		
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.

# REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2007

## 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.

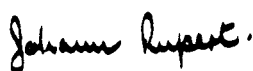
## SECRETARY

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



The annual financial statements are prepared on the historical cost basis, unless otherwise indicated, in accordance with International Financial Reporting Standards (IFRS), the requirements of the South African Companies Act, Act 61 of 1973, as amended, and the Listings Requirements of the JSE Limited.

These financial statements incorporate accounting policies that have been consistently applied to both years presented. During the year under review various new accounting standards, interpretations and amendments to IFRS became effective. The adoption of these new accounting standards, interpretations and amendments to IFRS had no impact on the results of either the current or prior years.

The preparation of the financial statements necessitates the use of estimates, assumptions and judgements that affect the reported amounts in the balance sheet and income statement. Although estimates are based on management's best knowledge and judgements of current facts as at balance sheet date, the actual outcome may differ from those estimates.

The most critical judgement exercised relates to the classification of investments as *associated companies* rather than investments *available-for-sale*. There are some investments over which Remgro is believed to have significant influence although it has an interest of less than 20% in these companies. However, as Remgro has board representation and is one of the major shareholders of these companies, its influence over their financial and operating policies is significant. Those investments are accordingly accounted for as associated companies using the equity method. The fair value of associated companies is set out in note 6 to the annual financial statements.

Other less significant estimates and assumptions relate to the determination of the useful lives of assets, impairment of goodwill, the valuation of unlisted investments and the assumptions used in calculating retirement benefit obligations and share-based payments, as well as the tax rates for the provision of deferred tax on fair value adjustments of investments. Details of these estimates and assumptions are set out in the relevant notes to the annual financial statements.

The accounting policies that the Group applied in the presentation of the financial statements are set out below.

**(1) CONSOLIDATION, PROPORTIONATE CONSOLIDATION AND EQUITY ACCOUNTING**

**Consolidation – subsidiary companies**

All entities in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has the power to exercise control over the operations, are included in the consolidated financial statements in the accepted manner. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination, irrespective of the extent of minority interests, are measured initially at their fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is accounted for directly in the income statement. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The results of subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from or to the date on which effective control was acquired or ceased.

Intergroup transactions, balances and unrealised gains are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

# ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2007

The accounting policies of subsidiaries conform to the policies adopted by the Group. Accounting policies between various industries have been aligned to the extent that it is material and appropriate for the specific industry.

Special purpose entities are consolidated when the substance of the relationship between the Group and the special purpose entity indicates that the Group effectively controls the entity.

## **Consolidation – The Remgro Share Trust**

The Remgro Share Trust has been consolidated as it is effectively controlled by the Company.

## **Proportionate consolidation – joint ventures**

All jointly controlled ventures are accounted for according to the proportionate consolidation method. In terms of this method the attributable share of assets, liabilities, income, expenditure and cash flow is included in the consolidated financial statements.

## **Equity accounting – associated companies**

Entities that are neither subsidiaries nor joint ventures, but in which a long-term interest is held and over whose financial and operating policies a significant influence can be exercised, are accounted for according to the equity method as associated companies. The results of associated companies, acquired or disposed of, are included in the consolidated income statement from the date on which effective significant influence begins or until it ceases. Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Group's share of retained income is transferred to non-distributable reserves. The Group's share of other movements in the reserves of associated companies is accounted for as changes in consolidated non-distributable reserves. The carrying value of the Group's associated companies includes goodwill (net of any accumulated impairment losses) identified at acquisition. When the Group's share of losses in an associated company equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Dilutionary and anti-dilutionary effects of equity transactions by associated companies that Remgro is not party to, are accounted for directly against reserves.

Certain associated companies have year-ends that differ from that of the Company. In such circumstances the results of listed and certain unlisted companies are accounted for from the latest published information and management accounts as at year-end, respectively. The accounting policies of associated companies have been changed where necessary to align them to those of Remgro and its subsidiaries to the extent that it is material and appropriate for the specific industry in which the associate operates.

## **Separate financial statements**

In Remgro's separate financial statements, investments in subsidiaries, joint ventures and associated companies are carried at cost.

## **(II) PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION**

**Land and buildings, machinery, equipment, office equipment and vehicles** – are stated at historical cost less accumulated depreciation. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on buildings, machinery, equipment, office equipment and vehicles is provided on a straight-line basis at rates that reduce the cost thereof to an estimated residual value over the expected useful life of the asset. The residual values and expected useful lives of assets are reviewed annually on balance sheet date and adjusted where necessary. No depreciation is provided for on land.

**Leased assets** – Assets leased in terms of finance leases, i.e. where the Group assumes substantially all the risks and rewards of ownership, are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum finance lease payments. Leased assets are depreciated over the shorter of the lease period or the period over which the particular asset category is otherwise depreciated. The corresponding rental obligations, net of finance charges, are included in non-current liabilities. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The finance charges are accounted for in the income statement over the term of the lease using the effective interest rate method.

Leases of assets where the lessor substantially retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are accounted for in income on a straight-line basis over the period of the lease.

**Preproduction and borrowing costs** – Preproduction and borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets until such assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs capitalised.

### (III) BIOLOGICAL AGRICULTURAL ASSETS

The fair value of the biological agricultural assets is determined on the following basis:

**Sugarcane** – Roots are valued at the current establishment and replacement cost and the value is proportionally reduced over the estimated useful life of the roots. Standing cane is valued at its best-estimated recoverable value less harvesting, transport, agricultural levies and other over-the-weighbridge costs.

**Citrus** – Orchards are valued at the current establishment and replacement cost adjusted for maturity levels and the value is proportionally reduced over the estimated useful life of the orchards. Citrus fruit is valued at the best-estimated recoverable values less harvesting, transport and agricultural levies.

**Breeding stock** – Breeding stock includes the breeding and laying operations. Hatching eggs are included in breeding stock. Breeding stock is measured at their fair value less estimated closure point-of-sale costs at reporting dates. Fair value is determined based on market prices or, where market prices are not available, by reference to sector benchmarks.

Gains and losses arising on the initial recognition of these assets at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs are accounted for in profit and loss during the period in which they arise.

Sugarcane and citrus are reported in the balance sheet as non-current assets, while breeding stock is reported as current assets.

### (IV) INVESTMENT PROPERTIES

Investment properties are held to generate rental income and appreciate in capital value. Investment properties are treated as long-term investments and are carried at cost less accumulated depreciation. Buildings are depreciated to their estimated residual values on a straight-line basis over their expected useful lives.

# ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2007

Investment properties are valued by external independent professional valuers every third year.

## (v) INTANGIBLE ASSETS

**Goodwill** – On the acquisition of an investment, fair values at the date of acquisition are attributed to the identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is the difference between the cost of the investments and the fair value of attributable net assets of the subsidiaries, joint ventures and associated companies at the acquisition dates. Goodwill is reported in the balance sheet as non-current assets and is carried at cost less accumulated impairment losses.

Goodwill attributable to associated companies is included in the carrying value of these companies and is consequently reported under “Investments – Associated companies”.

**Trade marks** – The cost of developing and establishing trade marks is expensed as incurred. Consequently, the value thereof is not reflected in the annual financial statements. The cost of purchased trade marks is written off on a straight-line basis over their expected useful lives, subject to an annual impairment test.

**Research and development costs** – Research cost is expensed as incurred. Where the asset recognition criteria have been met, development cost is capitalised and written off over the expected useful life of the product. Development cost previously expensed is not recognised as an asset in a subsequent period.

Trade marks and capitalised development costs with infinite lives are not amortised, but are subject to an annual impairment test. Any impairment is accounted for in income.

## (vi) FINANCIAL INSTRUMENTS

Financial instruments disclosed in the financial statements include cash and cash equivalents, investments, derivative instruments, debtors and short-term loans, trade and other payables and borrowings. Financial instruments are initially recognised at fair value, including transaction costs, when the Group becomes party to the contractual terms of the instruments. The transaction costs relating to the acquisition of financial instruments held at fair value through profit and loss are expensed. Subsequent to initial recognition, these instruments are measured as follows:

**Loans and receivables and borrowings** – Loans and receivables and borrowings are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. These instruments are carried at amortised cost using the effective interest rate method.

**Held-to-maturity financial instruments** – Instruments with fixed maturity that the Group has the intent and ability to hold to maturity are classified as held-to-maturity financial instruments and are carried at amortised cost using the effective interest rate method.

**Available-for-sale financial instruments** – Other long-term financial instruments are classified as available-for-sale and are carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial instruments are recognised in non-distributable reserves in the period in which they arise. When these financial instruments are either derecognised or impaired, the accumulated fair value adjustments are realised and included in income.

**Financial instruments at fair value through profit and loss** – These instruments, consisting of financial instruments held-for-trading and those designated at fair value through profit and loss at inception, are carried at fair value. Derivatives are also classified as held-for-trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these financial instruments are recognised in the income statement in the period in which they arise.

Financial assets (or portions thereof) are derecognised when the Group realises the rights to the benefits specified in the contract, the rights expire or the Group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable, as well as any prior adjustments to reflect fair value that had been recognised in equity, is included in the income statement.

Financial liabilities (or portions thereof) are derecognised when the obligation specified in the contract is discharged or cancelled or has expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in the income statement.

The fair value of financial instruments traded in an organised financial market is measured at the applicable quoted prices. The fair value of the financial instruments that are not traded in an organised financial market is determined using a variety of methods and assumptions that are based on market conditions and risk existing at balance sheet date, including independent appraisals and discounted cash flow methods. Fair values represent an approximation of possible value, which may differ from the value that will finally be realised.

There are Group companies that are parties to derivative financial instruments that reduce exposure to financial risks. These instruments mainly comprise forward contracts. Certain Group companies apply hedge accounting. Gains and losses arising from cash flow hedges are recognised directly in equity, while those arising from fair value hedges are recognised in the income statement in the period in which they arise. Group companies that do not apply hedge accounting, recognise changes in the fair value of these and other derivative instruments in the income statement in the period in which they arise.

Where a current legally enforceable right of set-off exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

All purchases and sales of financial instruments are recognised at the trade date.

Any derivatives embedded in financial instruments are separated from the host contract when their economic characteristics are not closely related to those of the host contract and the host contract is not carried at fair value. Gains and losses are reported in the income statement.

# ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2007

## (vii) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. These assets (or disposal groups) are measured at the lower of its carrying amount or fair value less costs to sell.

## (viii) INVENTORIES

Inventories are stated at the lower of cost or net realisable value. The basis of determining cost, which excludes finance costs, is the first-in first-out cost method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Where applicable, provision is made for slow-moving and redundant inventories. Work in progress and finished goods include direct costs and an appropriate allocation of manufacturing overheads.

## (ix) TAXATION

Deferred taxation is provided for at current rates using the balance sheet liability method. Full provision is made for all temporary differences between the taxation base of an asset or liability and its balance sheet carrying amount. No deferred tax liability is recognised in those circumstances where the initial recognition of an asset or liability has no impact on accounting profit or taxable income. Assets are not raised in respect of deferred taxation, unless it is probable that future taxable profits will be available against which the deferred taxation asset can be realised in the foreseeable future.

Secondary taxation on companies is provided for in respect of dividend payments, net of dividends received or receivable and is recognised as a taxation charge for the year.

## (x) FOREIGN CURRENCIES

### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, i.e. its functional currency. Remgro Group's company and consolidated functional and presentation currency is rand and all amounts, unless otherwise indicated, are stated in millions.

### Transactions and balances

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at the date of the transactions. Except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges, foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of foreign currency denominated monetary assets and liabilities are recognised in the income statement. Exchange differences on non-monetary items are accounted for based on the classification of the underlying items. Foreign exchange gains and losses on financial instruments classified as available-for-sale financial assets are included in equity, whereas those on financial instruments held at fair value through profit and loss are reported as part of the fair value gain or loss.

### Group entities

The results and financial position of all foreign operations (excluding those operating in hyperinflationary economies) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- ✦ Assets and liabilities are translated at the closing rate on the balance sheet date.
- ✦ Income and expenses for each income statement are translated at average exchange rates for the year, to the extent that such average rates approximate actual rates.
- ✦ All resulting exchange differences are recognised directly in equity.

On consolidation exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken directly to equity. On disposal of foreign operations, the related exchange differences are recognised in the income statement as part of the profit or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at closing rates at balance sheet date.

**(XI) IMPAIRMENT OF ASSETS**

**Impairment – subsidiaries, joint ventures and associates**

An asset is impaired if its carrying amount is greater than its estimated recoverable amount, which is the higher of its fair value less cost to sell or its value in use. The carrying amounts of subsidiaries, joint ventures and associated companies are reviewed annually and written down for impairment where necessary.

**Investment property and property, plant and equipment**

Where these assets are identified as being impaired, that is when the recoverable amount has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. Such written-off amounts are accounted for in the income statement.

**Financial instruments carried at amortised cost**

The Group assesses whether there is objective evidence that a financial asset is impaired at each balance sheet date. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, such as improved credit rating, the previously recognised impairment loss is reversed and is recognised in the income statement.

**Financial assets carried at fair value**

At each balance sheet date the Group assesses whether there is objective evidence of possible impairment of financial assets carried at fair value. If any objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss is removed from equity and recognised in the income statement.

Impairment losses on equity instruments that were recognised in the income statement are not subsequently reversed through the income statement – such reversals are accounted for in equity.

**Goodwill**

Goodwill is assessed annually for possible impairments. For purposes of impairment testing, goodwill is allocated to cash-generating units, being the lowest component of the business measured in the management accounts that is expected to generate cash flows that are largely independent of another business component. Impairment losses relating to goodwill are not reversed.



# ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2007

## (XII) PROVISIONS

Provisions are recognised when a present legal or constructive obligation exists as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expected expenditure required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## (XIII) EMPLOYEE BENEFITS

### Post-retirement benefits

**PENSION OBLIGATIONS** – Companies in the Group provide defined benefit and defined contribution post-retirement plans for their employees. The plan assets are held in separate trustee-administered funds. These plans are funded by payments from the employees and the Group, taking into account recommendations of independent qualified actuaries.

For the defined benefit plans, the pension accounting costs are assessed using the projected unit credit method. The cost of providing pensions is charged to the income statement to spread the regular costs over the service lives of the employees in accordance with advice of qualified actuaries. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities that have maturity terms approximating the terms of the related liability.

Past-service costs are immediately expensed, unless the changes to the pension plan are conditional on the employees remaining in service for a specified vesting period, in which case the past-service costs are amortised on a straight-line basis over the vesting period.

The net surplus or deficit of the benefit obligation is the difference between the present value of the funded obligations and the fair value of the plan assets. If the cumulated unrecognised actuarial gains and losses at the end of the previous reporting period exceed the greater of ten percent of the defined benefit obligation or defined benefit plan's assets, that excess is recognised in future periods over the expected average remaining working lives of the participating employees.

The Group's contribution to the defined contribution pension plans is charged to the income statement in the year in which they relate.

**POST-RETIREMENT MEDICAL OBLIGATIONS** – The Group provides post-retirement medical benefits to its retirees. The entitlement to post-retirement medical benefits is based on the employees remaining in service up to retirement age and the completion of a minimum service period. The projected unit credit method of valuation is used to calculate the liability for post-retirement medical benefits.

The expected costs of these benefits are expensed and the liabilities accumulated over the period of employment, using accounting methodology similar to that for defined benefits pension plans. Independent qualified actuaries value these obligations.



**Equity compensation plans**

The Remgro Group operates various equity settled share-based compensation plans. All share offers granted after 7 November 2002 that have not vested by 1 January 2005 are accounted for as share-based payment transactions. The fair value of share offers is determined on the grant date and is accounted for as an employee services expense over the vesting period of the offer, with a corresponding increase in equity, based on the Group's estimate of the number of shares that will eventually vest. Fair value is determined using a binomial model. The expected contract life used in the model has been adjusted based on management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations.

Any profits or losses that realise from shares being delivered to participants of the Remgro Share Scheme are recognised directly in equity. The proceeds received net of any directly attributable transaction costs are accounted for against treasury shares when the options are exercised.

**Short-term benefits**

Employee entitlements to leave are recognised when they accrue to employees involved. A provision is made for the estimated liability for leave as a result of services rendered by employees up to balance sheet date.

**(xiv) CASH AND CASH EQUIVALENTS**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and investments in money market instruments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in short-term interest-bearing loans.

**(xv) REVENUE RECOGNITION**

The sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred. Revenue arising from services is recognised when the service is rendered. Sales comprise the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities and are disclosed net of value added tax, returns, rebates and discounts.

Interest is recognised on a time proportion basis (taking into account the principal outstanding, the effective rate and the period), unless collectability is in doubt. Dividends are recognised when the right to receive payment is established.

**(xvi) TREASURY SHARES**

Shares in the Company held by Group companies and those held by The Remgro Share Trust are classified as treasury shares and are held at cost. These shares are treated as a deduction from the issued number of shares and taken into account in the calculation of the weighted average number of shares. The cost price of the shares is deducted from the Group's equity.

**(xvii) CURRENT/NON-CURRENT DISTINCTION**

Items are classified as current when it is expected to be realised, traded, consumed or settled within twelve months after the balance sheet date, or the Group does not have an unconditional right to defer settlement for at least twelve months after the balance sheet date.

# ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2007

## (xviii) NEW ACCOUNTING POLICIES AND INTERPRETATIONS

Management considered all new accounting standards, interpretations and amendments to IFRS that were issued prior to 31 March 2007, but not yet effective on that date. The standards that are applicable to the Group, but that were not implemented early, are the following:

### • IFRS 7: Financial Instruments – Disclosures

*(effective date – financial periods commencing on/after 1 January 2007)*

This standard significantly impacts on the disclosure requirements regarding financial instruments. It focuses on the disclosure of entity specific risks, as well as the measures management implemented to address those risks. IFRS 7 does not impact the measurement of financial instruments.

### • IFRS 8: Operating Segments

*(effective date – financial periods commencing on/after 1 January 2009)*

IFRS 8 replaces IAS 14: Segment Reporting. It redefines “operating segment” and prescribes various disclosures. This standard only affects disclosure and will not impact the Group’s results.

### • IFRIC 9: Reassessment of Embedded Derivatives

*(effective date – financial periods commencing on/after 1 June 2006)*

IAS 39 requires an entity, when it first becomes a party to a contract, to assess whether any embedded derivatives contained in the contract are required to be separated from the host contract and accounted for as derivatives. This interpretation addresses whether such an assessment is only to be made when the entity first becomes a party to the contract, or whether the assessment should be reconsidered throughout the life of the contract.

An entity shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative only when the entity first becomes a party to the contract. No reassessment shall take place, unless the terms of the contracts change to the extent that they vary the cash flows resulting from the instrument.

### • IFRIC 10: Interim Financial Reporting and Impairment

*(effective date – financial periods commencing on/after 1 November 2006)*

An entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

### • IFRIC 11: IFRS 2 – Group and Treasury Share Transactions

*(effective date – financial periods commencing on/after 1 March 2007, applied retrospectively in accordance with the transitional provisions of IFRS 2)*

This interpretation clarifies two issues:

- The distinction between equity and cash settled share-based payment transactions in instances where the equity instruments used for settlement are either obtained from a third party or are treasury shares; and
- share-based payment arrangements that involve two or more entities within the same group, e.g. employees of a subsidiary are granted rights to equity instruments of its parent as consideration for the services provided to the subsidiary.

**Issue 1**

If an entity provides its own equity instruments as settlement for goods and services obtained, the transaction is treated as equity settled, regardless of the source from which it obtained the equity instruments.

**Issue 2**

If the parent grants the right to receive the parent's equity instruments to the subsidiary's employees, and on consolidation the scheme is accounted for as equity settled, the subsidiary shall account for it as an equity settled share-based payment transaction.

If the subsidiary grants the right to receive the parent's equity instruments to its employees, the scheme is accounted for as a cash settled share-based payment transaction.

✦ **IFRIC 12: Service Concession Arrangements**

*(effective date – financial periods commencing on/after 1 January 2008)*

In some countries, governments have introduced contractual service arrangements to attract private sector participation in the development, financing, operation and maintenance of such infrastructure. The interpretation sets out the appropriate accounting treatment for the divergent aspects resulting from these arrangements. The Group is not party to such arrangements, therefore the interpretation is not applicable.

✦ **Amendment to IAS 1: Presentation of financial statements (Objectives, policies and processes for managing capital)**

*(effective date – financial periods commencing on/after 1 January 2007)*

The amendment requires disclosures that will enable users to evaluate the Group's objectives, policies and processes for managing capital. This includes, amongst others, a description of what an entity manages as capital (including quantitative data), the nature of externally imposed capital requirements (if applicable) and how it is meeting its objectives for managing capital. The disclosures should be based on information used by key management in making decisions.

The application of the standards, interpretations and amendments to IFRS mentioned above in future financial reporting periods is not expected to have a significant effect on the Group's financial results, financial position and cash flow.

# BALANCE SHEETS

AT 31 MARCH 2007

R million	Notes	CONSOLIDATED		THE COMPANY	
		2007	2006	2007	2006
ASSETS					
Non-current assets					
Property, plant and equipment	2	2 442	2 318	–	–
Biological agricultural assets	3	91	95	–	–
Investment properties	4	32	31	–	–
Goodwill and trade marks	5	413	352	–	–
Investments – Associated companies	6	33 033	26 098	–	–
– Other	7	6 245	4 136	–	–
Retirement benefits	14	10	–	–	–
Loans		5	6	–	–
Deferred taxation	21	124	90	–	–
		42 395	33 126	–	–
Current assets		7 466	8 210	2 372	2 795
Inventories	8	754	620	–	–
Biological agricultural assets	3	269	242	–	–
Debtors and short-term loans	9	1 220	878	2 372	2 795
Derivative instruments	29	16	46	–	–
Taxation		14	67	–	–
Assets held for sale	10	189	–	–	–
Cash and cash equivalents	11	5 004	6 357	–	–
Total assets		49 861	41 336	2 372	2 795
EQUITY AND LIABILITIES					
Issued capital	12	8	8	8	8
Reserves	13	47 161	37 898	2 353	2 779
Treasury shares	12	(1 497)	(412)	–	–
Shareholders' equity		45 672	37 494	2 361	2 787
Minority interest		755	596		
Total equity		46 427	38 090	2 361	2 787
Non-current liabilities		1 580	1 144	–	–
Retirement benefits	14	214	185	–	–
Long-term loans	15	161	169	–	–
Deferred taxation	21	1 205	790	–	–
Current liabilities		1 854	2 102	11	8
Trade and other payables		1 441	1 458	11	8
Short-term loans	16	234	101	–	–
Provisions	17	48	41	–	–
Derivative instruments	29	27	29	–	–
Taxation		104	473	–	–
Total equity and liabilities		49 861	41 336	2 372	2 795

# INCOME STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

<i>R million</i>	Notes	CONSOLIDATED		THE COMPANY	
		2007	2006	2007	2006
Sales		7 877	9 802		
Inventory expenses		(4 781)	(4 919)		
Personnel costs	24	(1 306)	(2 603)		
Depreciation	18	(223)	(293)		
Other net operating expenses	18	(551)	(771)	(2)	(3)
Trading profit		1 016	1 216	(2)	(3)
Dividends received	20	156	410	3 358	4 191
Interest received	18	334	341		
Finance costs		(30)	(29)		
Negative goodwill		44	–		
Net impairment of investments, assets and goodwill		–	3		
Profit on redemption and sale of investments	18	7	3 162		
Consolidated profit before tax		1 527	5 103	3 356	4 188
Taxation	21	(403)	(857)		
Consolidated profit after tax		1 124	4 246	3 356	4 188
Share of after-tax profit of associated companies	22	6 003	4 354		
<b>Net profit for the year</b>		<b>7 127</b>	<b>8 600</b>	<b>3 356</b>	<b>4 188</b>
<b>Attributable to:</b>					
Equity holders		6 942	8 202	3 356	4 188
Minority interest		185	398		
		<b>7 127</b>	<b>8 600</b>	<b>3 356</b>	<b>4 188</b>

## EARNINGS PER SHARE

		Cents	Cents
– Basic	1	1 464.2	1 697.6
– Diluted		1 418.5	1 671.3

## ASSOCIATED COMPANIES

	R million	R million
<b>Share of after-tax profit of associated companies</b>		
Profit before taking into account impairments, capital and non-recurring items	5 995	4 428
Net impairment of investments, assets and goodwill	(12)	(157)
Profit on the sale of investments	249	681
Restructuring costs	(237)	(280)
Non-recurring portion of BEE costs	–	(380)
Other capital and non-recurring items	8	62
	<b>6 003</b>	<b>4 354</b>

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2007

R million	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY								CONSOLIDATED
	Issued capital	Equity reserves	Other non-distributable reserves	Fair value reserves	Retained earnings	Treasury shares	Share-holders' equity	Minority interest	Total equity
<b>2007</b>									
<b>Balances at 1 April</b>	8	14 026	997	3 160	19 715	(412)	37 494	596	38 090
Total income accounted for		3 594	910	1 843	7 476		13 823	185	14 008
Exchange rate adjustments		3 594	907		534		5 035		5 035
Net fair value adjustments for the year			3	1 843			1 846		1 846
Net income directly accounted for in equity		3 594	910	1 843	534		6 881		6 881
Net profit for the year					6 942		6 942	185	7 127
Dividends paid					(3 748)		(3 748)	(65)	(3 813)
Capital invested by minorities								30	30
Transfer between reserves and other movements		(7)	17		(5)		5	6	11
Change in reserves of associated companies		(824)					(824)		(824)
Transfer of retained income of associated companies		3 366			(3 366)		–		–
Purchase of shares by wholly owned subsidiary (treasury shares)						(1 031)	(1 031)		(1 031)
Net (purchase)/delivery of shares by The Remgro Share Trust						(54)	(54)		(54)
Long-term share incentive scheme reserve			7				7	3	10
<b>Balances at 31 March</b>	8	20 155	1 931	5 003	20 072	(1 497)	45 672	755	46 427
<b>2006</b>									
<b>Balances at 1 April</b>	8	15 076	1 091	1 261	19 608	(2 552)	34 492	2 011	36 503
Total income accounted for		(1 035)	(213)	1 903	8 055		8 710	398	9 108
Exchange rate adjustments		(1 035)	(213)		(147)		(1 395)		(1 395)
Net fair value adjustments for the year				1 903			1 903		1 903
Net income directly accounted for in equity		(1 035)	(213)	1 903	(147)		508		508
Net profit for the year					8 202		8 202	398	8 600
Dividends paid					(4 525)		(4 525)	(151)	(4 676)
Capital invested by minorities								17	17
Transfer between reserves and other movements		(2 024)	159	(4)	1 848		(21)	(264)	(285)
Change in reserves of associated companies		(242)					(242)		(242)
Transfer of retained income of associated companies		897			(897)		–		–
Purchase of shares by wholly owned subsidiary (treasury shares)						(977)	(977)		(977)
Medi-Clinic*		1 354	(16)		(1 338)		–	(1 418)	(1 418)
Net (purchase)/delivery of shares by The Remgro Share Trust						92	92		92
Long-term share incentive scheme reserve			(24)				(24)	3	(21)
Cancellation of treasury shares					(3 036)	3 025	(11)		(11)
<b>Balances at 31 March</b>	8	14 026	997	3 160	19 715	(412)	37 494	596	38 090

\* Since 1 January 2006, Medi-Clinic has been accounted for as an associated company, while it was consolidated previously.

R million	THE COMPANY	
	2007	2006
<b>Balances at 1 April</b>	<b>2 787</b>	7 994
Issued capital	8	8
Retained earnings	2 779	7 986
Shares cancelled	–	(4 535)
Net profit for the year	3 356	4 188
Dividends paid	(3 782)	(4 860)
<b>Balances at 31 March</b>	<b>2 361</b>	2 787

# CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

<i>R million</i>	Notes	CONSOLIDATED		THE COMPANY	
		2007	2006	2007	2006
<b>Cash flows – operating activities</b>					
Consolidated profit before taxation		1 527	5 103	3 356	4 188
Adjustments	23.1	309	(3 588)	(3 358)	(4 191)
Consolidated profit/(loss) before working capital changes		1 836	1 515	(2)	(3)
Working capital changes	23.2	(170)	(41)	2	(2)
Cash generated/(utilised) from operations		1 666	1 474	–	(5)
Cash flow generated from returns on investments		3 070	4 229	3 358	4 191
Interest received		334	341	–	–
Dividends received	23.3	2 736	3 888	3 358	4 191
Finance cost		(30)	(29)	–	–
Taxation paid	23.4	(676)	(369)	–	–
Cash available from operating activities		4 030	5 305	3 358	4 186
Dividends paid	23.5	(3 813)	(4 676)	(3 782)	(4 860)
Cash inflow/(outflow) from operating activities		217	629	(424)	(674)
<b>Cash flows – investing activities</b>					
Net investments to maintain operations		(109)	(54)	–	–
Replacement of property, plant and equipment		(124)	(83)	–	–
Proceeds on disposal of property, plant and equipment		15	29	–	–
Investments to expand operations		(673)	(1 362)	–	–
Additions to – property, plant and equipment and other assets		(410)	(607)	–	–
– investments and loans		(249)	(609)	–	–
Business acquired		(14)	(146)	–	–
Proceeds from disposal of investments and loans		260	6 585	–	–
Medi-Clinic's cash transferred to associated company		–	(879)	–	–
Purchase of treasury shares		(1 203)	(926)	–	–
Net cash generated/(utilised) before financing activities		(1 508)	3 993	(424)	(674)
<b>Cash flows – financing activities</b>					
(Increase)/decrease in loans		40	93	424	5 209
Issue of new shares by subsidiary companies		12	10	–	–
Capital contributed by minorities of subsidiary company		18	7	–	–
Shares cancelled		–	(11)	–	(4 535)
Net increase/(decrease) in cash and cash equivalents		(1 438)	4 092	–	–
Cash and cash equivalents at the beginning of the year		6 339	2 247	–	–
Cash and cash equivalents at the end of the year		4 901	6 339	–	–
Cash and cash equivalents – per balance sheet		5 004	6 357		
Bank overdraft		(103)	(18)		

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

	2007 R million	2006 R million
<b>1. EARNINGS</b>		
<b>HEADLINE EARNINGS RECONCILIATION</b>		
Net profit for the year attributable to equity holders	6 942	8 202
Plus/(minus) – portion attributable to equity holders:		
– Negative goodwill	(44)	–
– Net impairment of investments, assets and goodwill	12	157
– Profit on redemption and sale of investments	(256)	(3 475)
– Restructuring costs	221	279
– Other capital and non-recurring items	(10)	(67)
– Net surplus, after tax on disposal of property, plant and equipment	(12)	(12)
<b>Headline earnings</b>	<b>6 853</b>	<b>5 084</b>
Non-recurring portion of BEE costs added back	–	380
<b>Headline earnings – Excluding non-recurring portion of BEE costs</b>	<b>6 853</b>	<b>5 464</b>
<b>EARNINGS PER SHARE</b>	<b>Cents</b>	<b>Cents</b>
<b>Headline earnings per share</b>		
– Basic	1 445.4	1 052.3
– Diluted	1 401.3	1 027.7
<b>Headline earnings per share – Excluding non-recurring portion of BEE costs</b>		
– Basic	1 445.4	1 130.9
– Diluted	1 401.3	1 106.1
<b>Earnings per share</b>		
– Basic	1 464.2	1 697.6
– Diluted	1 418.5	1 671.3

## Earnings per share

In determining earnings per share and headline earnings per share the weighted number of shares in issue, being 474 123 689 (2006: 483 154 691), 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 1 672 153 (2006: 1 352 255) 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, R186 million (2006: R105 million) and R193 million (2006: R105 million) were offset against headline earnings and earnings respectively to account for the potential diluted effect.



## 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>
<b>Carrying value at 1 April 2005</b>	2 289	1 521	104	81	3 995
Cost	2 673	3 123	244	225	6 265
Accumulated depreciation	(384)	(1 602)	(140)	(144)	(2 270)
Additions	245	361	43	40	689
Disposals	(17)	(5)	(7)	–	(29)
Depreciation	(31)	(214)	(23)	(25)	(293)
Businesses acquired	126	29	102	18	275
Businesses disposed	–	(1)	–	(1)	(2)
Medi-Clinic*	(1 730)	(481)	–	(100)	(2 311)
Other	(8)	2	–	–	(6)
<b>Carrying value at 31 March 2006</b>	874	1 212	219	13	2 318
Cost	1 267	2 312	376	39	3 994
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)
Other	(153)	13	–	–	(140)
<b>Carrying value at 31 March 2007</b>	791	1 354	265	32	2 442
Cost	1 199	2 582	429	47	4 257
Accumulated depreciation	(408)	(1 228)	(164)	(15)	(1 815)

\* Since 1 January 2006, Medi-Clinic has been accounted for as an associated company, while it was consolidated previously.

	2007 %	2006 %
<b>Depreciation rates are as follows:</b>		
Buildings	0 – 50	0 – 50
Machinery and equipment	3½ – 100	2 – 100
Vehicles	4 – 33½	5 – 33½
Office equipment	5 – 33½	5 – 33½

Liabilities resulting from mortgage loans, finance leases and instalment sale agreements are secured by vehicles with a book value of R1 million (2006: R2 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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

## 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	Citrus R million	2007 R million	Sugarcane roots R million	Sugarcane plants R million	Citrus R million	2006 R million
Balances at 1 April	47	34	14	95	45	35	14	94
Fair value adjustment	22	(4)	–	18	2	(1)	–	1
Other	(14)	(8)	–	(22)	–	–	–	–
<b>Balances at 31 March</b>	<b>55</b>	<b>22</b>	<b>14</b>	<b>91</b>	<b>47</b>	<b>34</b>	<b>14</b>	<b>95</b>

The quantity at 31 March is as follows:

Sugarcane roots (ha)	5 024	8 343
Sugarcane plants (ha)	5 024	8 343
Citrus (ha)	1 393	1 482

Included in current assets:

Reconciliation of carrying value at the beginning and end of the year	Breeding stock R million	Broiler stock R million	2007 R million	Breeding stock R million	Broiler stock R million	2006 R million
Balances at 1 April	143	99	242	148	91	239
Additions	418	2 115	2 533	376	1 901	2 277
Decrease due to harvest	(403)	(2 114)	(2 517)	(382)	(1 901)	(2 283)
Fair value adjustment	2	9	11	1	8	9
<b>Balances at 31 March</b>	<b>160</b>	<b>109</b>	<b>269</b>	<b>143</b>	<b>99</b>	<b>242</b>

## 4. INVESTMENT PROPERTIES

	Cost R million	2007 Accumulated depreciation R million	Net value R million	Cost R million	2006 Accumulated depreciation R million	Net value R million
Land	3	–	3	3	–	3
Buildings	29	–	29	28	–	28
	<b>32</b>	<b>–</b>	<b>32</b>	<b>31</b>	<b>–</b>	<b>31</b>

Reconciliation of carrying value at the beginning and end of the year	Land R million	Buildings R million	2007 R million	Land R million	Buildings R million	2006 R million
Balances at 1 April	3	28	31	3	28	31
Other	–	1	1	–	–	–
<b>Balances at 31 March</b>	<b>3</b>	<b>29</b>	<b>32</b>	<b>3</b>	<b>28</b>	<b>31</b>

The South African investment properties were valued during the 2005 financial year by an independent, qualified valuer using market information. The fair value of these investment properties was determined by increasing the 2006 valuation by 10% (2006: 6%). Foreign investment properties were valued by an independent, qualified valuer during the 2006 year. The fair value of the investment properties, VAT exclusive, is R318 million (2006 valuation: R292 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.

## 5. GOODWILL AND TRADE MARKS

	Cost or valuation R million	2007 Accumulated impairment/ amortisation R million	Net value R million	Cost or valuation R million	2006 Accumulated impairment/ amortisation R million	Net value R million
Goodwill	342	–	342	316	–	316
Trade marks	146	75	71	99	63	36
	488	75	413	415	63	352

Amortisation rates are as follows:

Trade marks	2007 %	2006 %
	5 – 100	5 – 6%

Reconciliation of carrying value at the beginning and end of the year	Goodwill R million	Trade marks R million	2007 R million	Goodwill R million	Trade marks R million	2006 R million
Balances at the beginning of the year	316	36	352	379	7	386
Additions	19	37	56	–	41	41
Amortisation	–	(14)	(14)	–	(8)	(8)
Businesses acquired	7	2	9	9	–	9
Medi-Clinic*	–	–	–	(44)	(4)	(48)
Other	–	10	10	(28)	–	(28)
<b>Balances at the end of the year</b>	<b>342</b>	<b>71</b>	<b>413</b>	<b>316</b>	<b>36</b>	<b>352</b>

\* Since 1 January 2006, Medi-Clinic has been accounted for as an associated company, while it was consolidated previously.

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	2007 Total
Goodwill allocated (R million)	291	35	16	342
Basis of valuation of cash-generating units	Fair value/ value in use	Directors' valuation	Directors' valuation	

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	12.81%
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.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

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

	<i>Listed</i> R million	<i>2007</i> <i>Unlisted</i> R million	<i>Total</i> R million	<i>Listed</i> R million	<i>2006</i> <i>Unlisted</i> R million	<i>Total</i> R million
Shares – at cost	6 720	4 289	11 009	6 594	3 444	10 038
Equity adjustment	4 758	17 077	21 835	3 395	12 311	15 706
Carrying value	11 478	21 366	32 844	9 989	15 755	25 744
Long-term loans	–	189	189	–	354	354
	11 478	21 555	33 033	9 989	16 109	26 098
Market values of listed investments	28 871		28 871	23 248		23 248
Directors' valuation of unlisted investments		62 969	62 969		41 564	41 564
Market values and directors' valuation	28 871	62 969	91 840	23 248	41 564	64 812
Excess of market values and directors' valuation over the carrying value of investments:						
– attributable to equity holders			58 807			38 714
– attributable to minority			–			–
			58 807			38 714

Of the directors' valuations of unlisted investments stated above, a substantial proportion amounting to R55 283 million (2006: R36 177 million) was based on the stock exchange prices of underlying listed shares held by the unlisted investments concerned.

	<i>2007</i> R million	<i>2006</i> R million
<b>Reconciliation of carrying value at the beginning and end of the year</b>		
Carrying value at the beginning of the year	26 098	27 860
Exchange rate differences on translation of carrying value at the beginning of the year to year-end rate	4 292	(1 244)
<i>Income of associated companies retained</i>	3 366	910
Share of net attributable profit of associated companies	6 003	4 354
Dividends received from associated companies	(2 748)	(3 349)
Exchange rate differences on translation between average rate to year-end rates	111	(95)
Equity-accounted movements on reserves	(824)	(240)
Loans repaid	(165)	(196)
Disposals/capital reductions	(85)	(3 050)
Investments	201	617
Associated investments reclassified as subsidiary companies	–	(19)
Investments reclassified as associated companies	106	–
Medi-Clinic*	–	1 460
Other	44	–
Carrying value at the end of the year	33 033	26 098

\* Since 1 January 2006, Medi-Clinic has been accounted for as an associated company, while it was consolidated previously.

# 7. INVESTMENTS – OTHER (Annexure B)

	<i>Listed</i> R million	<i>2007</i> <i>Unlisted</i> R million	<i>Total</i> R million	<i>Listed</i> R million	<i>2006</i> <i>Unlisted</i> R million	<i>Total</i> R million
<b>Consolidated</b>						
Investments – other						
Shares – available-for-sale	6 229	16	6 245	4 013	123	4 136
Market values of listed investments	6 229		6 229	4 013		4 013
Directors' valuation of unlisted investments		16	16		123	123
Market values and directors' valuation	6 229	16	6 245	4 013	123	4 136
<b>Reconciliation of carrying value of investments available-for-sale at the beginning and end of the year</b>					<b>2007</b> R million	<b>2006</b> R million
Balances at the beginning of the year					4 136	1 948
Fair value adjustments for the year					2 169	2 216
Additions					48	2
Medi-Clinic*					–	(13)
Sales					(2)	(7)
Investment reclassified as associated company					(106)	(10)
<b>Balances at the end of the year</b>					<b>6 245</b>	<b>4 136</b>

\* Since 1 January 2006, Medi-Clinic has been accounted for as an associated company, while it was consolidated previously.

# 8. INVENTORIES

Raw materials	272	249
Finished products	430	319
Work in progress	6	6
Consumable stores	46	46
	<b>754</b>	<b>620</b>

# 9. DEBTORS AND SHORT-TERM LOANS

	THE COMPANY		CONSOLIDATED	
	2007 R million	2006 R million	2007 R million	2006 R million
Trading debtors	6	5	916	822
Provision for impairments	–	–	(42)	(29)
Loans – Subsidiary companies	2 366	2 790	–	–
Dividends receivable	–	–	168	–
Advance payments and other	–	–	178	85
	<b>2 372</b>	<b>2 795</b>	<b>1 220</b>	<b>878</b>

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	2007 R million	2006 R million
<b>10. ASSETS CLASSIFIED AS HELD FOR SALE</b>		
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 transaction is 1 April 2007. 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:		
<b>Assets</b>		
Property, plant and equipment	140	–
Biological agricultural assets	22	–
Inventories	1	–
Debtors	24	–
Various other net assets	2	–
	<b>189</b>	<b>–</b>
<b>11. CASH AND CASH EQUIVALENTS</b>		
Cash at the centre	4 357	5 795
Other operating subsidiaries	647	562
	<b>5 004</b>	<b>6 357</b>
At year-end cash and cash equivalents earned interest at effective interest rates that vary between 8.50% and 9.06% (2006: 6.75% and 7.10%) per annum at local financial institutions and between 5.33% and 5.35% (2006: 4.42% and 4.43%) per annum in foreign countries.		
<b>12. SHARE CAPITAL</b>		
<b>Authorised</b>		
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
	<b>9.2</b>	<b>9.2</b>
<b>Issued</b>		
448 802 207 (2006: 448 802 207) ordinary shares of 1 cent each	4.5	4.5
35 506 352 (2006: 35 506 352) B ordinary shares of 10 cents each	3.5	3.5
	<b>8.0</b>	<b>8.0</b>
	<b>Number of shares</b>	<b>Number of shares</b>
<b>Movement of the ordinary shares of 1 cent each for the year:</b>		
Total number of shares issued at 1 April	448 802 207	486 493 650
Shares cancelled	–	(37 691 443)
Total number of shares issued at 31 March*	<b>448 802 207</b>	<b>448 802 207</b>

\* Treasury shares held by wholly owned subsidiary companies included.

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): 11 948 372 (2006: 4 473 004).

At a general meeting held on 23 August 2006, the unissued shares 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, 1973 (Act 61 of 1973), as amended (the Act), subject to the provisions of the 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

## 12. SHARE CAPITAL *(continued)*

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 26 and the Report of the Board of Directors.

	2007 R million	2006 R million
<b>13. RESERVES</b>		
<b>13.1 Composition of reserves</b>		
The Company:		
Retained earnings	2 353	2 779
Subsidiary companies and joint ventures	24 653	21 093
Non-distributable reserves		
Fair value reserve	5 003	3 160
Other non-distributable reserves	1 931	997
Retained earnings	17 719	16 936
Associated companies:		
Equity reserves	20 155	14 026
	47 161	37 898
Statutory non-distributable reserves included in	464	345
Other non-distributable reserves	11	9
Equity reserves	453	336

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

	<i>Non-distributable reserves</i> R million	<i>Equity reserves</i> R million	<i>Retained earnings</i> R million	2007 Total R million	2006 Total R million
Balances at 1 April	(105)	(992)	(57)	(1 154)	245
Exchange rate adjustments during the year	907	3 594	534	5 035	(1 399)
Transfer of equity adjustment		111	(111)	–	–
<b>Balances at 31 March</b>	<b>802</b>	<b>2 713</b>	<b>366</b>	<b>3 881</b>	<b>(1 154)</b>

	2007 R million	2006 R million
<b>14. RETIREMENT BENEFITS</b>		
<b>Balance sheet assets</b>		
Retirement benefits	10	–
<b>Balance sheet obligations</b>		
Retirement benefits	(85)	(69)
Post-retirement medical benefits	(129)	(116)
	(214)	(185)
<b>Income statement</b>		
Retirement benefits*	(95)	4
Post-retirement medical benefits	11	38
	(84)	42

\* Refer note 24 on page 87.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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## 14. RETIREMENT BENEFITS *(continued)*

### 14.1 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 2002 and 31 December 2004.

	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
<b>Balances at 1 April 2005</b>	629	(527)	(55)	(124)	(77)	
Current service cost	–	(4)	–	–	(4)	4
Interest cost	–	(30)	–	–	(30)	30
Expected return on assets	46	–	–	–	46	(46)
Amortisation of actuarial gains/losses	–	–	2	–	2	(2)
Contributions	7	–	–	–	7	–
Exchange rate differences	(24)	29	–	–	5	–
Benefit payments	(28)	28	–	–	–	–
Actuarial movements:						
fund obligation	–	(129)	129	(18)	(18)	18
Actuarial movements:						
plan assets	92	–	(92)	–	–	–
<b>Balances at 31 March 2006</b>	722	(633)	(16)	(142)	(69)	4
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	–	–	–
<b>Balances at 31 March 2007</b>	771	(767)	(45)	(34)	(75)	(95)



	2007 R million	2006 R million
<b>14. RETIREMENT BENEFITS</b> <i>(continued)</i>		
<b>14.1 Retirement benefits</b> <i>(continued)</i>		
Amount of plan assets represented by investment in the entity's own financial instruments	14	17
Actual return on plan assets	47	138
Adjustment for experience on plan assets	5	90
Adjustment for experience on funded obligations	17	74
Expected contributions to retirement funds for the year ended 31 March 2008: R8 million		
Number of members	Number 7 670	Number 7 115
<b>Composition of plan assets</b>	%	%
Cash	6.69	9.16
Equity	20.62	27.59
Bonds	2.73	3.25
Property	0.70	0.96
International	69.26	59.04
	100.00	100.00
<b>Principal actuarial assumptions on balance sheet date</b>		
Discount rate	5.40 – 9.95	5.50 – 8.50
Expected rates of return on plan assets*	6.48 – 9.95	7.50 – 8.50
Future salary increases	5.75 – 7.04	2.75 – 5.50
Future pension increases	2.90 – 4.75	4.50 – 6.50
Inflation rate	4.75	2.75 – 4.50
* The expected return on plan assets is determined with reference to the expected long-term returns on equity, cash and bonds.		
<b>Fund history for the current and prior years</b>	R million	R million
Balances at 31 March		
Fair value of plan assets	771	722
Present value of funded obligation	(767)	(633)
Surplus/(deficit)	4	89

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

## 14. RETIREMENT BENEFITS *(continued)*

### 14.2 Post-retirement medical benefits

	Balance sheet				Income statement
	Fair value of plan assets R million	Present value of funded obligations R million	Unrecognised actuarial (gains)/ losses R million	Amount recognised in balance sheet R million	Included in staff cost R million
<b>Balances at 1 April 2005</b>	–	(163)	1	(162)	
Current service cost	–	(22)	–	(22)	22
Interest cost	–	(18)	–	(18)	18
Expected return on assets	2	–	–	2	(2)
Contributions	–	5	–	5	–
Actuarial movements	–	5	(5)	–	–
Acquired in business combination	14	(23)	(7)	(16)	–
Medi-Clinic*	–	95	–	95	–
<b>Balances at 31 March 2006</b>	16	(121)	(11)	(116)	38
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)	–	–
<b>Balances at 31 March 2007</b>	35	(146)	(18)	(129)	11

\* Since 1 January 2006, Medi-Clinic has been accounted for as an associated company, while it was consolidated previously.

	2007 R million	2006 R million
Amount of plan assets represented by investment in the entity's own financial instruments	2	1
Actual return on plan assets	14	2
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 2008: R8 million		

	Number 1 050	Number 1 046
Number of members		

Fund history for the current and prior years	R million	R million
Balances at 31 March		
Fair value of plan assets	35	16
Present value of funded obligation	(146)	(121)
Surplus/(deficit)	(111)	(105)
<b>Composition of plan assets</b>	%	%
Cash	3.00	3.00
Equity	92.00	92.00
Bonds	5.00	5.00
	100.00	100.00

	2007 %	2006 %				
<b>14. RETIREMENT BENEFITS</b> <i>(continued)</i>						
<b>14.2 Post-retirement medical benefits</b> <i>(continued)</i>						
Principal actuarial assumptions on balance sheet date						
Discount rate	7.50 – 7.75	7.50				
Expected rates of return on plan assets *	8.75	8.50				
Annual increase in healthcare costs	4.75 – 6.75	5.50 – 6.50				
* The expected return on plan assets is determined with reference to the expected long-term returns on equity, cash and bonds.						
	2007 Increase R million	2007 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	24	21				
Current service costs and interest on obligation	2	1				
	2007 R million	2006 R million				
<b>15. LONG-TERM LOANS</b>						
Interest-bearing loans						
Secured long-term loans with effective interest rates of between 9.5% and 11% (2006: 6.0% and 10.0%) per annum repayable over a period of between five to ten years	197	195				
These liabilities are secured by assets with a book value of R68 million (2006: R46 million).						
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	1	2				
These liabilities are secured by vehicles and equipment with a book value of R1 million (2006: R2 million).						
Various unsecured loans with varying terms and interest rates	–	1				
	198	198				
Instalments payable within one year transferred to short-term interest-bearing loans	(37)	(29)				
	161	169				
Payable – two to five years	161	169				
Payable thereafter	–	–				
	161	169				
<b>16. SHORT-TERM LOANS</b>						
Interest-bearing loans						
Portion of long-term interest-bearing loans payable within one year	37	29				
Bank overdrafts	103	18				
	140	47				
Interest-free loans with no fixed repayment conditions	94	54				
	234	101				
	Legal disputes* R million	Other** R million	2007 R million	Legal disputes* R million	Other** R million	2006 R million
<b>17. PROVISIONS</b>						
Balances at 1 April	30	11	41	15	6	21
Businesses acquired	–	–	–	–	4	4
Additional provisions	13	1	14	21	1	22
Unused amounts	–	(4)	(4)	–	–	–
	43	8	51	36	11	47
Provisions utilised during the year	(3)	–	(3)	(6)	–	(6)
Balances at 31 March	40	8	48	30	11	41

\* 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

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	2007 R million	2006 R million
<b>18. PROFIT</b>		
Profit is stated after taking the following into account:		
<b>Income</b>		
Fair value adjustment – biological assets	21	5
Fair value adjustment – investments	113	59
Rental income – investment properties	8	10
Interest received	334	341
Shareholder's loan to associated company	20	29
Financial institutions and other	314	312
Profit on redemption and sale of investments*	7	3 162
Exchange rate gains	67	–
<i>* Refer to the Report of the Board of Directors for further information.</i>		
<b>Expenses</b>		
Amortisation of trade marks	14	8
Fair value adjustment – investments	6	–
Expenses – investment properties	2	2
Rental	37	70
Land and buildings	20	45
Machinery and equipment	10	16
Vehicles	1	3
Office equipment	6	6
Research and development costs written off	–	1
Auditors' remuneration – audit fees	10	10
– other services	3	3
Professional fees	28	22
Depreciation	223	293
Buildings	27	31
Machinery and equipment	167	214
Vehicles	26	23
Office equipment	3	25
Loss on sale of property, plant and equipment	1	2
Exchange rate losses	–	23
<b>19. ADMINISTRATION AND MANAGEMENT FEES</b>		
Total administration and management fees of Remgro Limited*	75	81
Less: Fees received	(16)	(15)
Intergroup – excluding wholly owned subsidiaries	(4)	(6)
Other	(12)	(9)
<b>Net</b>	<b>59</b>	<b>66</b>

\* After recovery of appropriate portion from VenFin Limited.

		THE COMPANY		CONSOLIDATED	
		2007	2006	2007	2006
		R million	R million	R million	R million
20.	<b>DIVIDEND INCOME</b>				
	Included in profit:				
	Listed	–	–	151	404
	Unlisted – Subsidiary companies	3 358	4 191		
	– Other	–	–	5	6
		3 358	4 191	156	410
	Dividends from associated companies set off against investments			2 748	3 349
				2007	2006
				R million	R million
21.	<b>TAXATION</b>				
	<b>21.1 Taxation in income statement</b>				
	Current			339	841
	– current year – South African normal taxation			332	488
	– Taxation on capital gain			–	350
	– Foreign taxation			8	5
				340	843
	– previous year – South African normal taxation			(1)	(2)
	Secondary taxation on companies			21	27
	– current			21	13
	– deferred			–	14
	Deferred – current year			60	(8)
	– previous year			(17)	6
	– rate change			–	(9)
				403	857
	<b>21.2 Reconciliation of effective tax rate of the Company and its subsidiaries with standard rate</b>			%	%
	Effective tax rate			26.4	16.8
	Reduction/(increase) in standard rate as a result of:				
	Exempt dividend income			3.0	2.3
	Non-taxable capital profit			–	10.6
	Other non-taxable income/(expenses)			0.4	0.1
	Foreign taxation			(0.5)	(0.3)
	Taxation in respect of previous years			1.1	(0.2)
	Rate change			–	0.2
	Secondary tax on companies			(1.4)	(0.5)
	Standard rate			29.0	29.0

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	2007 R million	2006 R million
21. TAXATION ( <i>continued</i> )		
21.3 Deferred taxation		
Deferred taxation liability	1 205	790
Property, plant and equipment	378	322
Intangibles	16	14
Inventories	84	75
Provisions	(44)	(67)
Biological agricultural assets	34	24
Other	(1)	5
Investments (accounted for directly in equity)	738	417
Deferred tax asset	(124)	(90)
Property, plant and equipment	(44)	(12)
Intangibles	–	(3)
Inventories	–	(24)
Provisions	(20)	(24)
Other	(11)	(10)
Tax losses	(49)	(17)
Net deferred taxation	1 081	700
The movement between balances of deferred taxation at the beginning and end of the year can be analysed as follows:		
Beginning of the year	700	319
As per income statement	43	3
Direct in equity	338	310
Businesses acquired	–	(3)
Medi-Clinic*	–	71
	1 081	700

\* Since 1 January 2006, Medi-Clinic has been accounted for as an associated company, while it was consolidated previously.

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.

The carrying values of investments in associated companies are mainly recovered through dividends. As no taxable temporary differences exist, no deferred tax is provided.

Deferred taxation on the fair value adjustments of investments available-for-sale is provided at 14.5%, as there is a possibility that these investments will be realised in the medium term.

	2007 R million	2006 R million
<b>21. TAXATION (continued)</b>		
<b>21.4 Tax losses</b>		
Estimated tax losses available for set-off against future taxable income	245	60
Utilised to create deferred tax asset	(168)	(60)
	77	–
<b>21.5 Secondary taxation on companies (STC)</b>		
The STC credits on 31 March, which could be set off against future dividend payments, amount to		
– The Company	172	596
– Subsidiary companies	1 356	1 223
Unutilised STC credits	1 528	1 819
A foreign wholly owned subsidiary company of Remgro has reserves available that will give rise to additional STC credits of R1 538 million (2006: R1 471 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.		
<b>22. EQUITY ADJUSTMENT</b>		
Share of net attributable profit of associated companies – per income statement	6 003	4 354
Minority interest	–	(6)
Share of net profit retained in distributable reserves	–	(7)
Dividends received from associated companies	(2 748)	(3 349)
Share of net profit retained by associated companies	3 255	992
Exchange rate differences on translation between average rates and year-end rates	111	(95)
Equity adjustment transferred to non-distributable reserves (Refer to statements of changes in equity)	3 366	897
Portion of the share of net profit/(loss) retained by associated companies, that has been accounted for from unaudited interim reports and management accounts	1 102	587
<b>Contingent liabilities of associated companies</b>		
Guarantees to third parties – Performance guarantees, suretyships and letters of credit of various associated companies	393	371
Contingent tax liabilities	103	108

Product liabilities – British American Tobacco Plc (BAT) has contingent liabilities in respect of litigation regarding product liability, overseas taxation and guarantees in various countries. Despite the quality of defences judged by BAT to be available, BAT is of the opinion that there is a possibility that its results of operations or cash flows could be materially affected by the outcomes of such matters, which 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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	CONSOLIDATED		THE COMPANY	
	2007	2006	2007	2006
	R million	R million	R million	R million
<b>23. CASH FLOW INFORMATION</b>				
<b>23.1 Adjustments</b>				
Depreciation, amortisation of goodwill and trade marks	237	302	–	–
Movement in provisions	(58)	65	–	–
Interest received	(334)	(341)	–	–
Finance cost	30	29	–	–
Dividends received	(156)	(410)	(3 358)	(4 191)
Capital surplus on the sale of investments	(7)	(3 161)	–	–
Net impairment of assets	–	(3)	–	–
Share scheme cost	18	18	–	–
Negative goodwill	(44)	–	–	–
Exchange rate gain/(loss) on foreign cash	622	(85)	–	–
Other	1	(2)	–	–
	309	(3 588)	(3 358)	(4 191)
<b>23.2 Decrease/(increase) in working capital</b>				
Decrease/(increase) in inventories and biological agricultural assets	(180)	(139)	–	–
Decrease/(increase) in trade and other receivables	(109)	(121)	(1)	(4)
Increase/(decrease) in trade and other payables	86	252	3	2
Net movement in derivative instruments	33	(33)	–	–
	(170)	(41)	2	(2)
<b>23.3 Reconciliation of dividends received</b>				
Receivable at the beginning of the year	–	129	–	–
Per income statement	156	410	3 358	4 191
Dividends from associated companies set off against investments	2 748	3 349	–	–
Receivable at the end of the year	(168)	–	–	–
Cash received	2 736	3 888	3 358	4 191
<b>23.4 Reconciliation of taxation paid with the amount disclosed in the income statement</b>				
Paid in advance at the beginning of the year	67	60	–	–
Unpaid at the beginning of the year	(473)	(69)	–	–
Per income statement	(360)	(854)	–	–
– normal income	(339)	(491)	–	–
– capital gain	–	(350)	–	–
– STC	(21)	(13)	–	–
Medi-Clinic	–	91	–	–
Business acquired	–	(3)	–	–
Unpaid at the end of the year	104	473	–	–
Paid in advance at the end of the year	(14)	(67)	–	–
Cash paid	(676)	(369)	–	–
<b>23.5 Reconciliation of dividends paid</b>				
Per statements of changes in equity	(3 748)	(4 525)	(3 782)	(4 860)
Paid by subsidiary companies to minority	(65)	(151)	–	–
Cash paid	(3 813)	(4 676)	(3 782)	(4 860)



	2007 R million	2006 R million
<b>24. STAFF COSTS</b>		
Salaries and wages	1 254	2 399
Share-based payments	20	18
Retirement benefits	1	9
Pension costs – defined contribution	79	111
Pension costs – defined benefit	(95)	4
Other post-retirement benefits	11	38
Other	36	24
	<b>1 306</b>	<b>2 603</b>

**25. DIRECTORS' EMOLUMENTS**

	Executive R'000	2007 Non- executive R'000	Total R'000	Executive R'000	2006 Non- executive R'000	Total R'000
<b>Executive directors</b>						
Fees	615		615	560		560
Salaries	11 472		11 472	9 843		9 843
Retirement fund contributions	2 411		2 411	2 183		2 183
Other benefits	1 238		1 238	1 236		1 236
Subtotal	15 736		15 736	13 822		13 822
<b>Non-executive directors</b>						
Independent		801	801		862	862
Non-independent		4 217	4 217		3 390	3 390
Total	15 736	5 018	20 754	13 822	4 252	18 074
Increase in value – Remgro Share Scheme*	5 607	–	5 607	58 153	4 151	62 304

\* Refer note 26.1 on page 89.

	Fees R'000	2007 Salaries and other R'000	Total R'000	Fees R'000	2006 Salaries and other R'000	Total R'000
<b>Paid by:</b>						
The Company	801		801	862		862
Management company	492	8 735	9 227	1 008	16 204	17 212
Subsidiary company	553	10 173	10 726	–	–	–
	<b>1 846</b>	<b>18 908</b>	<b>20 754</b>	<b>1 870</b>	<b>16 204</b>	<b>18 074</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

## 25. DIRECTORS' EMOLUMENTS (continued)

	Fees R'000	Salaries R'000	2007 Retire- ment fund R'000	Other benefits <sup>(9)</sup> R'000	Total R'000	Fees R'000	Salaries R'000	2006 Retire- ment fund R'000	Other benefits <sup>(9)</sup> R'000	Total R'000
<b>Executive</b>										
W E Bührmann	123	1 272	276	219	1 890	112	1 183	256	218	1 769
D M Falck	123	1 884	403	316	2 726	112	1 657	361	316	2 446
J A Preller	123	864	196	219	1 402	112	803	181	218	1 314
M H Visser <sup>(1)</sup>	123	6 224	1 268	265	7 880	112	5 084	1 142	266	6 604
T van Wyk	123	1 228	268	219	1 838	112	1 116	243	218	1 689
Subtotal	615	11 472	2 411	1 238	15 736	560	9 843	2 183	1 236	13 822
<b>Non-executive (independent)</b>										
G D de Jager <sup>(2)</sup>	160				160	112				112
P K Harris	147				147	134				134
E Molobi <sup>(3)</sup>	–				–	112				112
J F Mouton <sup>(4)</sup>	99				99	168				168
D Prins	198				198	168				168
M Ramos (Miss) <sup>(5)</sup>	–				–	–				–
F Robertson	197				197	168				168
Subtotal	801				801	862				862
<b>Non-executive (non-independent)</b>										
P E Beyers <sup>(6a)</sup>	123	645	155	100	1 023	112	369	93	37	611
J W Dreyer <sup>(6a)</sup>	123	1 328	287	100	1 838	112	567	135	50	864
E de la H Hertzog <sup>(6b)</sup>	123	916	183	73	1 295	112	859	170	72	1 213
J Malherbe <sup>(7)</sup>	61	–	–	–	61	–	–	–	–	–
J P Rupert <sup>(8)</sup>	–	–	–	–	–	112	420	115	55	702
Subtotal	430	2 889	625	273	4 217	448	2 215	513	214	3 390
<b>Total</b>	<b>1 846</b>	<b>14 361</b>	<b>3 036</b>	<b>1 511</b>	<b>20 754</b>	<b>1 870</b>	<b>12 058</b>	<b>2 696</b>	<b>1 450</b>	<b>18 074</b>

1. Mr M H Visser earns in addition to the above a director's fee of GBP75 000 (2006: GBP60 000) per annum from British American Tobacco Plc, an associated company.
2. Mr G D de Jager was a member of the Audit and Risk Committee as well as the Remuneration and Nomination Committee for six months.
3. Mr E Molobi passed away on 4 June 2006.
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. (a) For the 2006 financial year the amounts presented only amount to 50% of total remuneration as these personnel also served as directors of VenFin Limited.  
(b) These amounts represent 33.3% of the total emoluments paid. The other 66.7% is recovered from Medi-Clinic for services as director of Medi-Clinic.
7. Mr J Malherbe was appointed as a non-executive director on 11 October 2006.
8. Mr J P Rupert receives no emoluments since 30 September 2005.
9. Benefits include medical aid contributions and vehicle benefits.

**26. SHARE-BASED PAYMENTS****26.1 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.

	<b>2007</b> <b>R' 000</b>	2006 R'000
Fair value of offers made during the year	<b>53 353</b>	2 681
Share-based payment cost included in the income statement (in accordance with IFRS 2)	<b>10 275</b>	8 067
– Portion attributable to directors	<b>6 651</b>	5 657

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

	<b>2007</b>		2006	
	Number of shares	Rand	Number of shares	Rand
Previous financial years	<b>3 093 691</b>	<b>59.24</b>	4 375 782	54.26
Offered and accepted in current financial year	<b>569 699</b>	<b>135.02</b>	29 079	114.75
Shares paid for and delivered	<b>(262 016)</b>	<b>49.52</b>	(1 308 790)	43.80
Resignations and other	<b>(4 380)</b>	<b>98.67</b>	(2 380)	68.02
Total at 31 March	<b>3 396 994</b>	<b>72.65</b>	3 093 691	59.24
Exercisable at the end of the period	<b>1 797 087</b>	<b>48.46</b>	1 804 454	46.38

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

## 26. SHARE-BASED PAYMENTS (continued)

### 26.1 Remgro Share Scheme (continued)

Exercise price range of all offers:

	Number of shares outstanding at year-end	2007 Weighted average remaining contract lifetime in years	Weighted average exercise price per share (Rand)	Number of shares outstanding at year-end	2006 Weighted average remaining contract lifetime in years	Weighted average exercise price per share (Rand)
R40 – R60	1 464 972	3.57	44.98	1 677 301	4.58	45.07
R60 – R80	678 927	6.16	64.67	729 469	7.16	64.75
R80 – R100	656 615	5.13	86.82	658 205	6.14	86.81
R100 – R120	28 430	5.67	114.93	28 716	6.67	115.02
> R120	568 050	6.24	135.01	–	–	–

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

	2007	2006
Weighted average Remgro share price for the year (R)	150.20	116.98
Exercise price (R)	132.60 – 137.80	93.80 – 124.00
Average expected exercise period (years)	5 – 7	5 – 7
Price volatility (%)	20.05 – 20.18	19.9 – 21.3
Risk-free rate (%)	7.1 – 8.6	7.1 – 8.3
Expected dividend yield (%)	2.9 – 3.1	3.2 – 3.7

#### 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
<b>Executive</b>									
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
<b>Subtotal</b>	1 471 880	344 737			57 659			5 607.4	1 758 958
<b>Non-executive</b>									
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
<b>Subtotal</b>	797 198								797 198
<b>Total</b>	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.

## 26. SHARE-BASED PAYMENTS (continued)

### 26.1 Remgro Share Scheme (continued)

#### Current status – offers to directors

##### – ordinary shares

Participant	Balance of shares accepted as at 31 March 2005	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 2006
<b>Executive</b>									
W E Bührmann	185 229			43.60	185 229	05/01/06	123.30	14 762.8	–
	97 872			87.86					97 872
D M Falck	458 716			43.60					458 716
	104 917			63.00					104 917
	30 050			87.86					30 050
J A Preller	73 394			43.60	48 928	27/03/06	133.39	4 393.2	24 466
	34 572			87.86					34 572
M H Visser	489 296			43.60	489 296	05/01/06	123.30	38 996.9	–
	278 979			63.00					278 979
	342 488			87.86					342 488
T van Wyk	33 195			48.20					33 195
	24 464			43.60					24 464
	42 161			87.86					42 161
Subtotal	2 195 333				723 453			58 152.9	1 471 880
<b>Non-executive</b>									
P E Beyers	191 130			43.60					191 130
J W Dreyer	191 130			43.60					191 130
E de la H Hertzog	57 339			43.60	57 339	13/12/05	116.00	4 151.3	–
J P Rupert	414 938			48.20					414 938
Subtotal	854 537				57 339			4 151.3	797 198
Total	3 049 870				780 792			62 304.2	2 269 078

\* 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.

No shares were offered to the directors for the financial year to 31 March 2006.

### 26.2 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 R8.0 million (2006: R5.9 million) relating to this scheme was recognised in the income statement.

	2007 R million	2006 R million
<b>27. COMMITMENTS</b>		
Capital commitments	704	275
Uncompleted contracts for capital expenditure	106	173
Capital expenditure authorised but not yet contracted	253	102
Investment liabilities	345	–
Operating lease commitments	122	105
Due within one year	37	31
Due – two to five years	79	64
Due thereafter	6	10
	826	380

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

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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## 28. BORROWING POWERS

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

## 29. FINANCIAL INSTRUMENTS

### 29.1 Financial instruments and risk management

Various financial risks have an impact on the financial statements: Market risk (including price and foreign exchange risk), credit risk, liquidity risk and interest rate 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.

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. Relevant financial risks and programmes that limit these risks 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.

Price risk due to movements in commodity prices of certain key raw materials affects operating subsidiary companies in the sugar, aluminium and chicken industries. These risks are limited by using preferred supplier agreements and commodity option and futures contracts.

##### *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.

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 £1 188 million (2006: £1 159 million) and it also had cash amounting to £219 million (2006: £162 million) abroad.

#### **Credit risk**

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.

Derivative instrument and cash transactions are limited to financial institutions with good credit ratings. The treasury committee approves these institutions and determines limits for credit exposure in each entity.

#### **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.

#### **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 11.

The Company and its subsidiary companies are also exposed to interest rate risk due to long-term debt. The interest profile of the liabilities is disclosed in note 15.

## 29. FINANCIAL INSTRUMENTS (continued)

## 29.2 The following material derivative instruments existed at 31 March:

	Currency value million	2007 Forward value R million	Fair value R million	Currency value million	2006 Forward value R million	Fair value R million
<b>Assets</b>						
<i>Foreign exchange contracts</i>						
Buy: USA dollar (USD)	1.3	8.7	2.6	12.0	74.2	1.6
Sell: USA dollar (USD)	20.5	154.4	3.1	7.3	46.9	1.2
			5.7			2.8
<i>Other derivative instruments</i>						
Sugar selling contracts			9.7			24.7
Maize option contracts			0.3			1.6
Maize purchase contracts			–			16.6
			10.0			42.9
			15.7			45.7
<b>Liabilities</b>						
<i>Foreign exchange contracts</i>						
Buy: British pound (GBP)	–	–	–	0.8	8.7	0.3
USA dollar (USD)	–	–	–	1.7	10.6	0.3
Other	0.1	0.8	–	9.2	3.8	0.2
Sell: USA dollar (USD)	3.7	27.7	0.4	12.3	75.5	1.1
			0.4			1.9
<i>Other derivative instruments</i>						
Sugar selling contracts			9.3			26.6
Maize option contracts			16.9			–
			26.2			26.6
			26.6			28.5

## 29.3 Fair value

On 31 March 2007 and 2006 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 available market information 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 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 fair value.

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

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	2007 R million	2006 R million
<b>30. GUARANTEES AND CONTINGENT LIABILITIES</b>		
<b>30.1 Guarantees</b>		
Guarantees by subsidiary companies	4	6
<b>30.2 Contingent liabilities</b>		
Legal actions pending	4	2
Contract grower guarantees*	53	35
Other	19	26
	<b>76</b>	<b>63</b>

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

## 31. RELATED PARTY INFORMATION

### Subsidiaries

Details of income from and investments in subsidiary companies are disclosed in note 20 and in Annexure A respectively.

### Associated companies

Details of investments in and income from associated companies are disclosed in notes 6 and 22 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 25 and 26 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 103 and 104 of the Annual Report.

### Other

Certain contractually agreed upon, supporting and other services are rendered to VenFin Limited. Refer to note 19.

### Related party transactions

	2007 R million	2006 R million
<b>CONSOLIDATED</b>		
<b>Transactions of Remgro Limited and its subsidiary companies with:</b>		
<i>Controlling shareholder</i>		
Dividends paid	277	331
<i>Associates</i>		
Interest received	35	67
Dividends received	2 748	3 348
Sales	12	–
Administration fees	12	–
Purchases	200	107
Interest paid	–	1
Other expenses	1	2
<i>Key management personnel</i>		
Salaries and other benefits	18	15
Retirement benefits	3	3
Share-based payments	7	6



	2007 R million	2006 R million
<b>31. RELATED PARTY INFORMATION (continued)</b>		
<b>CONSOLIDATED (continued)</b>		
<b>Transactions of Remgro Limited and its subsidiary companies with (continued):</b>		
<i>Other</i>		
Fees received from VenFin Limited	21	–
<b>Balances due from/(to) related parties</b>		
Associated companies	(13)	(49)
<b>THE COMPANY</b>		
<b>Transactions of Remgro Limited with:</b>		
<i>Subsidiary companies</i>		
Dividends received	3 358	4 191
Administration fees received	4	4
Share capital reacquired	–	(4 535)
<b>Balances due from/(to) related parties</b>		
Subsidiary companies	2 366	2 790
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.		
	2007 R million	

## 32. BUSINESSES ACQUIRED

During the year under review, a subsidiary company in the Group acquired a business. The assets and liabilities arising from this acquisition were as follows:

Net assets acquired	4
Goodwill (note 5)	7
<b>Cash paid</b>	<b>11</b>
Cash acquired from business	3
<b>Net cash flow on acquisition of business</b>	<b>14</b>

The business was acquired on 1 April 2006 and the revenue and net profit included in the results of the Group, amount to R38 million and R2 million respectively.

# ANNEXURE A

## PRINCIPAL SUBSIDIARY COMPANIES AT 31 MARCH 2007

NAME OF COMPANY		Issued capital		Effective interest	HELD BY COMPANY				
					Shares			Loan	
Incorporated in South Africa unless otherwise stated		R (unless other- wise stated)		2007 %	2006 %	2007 R	2006 R	2007 R million	2006 R million
Tobacco interests									
Remgro International Holdings (Pty) Limited		2		100.0	100.0	2	2		
Remgro Investments Limited – Jersey	(GBP)	1 314 000		100.0	100.0				
Financial services									
Financial Securities Limited		250 000		100.0	100.0	250 000	250 000		
Industrial interests									
Industrial Partnership Investments Limited		125 000		100.0	100.0	125 000	125 000		
Robertsons Holdings (Pty) Limited		1 000		100.0	100.0				
Tsb Sugar Holdings (Pty) Limited		100		100.0	100.0				
Rainbow Chicken Limited	*	127 285 000		61.4	61.9				
Wispeco Holdings Limited		5 000 000		100.0	100.0				
Mining interests									
Partnership in Mining Limited		100		100.0	100.0	100	100		
Tegniese Mynbeleggings Limited		2		100.0	100.0				
Corporate finance and other interests									
Eikenlust (Pty) Limited		100		100.0	100.0				
Entek Investments Limited		810 630		64.5	64.0				
Historical Homes of South Africa Limited		555 000		51.4	51.4				
M&I Group Services Limited	#	100		100.0	100.0			70	–
Remgro Finance Corporation Limited		300		100.0	100.0				
Remgro Investments (Pty) Limited		4		100.0	100.0				
Remgro Loan Corporation Limited		700		100.0	100.0			2 296	1 878
Remgro South Africa (Pty) Limited		48 614		100.0	100.0	96 506	96 506	–	912
Stellenryck Trust Limited		700		100.0	100.0				
TTR Holdings (Pty) Limited		7		100.0	100.0	7	7		
								2 366	2 790

(GBP) British pound

\* Listed company

# Previously named Remgro Finance and Services Limited

Details of sundry subsidiary companies which are not material to the evaluation of the business of the Group, are not shown.

# ANNEXURE B

## PRINCIPAL INVESTMENTS AT 31 MARCH 2007

NAME OF COMPANY		LISTED				UNLISTED			
		2007 Effective Shares interest held %		2006 Effective Shares interest held %		2007 Effective Shares interest held %		2006 Effective Shares interest held %	
Incorporated in South Africa unless otherwise stated									
<b>Tobacco interests</b>									
R&R Holdings SA – Luxembourg	(1)					316 000	33.3	316 000	33.3
– ordinary shares						682 291	38.7	682 291	38.7
– debentures						19 281 686	100.0	19 281 686	100.0
– participating securities (2005)						1	33.3	1	33.3
– participating securities (2006)									
– held by R&R Holdings SA:									
– BAT Plc – UK (29%)	(1)	10.4		10.2					
<b>Financial services</b>									
RMB Holdings Limited	(2)	280 946 517	23.7	274 109 670	23.1				
– held by RMB Holdings Limited:		7.8		7.6					
– FirstRand Limited (33%)									
FirstRand Limited	(2)	481 142 375	9.3	481 142 375	9.4				
<b>Industrial interests</b>									
Air Products South Africa (Pty) Limited	(1)					4 500 000	50.0	4 500 000	50.0
Dorbyl Limited	(1)	14 058 346	41.4	14 058 346	41.4				
Kagiso Trust Investments (Pty) Limited	*(2)					10 344	41.8	10 344	41.8
Medi-Clinic Corporation Limited	(1)	171 128 418	47.6	170 988 418	48.0				
Nampak Limited	(1)	78 096 694	13.4	78 096 694	13.5				
Unilever Bestfoods Robertsons (Holdings) Limited L.L.C. – USA	(1)					8 200	41.0	8 200	41.0
Total South Africa (Pty) Limited	*(2)					12 872 450	33.2	12 872 450	33.2
Remgro-KWV Beleggings Limited	(2)					50	50.0	50	50.0
– held by Remgro-KWV Beleggings Limited:									
– Distell Group Limited (59%)		29.4		29.7					
<b>Mining interests</b>									
Impala Platinum Holdings Limited	**	26 687 288	4.2	3 335 911	5.0				
Trans Hex Group Limited	(1)	30 215 000	33.6	30 215 000	33.6				
<b>Other interests</b>									
Business Partners Limited	*(3)					35 766 919	21.3	28 696 220	17.8

Financial period accounted for:

(1) Twelve months to 31 March 2007

(2) Twelve months to 31 December 2006

(3) Accounted for as an associated company from 31 March 2007

\* Effective interest, on a fully diluted basis:

– Total South Africa (Pty) Limited 24.9%

– Kagiso Trust Investments (Pty) Limited 37.1%

– Business Partners Limited 20.0% (2006: 16.0%)

\*\* Not an associated company – the increase in shareholding is a result of the subdivision of shares in the ratio of 8:1

UK – United Kingdom

USA – United States of America

Details of investments which are not material to the evaluation of the business of the Group, are not shown.

# ANNEXURE C

## SIGNIFICANT ASSOCIATED COMPANIES – ADDITIONAL INFORMATION

	RMB Holdings (Financial services) 2007	FirstRand (Financial services) 2007	Medi-Clinic (Industrial interests) 2007	R&R (Tobacco interests) 2007
Effective interest	23.7%	9.3%	47.6%	33⅓%
	R million	R million	R million	R million
Carrying value of investments	4 054	4 539	987	17 047
Share of retained equity income				
– Current year	403	552	197	4 015
Normal income	715	813	280	2 964
Dividends	(345)	(354)	(91)	(1 405)
Impairments, capital and non-recurring items	86	101	–	(190)
Other changes in reserves and exchange rates	(53)	(8)	8	2 646
– Cumulative	1 453	1 654	878	14 350

Summarised financial information:

	Per Interim Report 31/12/2006	Per Interim Report 31/12/2006	Per Annual Report 31/03/2007	Per Annual Report 31/03/2007
--	-------------------------------------	-------------------------------------	------------------------------------	------------------------------------

Note 1

### BALANCE SHEET

#### Assets

Net advances, loans and bank-related securities	1 257	50 804	–	–
Intangible assets	10	4 261	419	107 242
Property, plant and equipment and other	100	941	3 124	31 659
Investments and loans	13 703	17 894	46	38 760
Net current assets/(liabilities)	–	(21 875)	356	13 456
	15 070	52 025	3 945	191 117

#### Equity and liabilities

Shareholders' funds and long-term debt	15 070	52 025	3 945	191 117
--	--------	--------	-------	---------

12 months ended 31/12/2006	12 months ended 31/12/2006	12 months ended 31/03/2007	12 months ended 31/03/2007
----------------------------------	----------------------------------	----------------------------------	----------------------------------

Note 2

### INCOME STATEMENT

Headline earnings	3 155	9 048	581	8 190
Net profit for the year	3 524	10 126	582	7 653
Dividends paid	1 347	3 267	178	3 964

There are no loans to these associated companies.

Note 1: In the audited balance sheet of R&R, its interest in British American Tobacco Plc (BAT) is only shown as a single item representing the carrying value thereof as an equity accounted associated company. So as to disclose more meaningful information, BAT's abridged balance sheet is presented above instead. This balance sheet is at 31 December 2006 as BAT has not included a balance sheet in its quarterly report to 31 March 2007.

Note 2: Headline earnings and net profit for the year relate to the income statement of R&R which includes its share of the net profit of BAT.

Note 3: The investments above represent 81% of the total carrying value of associated companies.

# ANNEXURE C

## SIGNIFICANT ASSOCIATED COMPANIES – ADDITIONAL INFORMATION

	RMB Holdings (Financial services) 2006	FirstRand (Financial services) 2006	Medi-Clinic (Industrial interests) 2006	R&R (Tobacco interests) 2006
Effective interest	23.1%	9.4%	48.0%	33⅓%
	R million	R million	R million	R million
Carrying value of investments	3 453	3 987	788	12 336
Share of retained equity income				
– Current year	197	(14)	(612)*	(642)
Normal income	616	695	159	2 369
Dividends	(281)	(291)	(750)	(1 472)
Impairments, capital and non-recurring items	68	(95)	19	(170)
Other changes in reserves and exchange rates	(206)	(323)	(40)	(1 369)
– Cumulative	1 050	1 102	681	10 335

\* Although Medi-Clinic was equity accounted for only three months from 1 January 2006, this amount represents Remgro's share of Medi-Clinic's movement in reserves for the whole year.

Summarised financial information:	Per Interim Report 31/12/2005	Per Interim Report 31/12/2005	Per Annual Report 31/03/2006	Per Annual Report 31/03/2006
-----------------------------------	-------------------------------------	-------------------------------------	------------------------------------	------------------------------------

Note 1

### BALANCE SHEET

#### Assets

Net advances, loans and bank-related securities	1 415	37 224	–	–
Intangible assets	2 878	3 018	48	85 011
Property, plant and equipment and other	103	4 828	2 327	30 324
Investments and loans	8 671	18 049	119	24 555
Net current assets/(liabilities)	–	(23 207)	387	724
	13 067	39 912	2 881	140 614

#### Equity and liabilities

Shareholders' funds and long-term debt	13 067	39 912	2 881	140 614
--	--------	--------	-------	---------

12 months ended 31/12/2005	12 months ended 31/12/2005	12 months ended 31/03/2006	12 months ended 31/03/2006
----------------------------------	----------------------------------	----------------------------------	----------------------------------

Note 2

### INCOME STATEMENT

Headline earnings	2 135	5 554	300	6 698
Net profit for the year	2 964	6 266	338	6 219
Dividends paid	1 117	2 980	1 448	4 227

There are no loans to these associated companies.

Note 1: In the audited balance sheet of R&R, its interest in British American Tobacco Plc (BAT) is only shown as a single item representing the carrying value thereof as an equity accounted associated company. So as to disclose more meaningful information, BAT's abridged balance sheet is presented above instead. This balance sheet is at 31 December 2005 as BAT has not included a balance sheet in its quarterly report to 31 March 2006.

Note 2: Headline earnings and net profit for the year relate to the income statement of R&R which includes its share of the net profit of BAT.

Note 3: The investments above represent 79% of the total carrying value of associated companies.

# ANNEXURE D

## INFORMATION ON BUSINESS AND GEOGRAPHICAL SEGMENTS FOR THE YEAR ENDED 31 MARCH 2007

<i>R million</i>	Tobacco interests	Financial services	Industrial interests	Mining interests	Corporate finance and other interests	CONSOLI- DATED 2007 Total
<b>BUSINESS SEGMENT ANALYSIS</b>						
<b>Sales</b>	–	–	7 877	–	–	7 877
Results						
Subsidiary companies	218	1	969	147	171	1 506
Associated companies	2 774	1 716	1 499	14	–	6 003
						7 509
Finance costs						(30)
Profit on sale of investments and negative goodwill						51
Profit before tax						7 530
Taxation						(403)
<b>Net profit</b>						7 127
<b>Attributable to:</b>						
Equity holders						6 942
Minority interests						185
						7 127
<b>Headline earnings</b>	2 964	1 529	1 924	155	281	6 853
<b>OTHER INFORMATION</b>						
Segment assets	3 139	–	5 849	6 085	1 617	16 690
Investments in associated companies	17 047	8 593	6 782	316	295	33 033
						49 723
Taxation – Deferred						124
– Current						14
<b>Consolidated total assets</b>						49 861
Segment liabilities	3	–	1 982	–	140	2 125
Taxation – Deferred						1 205
– Current						104
<b>Consolidated total liabilities</b>						3 434
Additions to property, plant and equipment and intangible assets	–	–	474	–	65	539
Depreciation and amortisation	–	–	229	–	8	237

The interests of the Group have been classified into five main operating divisions/business segments – tobacco interests, financial services, industrial interests, mining interests and corporate finance/other interests. Each segment represents the main business sector of the investments classified thereunder. No adjustment has been made where companies are mainly active in one sector but have also interests in other sectors.

Income and expenses, as well as the attributable portion of the income from associated companies, are directly attributable to the segment.

Segment assets mainly include cash and cash equivalents, debtors and short-term loans, inventories, property, plant and equipment, intangible assets and other investments. Investments in associated companies, accounted for on the equity method, are stated separately.

Segment liabilities include all operating liabilities, except for taxation.

### GEOGRAPHICAL SEGMENTAL ANALYSIS

The Group's interests can be divided into two main geographical areas, namely South Africa and abroad.

<i>R million</i>	Capital expenditure 2007	Sales 2007	Headline earnings 2007	Total assets 2007
South Africa	539	7 877	3 795	29 537
Abroad	–	–	3 058	20 186
	539	7 877	6 853	49 723

Total assets include assets and investments in associated companies, but exclude deferred tax assets and taxation paid in advance.

# ANNEXURE D

## INFORMATION ON BUSINESS AND GEOGRAPHICAL SEGMENTS FOR THE YEAR ENDED 31 MARCH 2006

<i>R million</i>	Tobacco interests	Financial services	Industrial interests	Mining interests	Corporate finance and other interests	CONSOLI- DATED 2006 Total
<b>BUSINESS SEGMENT ANALYSIS</b>						
<b>Sales</b>	–	–	9 802	–	–	9 802
Results						
Subsidiary companies	–	123	1 423	168	256	1 970
Associated companies	2 199	1 284	911	(40)	–	4 354
						6 324
Finance costs						(29)
Profit on redemption and sale of investments						3 162
Profit before tax						9 457
Taxation						(857)
<b>Net profit</b>						8 600
<b>Attributable to:</b>						
Equity holders						8 202
Minority interests						398
						8 600
<b>Headline earnings</b>	2 369	1 147	1 184	288	96	5 084
<b>OTHER INFORMATION</b>						
Segment assets	1 730	–	5 062	3 886	4 403	15 081
Investments in associated companies	12 336	7 442	6 013	307	–	26 098
						41 179
Taxation – Deferred						90
– Current						67
<b>Consolidated total assets</b>						41 336
Segment liabilities	3	–	1 781	110	89	1 983
Taxation – Deferred						790
– Current						473
<b>Consolidated total liabilities</b>						3 246
Additions to property, plant and equipment and intangible assets	–	–	667	–	23	690
Depreciation and amortisation	–	–	293	–	8	301
Impairments	–	–	(3)	–	–	(3)

The interests of the Group have been classified into five main operating divisions/business segments – tobacco interests, financial services, industrial interests, mining interests and corporate finance/other interests. Each segment represents the main business sector of the investments classified thereunder. No adjustment has been made where companies are mainly active in one sector but have also interests in other sectors.

Income and expenses, as well as the attributable portion of the income from associated companies, are directly attributable to the segment.

Segment assets mainly include cash and cash equivalents, debtors and short-term loans, inventories, property, plant and equipment, intangible assets and other investments. Investments in associated companies, accounted for on the equity method, are stated separately.

Segment liabilities include all operating liabilities, except for taxation.

### GEOGRAPHICAL SEGMENTAL ANALYSIS

The Group's interests can be divided into two main geographical areas, namely South Africa and abroad.

<i>R million</i>	Capital expenditure 2006	Sales 2006	Headline earnings 2006	Total assets 2006
South Africa	690	9 802	2 693	27 113
Abroad	–	–	2 391	14 066
	690	9 802	5 084	41 179

Total assets include assets and investments in associated companies, but exclude deferred tax assets and taxation paid in advance.

# COMPANY INFORMATION

## SECRETARY

M Lubbe (Mrs)

## BUSINESS ADDRESS AND REGISTERED OFFICE

Carpe Diem Office Park  
Quantum Street  
Techno Park  
Stellenbosch  
7600

PO Box 456  
Stellenbosch  
7599

## TRANSFER SECRETARIES

Computershare Investor Services 2004 (Pty) Limited  
70 Marshall Street  
Johannesburg  
2001

PO Box 61051  
Marshalltown  
2107

## AUDITORS

PricewaterhouseCoopers Inc.  
Cape Town

## LISTING

JSE Limited  
*Sector:* Industrials – Diversified Industrials

## AMERICAN DEPOSITARY RECEIPT (ADR) PROGRAM

Cusip number 75956M107  
ADR to ordinary share 1:1

## Depositary:

The Bank of New York  
101 Barclay Street  
New York, NY 10286

## SPONSOR

Rand Merchant Bank (A division of FirstRand Bank Limited)

## WEBSITE

[www.remgro.com](http://www.remgro.com)

# SHAREHOLDERS' INFORMATION

## DATES OF IMPORTANCE TO SHAREHOLDERS

Financial year-end	31 March
Annual general meeting	Wednesday, 22 August 2007

## FINANCIAL REPORTS

Announcement of interim results	November
Interim report	December
Announcement of annual results	June
Annual financial statements	July

## DIVIDENDS

Interim dividend	
– declared	November
– paid	January
Final dividend	
– declared	June
– paid	August

## FINAL DIVIDEND NUMBER 14

Ordinary dividend per share	281 cents
Last day to trade in order to participate in the final dividend	Friday, 10 August 2007
Trading on or after this date will be ex the final dividend	Monday, 13 August 2007
Record date	Friday, 17 August 2007
Payment date	Monday, 20 August 2007



# SHAREHOLDERS' INFORMATION

STATISTICS AT 31 MARCH 2007

		2007 Number of shares		2006 Number of shares
	%		%	
<b>MAJOR BENEFICIAL SHAREHOLDERS</b>				
<b>Ordinary shares</b>				
Public Investment Commissioner	15.68	70 376 263	13.36	59 954 389
Old Mutual Life Assurance Company SA	5.47	24 558 168	6.05	27 164 496
Other	78.85	353 867 776	80.59	361 683 322
	100.00	448 802 207	100.00	448 802 207
<b>B ordinary shares</b>				
Rembrandt Trust (Pty) Limited	100.00	35 506 352	100.00	35 506 352
<b>Total</b>		<b>484 308 559</b>		<b>484 308 559</b>

No other shareholder held a beneficial interest of more than 5% in the ordinary shares in your Company on 31 March.

	2007	2006	2005	2004
<b>DISTRIBUTION OF SHAREHOLDERS</b>				
<b>Ordinary shares</b>				
<i>Public shareholders</i>	28 728	30 929	27 321	25 600
Percentage of shareholders	99.90	99.92	99.91	99.91
Number of shares	432 253 223	440 740 885	448 808 224	462 478 974
Percentage of shares issued	96.31	98.20	92.25	95.06
<i>Non-public shareholders</i>				
Directors and their associates/Share Trust/Treasury shares	29	26	24	24
Percentage of shareholders	0.10	0.08	0.09	0.09
Number of shares	16 548 984	8 061 322	37 685 426	24 014 676
Percentage of shares issued	3.69	1.80	7.75	4.94
<i>Number of shareholders</i>	28 757	30 955	27 345	25 624

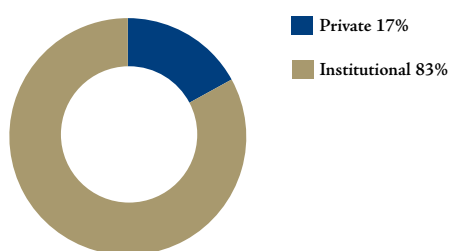
# SHAREHOLDERS' INFORMATION

STATISTICS AT 31 MARCH 2007

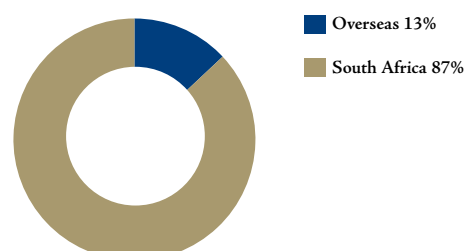
	2007	2006	2005	2004
<b>NUMBER OF SHARES IN ISSUE</b>				
– Ordinary shares of 1 cent each	448 802 207	448 802 207	486 493 650	486 493 650
Issued at 1 April	448 802 207	486 493 650	486 493 650	486 493 650
Cancelled during the year	–	(37 691 443)	–	–
– Unlisted B ordinary shares of 10 cents each	35 506 352	35 506 352	35 506 352	35 506 352
Total number of shares in issue	484 308 559	484 308 559	522 000 002	522 000 002
<b>Number of shares held in treasury</b>	<b>(11 948 372)</b>	<b>(4 473 004)</b>	<b>(34 903 000)</b>	<b>(20 678 689)</b>
Ordinary shares repurchased and held in treasury	(8 554 019)	(1 379 635)	(30 521 841)	(16 442 602)
Ordinary shares purchased by The Remgro Share Trust and accounted for as treasury shares	(3 394 353)	(3 093 369)	(4 381 159)	(4 236 087)
	472 360 187	479 835 555	487 097 002	501 321 313
<b>Weighted number of shares</b>	<b>474 123 689</b>	<b>483 154 691</b>	<b>497 292 403</b>	<b>503 280 054</b>

## ADDITIONAL INFORMATION (2007)

**Institutional and private shareholding in Remgro Limited ordinary shares**

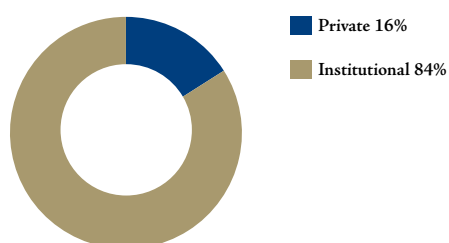


**Overseas and local shareholding in Remgro Limited ordinary shares**

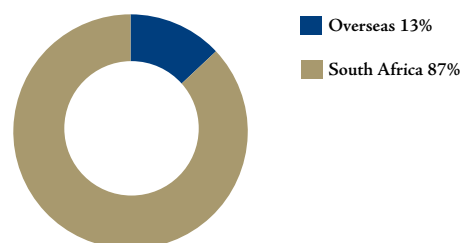


## ADDITIONAL INFORMATION (2006)

**Institutional and private shareholding in Remgro Limited ordinary shares**



**Overseas and local shareholding in Remgro Limited ordinary shares**



**Interests of the directors in the issued capital of the Company**  
**Ordinary shares**

	Direct		Indirect		
	Beneficial	Non-beneficial	Beneficial	Non-beneficial	Total
<b>31 March 2007</b>					
P E Beyers	70 024	–	13 000	–	83 024
W E Bührmann	223 256	–	–	–	223 256
G D de Jager	38 740	–	108 300	–	147 040
D M Falck	200	–	18 133	–	18 333
P K Harris	–	–	169 118	–	169 118
E de la H Hertzog	228 245	–	1 671 903	4 484	1 904 632
J Malherbe	26 826	–	207 799	–	234 625
J A Preller	75 069	–	–	–	75 069
F Robertson	–	–	5 000	–	5 000
J P Rupert	–	–	–	270 001	270 001
T van Wyk	117 585	–	–	–	117 585
M H Visser	–	–	715 145	–	715 145
	<b>779 945</b>	<b>–</b>	<b>2 908 398</b>	<b>274 485</b>	<b>3 962 828</b>
<b>31 March 2006</b>					
P E Beyers	60 024	–	12 500	–	72 524
W E Bührmann	223 256	–	–	–	223 256
G D de Jager	38 740	–	108 300	–	147 040
D M Falck	200	–	18 133	–	18 333
P K Harris	–	–	57 118	–	57 118
E de la H Hertzog	228 245	–	1 671 903	4 484	1 904 632
E Molobi	174	–	–	–	174
J F Mouton	–	–	20 000	–	20 000
J A Preller	75 069	–	–	–	75 069
F Robertson	–	–	1 000	–	1 000
J P Rupert	–	–	–	270 001	270 001
T van Wyk	59 926	–	–	–	59 926
M H Visser	–	–	733 945	–	733 945
	<b>685 634</b>	<b>–</b>	<b>2 622 899</b>	<b>274 485</b>	<b>3 583 018</b>

**B ordinary shares**

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

Since the end of the financial year to the date of this report the interests of directors remained unchanged.

# NOTICE TO SHAREHOLDERS

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The 2007 Annual General Meeting of the Company will be held on Wednesday, 22 August 2007, at 15:30 in Magnifica 2 & 3, Protea Hotel Stellenbosch, Techno Avenue, Techno Park, Stellenbosch, 7600, to, if approved, pass the following ordinary and special resolutions with or without modification:

## 1. APPROVAL OF ANNUAL FINANCIAL STATEMENTS

### Ordinary Resolution Number 1

**Resolved that** the audited annual financial statements of the Company and the Group for the year ended 31 March 2007 be accepted and approved.

## 2. APPROVAL OF DIRECTORS' REMUNERATION

### Ordinary Resolution Number 2

**Resolved that** directors' fees for services rendered as directors during the past financial year, be fixed at R1 846 000.

## 3. ELECTION OF DIRECTOR

### Ordinary Resolution Number 3

**Resolved that** Mr P E Beyers who retires in terms of article 31.1.1 of the Company's Articles of Association and who has offered himself for re-election, be re-elected as a director of the Company.

## 4. ELECTION OF DIRECTOR

### Ordinary Resolution Number 4

**Resolved that** Mr W E Bührmann who retires in terms of article 31.1.1 of the Company's Articles of Association and who has offered himself for re-election, be re-elected as a director of the Company.

## 5. ELECTION OF DIRECTOR

### Ordinary Resolution Number 5

**Resolved that** Mr P K Harris who retires in terms of article 31.1.1 of the Company's Articles of Association and who has offered himself for re-election, be re-elected as a director of the Company.

## 6. ELECTION OF DIRECTOR

### Ordinary Resolution Number 6

**Resolved that** Mr J Malherbe who retires in terms of article 31.4.1.1 of the Company's Articles of Association and who has offered himself for re-election, be re-elected as a director of the Company.

## 7. ELECTION OF DIRECTOR

### Ordinary Resolution Number 7

**Resolved that** Mr M M Morobe who retires in terms of article 31.4.1.1 of the Company's Articles of Association and who has offered himself for re-election, be re-elected as a director of the Company.

## 8. ELECTION OF DIRECTOR

### Ordinary Resolution Number 8

**Resolved that** Mr D Prins who retires in terms of article 31.1.1 of the Company's Articles of Association and who has offered himself for re-election, be re-elected as a director of the Company.

## 9. ELECTION OF DIRECTOR

### Ordinary Resolution Number 9

**Resolved that** Miss M Ramos who retires in terms of article 31.4.1.1 of the Company's Articles of Association and who has offered herself for re-election, be re-elected as a director of the Company.

## 10. ELECTION OF DIRECTOR

### Ordinary Resolution Number 10

**Resolved that** Mr M H Visser who retires in terms of article 31.1.1 of the Company's Articles of Association and who has offered himself for re-election, be re-elected as a director of the Company.

Biographical details of all directors of the Company are set out on pages 10 and 11 of the Annual Report.

## 11. AUTHORITY TO PLACE SHARES UNDER THE CONTROL OF THE DIRECTORS

### Ordinary Resolution Number 11

**Resolved that** the entire authorised but unissued share capital of the Company, comprising 63 691 443 ordinary shares of one cent each and 5 000 000 B ordinary shares of ten cents each, be and are hereby placed under the control of the Board of Directors of the Company as a general authority in terms of section 221(2) of the Companies Act (Act 61 of 1973), as amended, ("the Companies Act") for allotment and issue to such persons as they deem 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.

This general authority is subject to the provisions of the Companies Act, the Articles of Association of the Company and the Listings Requirements of the JSE Limited ("the Listings Requirements") and will be valid until the next annual general meeting.

## 12. AUTHORITY TO REPURCHASE SHARES

### Special Resolution Number 1

**Resolved that** the Board of Directors of the Company be hereby authorised, by way of a renewable general authority, to approve the purchase of its own shares by the Company, or to approve the purchase of ordinary shares in the Company by any subsidiary of the Company, provided that:

- ✦ this general authority shall be valid until the Company's next annual general meeting or for 15 months from the date of this resolution, whichever period is shorter;
- ✦ the ordinary shares be purchased through the order book of the JSE trading system and done without any prior understanding or arrangement between the Company and/or the relevant subsidiary and the counterparty, provided that if the Company purchases its own shares from any wholly owned subsidiary of the Company for the purposes of cancelling such treasury shares pursuant to this general authority, the above provisions will not be applicable to such purchase transaction;
- ✦ an announcement complying with paragraph 11.27 of the Listings Requirements be published by the Company (i) when the Company and/or its subsidiaries cumulatively repurchased 3% of the ordinary shares in issue as at the time when the general authority was given ("the initial number") and (ii) for each 3% in the aggregate of the initial number of the ordinary shares acquired thereafter by the Company and/or its subsidiaries;
- ✦ the repurchase by the Company of its own ordinary shares shall not in the aggregate in any one financial year exceed 20% of the Company's issued share capital of that class, provided that the acquisition of ordinary shares as treasury stock by a subsidiary of the Company shall not exceed 10% in the aggregate of the number of issued shares of the Company;
- ✦ repurchases must not be made at a price more than 10% above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which the transaction is effected;
- ✦ at any point in time the Company may only appoint one agent to effect any repurchase on the Company's behalf or on behalf of any subsidiary of the Company;
- ✦ the Company will after a repurchase of shares still comply with the provisions of the Listings Requirements regarding shareholder spread;
- ✦ the Company and the Group will not repurchase ordinary shares during a prohibited period (as defined in the Listings Requirements); and
- ✦ such repurchases will be subject to the Companies Act, the Company's Articles of Association and the Listings Requirements.

# NOTICE TO SHAREHOLDERS

It is the intention of the Board of Directors to use this general authority should prevailing circumstances (including the tax dispensation and market conditions) warrant it in their opinion.

The Company's directors undertake that they will not implement any such repurchases while this general authority is valid, unless:

- the Company and the Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of the notice of the annual general meeting at which this resolution is proposed ("the annual general meeting");
- the assets of the Company and the Group will exceed the liabilities for a period of 12 months after the date of the notice of the annual general meeting. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the Company's latest audited annual group financial statements;
- the Company and the Group will have adequate share capital and reserves for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting;
- the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting; and
- upon entering the market to proceed with the repurchase, the Company's sponsor has confirmed the adequacy of the Company's working capital for the purposes of undertaking a repurchase of shares in writing to the JSE.

## **Reason for and effect of Special Resolution Number 1**

The reason for and the effect of the special resolution is to grant the Company's directors a general authority to approve the Company's repurchase of its own shares and to permit a subsidiary of the Company to purchase shares in the Company.

For the purposes of considering Special Resolution Number 1 and in compliance with paragraph 11.26 of the Listings Requirements, the information listed below has been included in the Annual Report, in which this notice of annual general meeting is included, at the places indicated:

- Directors and management (pages 10 and 11);
- Major shareholders (page 103);
- No material changes;
- Directors' interests in securities (page 105);
- Share capital of the Company (pages 76 and 103);
- The directors, whose names are set out on pages 10 and 11 of this report, collectively and individually accept full responsibility for the accuracy of the information contained in this Special Resolution Number 1 and certify, to the best of their knowledge and belief, that there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable queries in this regard and that this resolution contains all information required by law and the Listings Requirements;
- There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company is aware), which may have or have had a material effect on the Company's financial position over the last 12-month period.

## **13. AUTHORITY TO ENTER INTO DERIVATIVE TRANSACTIONS**

### **Special Resolution Number 2**

**Resolved that** subject to the passing of Special Resolution Number 1, the Board of Directors of the Company be authorised, by way of a general renewable authority, to enter into derivative transactions which will or may lead to the Company being required to purchase its own shares, subject to the provisions of the Companies Act and the limitations contained in paragraph 5.84(a) of the Listings Requirements.

**Reason for and effect of Special Resolution Number 2**

The reason for and the effect of the special resolution is to grant the Company's directors a general authority to, subject to the provisions of the Companies Act and the Listings Requirements, enter into derivative transactions which will or may lead to the Company being required to purchase its own shares.

**And to transact any other business that may be transacted at an annual general meeting.**

Members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies (for which purpose a form of proxy is attached hereto) to attend, speak and vote in their stead. The person so appointed as proxy need not be a member of the Company. Proxy forms must be lodged with the transfer secretaries of the Company, Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001, South Africa, or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa, to be received by them not later than Monday, 20 August 2007, at 15:30 (South African time).

Proxy forms must only be completed by members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration.

On a show of hands, every member of the Company present in person or represented by proxy shall have one vote only. On a poll, every member of the Company shall have one vote for every share held in the Company by such member.

Members who have dematerialised their shares, other than those members who have dematerialised their shares with "own name" registration, should contact their Central Securities Depository Participant ("CSDP") or broker in the manner and time stipulated in their agreement:

- ✦ to furnish them with their voting instructions; or
- ✦ in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

By order of the Board of Directors.

**M Lubbe**

*Secretary*

Stellenbosch

18 June 2007

# EXPLANATORY NOTES TO THE NOTICE TO SHAREHOLDERS

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## ORDINARY RESOLUTIONS

### ORDINARY RESOLUTION NUMBER 1

#### Approval of annual financial statements

In terms of the Companies Act (Act 61 of 1973), as amended (“the Companies Act”), the directors are obliged to present the annual financial statements and Group annual financial statements to the members at the annual general meeting for consideration.

### ORDINARY RESOLUTION NUMBER 2

#### Approval of directors’ remuneration

In terms of the Company’s Articles of Association, the remuneration payable to the directors must be determined at the Company’s annual general meeting.

### ORDINARY RESOLUTIONS NUMBERS 3 TO 10

#### Election of directors

In terms of the Company’s Articles of Association, one-third of the directors, or if their number is not a multiple of three, then the number nearest to but not less than one-third are required to retire at each annual general meeting. A person appointed by the directors shall retire at the following annual general meeting and shall not form part of the one-third of directors who are required to retire by rotation. Directors may offer themselves for re-election. Biographical details of all the directors of the Company are set out on pages 10 and 11 of the annual report.

### ORDINARY RESOLUTION NUMBER 11

#### Authority to place shares under control of the directors

In terms of the Companies Act, the directors shall not have the power to allot or issue shares of the Company without approval of the members of the Company. The existing authority is due to expire at the forthcoming annual general meeting, unless it is renewed. Shareholders are reminded that 26 000 000 ordinary shares and 5 000 000 B ordinary shares are reserved for the Remgro Share Scheme in terms of a shareholders’ resolution passed on 21 September 2000.

## SPECIAL RESOLUTIONS

### SPECIAL RESOLUTION NUMBER 1

#### Authority to repurchase shares

The annual renewal of this authority is required in terms of the Companies Act and the Listings Requirements of the JSE Limited (“the Listings Requirements”). The existing authority to the directors is due to expire at the forthcoming annual general meeting, unless renewed.

### SPECIAL RESOLUTION NUMBER 2

#### Authority to enter into derivative transactions

The general authority is given to the directors to enable them 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.



# FORM OF PROXY



(Incorporated in the Republic of South Africa)  
(Registration number 1968/006415/06)  
(Share code: REM ISIN: ZAE000026480)  
("the Company")

## THIS FORM OF PROXY IS ONLY FOR USE BY:

1. REGISTERED MEMBERS WHO HAVE NOT YET DEMATERIALISED THEIR REMGRO LIMITED ORDINARY SHARES; AND
2. REGISTERED MEMBERS WHO HAVE ALREADY DEMATERIALISED THEIR REMGRO LIMITED ORDINARY SHARES AND ARE REGISTERED IN THEIR OWN NAMES IN THE COMPANY'S SUBREGISTER. \*

\* See explanatory note 3 overleaf.

For completion by the aforesaid registered members who hold ordinary shares of the Company ("member") and who are unable to attend the 2007 Annual General Meeting of the Company to be held on Wednesday, 22 August 2007, at 15:30 in Magnifica 2 & 3, Protea Hotel Stellenbosch, Techno Avenue, Techno Park, Stellenbosch, 7600 ("the annual general meeting").

I/We \_\_\_\_\_

being the holder/s of \_\_\_\_\_ ordinary shares in the Company, hereby appoint (see instruction 1 overleaf)

1. \_\_\_\_\_ or, failing him/her,
2. \_\_\_\_\_ or, failing him/her,
3. the chairman of the annual general meeting, as my/our proxy to attend, speak and vote for me/us and on my/our behalf or to abstain from voting at the annual general meeting of the Company and at any adjournment thereof, as follows (see note 2 and instruction 2 overleaf):

Ordinary resolutions	Insert an "X" or the number of votes exercisable (one vote per ordinary share)		
	In favour of	Against	Abstain
1. Approval of annual financial statements			
2. Approval of directors' remuneration			
3. Election of director – Mr P E Beyers			
4. Election of director – Mr W E Bührmann			
5. Election of director – Mr P K Harris			
6. Election of director – Mr J Malherbe			
7. Election of director – Mr M M Morobe			
8. Election of director – Mr D Prins			
9. Election of director – Miss M Ramos			
10. Election of director – Mr M H Visser			
11. Authority to place shares under control of the directors			
<b>Special resolutions</b>			
12. Authority to repurchase shares			
13. Authority to enter into derivative transactions			

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2007

Signature/s \_\_\_\_\_

Assisted by \_\_\_\_\_  
(where applicable)

Please read the notes and instructions overleaf.

## NOTES

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a registered member of the Company.
2. Every member present in person or by proxy and entitled to vote at the annual general meeting of the Company shall, on a show of hands, have one vote only, irrespective of the number of shares such member holds. In the event of a poll, every member shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such member bears to the aggregate amount of the nominal value of all the shares issued by the Company.
3. Members registered in their own name are members who elected not to participate in the Issuer-Sponsored Nominee Programme and who appointed Computershare Limited as their Central Securities Depository Participant ("CSDP") with the express instruction that their uncertificated shares are to be registered in the electronic subregister of members **in their own names**.

## INSTRUCTIONS ON SIGNING AND LODGING THE FORM OF PROXY:

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided overleaf, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the member. Should this space/s be left blank, the proxy will be exercised by the chairman of the annual general meeting. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by that member, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she thinks fit in respect of all the member's exercisable votes. A member or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the member or by his/her proxy.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
4. To be valid, the completed forms of proxy must be lodged with the transfer secretaries of the Company, Computershare Investor Services 2004 (Pty) Limited at 70 Marshall Street, Johannesburg, 2001, South Africa, or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa, to be received by them not later than Monday, 20 August 2007, at 15:30 (South African time).
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
7. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
8. The chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which a member wishes to vote.



