REMGRO LIMITED
ANNUAL REPORT 2006

Remgro
Limited

CONTENTS

REMGRO LIMITED
Incorporated in the Republic of South Africa Registration number 1968/006415/06 ISIN ZAE000026480 Share code REM

www.remgro.com

TRIBUTE

Dr Anton Rupert

On this occasion, *the Board of Remgro wishes to pay tribute to the late Dr Anton Rupert, founder of the Rembrandt group of companies from which Remgro emanated.*

Dr Rupert's business acumen and visionary leadership laid the foundation on which this Company could further build successfully. He left a legacy of which the Board, staff and shareholders can be justly proud. We also should like to convey, once again, our deepest condolences to his family. ❧

GROUP STRUCTURE

AT 31 MARCH 2006

REMGRO LIMITED

ASSOCIATED COMPANIES AND OTHER

Tobacco interests

British American Tobacco	10.2%

Financial services

RMB Holdings	23.1%
FirstRand	9.4%

Industrial interests

Air Products SA	50.0%
Distell Group	29.7%
Dorbyl	41.4%
Kagiso Trust Investments	41.8%
Medi-Clinic Corporation	48.0%
Nampak	13.5%
Total South Africa	24.9%
Unilever Bestfoods Robertsons	41.0%

Mining interests

Trans Hex Group	33.6%
Implats	5.0%

SUBSIDIARY COMPANIES

Industrial interests

Tsb Sugar	100.0%
Wispeco	100.0%
Rainbow Chicken	61.9%

Corporate and other interests

Remgro Finance Corporation	100.0%
Remgro Finance and Services	100.0%

Percentages represent the direct interests held.
Annexures A and B provide further information of subsidiary companies and investments.

M&I MANAGEMENT SERVICES

M&I Management Services (Proprietary) Limited (M&I) renders management and support services to Remgro. Remgro does not hold any interest in M&I. The shareholders of M&I are employees of M&I who own all the issued ordinary shares. Rembrandt Trust (Proprietary) Limited owns all the A ordinary shares of M&I. The A ordinary shares only have voting rights but have no rights to the income or assets of M&I.

INVESTMENT PHILOSOPHY 2006

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. ❧

GROUP PROFILE 2006

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 PROFILE

INFORMATION ON THE COMPANIES IN WHICH INVESTMENTS ARE HELD

EFFECTIVE INTEREST: 10%

- 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 final products.
- Interest is represented by a one-third shareholding in the ordinary shares and a 100% shareholding in the 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 2006: £29 161 million
- Website: www.bat.com

EFFECTIVE INTEREST: 30%

- Listed on the JSE Limited.
- Chief Executive Officer: J J Scannell
- Distell produces and markets fine wines, spirits and flavoured alcoholic beverages, with an increasing international profile, in South Africa.
- Interest is represented by a 50% shareholding in Remgro-KWV Investments Limited, which held a 60% share in Distell at 31 March 2006.
- Market capitalisation at 31 March 2006: R7 130 million
- Website: www.distell.co.za

EFFECTIVE INTEREST: 9%
(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 67%-owned Discovery Holdings Limited.
- Market capitalisation at 31 March 2006: R102 232 million
- Website: www.firstrand.co.za

EFFECTIVE INTEREST: 23%

- Listed on the JSE Limited.
- Chief Executive Officer: P Cooper
- RMBH's interests are:
  – FirstRand Limited (33%)
  – RMB Structured Insurance Limited (81%)
  – OUTsurance Limited (63%)
  – Glenrand M.I.B. Limited (17%)
- Market capitalisation at 31 March 2006: R31 625 million
- Website: www.rmbh.co.za

EFFECTIVE INTEREST: 34%

- Listed on the JSE Limited.
- Chief Executive Officer: L Delport
- Exploration for, and mining and marketing of, land and marine diamonds.
- Market capitalisation at 31 March 2006: R1 079 million
- Website: www.transhex.co.za

EFFECTIVE INTEREST: 41%

- Unlisted
- Chief Executive Officers: K T Kruythoff (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

EFFECTIVE INTEREST: 13%

- 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 and plastic to glass, is the largest manufacturer and distributor of tissue paper products, and holds a substantial share of the paper merchanting market.
- Market capitalisation at 31 March 2006: R9 716 million
- Website: www.nampak.com

EFFECTIVE INTEREST: 25%

- 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 14.6%. It distributes to neighbouring NBLS countries. It has a 36% interest in National Petroleum Refineries of S.A. (Pty) Limited (Natref).
- Website: www.total.co.za

Effective interest: 41%

- Listed on the JSE Limited.
- Chief Executive Officer: W W Cooper
- 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 2006: R462 million
- Website: www.dorbyl.co.za

Effective interest: 50%

- Unlisted
- Chief Executive Officer: A G Cooper
- Air Products SA produces oxygen, hydrogen and nitrogen 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.co.za

Effective interest: 100%

- 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

Effective interest: 100%

- Unlisted
- Chief Executive Officer: R F Röhrs
- 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

Effective interest: 62%

- 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 2006: R2 653 million
- Website: www.rainbowchicken.co.za

Effective interest: 48%

- 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 2006: R7 356 million
- Website: www.mediclinic.co.za

Effective interest: 5%

- Listed on the JSE Limited.
- Chief Executive Officer: K Rumble
- 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 2006: R78 265 million
- Website: www.implats.co.za

Effective interest: 42%

- 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

Remgro Finance Corporation Limited *and* Remgro Finance and Services Limited

Effective interest: 100%

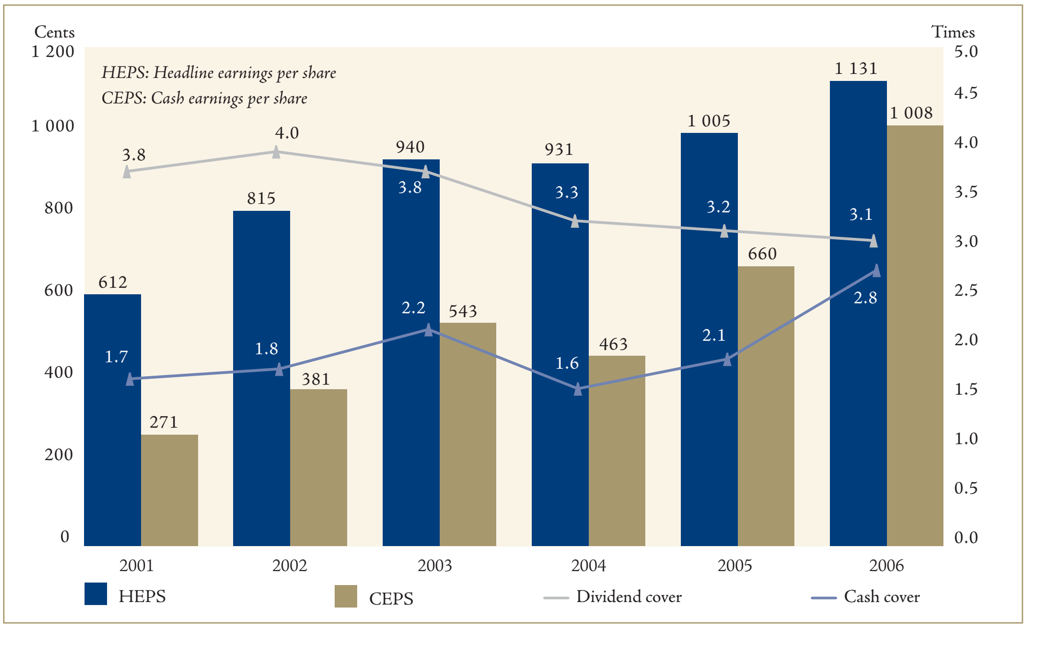
- Both companies are unlisted.
- Responsible for Remgro's central treasury function.

SALIENT FEATURES

	2006	2005	% change
HEADLINE EARNINGS PER SHARE – excluding non-recurring portion of BEE costs	**1 130.9c**	1 005.0c	*12.5*
HEADLINE EARNINGS PER SHARE	**1 052.3c**	1 005.0c	*4.7*
EARNINGS PER SHARE	**1 697.6c**	1 712.9c	*(0.9)*
HEADLINE EARNINGS – excluding non-recurring portion of BEE costs	**R5 464m**	R4 998m	*9.3*
HEADLINE EARNINGS	**R5 084m**	R4 998m	*1.7*
EARNINGS – net profit for the year	**R8 202m**	R8 518m	*(3.7)*
Dividends per share			
– Ordinary	**361.00c**	314.00c	*15.0*
– Special	**400.00c**	600.00c	
Net asset value per share (attributable to own members)			
– at intrinsic value	**R157.59**	R119.97	*31.4*
Tobacco interests	**R70.99**	R53.94	*31.6*
Other investments	**R86.60**	R66.03	*31.2*
Exchange rates			
Pound sterling/SA rand exchange rate			
– weighted average for the financial year	**11.4050**	11.5281	
– at 31 March	**10.6437**	11.7520	
Stock exchange prices			
Closing price per share at 31 March	**R135.00**	R93.80	*43.9*

The comparative figures for the year ended 31 March 2005 have been restated. Please refer to the "Group financial review" in the Report of the Board of Directors.

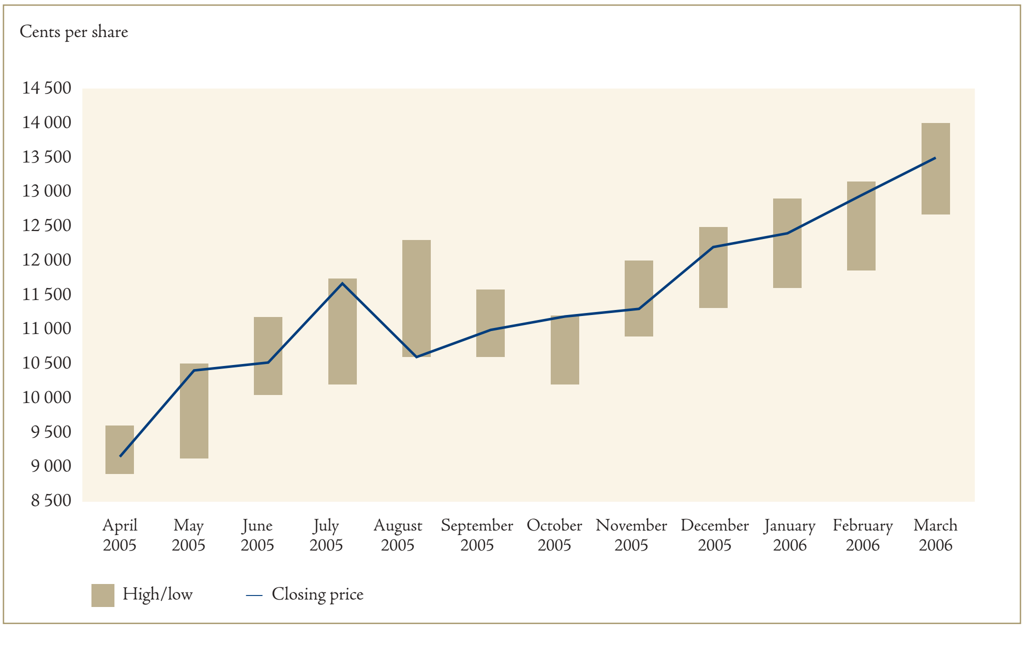
DIVIDEND COVER



SHARE STATISTICS

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

REMGRO SHARE PRICE



SEVEN-YEAR

CONSOLIDATED INCOME STATEMENTS

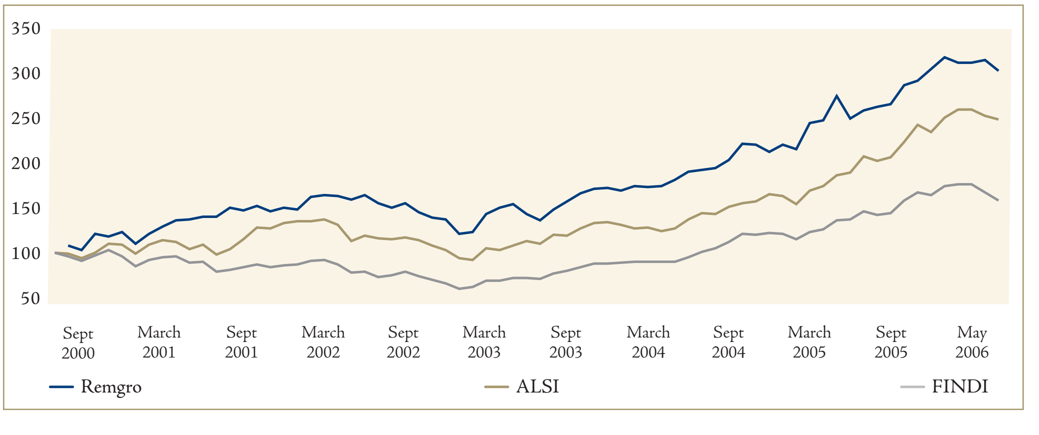
R million	**2006**	2005	2004	2003	2002	2001	2000 *Pro forma*
Profit before taking into account the following	**1 938**	1 384	1 292	1 209	734	504	412
Impairments, capital and non-recurring items	**3 165**	2 216	(132)	1 055	(158)	1 523	202
Consolidated profit before tax	**5 103**	3 600	1 160	2 264	576	2 027	614
Taxation	**(857)**	(417)	(397)	(394)	(173)	(109)	(100)
Consolidated profit after tax	**4 246**	3 183	763	1 870	403	1 918	514
Share in after-tax profit of associated companies	**4 354**	5 742	3 177	7 262	3 255	4 765	1 733
Profit before taking into account the following	**4 428**	4 514	4 164	4 421	3 881	2 901	2 307
Impairments, capital and non-recurring items	**(74)**	1 228	(987)	2 841	(626)	1 864	(574)
Group profit after tax	**8 600**	8 925	3 940	9 132	3 658	6 683	2 247
Minority interest	**(398)**	(407)	(335)	(446)	(151)	(109)	(76)
Net profit for the year	**8 202**	8 518	3 605	8 686	3 507	6 574	2 171
Headline earnings	**5 084**	4 998	4 687	4 856	4 252	3 195	2 508
Headline earnings per share (cents)	**1 052.3**	1 005.0	931.3	940.1	814.5	612.1	480.5
Headline earnings per share – excluding non-recurring portion of BEE costs (cents)	**1 130.9**	1 005.0	931.3	940.1	814.5	612.1	480.5
Earnings per share (cents)	**1 697.6**	1 712.9	716.3	1 681.6	671.8	1 259.4	415.9
Dividends per share (cents)							
– Ordinary	**361.00**	314.00	285.00	248.00	206.00	162.00	120.00
– Special	**400.00**	600.00	200.00		100.00		

The pro forma comparative figures for 2000 above represent the figures of Rembrandt Group Limited after adjustments have been made for investments apportioned to VenFin Limited in terms of the restructuring in 2000, and are based on the audited annual financial statements of Rembrandt Group Limited.

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

Medi-Clinic was consolidated for nine months only and is accounted for as an associated company from 1 January 2006.

REMGRO'S RELATIVE SHARE PERFORMANCE (BASED TO 100)



SEVEN-YEAR

CONSOLIDATED BALANCE SHEETS AND CASH FLOW STATEMENTS

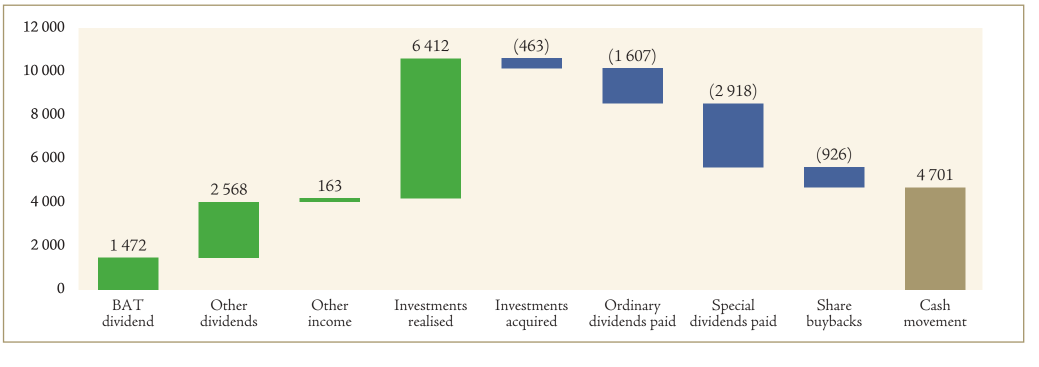
R million	**2006**	2005	2004	2003	2002	2001	2000 *Pro forma*
BALANCE SHEETS							
Property, plant and equipment	**2 444**	4 120	3 515	3 253	2 083	2 027	2 259
Investments – Associated companies	**26 098**	28 201	22 737	19 844	16 984	13 164	10 660
Other non-current assets	**4 584**	2 645	2 106	3 607	2 831	2 968	241
Current assets	**8 210**	4 773	5 372	4 079	4 435	3 395	2 283
Total assets	**41 336**	39 739	33 730	30 783	26 333	21 554	15 443
Total equity	**38 090**	36 844	31 411	28 981	24 991	20 177	13 365
Non-current liabilities	**1 144**	866	685	472	244	310	296
Current liabilities	**2 102**	2 029	1 634	1 330	1 098	1 067	1 782
Total equity and liabilities	**41 336**	39 739	33 730	30 783	26 333	21 554	15 443
Net asset value per share (Rand) (attributable to own members)							
– at book value	**78.14**	71.51	59.26	54.19	46.10	37.14	24.05
– at intrinsic value	**157.59**	119.97	100.36	77.23	89.50	64.32	51.43
CASH FLOW STATEMENTS							
Cash generated from operations	**1 474**	1 566	1 383	1 055	618	401	
Cash flow generated from returns on investments	**4 200**	2 670	2 013	2 542	1 697	1 196	
Taxation paid	**(369)**	(546)	(363)	(220)	(111)	(116)	
Cash available from operating activities	**5 305**	3 690	3 033	3 377	2 204	1 481	
Dividends paid	**(4 676)**	(2 642)	(1 438)	(1 765)	(968)	(303)	
Cash inflow/(outflow) from operating activities	**629**	1 048	1 595	1 612	1 236	1 178	
Net investing activities	**3 364**	(2 203)	(528)	(1 943)	(201)	356	
Net financing activities	**99**	9	62	(82)	(158)	(631)	
Net increase/(decrease) in cash and cash equivalents	**4 092**	(1 146)	1 129	(413)	877	903	

The pro forma comparative figures for 2000 above represent the figures of Rembrandt Group Limited after adjustments have been made for investments apportioned to VenFin Limited in terms of the restructuring in 2000, and are based on the audited annual financial statements of Rembrandt Group Limited. Pro forma figures for the cash flow statement for 2000 are not available.

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

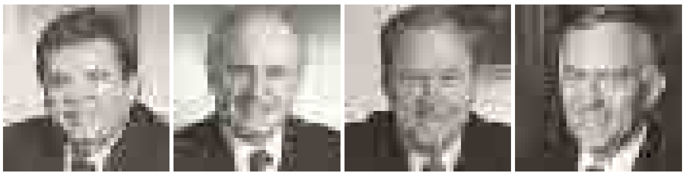
Medi-Clinic was consolidated for nine months only and is accounted for as an associated company from 1 January 2006.

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



DIRECTORATE

AND MEMBERS OF COMMITTEES



NON-EXECUTIVE DIRECTORS *(from left)*

J P Rupert (56)
CHAIRMAN
Directorships: *Executive Chairman of Compagnie Financière Richemont SA and Richemont Société Anonyme and Non-executive Chairman of Business Venture Investments No 951 Limited and Chairman of Business Partners Limited.*

E de la H Hertzog (56)
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 (56)
Directorships: *Richemont Société Anonyme, British American Tobacco Plc, Distell Group Limited and Unilever Bestfoods Robertsons (Holdings) Limited L.L.C.*

J W Dreyer (55)
Directorship: *RMB Holdings Limited.*

INDEPENDENT NON-EXECUTIVE DIRECTORS *(from left)*

G D de Jager (55)
Directorships: *Anglo Suisse Investment Holdings Limited, Lenco Holdings Limited and Sharp Interpack Limited.*

P K Harris (56)
Directorships: *Chief Executive Officer of FirstRand Limited and director of RMB Holdings Limited and Momentum Group Limited.*

E Molobi (61)
Directorship: *Chairman of Kagiso Trust Investments (Pty) Limited.*
Deceased – 4 June 2006

J F Mouton (59)
Directorships: *Chairman of PSG Group Limited and Capitec Bank Holdings Limited and director of Steinhoff International Holdings Limited.*

D Prins (58)
Directorship: *Distell Group Limited.*

F Robertson (51)
Directorships: *Executive Deputy Chairman of Brimstone Investment Corporation Limited and other companies in the Brimstone group, and Chairman of Lion of Africa Insurance Company Limited and Lion of Africa Life Assurance Company Limited.*

EXECUTIVE DIRECTORS *(from left)*

M H Visser (52)
Chief Executive Officer
Qualification: *BComm (Hons), CA(SA)*
Years of service with the Group: *26*
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 (51)
Investments
Qualification: *BComm, CA(SA)*
Years of service with the Group: *19*
Directorship: *Dorbyl Limited.*

D M Falck (60)
Group Finance
Qualification: *CA(SA)*
Years of service with the Group: *34*
Directorships: *RMB Holdings Limited, FirstRand Limited, FirstRand Bank Holdings Limited, Total South Africa (Pty) Limited and Trans Hex Group Limited.*

J A Preller (Mrs) (56)
Corporate Affairs
Qualification: *BEcon*
Years of service with the Group: *34*

T van Wyk (58)
Investments
Qualification: *BComm, LLB, LLM, H Dip Tax*
Years of service with the Group: *16*
Directorships: *Air Products SA (Pty) Limited, Dorbyl Limited, Kagiso Trust Investments (Pty) Limited, Tsb Sugar RSA Limited, Chairman of Wispeco Holdings Limited and Deputy Chairman of Business Partners Limited.*

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)
D M Falck
J F Mouton
F Robertson

Remuneration and Nomination Committee
J P Rupert (Chairman)
P K Harris
J F Mouton
F Robertson

INTRODUCTION

During 2005, the South African economy recorded its highest real economic growth rate since 1984 of close to 5%. Compared to the 1980s, economic growth is currently more stable and appears to be more sustainable. Upward revisions of the national GDP statistics indicate a stronger economic growth momentum compared to what was previously expected. The stronger spending continued, with notable contributions from households, the public sector and business. Consumer and business confidence remained at historically high levels during 2005 and the early part of 2006.

The domestic rate of inflation has continued to surprise on the low side, declining to below 4% in 2005 and in March 2006. The strength of the currency countered the inflationary pressures caused by the high level of the international crude oil price. This may change in a softer currency environment. The rand is expected to trade at more competitive levels. Commodity prices have come off their highs and global interest rate levels and international risk aversion levels are normalising. The rand is also exposed to a rising deficit on the current account of the local balance of payments.

The global economy recovered during the second half of 2005, following a slowdown towards the end of 2004 and the early part of 2005. Sustainable recoveries took root in the lagging euro zone economies and in Japan. These recoveries and sustained strong growth in Asia should compensate for slower US economic growth. While global inflation and interest rates are drifting higher, leading to a more hostile emerging markets financing environment, global growth is expected to continue its above average trend in 2006, i.e. slightly faster than during 2005.

However, a fair degree of uncertainty remains on how the US economic imbalances will be resolved, considering the trajectory of international crude oil prices (and their global impact) and current geo-political tensions (e.g. the Iranian nuclear crisis).

Domestic interest rates were increased in June and while the global economic picture became more uncertain, the South African economy seems to be well positioned to weather external shocks.

HEADLINE EARNINGS

During the year under review various investee companies in the Group concluded black economic empowerment (BEE) transactions. The specific accounting treatment of these transactions impacted negatively on Remgro's headline earnings by R380 million (or 78.6 cents per share) for the 2006 year. However, headline earnings per share, excluding the non-recurring portion of BEE costs, increased by 12.5%.

CONTRIBUTION TO HEADLINE EARNINGS PER SHARE

	2006 cents	% change	2005 cents
Tobacco interests	**490.3**	18.2	414.8
Financial services	**297.2**	(11.7)	336.6
Industrial interests	**263.9**	16.1	227.4
Mining interests	**59.6**	190.7	20.5
Corporate finance and other interests	**19.9**	249.1	5.7
	1 130.9	12.5	1 005.0
Non-recurring portion of BEE costs	**(78.6)**		–
	1 052.3	4.7	1 005.0

Total headline earnings for the year to 31 March 2006 increased by 1.7% from R4 998 million to R5 084 million. Headline earnings per share increased by 4.7% from 1 005.0 cents to 1 052.3 cents due to the favourable impact of the share repurchase programme.

CONTRIBUTION TO HEADLINE EARNINGS

	Non-recurring portion of BEE costs included		Non-recurring portion of BEE costs excluded		
	2006 R million	% change	**2006 R million**	% change	2005 R million
Tobacco interests	**2 369**	14.8	**2 369**	14.8	2 063
Financial services	**1 147**	(31.5)	**1 436**	(14.2)	1 674
Industrial interests	**1 184**	4.7	**1 275**	12.7	1 131
Mining interests	**288**	182.4	**288**	182.4	102
Corporate finance and other interests	**96**	242.9	**96**	242.9	28
	5 084	1.7	**5 464**	9.3	4 998

Currency movements continued to impact the Group's earnings. Due to a slightly stronger, but more stable rand, the unfavourable currency impact on translation of R&R's contribution to headline earnings declined from R103 million in 2005 to R26 million for the year under review, as set out in the table below.

Financial year:	**2006**	2005
Average exchange rate (£/R)	**11.4050**	11.5281
Closing exchange rate at year-end (£/R)	**10.6437**	11.7520
R&R's contribution (£'m)	**208**	179
R&R's contribution (R'm)	**2 369**	2 063
Unfavourable currency impact (R'm)	**(26)**	(103)

The contribution of the financial services interests to Remgro's headline earnings decreased by 31.5% from R1 674 million in 2005 to R1 147 million. With effect from 1 April 2005, Absa was reclassified as an "Asset held for sale" and was consequently no longer equity accounted. Dividends amounting to R123 million have been included in the headline earnings for the year under review, while Absa's contribution to headline earnings in 2005 was R509 million. The combined contribution of FirstRand and RMBH to Remgro's headline earnings amounted to R1 024 million (2005: R1 160 million). This decrease can be attributed mainly to the non-recurring BEE cost resulting from FirstRand's BEE transaction concluded during May 2005. Remgro's attributable share of this cost, including the indirect interest held through its 23.1% interest in RMBH, amounts to R289 million.

The contribution of the industrial interests increased by 4.7%. The good performances by Rainbow, Total South Africa and Distell were offset by lower results from Dorbyl, Medi-Clinic and Nampak. The results from both Dorbyl and Medi-Clinic for the year under review were negatively influenced by secondary taxation on companies (STC) payable on special dividends paid during the year. Remgro's share of the non-recurring BEE cost resulting from the BEE transactions of Medi-Clinic and Nampak amounted to R71 million, while R20 million was also accounted for with regard to the BEE transaction concluded by Distell during the year under review.

The contribution of the mining interests to headline earnings increased by 182.4%, mainly as a result of the special dividend paid by Implats during March 2006. Total dividends received from Implats during the year under review amounted to R277 million (2005: R70 million) and was accounted for in headline earnings. Trans Hex reported lower results and its contribution to headline earnings decreased to R10 million (2005: R31 million). The average rough diamond prices deteriorated in the second half of the year, the cost of diamonds sold was higher and the Angolan and marine operations did not meet their production targets.

EARNINGS

Earnings per share, including capital profits realised with the sale of various investments, decreased by 0.9% to 1 697.6 cents. This decrease can be attributed mainly to the surplus accounted for during the 2005 year on the redemption by R&R of debentures, as well as unfavourable capital and non-recurring items of associated companies during the year under review.

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, increased by 48.4% from R3 282 million to R4 871 million, mainly as a result of an increase in dividends received from associated companies. The latter amounted to R3 478 million compared to R2 372 million in 2005. This substantial increase was due mainly to the special dividends received from Medi-Clinic and Dorbyl as well as Implats.

REPURCHASE OF SHARES

During the year under review, a wholly owned subsidiary company of Remgro acquired a further 8 549 237 ordinary Remgro shares at an average price of R114.34 for a total amount of R977.5 million. Wholly owned subsidiary companies sold 37 691 443 shares, held in treasury, to Remgro Limited during March 2006. These shares were cancelled as issued shares by the latter. After this cancellation, 1 379 635 ordinary Remgro shares (0.3%) are held as treasury shares by a wholly owned subsidiary.

During the year under review, The Remgro Share Trust purchased 21 000 (2005: 660 018) ordinary Remgro shares at an average price of R134.46 (2005: R90.93) for a total amount of R2.8 million (2005: R60.0 million), while 1 308 790 shares were delivered to participants against payment of the subscription price.

DIVIDENDS

Ordinary dividends of 361.00 cents per share were declared for the year, compared to 314.00 cents the previous year. This represents an increase of 15.0%. The dividend is covered 3.1 times by headline earnings (excluding BEE costs) and 2.8 times by cash earnings, against 3.2 times and 2.1 times respectively the previous year. Over and above the ordinary dividends, a special dividend of 400 cents per share was also declared which will be paid together with the ordinary dividends.

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 2006 amounted to R157.59 per share. A schedule, setting out the calculation of the intrinsic net asset value per share on 31 March 2006 and 2005, 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:

	2006 R million	2005 R million
Per balance sheet	6 357	2 372
Less: Cash from other operating subsidiaries	(562)	(1 278)
Cash at the centre	5 795	1 094
– Local	4 066	782
– Offshore	1 729	312

Cash held by associated companies are not included.

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.

	2006	2005	2004	2003	2002	2001
Intrinsic net asset value – Rand per share	157.59	119.97	100.36	77.23	89.50	64.32
JSE – All share index	20 352	13 299	10 693	7 680	11 015	8 094
– Fin & Ind 30 index	19 491	13 477	9 953	6 682	9 713	9 464
– Financial 15 index	7 616	5 258	3 782	2 744	3 415	3 758
– Resource 20 index	34 923	21 585	19 961	15 763	24 512	12 994
Remgro share price	135.00	93.80	72.00	51.45	63.00	47.00

Relative performance	**1 year to 31 March 2006 (% year-on-year)**	**5 years to 31 March 2006 (% comp p.a.)**
Intrinsic net asset value	+31.4	+19.6
JSE – All share index	+53.0	+20.2
– Fin & Ind 30 index	+44.6	+15.5
– Financial 15 index	+44.9	+15.2
– Resource 20 index	+61.8	+21.9
Remgro share price	+43.9	+23.5

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.

	IRR From 26 September 2000 to 31 March 2006 (% comp p.a.)
Remgro share	+30.7
JSE – All share index	+22.1
– Fin & Ind 30 index	+13.9
– Financial 15 index	+17.9
– Resource 20 index	+29.0

INVESTMENT REVIEW

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

TOBACCO INTERESTS

CONTRIBUTION TO HEADLINE EARNINGS

	2006 **R million**	2005 R million
R&R Holdings	**2 369**	2 063

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 Holdings SA, Luxembourg (R&R). This gives Remgro an effective interest of 10.2% in BAT at 31 March 2006. The other two-thirds of the ordinary share capital of R&R is held by Compagnie Financière Richemont SA (Richemont).

During March 2006, Richemont redeemed a portion of its R&R debentures for cash amounting to £285 million. The funds available were part of the proceeds that R&R received in May 2004 upon the exercise by the holders of the warrants issued over the BAT preference shares that were previously held by R&R. Remgro elected not to redeem its pro rata portion of the debentures amounting to £142.5 million. Consequently, R&R issued new "2006" participation securities of nominal value to Remgro and Richemont in proportion to their shareholding. Dividends on these "2006" participation securities will cater for the effect that the disproportionate holding of debentures may have on the distribution by R&R of non-BAT income, which constitutes only a minor source of its income. This places Remgro in the position it would have been had Richemont not taken redemption of R&R debentures as described above. It therefore does not affect BAT dividends flowing to Remgro.

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 28.9% at 31 March 2006 (2005: 28.3%).

R&R's share of BAT's earnings for the twelve months to 31 March 2006 is based on BAT's results for the year ended 31 December 2005 plus the results for the quarter to 31 March 2006 less the results for the quarter to 31 March 2005. Remgro's share of R&R's headline earnings is shown in the table below.

	2006 £ million	2005 £ million
Attributable profit as reported by BAT:		
– for the year ended 31 December 2005 (2005: to 31 December 2004)	1 771	2 829
– less: for the quarter ended 31 March 2005 (2005: to 31 March 2004)	(428)	(344)
– add: for the quarter ended 31 March 2006 (2005: to 31 March 2005)	452	428
Adjustments:		
– to eliminate capital and non-recurring items	147	(1 182)
	1 942	1 731
– movement in present value of BAT preference shares and dividends	–	(8)
Adjusted attributable profit of BAT for the twelve months ended 31 March	1 942	1 723
R&R's share of the adjusted attributable profit of BAT:		
– 28.56% to 28.89% (2005: 28.05% to 29.57%):	558	489
Movement in present value of BAT preference shares and dividends	–	8
R&R's non-BAT income	29	37
R&R's adjusted headline earnings for the year ended 31 March	587	534
Remgro's share thereof:		
– 35.46% of R&R's share of the adjusted attributable profit of BAT (2005: 33.3% to 35.46%)	198	164
– 33.3% of R&R's non-BAT income	10	15
	208	179
	R million	R million
Translated at an average £/R rate of 11.4050 (2005: 11.5281)	2 369	2 063

In BAT's financial year to 31 December 2005, its adjusted, diluted earnings per share, a good indicator of its underlying performance, grew by 17% to 89.34 pence per share, mainly due to the improved underlying operating performance and reduced net finance costs, the impact of the formation of Reynolds American, and the share buy-back programme.

In BAT's quarter to 31 March 2006, its adjusted diluted earnings per share grew by 14% as a result of the increase in the profit from operations, the improved contribution from associated companies and the benefit of the share buy-back programme, partially offset by higher taxation and minority interests.

The following commentary is based on BAT's annual report for the year ended 31 December 2005.

BAT cigarette sales volumes from subsidiaries decreased by 1% to 678 billion from the prior year due to the merger of BAT's US business with R.J. Reynolds to form Reynolds American as well as the sale of Etinera, an Italian distribution business. However, excluding the impact of these transactions, there was good organic volume growth from subsidiaries of 2%. The four global drive brands – Dunhill, Kent, Lucky Strike and Pall Mall – performed well with an overall growth of 9% on a 'like for like' basis. Associates' volumes increased from 167 billion to 232 billion and, with the inclusion of these, total BAT volumes would have been 910 billion (2004: 853 billion).

BAT's profit from operations was 36% lower at £2 420 million, mainly due to the impact in 2004 of a significant £1 389 million gain on the Reynolds American merger. Excluding the merger of its US business with R.J. Reynolds and the sale of Etinera, on a 'like for like' basis, BAT's profit from operations would have been 9% higher, or 5% at constant rates of exchange. This 'like for like' information provides a better understanding of the subsidiaries' trading results. The strong profit performance reflected higher profit in all regions, except America-Pacific.

In Europe, profit increased by £34 million to £784 million, with particularly strong growth from Russia and Germany. The integration of the Smoking Tobacco and Cigars business in 2005, other cost savings and the positive impact of the change in trade terms in Italy also contributed to the result. Excluding a net £30 million gain as a result of the sale of Etinera at the end of 2004, partly offset by the consequent change in terms of trade, profit on a 'like for like' basis would have increased by £64 million or 9%. Volumes were 2% higher at 244 billion, with growth in Russia, Romania and Poland, partly offset by declines in Italy, Germany, Switzerland and Ukraine.

In Asia-Pacific, profit rose by £36 million to £531 million as good performances in Australasia and Pakistan, a benefit in the first quarter from the timing of an excise payment in South Korea and good results from many of its other markets more than covered the reductions in Malaysia and Vietnam. Volumes at 137 billion were 4% higher, as strong increases in Pakistan and Bangladesh were partially offset by declines in South Korea, Vietnam and Malaysia.

In Latin-America, profit increased by £82 million to £530 million as good performances across the region reflected higher volumes and margins, further helped by stronger currencies in many of the markets. Volumes at 149 billion increased slightly as growth in many markets was partly offset by declines in Mexico and Argentina.

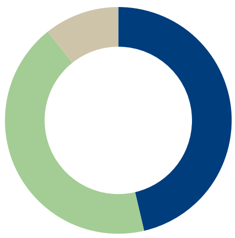
Profit in the Africa and Middle East region grew by £74 million to £434 million, mainly driven by South Africa and reduced losses from Turkey. Volumes grew by 5% to 103 billion, with strong growth from the Middle East markets and Turkey.

On a 'like for like' basis, the America-Pacific regional profit declined by £54 million to £436 million, with lower contributions from both Canada and Japan. Increased volumes in Japan were more than offset by a decrease in Canada leading to an overall decline of 2%. As the comparative period included in the US tobacco businesses (now merged with R.J. Reynolds and included in associates), the reported regional volumes were 34% lower at 45 billion, while the reported profit was £203 million down.

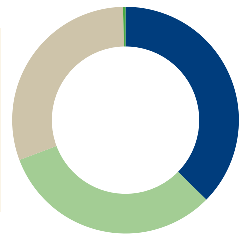
BAT's share of the post-tax results of its own associates increased by £266 million to £392 million, reflecting the inclusion of £244 million for Reynolds American following its formation in July 2004. On a pro forma US GAAP basis, as if the combination of the R.J. Reynolds domestic US tobacco business with Brown & Williamson had been completed on 1 January 2004, Reynolds American reported that operating profit for the year increased by 35% and net income rose by 29%. These results demonstrate the success of the business combination. The higher income principally reflected improved pricing and merger synergies.

FINANCIAL SERVICES

CONTRIBUTION TO HEADLINE EARNINGS



	2006 R million	2006 %	% Change	2005 R million	2005 %
FirstRand	*531*	*46*	*(15)*	*626*	*37*
RMBH	*493*	*43*	*(8)*	*534*	*32*
Absa	*123*	*11*	*(76)*	*509*	*30*
Sage Group & Sagecor	*–*	*–*	*(100)*	*5*	*1*
	1 147	*100*	*(31)*	*1 674*	*100*



Both FirstRand Limited (FirstRand) and RMB Holdings Limited (RMBH) 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 excludes the indirect contribution of FirstRand through Remgro's interest in RMBH.

For the latest reported six months ended 31 December 2005, FirstRand's headline earnings increased by 17% to R3 930 million (2004: R3 351 million). These results were achieved in a favourable economic environment that provided strong organic growth opportunities, particularly for the FirstRand Banking Group, which produced headline earnings growth of 20%.

On 16 May 2005, FirstRand concluded a BEE transaction. As part of this transaction, FirstRand bought back approximately 416.2 million ordinary shares on a pro rata basis from all shareholders in the ratio of 7.6 ordinary shares for each 100 ordinary shares held. The price per ordinary share amounted to R12.28 and Remgro received R486.0 million. An after-tax capital gain of R123 million was realised.

RMBH

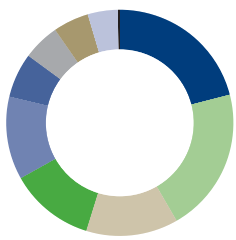
For the six months ended 31 December 2005, 87.1% (2004: 90.6%) of RMBH's headline earnings was from FirstRand, while its other interests contributed 12.9% (2004: 9.4%).

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

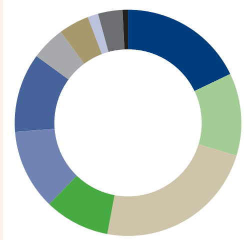
OUTsurance posted excellent results for the six months ended 31 December 2005. Net earned premium income exceeded R1.0 billion, reflecting a 25% increase due to strong organic growth in both personal lines and business lines, as well as continued efficiency gains. OUTsurance's headline earnings for the six-month period increased by 39%.

INDUSTRIAL INTERESTS

CONTRIBUTION TO HEADLINE EARNINGS



2006 R million	%	% Change		2005 R million	%
254	21	25	Total SA	202	18
250	21	87	Rainbow	134	12
159	13	(40)	Medi-Clinic	263	23
146	12	39	UBR	105	9
144	12	10	Distell	130	12
77	7	(40)	Nampak	128	11
64	5	16	Air Products	55	5
61	5	25	Wispeco	49	4
52	4	206	TSB Sugar	17	2
(25)	–	(164)	Dorbyl	39	3
2	–	(64)	Other	9	1
1 184	100	5		1 131	100



Medi-Clinic

Medi-Clinic Corporation Limited's (Medi-Clinic) turnover increased by 17% to R4 723 million (2005: R4 040 million), while headline earnings (excluding the STC charge and BEE share-based payment cost) increased by 10% to R553 million (2005: R503 million) for the year under review.

Bed capacity increased by approximately 327 beds to 6 727 due to the acquisition of new hospitals. Excluding the increase in bed capacity, turnover increased by 14%. Medi-Clinic experienced an increase in admissions and bed-days sold of 6.9% and 7.6% respectively, mainly as a result of an increase in medical cases.

Medi-Clinic recently announced its entry into agreements regarding the acquisition of a 49% interest in Emirates Healthcare Holdings Limited, giving it a stake in the largest private hospital in Dubai as well as in rights to develop two new hospitals in the new Dubai Healthcare City.

On 19 December 2005, Medi-Clinic implemented a BEE transaction. In terms of this transaction, Medi-Clinic's strategic black partners acquired approximately 14.9 million ordinary shares on a pro rata basis from all shareholders in the ratio of 4.25 ordinary shares for each 100 ordinary shares held. The price per ordinary share was R18.40. Consequently, Remgro received R139.5 million and its interest in Medi-Clinic diluted from 51.8% to 48.0%.

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 improving although the political situation remains tense. The food-retailing sector remains in a price-sensitive mode, with the emphasis still on consumer prices. This impacts on manufacturers through adverse trade terms and increased spending on promotional activities.

Turnover for the twelve months ended 31 March 2006 increased by 1.3% compared to the previous period. This increase was supported by a 7.7% increase delivered by the professional market sector, while the retail business turnover decreased by 0.2%.

Gross margins decreased by 1.1% due to higher ingredient costs on chocolate and nut products. The logistics operations were simplified through the increased use of third party's transport and warehousing facilities, which in the transition period led to increased distribution costs. Margins strengthened in the final quarter of the period following a price increase (in line with major competitors) introduced to recover higher input costs.

Overhead cost increased in 2006 by R4 million due to the effect of amortising the new SAP company operating system and by a one-off cost of R4 million to write off the debt of the number 2 retail chain, which moved into bankruptcy during the year. The retail environment has been very challenging, with the larger customer chains struggling with business performance and cash flow.

South Africa
2005/06 was the first year of the implementation of the Path to Vitality 2010 strategy. Volume growth in retail was 7.1%, ahead of the strategic intent to step change volume growth from a historic 2.3% growth to a sustainable 5-6% volume growth. Growth came from all 10 brands and all categories (savoury, tea and margarine). Market shares are increasing across categories, especially good market share performance in regular soup, stock cubes, salad dressings, tea and margarine.

Turnover declined with R23.6 million due to brand disposals of *Bovril*, *Marmite*, *Holsum*, *Maizena* and *Crispa*. Underlying sales increased with 5.8% and 3.5% in retail and food solutions respectively. Increased earnings were offset by increased investment in advertising, brand activation, pricing realignment and greater investment in product quality.

Interest on shareholder loans decreased due to the partial repayment of loan capital, Remgro's portion being R171.6 million.

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

	2006 R million	2005 R million
Earnings before capital and non-recurring items		
– South Africa	**108**	91
– Israel	**18**	33
	126	124
Less: Capital and non-recurring items charged against headline earnings	**(1)**	(49)
Headline earnings	**125**	75
Interest on shareholder's loan after taxation	**21**	30
Contribution to headline earnings	**146**	105

Total South Africa – Unlisted

Total South Africa (Proprietary) Limited (Total SA) again reported excellent results for the year to 31 December 2005 due to increased retail market share and improved margins.

The market share of main fuels stood at 14.6% at the end of 2005 (2004: 14.8%). While retail market share grew during 2005, Commercial & Specialities consolidated their operations and focused on customer profitability. As a result market share dropped. The company again maintained a high level of investment in its marketing activities during the year. Significant attention was given to safety, specifically as part of the overall Total Group's emphasis on health, safety, environment and quality matters.

Its results were also positively impacted on by the sustained increase in the fuel price due to the movement in the US dollar crude price and the value of the rand. This translated into gains in the value of inventory on hand and refining margins.

Nampak

Nampak Limited's (Nampak) contribution to Remgro's headline earnings relates to its results for the twelve months to 31 March 2006.

Nampak recently reported an increase in headline earnings per share of 10.3% to 82.5 cents for the six months ended 31 March 2006. However, earnings declined by 21.1%. In the comparative period, earnings included capital profits on the sale of property.

Excluding Peters Papers, which was sold with effect from 1 March 2005, turnover increased by 4% due to good growth in the Nigerian operations. Sales in Europe increased due to substantially higher sales in the plastics business following the acquisition of two interfactory dairy operations early in 2005.

Distell

Distell Group Limited's (Distell) contribution to Remgro's headline earnings relates to its twelve months ended 31 December 2005.

For the latest reported six-month period ended 31 December 2005, Distell's turnover grew by 11.2% to R3.7 billion on a sales volume increase of 5.9%. Sales volume in the domestic market increased by 4.8%. International sales volume, excluding Africa, grew by 22.0%, resulting in an increase of 16.3% in international turnover. Turnover derived from African countries increased by 9.2% on sales volume growth of 4.1%.

The increase of 21.0% in Distell's headline earnings for the six-month period to R360.1 million, excluding the BEE expense, was due to the increased turnover resulting from brand marketing and pricing strategies.

In October 2005, Distell entered into a BEE transaction. The cost of this transaction to Distell's shareholders amounted to R122.3 million of which R55.0 million is accounted for over an eight-year period. Remgro's share of the non-recurring BEE cost for the year ended March was R20 million.

Tsb Sugar – Unlisted

Tsb Sugar RSA Limited (Tsb Sugar) 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. Tsb Sugar's two sugar mills are situated near Malelane and Komatipoort. 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).

Better national climatic conditions increased the sugar industry's production by 12.5% in 2005/06. Due to the drought continuing during the first three quarters of the year, Tsb Sugar's production only increased by 8.7%. The higher crop, coupled with an increase in world sugar prices, had a positive effect on the financial performance of millers and growers throughout the industry.

A total of 3.737 million tons of cane was crushed this season (2005: 3.530 million tons), with a sugar production of 461 057 tons (2005: 422 868 tons) raw sugar at the two mills operated by Tsb Sugar. The cane to sugar ratio of 8.1 compares favourably to the South African sugar industry average of 8.4 and indicates 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 329 689 tons (2005: 324 000 tons) of refined sugar during the year.

Its animal feed operation, Molatek, produces various products for the livestock feed market. The major raw materials used in the production process are by-products from the sugar production such as molasses and bagasse.

Tsb Sugar also invested in citrus via 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 citrus is undertaken by Komati Fruits, a partnership between various citrus producers.

GFC exported 52 000 tons of grapefruit and 24 000 tons of oranges during the 2005 season. An export percentage of 70% (2005: 70%) was obtained by using best practices on cultivation, irrigation methods and management. Although GFC produced record crops in terms of quality and quantity, adverse marketing conditions in Japanese markets resulted in a headline loss amounting to R15 million for Tsb Sugar.

During the year the company also acquired a 27.0% shareholding in Royal Swazi Sugar Corporation, who owns and operates two sugar mills in Swaziland. Tsb Sugar also acquired an effective shareholding of 63.5 % in Mananga Sugar Packers, a sugar packaging and marketing company based in Swaziland that markets sugar under the First brand in Swaziland and in South Africa.

Turnover increased by 21% to R1 632 million and net profit increased by 26%. Although Tsb Sugar's group results were influenced negatively by the results of the Citrus division, the strengthening in world sugar prices contributed to headline earnings, which increased from R17.0 million to R52.2 million.

Tsb Sugar's headline earnings is made up as follows:

	2006 **R million**	2005 R million
Sugar operations	**67.2**	18.1
Citrus operations	**(15.0)**	(1.1)
	52.2	17.0

Due to recent good rains, the irrigation water for cane production is secured for at least the next three years, and cane production should be at normal levels by 2008. Sugar production for the new year is expected to be at least at the same level as the 2006 financial year. The sugar export price increased significantly over the past year and with the added income from the investments in Mananga Sugar Packers and Royal Swazi Sugar Corporation, Tsb Sugar expects its results for the 2007 financial year to increase substantially.

Rainbow

Rainbow Chicken Limited's (Rainbow) headline earnings increased by 89.7%, from R211.0 million to R400.3 million.

Rainbow's revenue increased by 1.8% and chicken revenue by 5.1%. Food inflation remained low, and Rainbow's average price realisation growth of 2% resulted from improved product mix, offset by lower contractual foodservice pricing. Overall chicken volumes increased by 3.1%, with encouraging growth in sales to targeted customers and brands, largely offset by the reduction of supply to reprocessors.

Epol is a critical element in Rainbow's overall cost chain. Its strategic priorities are cost-effective procurement, milling efficiency, the targeting of external business to ensure better capacity utilisation, and optimising feed specifications regarding Rainbow's Cobb breed to achieve the lowest cost bird. The feed industry remains under pressure due to overcapacity, with resultant pressure on margins. Consequently, a decision has been taken to close the Roodepoort mill and consolidate inland volumes from the Rustenburg and Pretoria mills.

Epol continues to recover external volumes lost as a result of the feed contamination issue.

The local chicken industry remains on high alert for Avian Influenza (AI). AI outbreaks have more recently been reported in Asia, Europe and in Africa as far south as Nigeria. 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 bio-security 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 reduced volumes to non-strategic, unprofitable third parties. This resulted in improved customer and product mix. In addition, supply chain efficiencies were improved further, with Vector making a full year's contribution and the feed raw material strategy delivering lower feed input costs.

Air Products – Unlisted

Air Products South Africa (Proprietary) Limited (Air Products) 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 of platinum refining and copper and cobalt smelters.

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 directly 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 plant to supply oxygen and nitrogen to Impala Platinum Refineries is in the process of being commissioned.

Air Products has a September year-end. For the six-month period ended 31 March 2006, Air Products' turnover grew by 0.7% (2005: 11.6%) from R361.6 million to R364.2 million and its headline earnings by 0.9% (2005: 15.8%) from R62.3 million to R62.6 million.

Dorbyl

Dorbyl Limited (Dorbyl) realised a significant after-tax profit amounting to R698 million on the disposal of Alpine Engineering Products Inc. (Alpine). Excluding the effect of the impairment of assets amounting to R55 million, and an abnormal R15 million provision on the shortfall in Dorbyl's pension fund, its turnover and operating profit from continuing operations, which consists mainly of Dorbyl Automotive Technologies (DAT), increased by 8% and 62% respectively.

Dorbyl's headline earnings per share, which excludes the profit on disposal of Alpine, decreased by 163% from a 280.7 cents headline earnings per share in 2005 to a 176.1 cents headline loss per share in 2006, due mainly to the STC charge on the special dividend of R26 per share declared in August 2005 following the disposal of Alpine.

Wispeco – Unlisted

Wispeco Holdings Limited's (Wispeco) sales volumes increased by 16% during the year under review and turnover increased by 22%. Headline earnings increased from R50 million to R61 million.

These increases have resulted in most Wispeco plants operating at nearly full capacity. Plans to expand the capacities of the various plants were initiated in the last quarter of 2005. To support the Wispeco philosophy of quick delivery, the intensive expansion programme is now in full swing and commissioning of these plant expansions is expected during the winter of 2006, in time for the seasonal upswing starting in August each year.

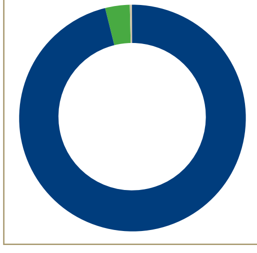
The commissioning of the extrusion press in Parow was done in September 2005. As part of the above-mentioned expansion programme, the following will be included in the forthcoming year: a further extrusion press in Parow, a new extrusion press in KwaZulu-Natal, four automatic powder coating plants (two in Cape Town and a further two in Alrode), a fifty percent capacity increase in the Alrode anodising plant, acquisition of two Cape Town stockists (Almex and RF Metals) and substantial expansions to the Wispeco stockists in the three major centres, now trading under the Conways trade name.

Training programmes play an important role in the Wispeco expansion strategy and would typically include productivity and leadership programmes aimed at improvement at shop floor level, adult basic education and training programmes for factory workers, practical training programmes for aluminium fabricators (customers) and leadership for the unemployed (part of community support).

The on-site industry training programmes for aluminium fabricators, introduced in the previous year, are continuing to be highly successful and contribute largely to the increase in aluminium usage.

MINING INTERESTS

CONTRIBUTION TO HEADLINE EARNINGS



	2006 R million	*%*	*% Change*	2005 R million	%
Implats	*277*	*96*	*295*	70	69
Trans Hex	*10*	*4*	*(67)*	31	30
Gencor	*1*	*–*	*–*	1	1
	288	*100*	*182*	102	100

Trans Hex

Trans Hex Group Limited's (Trans Hex) reported lower results and its headline earnings per share decreased by 67%, from 86.2 cents to 28.2 cents.

The average price of rough diamonds deteriorated in the second half of the year, the cost of diamonds sold was higher and the Angolan and marine operations did not meet their production targets. These factors, combined with an after-tax impairment loss on assets amounting to R150 million, resulted in a loss per share of 114.5 cents (earnings per share 2005: 92.0 cents).

Implats

Remgro's interest in Implats is 5% and only dividend income has been brought into account.

CORPORATE FINANCE AND OTHER INTERESTS

	2006 R million	2005 R million
Central treasury	**146**	98
Net corporate costs	**(56)**	(76)
Other interests	**6**	6
	96	28

Corporate

The central treasury division's contribution to Remgro's headline earnings increased from R98 million to R146 million. This was mainly the result of interest earned on increased cash balances during the year under review.

Net after-tax corporate costs above, which include salaries, donations and the cost of the share incentive scheme, decreased by R20 million, from R76 million in 2005 to R56 million in 2006. This was mainly the result of the lower share scheme and administrative costs.

ACKNOWLEDGEMENT

It was with sadness and a feeling of great loss that the Board of Remgro received the news of the passing away of Mr Eric Molobi, a non-executive director of the Company for many years, on 4 June 2006.

Mr Molobi will be remembered as an experienced businessman and leader of people. His invaluable advice and insight into the economic and developmental issues of our country will be sorely missed. We were privileged to benefit from his wisdom.

The Remgro Board wishes to pay tribute to a South African who always walked tall and dedicated his life and his career to the upliftment and empowerment of his fellow-countrymen. We honour his memory and convey our deepest condolences to his next of kin.

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

Thys Visser

Stellenbosch
22 June 2006

INTRINSIC NET ASSET VALUE

AT 31 MARCH 2006

	Notes	Shares held million	Stock exchange closing price	£ million	Exchange rate	31 March 2006 R million	31 March 2005 R million
Tobacco interest							
R&R Holdings				3 200.5	10.6437	34 065	26 276
– BAT ordinary shares	1	214.3	1 394	2 987.3			
– Cash and dividends receivable				213.6			
– Other net assets				(0.4)			
Financial services							
FirstRand		481.1	2 000			9 623	6 941
RMB Holdings		274.1	2 915			7 990	5 874
Absa Group		–	–			–	4 629
Sage Group		–	–			–	120
Sagecor		–	–			1	26
Industrial interests							
Medi-Clinic Corporation		171.0	2 065			3 531	2 732
Unilever Bestfoods Robertsons						1 984	1 711
Distell Group		58.7	3 600			2 112	1 405
Nampak		78.1	1 675			1 308	1 371
Total South Africa						1 889	1 187
Rainbow Chicken		172.8	950			1 642	1 124
Tsb Sugar						1 260	1 028
Air Products South Africa						801	606
Dorbyl		14.1	1 362			191	422
Wispeco						441	304
Kagiso Trust Investments						710	–
Caxton		7.8	1 500			117	89
Mining interests							
Implats		3.3	116 500			3 886	1 751
Trans Hex Group		30.2	1 201			363	529
Gencor		38.0	20			8	6
Other							
Sundry investments and loans						116	72
Deferred taxation asset/(liability)						(417)	(107)
Other net assets/(liabilities)						(100)	390
Cash at the centre							
– Local	2					4 066	782
– Offshore	2			162.4	10.6437	1 729	312
Intrinsic net asset value						77 316	59 580
Potential CGT liability	3					(1 699)	(1 141)
Intrinsic net asset value after tax						75 617	58 439
Issued shares after deduction of shares repurchased and the shares in The Remgro Share Trust (million)						479.8	487.1
INTRINSIC VALUE PER SHARE						R157.59	R119.97

Notes

1. This represents Remgro's effective interest of 10.2% 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. The listed investments are valued at stock exchange prices and unlisted investments at directors' valuation.

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 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 to 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 2006, the Board consisted of five executive and ten non-executive directors of whom six 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 integrity 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 following: 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 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.

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

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 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 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

An agreement was concluded with a service company, M&I Management Services (Proprietary) Limited (M&I), to render management and support services to Remgro. The shareholders of M&I are employees of M&I who own all the issued ordinary shares. No dividends have been declared. Rembrandt Trust (Proprietary) Limited owns all the A ordinary shares of M&I. The A ordinary shares have voting rights only and no rights to the income or assets of M&I.

Remgro pays fees to M&I which cover the overhead costs of the management of Remgro. These fees will not exceed 0.463% per year of the market capitalisation of Remgro, calculated on a monthly average basis. This percentage may not be exceeded without the approval of 75% of all classes of shareholders of Remgro. The fees for the past year are disclosed in note 17 to the annual financial statements.

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 include 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.

- **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 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 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.

  Risk management principles along with internal controls are embedded into the daily activities of the Company. An automated risk management tool, Risk Minimiser®, supports this process and delivers self-assessment functionality to line managers by translating controls, benchmarked and linked to key performance indicators, into daily activity lists. The system supports the values of transparency, mutual respect and accountability. Key outputs from the system include:

  - Assurance regarding compliance with key controls
  - Exception reporting regarding control deviations
  - Real-time risk profiles based on validated data
  - Cost of risk and incident monitoring
  - Electronic distribution of all relevant policies, procedures, laws and practices from centrally updated databases
  - Automated communication and monitoring of control enhancement activities

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

- **Treasury**
  Given the nature and its extent, control of treasury risk is regarded as important. The Group uses the central treasury department of M&I, whose responsibility it 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.

- **Risk funding**
  Risk funding is viewed as a cost of capital activity aimed at reducing the Company's residual exposures to risk with potential 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 has an internal audit function, which has been outsourced to M&I'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 Audit and Risk Committee has reviewed the risk management programmes and systems of internal control of the Company and its dependent wholly owned subsidiaries for the financial year to 31 March 2006. In this regard Tsb Sugar and Wispeco are considered to be independent. 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 were effective for the period under review.

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.

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.

JSE SRI INDEX

Remgro, as part of its Corporate Governance Accreditation process, chose to participate in the JSE SRI index. Since its inception, Remgro has qualified in terms of the specified accreditation criteria. The Board is proud of the Group's achievement in this year's assessment, Remgro being ranked under the top three companies participating in the "low environment impact" category.

ATTENDANCE AT MEETINGS

	Directorate	Executive Committee	Audit and Risk Committee	Remuneration and Nomination Committee
Number of meetings held	6	7	6	1
Attendance by directors				
J P Rupert	5			–
M H Visser	6	7		
P E Beyers	4			
W E Bührmann	6	7		
G D de Jager	6			
J W Dreyer	6			
D M Falck	6	6	6	
P K Harris	6			1
E de la H Hertzog	6			
E Molobi	2			
J F Mouton	6		6	1
J A Preller	5	7		
D Prins	6		6	
F Robertson	6		5	1
T van Wyk	6	7		

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 and private associate companies 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

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 limit impact. Bagasse, a by-product of the sugar production process, 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

During February 2003, the GRI published a resource document to serve as a reporting guidance for HIV/Aids. Because the GRI chose South Africa as the development area for this resource document, which will eventually become a technical protocol, Remgro uses this document as its reporting standard.

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

	2006	2005
Medi-Clinic Corporation*	**–**	11 635
Rainbow Chicken	**6 686**	6 375
Wispeco	**888**	768
Tsb Sugar (excluding contract workers)	**2 308**	2 400
Other	**10**	11
	9 892	21 189
M&I**	**188**	195
	10 080	21 384

* *Medi-Clinic was consolidated for nine months only and is accounted for as an associated company from 1 January 2006.*

** *The employees of M&I, the service company of the Group, are included above.*

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, the service company, 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 is a social, political and economic imperative and we therefore support the Company's subsidiaries and associated companies' initiatives to give impetus to the BEE process in their industries. 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.

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 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.

Donations to deserving institutions are usually made over specific terms and are not spread over such a broad area that the extent and effect become negligible. During the past year, the Company has, among others, been involved in the following projects and institutions:

Entrepreneurship and training

Some years ago Remgro contributed to a loan to the Peace Parks Foundation (PPF) to be used for 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 – had another successful year in 2005 when 29 women from ten Southern African countries graduated from this college in Graaff-Reinet, where especially young black women from previously disadvantaged communities are trained for careers in the hospitality industry. The Queen of Lesotho, in her keynote address at the graduation ceremony, said the College was the only training centre in the subregion dedicated to training African women in management skills for the guest house/lodge industry. She also referred to the important role played by this industry in alleviating poverty.

Besides subjects that are practically orientated, students gain excellent experience during their study year through banquets, conferences and other functions presented by the Panorama Guest House in Graaff-Reinet. Their services are also generally in demand and this facilitates a close bond with the local community.

Southern African Wildlife College – near Hoedspruit in Mpumalanga provides unique opportunities for students from various countries, cultures and backgrounds to share ideas on the management and sustainable utilisation of resources in the subregion. Transfrontier conservation areas remain the primary focus of the College and the curriculum as well as the training approach takes the specific needs of these areas into account.

At last year's promotion ceremony in October, 42 students from Malawi, Mozambique, South Africa, Swaziland, Uganda, Zambia and Zimbabwe received certificates and diplomas. Evident was the fellowship that evolved among them. As the students are already employed in the region's wildlife sector, their tenure at the College strengthens cross-border relations and facilitates negotiations once they return to work in their respective countries.

SciMathUS – is a post-matric programme presented by the Institute for Mathematics and Science Teaching at the University of Stellenbosch for talented students from disadvantaged communities to improve their matric results in mathematics, science and accountancy in order to gain access to tertiary education.

At present the programme is in its sixth year and plays an important role in reducing the enormous shortfall of black graduates in the natural, applied and economic and management sciences. Serious challenges faced include the lack of basic skills for studying, reading and writing. Furthermore, many students come from extremely poor and violent backgrounds and must also learn to cope with the pressures of academic life.

The programme focuses mainly on higher grade mathematics, physical science and accountancy as well as life skills, computer literacy, engineering drawing and statistics. In 2005 all 62 students who wrote the National Senior Certificate Examination gained access to tertiary education. This year 75 students have joined the programme.

Paul Roos Academy – is an imaginative project which aims at identifying leadership talent in disadvantaged schools, and, through additional teaching during schools holidays, assists these children to realise their full potential. In 2005 some 204 learners received tuition at the Academy. Among them were 16 sponsored by farmers from Grabouw, Vyeboom, Villiersdorp and Saron.

During school holidays the learners are not confined merely to academic tasks, but are also exposed to sport and other educational activities. Valuable support is received from the Memory Institute and the Creative Education Foundation, the latter being represented by six Americans who participate on a voluntary basis.

Rally to Read – this literacy programme is in its ninth year and since its inception more than R17.0 million has been invested in quality education. When it started in 1998, 25 off-road vehicles delivered books worth R100 000 to 13 schools in KwaZulu-Natal. This year, books valued at R2.5 million were delivered by 420 vehicles in eight provinces to some of the country's poorest schools. Remgro has been a sponsor of the programme since 2003.

Equip – is a programme of the National Business Initiative (NBI) aimed at improving through private sector partnerships the quality of education and school management systems. It started in 1995 in an attempt to address the poor quality of education in many South African schools. Remgro joined the programme in 2005 as sponsor and is currently involved in a cluster of five disadvantaged schools, comprising 4 000 learners and some 140 teachers, in the Stellenbosch area. Country-wide the Equip programme has already reached more than 2.5 million learners.

Equip aims at developing capacity for leadership, management and governance in schools, at enhancing the implementation of relevant school development plans and at facilitating a participatory and sustainable approach to teacher development and learner outcomes, especially in mathematics, science, technology and English.

Khanya – Remgro has committed itself over two years to contribute to this computer literacy project of the Western Cape Education Department which will enable a thousand "super" teachers to obtain widely recognised international certification.

The e-Citizen/Khanya project aims at ensuring that every educator employed by the Western Cape Education Department is computer literate by 2008, so that they can use the available technology effectively in the classroom. By empowering teachers in such a way, a multiplying effect is achieved which can be regarded as an excellent investment in the future and quality of education in the Western Cape.

Tsb Sugar Incubator School – Tsb Sugar supports various social investment initiatives in the Nkomazi local area of South Africa's Mpumalanga province. These include a Maths and Science Incubator, which involves the provision of supplementary lessons in maths, science and English to over 150 learners from underprivileged schools in grades 10, 11 and 12.

Tsb Sugar's social investment support to over 1 300 small and medium-scale farmers has been widely acknowledged as a model for the sugar industry in South Africa. Tsb Sugar also supports a soccer tournament known as Selati Super Cup, which enjoys government support.

Environment

WWF South Africa – is the channel through which Remgro has demonstrated its concern for nature ever since this conservation organisation was established in 1968. During the past year, WWF-SA continued its broad-based approach to environmental affairs by focusing especially on the following:

- The training of managers for South Africa's Marine Protected Areas which now cover almost 20% of the country's coastline.
- The implementation of a Sustainable Seafood Initiative which will guide seafood restaurants and retailers and educate consumers to make informed choices to reduce the consumption of declining fish species.
- The introduction of 21 black rhino as a founder population onto new land as part of the project to double the black rhino population in KwaZulu-Natal from 500 to 1 000.
- The acquisition of more land to establish the core of a Knersvlakte nature reserve. At present 32 000 ha, or 6% of the Knersvlakte biome within the Succulent Karoo Eco-region, is available for this reserve.
- Assistance to the Minister of Environmental Affairs and Tourism with the development of norms and standards for the South African hunting industry, as well as an elephant population management strategy for Southern Africa.

Cultural development

Klein Karoo National Arts Festival (KKNK) – Remgro has sponsored the KKNK for the sixth year, with the focus of its contribution on the developmental side of the festival. A portion of the Remgro/VenFin sponsorship is used to further the careers of budding artists. This year bursaries were awarded to two matriculants from Riversdale and Oudtshoorn to obtain qualifications in acting and directing and in the film industry.

During the twelve years of its existence, the KKNK has developed into a display window of the shared experiences of many South Africans. It also serves as an important springboard for the careers of young as well as established artists.

Stellenbosch Music Festival – Remgro has been supporting this cultural event in Stellenbosch for many years. The festival is annually held in September and is characterised by excellent classical music events, a popular street festival as well as community projects and workshops in Kayamandi, Cloetesville and Idas Valley.

Field Band Foundation – the creativity and discipline of music and movement are harnessed by the Field Band Foundation to stimulate the self-esteem and development of disadvantaged children and to cultivate leadership qualities. An HIV/Aids awareness programme forms part of the educational programme. The Foundation has been modelled on various overseas examples where music and dances are used for social development. The Foundation started in 1997 with 600 children and five bands in four provinces. In 2005 the numbers increased to 24 bands and 3 626 youngsters from 257 schools and 133 townships.

Two highlights of the Foundation's activities during the past few years were the performances of its bands at all Cricket World Cup matches in 2003 as well as the participation of the national field band in Norway's centenary celebrations in 2005. Remgro has agreed to sponsor for three years the Stellenbosch project of the Foundation, which serves the communities of Cloetesville, Kayamandi and Guguletu. Approximately 43% of the parents of children participating in the project are unemployed.

WAT – one of the functions of the Dictionary of the Afrikaans Language (WAT) is to promote Afrikaans on behalf of 5.7 million South Africans who regard it as their home language. In its 80th year, WAT has announced the establishment of a trust fund to finance operating costs, development activities and the publication of new WAT volumes. Remgro has agreed to contribute to the fund over three years.

A reduction in the government's contribution, which also led to a reduction in staff, has necessitated the establishment of such a trust fund. At present the WAT, in co-operation with the Western Cape Education Department, is looking at the possibility of making an electronic version of the dictionary available to all learners in the province as part of the Khanya project. The printing cost of a single WAT volume currently amounts to R575 000 and eight still need to be published.

Sport development

SA Golf Development Board (SAGDB) – has had a particularly challenging year which saw the loss of one of its bigger sponsors. The SAGDB had no option but to restructure, reduce staff and to streamline administrative and operational activities. This has resulted in a saving of 37% in administrative costs alone and the organisation now appears far more streamlined and focused. With the emphasis increasingly on performance, the SAGDB is more determined than ever to fulfil its motto: *Grow the game. Build the nation.*

Western Cape Cricket Academy – Since 1993, Remgro has sponsored this Academy which aims to train young players from the Western Province (WP) and the Boland in all aspects of the game and to provide them with specific life skills. Attention is also given to the development of coaches, umpires and scorekeepers.

During the past year the WP Academy produced seven players for the WP amateur team and one for the WP/Boland Franchise, while four players of the Boland Academy played for the amateur team of the province and three umpires were promoted to provincial level. Besides the quota of local games, teams of the Academy also played against the English counties Essex, Nottinghamshire and Somerset as well as against the academies of Warwickshire and Sussex.

Community development

Ikamva Labantu – is a "flagship" community project which essentially mirrors Remgro's longstanding philosophy of personal empowerment (*help others to help themselves*). This welfare organisation attends to the basic needs of people in the townships and core services include health, capacity building, land and buildings and poverty alleviation.

Ikamva is not only involved in caring for children and young people, but also in the development of their potential through life skills, character building and leadership development programmes as well as HIV/Aids education. Together with the economic empowerment of adults, the main focus of the organisation is on making people of all ages participating members of society.

One of Ikamva's more recent pilot projects, for which Remgro is providing additional funding, focuses on the extended support for vulnerable children and families who, because of the HIV/Aids pandemic, encounter difficulties in accessing much needed services and community resources.

u Mephi Children Care Programme – which Remgro has agreed to support for two years, was established in 1938 as a church-supported project to care for neglected and abused children. Today more than 500 children are taken care of daily around the country, an embodiment of the true meaning of u Mephi, namely *to take away shame*.

u Mephi functions more like a family than an institution. It has more than 40 homes and other care centres where the needs of school children, abused and abandoned babies as well as terminally ill toddlers are provided for.

St Joseph's Home – is a sanctuary of hope and healing for underprivileged children in the Western and Eastern Cape who suffer from cancer, Aids degenerative diseases, life-threatening conditions, diabetes, burns and disability. For three years Remgro has committed itself financially to the home which functions simultaneously as a hospital, a care centre and a school to provide in the medical, nursing and educational needs of children.

Health care

Wits/Donald Gordon Medical Centre – one of the main aims of this centre is to prevent some of the country's best medical brainpower being lost to the profession in South Africa. World-class facilities are provided to enable specialists to do private consultation work while continuing with research and tuition. Remgro has committed itself for ten years to the centre.

In October 2005, Medi-Clinic obtained an interest of 49% in the centre as well as the management contract. It is excited about the prospects of the establishment of the first private academic hospital in the country. A number of liver transplants have been performed since the beginning of the year and the centre must now be one of the most active in this particular field.

Organ Donor Foundation of SA – is an organisation which gives hope to many people who need organ transplants to carry on a normal life. During the past year organs transported by Remgro's sponsored flights helped to save the lives of eight people and to restore the sight of four. In this regard, the support of Falconair's staff deserves mentioning.

REMGRO LIMITED

FINANCIAL REPORT

2006

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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 auditors' report is presented on page 46.

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Thys Visser
Chief Executive Officer

Stellenbosch
22 June 2006

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
22 June 2006

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF REMGRO LIMITED

We have audited the annual financial statements and Group annual financial statements of Remgro Limited set out on pages 47 to 102 for the year ended 31 March 2006. These financial statements are the responsibility of the Company's directors. 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 plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures included in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Company and Group at 31 March 2006 and the results of their operations, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act in South Africa.

Registered Accountants and Auditors

Stellenbosch
22 June 2006

REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2006

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:	**2006**	2005
Headline earnings – Excluding non-recurring portion of BEE costs (R million)	**5 464**	4 998
– per share (cents)	**1 130.9**	1 005.0
– diluted (cents)	**1 106.1**	977.7
Headline earnings (R million)	**5 084**	4 998
– per share (cents)	**1 052.3**	1 005.0
– diluted (cents)	**1 027.7**	977.7
Earnings – net profit for the year (R million)	**8 202**	8 518
– per share (cents)	**1 697.6**	1 712.9
– diluted (cents)	**1 671.3**	1 677.2
Dividends (R million)*	**3 735**	4 771
– ordinary – per share (cents)	**361.00**	314.00
– special – per share (cents)	**400.00**	600.00

* *A final dividend of 228 cents (2005: 198 cents) per share and a special dividend of 400 cents per share were declared after the year-end and were 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:

Absa Group Limited (Absa)

During July 2005, Remgro sold its entire interest in Absa to Barclays Plc for R5 064 million at a price of R82.50 per share. An after-tax capital gain of R2 570 million was realised on this transaction.

Medi-Clinic Corporation Limited (Medi-Clinic)

During December 2005, Medi-Clinic implemented its black ownership initiative and capital restructuring.

In terms of this transaction, Medi-Clinic's strategic black partners (a black economic empowerment (BEE) consortium) acquired approximately 14.9 million ordinary shares on a pro rata basis from all shareholders in the ratio of 4.25 ordinary shares for each 100 ordinary shares held. The price per ordinary share was R18.40. Consequently, Remgro received R139.5 million. At the same time Medi-Clinic issued 44.3 million ordinary shares to the BEE consortium and to a trust set up for the benefit of participating employees. This resulted in the dilution of Remgro's interest in Medi-Clinic from 51.8% (as at 30 September 2005) to 48.0% as at 31 March 2006. As a result Medi-Clinic was no longer consolidated and accounted for as an associated company from 1 January 2006. An after-tax capital gain of R70 million was realised on this transaction.

FirstRand Limited (FirstRand)

In May 2005, FirstRand announced that all conditions precedent in respect of its BEE transaction had been complied with.

In terms of this transaction, FirstRand bought back approximately 416.2 million ordinary shares on a pro rata basis from all shareholders in the ratio of 7.6 ordinary shares for each 100 ordinary shares held. The price per ordinary share amounted to R12.28 and Remgro received R486.0 million on 16 May 2005. An after-tax capital gain of R123 million was realised. As part of this transaction, FirstRand also issued 119 million ordinary shares to the BEE consortium.

On 31 March 2006, Remgro's total interest in FirstRand, including the indirect interest held through its 23.1% interest in RMBH, was 17.0% (2005: 18.0%).

RMB Holdings Limited (RMBH)

RMBH distributed R1.00 per ordinary share to its shareholders in terms of a capital reduction scheme and Remgro received R274 million during November 2005.

Sage Group Limited (Sage)

During September 2005, Remgro sold its 17.9% interest in Sage to Momentum Group Limited for R114 million, or R1.75 per Sage share, comprising an initial payment of R1.42 per share and a potential subsequent payment of up to R0.33 per share. The initial payment received amounted to R92 million. An after-tax capital gain of R10 million was realised on this transaction. The potential subsequent payment is still subject to certain tax queries being resolved.

Kagiso Trust Investments (Proprietary) Limited (KTI)

During December 2005, the Competition Authorities gave their approval for Remgro's acquisition of 37% (on a fully diluted basis) of the issued ordinary shares of KTI. The purchase price, including transaction costs, amounted to R463 million. KTI is an established black empowerment company, with a sound investment track record, and has an investment portfolio and strategy complementary to that of Remgro. With their combined industry expertise, the acquisition will present an opportunity for Remgro and KTI to jointly pursue investment opportunities.

For the year under review, no income from KTI was accounted for. In future KTI (that has a June year-end) will be equity accounted by Remgro for the twelve-month period ending December each year.

Nampak Limited (Nampak)

During September 2005 Nampak's shareholders approved its BEE transaction. The operative date of the scheme was 31 October 2005.

In terms of the transaction, Remgro sold 10 Nampak shares for every 100 held. The price per ordinary share was R15.13 and Remgro received R131.3 million during October 2005. On 31 March 2006 Remgro's interest in Nampak was 13.5% (2005: 13.7%).

Distell Group Limited (Distell)

During September 2005, Distell announced the introduction of a BEE partner. In terms of this transaction, Distell disposed of 15% in its operating company for a consideration of approximately R869.4 million.

Repurchase of Remgro shares

During the year under review, a wholly owned subsidiary company of Remgro acquired a further 8 549 237 ordinary Remgro shares at an average price of R114.34 for a total amount of R977.5 million. Wholly owned subsidiary companies sold 37 691 443 shares, held in treasury, to Remgro Limited during March 2006. These shares were cancelled as issued shares by the latter. After this cancellation, 1 379 635 ordinary Remgro shares (0.3%) are held as treasury shares by a wholly owned subsidiary.

During the year under review, The Remgro Share Trust purchased 21 000 (2005: 660 018) ordinary Remgro shares at an average price of R134.46 (2005: R90.93) for a total amount of R2.8 million (2005: R60.0 million), while 1 308 790 shares were delivered to participants against payment of the subscription price.

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 Holdings SA, Luxembourg (R&R). This gives Remgro an effective interest of 10.2% in BAT at 31 March 2006. The other two-thirds of the ordinary share capital of R&R is held by Compagnie Financière Richemont SA (Richemont).

During March 2006, Richemont redeemed a portion of its R&R debentures for cash amounting to £285 million. The funds available were part of the proceeds that R&R received in May 2004 upon the exercise by the holders of the warrants issued over the BAT preference shares that were previously held by R&R. Remgro elected not to redeem its pro rata portion of the debentures amounting to £142.5 million. Consequently, R&R issued new "2006" participation securities of nominal value to Remgro and Richemont in proportion to their shareholding. Dividends on these "2006" participation securities will cater for the effect that the disproportionate holding of debentures may have on the distribution by R&R of non-BAT income, which constitutes only a minor source of its income. This places Remgro in the position it would have been had Richemont not taken redemption of R&R debentures as described above. It therefore does not affect BAT dividends flowing to Remgro.

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 28.9% at 31 March 2006 (2005: 28.3%).

R&R's share of BAT's earnings for the twelve months to 31 March 2006 is based on BAT's results for the year ended 31 December 2005 plus the results for the quarter to 31 March 2006 less the results for the quarter to 31 March 2005.

Subsequent to the year-end

Gencor Limited (Gencor)

On 14 March 2006, Gencor announced that it has been placed under voluntary liquidation and that a final liquidation dividend of R0.20 per share will be paid to shareholders. During May 2006, Remgro received R7.6 million as a liquidation dividend.

CASH RESOURCES AND APPLICATION

The Company's cash resources at 31 March 2006 are as follows:

	Local R million	Offshore R million	Total R million
Per consolidated balance sheet	4 628	1 729	6 357
Less: Cash from other operating subsidiaries	(562)	–	(562)
Cash at the centre	4 066	1 729	5 795
Attributable share of R&R's cash	–	1 524	1 524
Available cash	4 066	3 253	7 319

The final ordinary dividend per share has been increased by 15.2% to 228 cents. Total ordinary dividends per share in respect of the financial year to 31 March 2006 have consequently increased by 15.0% from 314 cents to 361 cents.

Given the Group's strong cash position, the Board has decided to also declare a special dividend of 400 cents per share.

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

(Based on total issued shares at time of payment)	2006 R million	2005 R million
Ordinary		
– Interim	694	606
– Final	1 104	1 033
	1 798	1 639
Special	1 937	3 132
Total	3 735	4 771

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.

REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2006

GROUP FINANCIAL REVIEW

International Financial Reporting Standards (IFRS)

With effect from 1 April 2005, Remgro is required to prepare its consolidated financial statements in accordance with IFRS. Consequently, the 31 March 2006 financial statements are Remgro's first complete set of financial statements under IFRS. As comparative information is also reported, the date for the transition to IFRS is effectively 1 April 2004. *IFRS 1: First-time adoption of IFRS* has been applied and the results for the comparative period have been restated accordingly. ***Refer to the IFRS Transition Report on page 97 for information regarding the adjustments.***

Implementation of IFRS 5

With effect from 1 April 2005 Remgro adopted *IFRS 5: Non-current assets held for sale and discontinued operations*.

As previously reported, Remgro sold its total shareholding in Absa Group Limited and Sage Group Limited during the year under review. Consequently, these investments were reclassified as "Assets held for sale" with effect from 1 April 2005 while previously they were reported under "Investments – Associated companies". During the year under review only dividend income from these companies was accounted for.

Due to the fact that the comparative figures are not restated under the transitional provisions of IFRS 5, certain items are not directly comparable on a line-for-line basis with those of the previous financial year.

Implementation of IFRIC 8

During January 2006 IFRIC (International Financial Reporting Interpretations Committee) issued an interpretation, i.e. *IFRIC 8: The scope of IFRS 2*. IFRIC 8 is applicable to financial reporting periods commencing on or after 1 May 2006 and should also be implemented on a fully retrospective basis.

During the year under review, various investee companies in the Group implemented BEE transactions. To ensure consistent accounting treatment of these transactions, Remgro decided to implement IFRIC 8 in its 31 March 2006 financial year. The effect of that on Remgro's 2006 results has been a non-recurring charge of R379.7 million against headline earnings.

Due to the material effect that IFRIC 8 has on Remgro's results, headline earnings per share is also presented excluding the non-recurring portion of BEE costs.

Other adjustments

Restatement of comparative figures in respect of associated companies

FirstRand and RMBH restated their results for the year ended 30 June 2004 to comply with *AC 501: Accounting for secondary taxation on companies (STC)*. The effect of this restatement on Remgro's results for the year ended 31 March 2005 was an increase in headline earnings of R6 million. The comparative balance sheet has been restated accordingly.

During May 2006, FirstRand and RMBH also announced that their results are being restated to comply with the accounting standard on headline earnings. The Accounting Practice Committee of the South African Institute of Chartered Accountants revised this standard in such a manner that profits and losses on the realisation of equity accounted private equity or venture capital investments are excluded from headline earnings.

The effect of this restatement on Remgro's results for the year ended 31 March 2005, was a decrease in headline earnings of R41 million. This restatement had no effect on Remgro's earnings for the year ended 31 March 2005 or its comparative balance sheet.

Restatement of prior year headline earnings as a result of the above-mentioned adjustment:

	Year ended 31 March 2005 R million
Income statement	
Headline earnings as reported during April 2006	5 039
Restatement of comparative figures in respect of associated companies	(41)
Restated headline earnings	4 998
Headline earnings per share as reported during April 2006 (cents)	1 013.3
Restated headline earnings per share (cents)	1 005.0

Refer to the IFRS Transition Report on page 97 where these adjustments are incorporated.

Comparison with prior year

Due to the fact that since 1 January 2006 Medi-Clinic has been accounted for as an associated company while previously it was consolidated, certain balance sheet and income statement items are not directly comparable with those of the previous financial year.

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.

	2006		2005	
	R million	**R per share**	R million	R per share
Equity employed				
Attributable to equity holders	**37 494**	**78.14**	34 833	71.51
Employment of equity				
Tobacco interests	**14 055**	**29.29**	13 493	27.70
Financial services	**7 105**	**14.81**	10 063	20.66
Industrial interests	**8 320**	**17.34**	8 254	16.95
Mining interests	**3 678**	**7.66**	1 927	3.96
Corporate finance and other interests	**4 336**	**9.04**	1 096	2.24
	37 494	**78.14**	34 833	71.51

REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2006

Income statement

	2006		2005	
	R million	**%**	R million	%
Source of headline earnings				
Tobacco interests	**2 369**	**47**	2 063	41
Financial services	**1 147**	**22**	1 674	33
Industrial interests	**1 184**	**23**	1 131	23
Mining interests	**288**	**6**	102	2
Corporate finance and other interests	**96**	**2**	28	1
	5 084	**100**	4 998	100

	2006	2005
	R million	R million
Composition of headline earnings		
Subsidiary companies and joint ventures	**1 061**	589
Profits	**1 088**	592
Losses	**(27)**	(3)
Associated companies	**4 023**	4 409
Profits	**4 048**	4 411
Losses	**(25)**	(2)
	5 084	4 998

COMPANY NET PROFIT AND APPROPRIATION

	2006	2005
	R million	R million
The Company's own distributable reserves at the beginning of the year amounted to	**7 986**	7 692
Net profit for the year	**4 188**	2 904
Shares cancelled	**(4 535)**	
Dividend No 10 of 198.00c per share paid in August 2005 (2004: 184.00c)	**(1 034)**	(960)
Special dividend of 600.00c per share paid in August 2005	**(3 132)**	
Special dividend of 200.00c per share paid in August 2004		(1 044)
Dividend No 11 of 133.00c per share paid in January 2006 (2005: 116.00c)	**(694)**	(606)
The Company's own distributable reserves carried forward to the following year amounted to	**2 779**	7 986

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 2006**
01/04/2005	**93.80**	**363**	**363**
01/06/2005	**104.05**	**990**	**990**
25/11/2005	**116.85**	**8 885**	**8 885**
01/12/2005	**113.01**	**14 373**	**14 373**
18/01/2006	**120.00**	**4 182**	**4 182**
01/02/2006	**124.00**	**286**	**286**
		29 079	**29 079**

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

	Average offer price (Rand)	Number of shares
Ordinary shares due to participants		
Previous financial year	54.26	4 375 782
Offered and accepted in current financial year	114.75	29 079
Shares paid for and delivered	43.80	(1 308 790)
Resignations and other		(2 380)
Total at 31 March 2006	59.24	3 093 691

Refer to note 24 to the annual financial statements for full details on the Remgro Share Scheme.

PRINCIPAL SHAREHOLDER

Rembrandt Trust (Proprietary) Limited (Rembrandt Trust) holds all the issued unlisted B ordinary shares of the Company and is entitled to 44.42% (2005: 44.02%) of the total votes.

An analysis of the shareholders appears on pages 104 and 105.

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 G D de Jager, D M Falck, J F Mouton, F Robertson and J P Rupert retire from the Board by rotation. These directors are eligible and offer themselves for re-election.

DIRECTORS' INTERESTS

At 31 March 2006 the aggregate of the direct and indirect interests of the directors in the issued ordinary share capital of the Company amounted to 0.80% (2005: 0.57%).

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 106.

DIRECTORS' EMOLUMENTS

The Board recommends that directors' fees for services rendered as directors during the past financial year be fixed at R1 870 000 (2005: R1 720 000) 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 this effect are incorporated in the notice of the annual general meeting that appears on page 107.

REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2006

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 12

A final dividend of 228 cents (2005: 198 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 2006.

Special dividend

A special dividend of 400 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.

Payment

The final and special dividend are payable to shareholders of the Company registered at the close of business on Friday, 18 August 2006.

Shareholders may not dematerialise or rematerialise their holdings of ordinary shares between Monday, 14 August 2006, and Friday, 18 August 2006, both days inclusive.

SECRETARY

The name and address of the Company Secretary appears on page 103.

APPROVAL

The annual financial statements set out on pages 47 to 102 have been approved by the Board.

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Thys Visser
Chief Executive Officer

Stellenbosch
22 June 2006

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, with the exception of the implementation of the following accounting standards:

- IFRS 5: Non-current assets held for sale and discontinued operations, which, in accordance with the transitional provisions of IFRS 5, is not applied retrospectively,
- IFRS 4: Insurance contracts, IAS 32: Financial instruments – Disclosure and presentation and IAS 39: Financial instruments – Recognition and measurement, which, in accordance with the transitional arrangements to IFRS, are not applied retrospectively, and
- IFRIC 8: The scope of IFRS 2, that was early adopted

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. 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. No material assumptions were made in the application of these accounting policies that had a material effect on any amount recognised in the financial statements.

(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. 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.

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 are 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.

Investments acquired and held exclusively with the view to dispose in the next twelve months, are not accounted for using the equity method, but carried at the lower of its carrying value or fair value less costs to sell and are classified as non-current assets held for sale in terms of the requirements of IFRS 5 (refer to accounting policy note vii).

Impairment – subsidiaries, joint ventures and associates

The carrying amounts of subsidiaries, joint ventures and associated companies are reviewed annually and written down for impairment where necessary.

(ii) Property, plant and equipment and depreciation

Leased assets – Assets leased in terms of finance leases, 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 costs and interest – Preproduction costs and interest 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.

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. Where 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 income.

(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 fruits are 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 normal income in the period in which they arise.

Sugarcane and citrus are reported in the balance sheet as non-current assets, while breeding stock are 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. Where assets are identified as being impaired the carrying amount is reduced. Such written-off amounts are accounted for in normal income.

Investment properties are being 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, is tested annually for possible impairments and is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to cash generating units. Any impairment is recognised immediately in profit and loss and is not subsequently reversed.

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

Where, at the date of acquisition, the net assets of subsidiaries, joint ventures and associated companies exceed the cost of the investments, the difference is immediately accounted for in the income statement.

Trade marks – The costs of trade marks that are established and developed by the Group itself are expensed as incurred. The value thereof is consequently not reflected in the annual financial statements. The costs of trade marks that have been purchased are written off on a straight-line basis over their expected useful lives, subject to an annual impairment test.

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

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

Computer software – Generally, costs associated with developing or maintaining computer software programs and the acquisition of software licences are recognised as an expense as incurred. However, direct computer software development costs that are clearly associated with an identifiable and unique system, which will be controlled by the Group and have a probable benefit exceeding one year, are recognised as intangible assets. Direct costs include software development employee costs and an appropriate portion of relevant overheads. Direct computer software development costs recognised as assets are amortised on the straight-line basis at rates appropriate to the expected useful lives of the assets, not exceeding four years, and are carried at cost less accumulated amortisation and any accumulated impairment losses. The carrying amount of capitalised computer software is reviewed annually and is written down when the carrying amount exceeds the recoverable amount.

(vi) **Investments**

Subsidiary companies – are stated at cost. In the consolidated annual financial statements these companies are consolidated in the accepted manner.

Associated companies – are stated at cost. In the consolidated annual financial statements the share of post-acquisition reserves and retained income, accounted for according to the equity method, is included in the carrying value.

Other investments – Investments in equity and debt instruments are classified into the following categories, i.e. loans and receivables, held-to-maturity, at fair value through profit and loss and available-for-sale.

Loans and receivables – Loans and receivables are non-derivative financial assets 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.

Investments held-to-maturity – Investments with fixed maturity that the Group has the intent and ability to hold to maturity are classified as investments held-to-maturity and are included within non-current assets. These investments are carried at amortised cost using the effective interest rate method.

Investments at fair value through profit and loss – These investments, consisting of financial assets held-for-trading and those designated at fair value through profit and loss at inception, are carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of these investments are recognised in the income statement in the period in which they arise.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also classified as held-for-trading unless they are designated as hedges.

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

All purchases and sales of investments 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.

(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 and contracts in progress

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 (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. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Exchange differences on non-monetary items are accounted for based on the classification of the underlying items. Foreign exchange gains and losses on equities classified as available-for-sale financial assets are included in the available-for-sale reserve in equity whereas the exchange differences on equities held at fair value through profit or 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 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 as a separate component of 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 a separate component of equity. On disposal of foreign operations, such 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) Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, investments, derivative instruments, debtors and short-term loans, trade and other payables and borrowings. Financial instruments are initially recognised when the Group becomes party to the contractual terms of the instruments and are measured at fair value, including transaction costs, which is the value of the consideration given (financial asset) or received (financial liability). With the initial recognition of financial instruments held at fair value through profit and loss, the transaction costs are accounted for in the income statement. Subsequent to initial recognition, these instruments are measured as set out in the applicable accounting policies.

Financial assets (or a portion thereof) are de-recognised 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 de-recognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustments to reflect fair value that had been recognised in equity are included in the income statement.

Financial liabilities (or a portion thereof) are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. On de-recognition, 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 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 and gains and losses arising from cash flow hedges are recognised directly in equity, while gains and losses 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 currently a 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.

(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 expenditures expected to be 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 plans for the benefit of employees, the assets of which 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. Under this 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 who carry out a full valuation of the plans every three years. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities that have terms to maturity approximating the terms of the related liability.

Past-service costs are recognised immediately in income, 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 pension plans. Valuation of these obligations is carried out by independent qualified actuaries.

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 share offers, with a corresponding increase in equity, based on the Group's estimate 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.

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

Revenue comprises 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. Revenue is disclosed net of value added tax, returns, rebates and discounts. Revenue is recognised as follows:

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. 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 as well as shares 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) New accounting policies and interpretations

All new accounting standards, interpretations and amendments to IFRS, that were issued prior to 31 March 2006, but not yet effective on that date, were considered by management. The standards that are applicable to the Group, but that were not implemented early, are the following:

- IFRS 6: Exploration for and evaluation of mineral resources
- IFRS 7: Financial instruments: disclosures
- IFRIC 4: Determining whether an arrangement contains a lease
- IFRIC 5: Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
- IFRIC 6: Liabilities from participation in a specific market – waste electrical and electronic equipment
- IFRIC 7: Applying the restatement approach under IAS 29: Financial reporting in hyperinflationary economies
- IFRIC 9: Reassessment of embedded derivatives
- Amendment to IFRS 1: First-time adoption of International Financial Reporting Standards pertaining to IFRS 6: Liabilities from participation in a specific market – waste electrical and electronic equipment
- Amendment to IFRS 4: Insurance contracts pertaining to financial guarantee contracts
- Amendment to IAS 1: Presentation of financial statements pertaining to capital disclosures
- Amendment to IAS 19: Employee benefits pertaining to actuarial gains and losses
- Amendment to IAS 21: The effects of changes in foreign exchange rates pertaining to net investments in foreign operations
- Amendments to IAS 39: Financial instruments: Recognition and measurements pertaining to cash flow hedge accounting of forecast intergroup transactions, the fair value option and financial guarantee contracts

The application of the standards and interpretations 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 2006

R million	Notes	CONSOLIDATED 2006	CONSOLIDATED 2005	THE COMPANY 2006	THE COMPANY 2005
ASSETS					
Non-current assets					
Property, plant and equipment	2	2 318	3 995	–	–
Biological agricultural assets	3	95	94	–	–
Investment properties	4	31	31	–	–
Goodwill and trade marks	5	352	386	–	–
Investments – Associated companies	6	26 098	28 201	–	–
– Other	7	4 136	1 948	–	–
Loans		6	157	–	–
Deferred taxation	19	90	154	–	–
		33 126	34 966	–	–
Current assets		8 210	4 773	2 795	8 000
Inventories	8	620	651	–	–
Biological agricultural assets	3	242	239	–	–
Debtors and short-term loans		878	1 450	2 795	8 000
Derivative instruments	27	46	1	–	–
Taxation		67	60	–	–
Cash and cash equivalents	9	6 357	2 372	–	–
Total assets		41 336	39 739	2 795	8 000
EQUITY AND LIABILITIES					
Issued capital	10	8	8	8	8
Reserves	11	37 898	37 377	2 779	7 986
Treasury shares	10	(412)	(2 552)	–	–
Shareholders' equity		37 494	34 833	2 787	7 994
Minority interest		596	2 011		
Total equity		38 090	36 844	2 787	7 994
Non-current liabilities		1 144	866	–	–
Retirement benefits	12	185	232	–	–
Long-term loans	13	169	161	–	–
Deferred taxation	19	790	473	–	–
Current liabilities		2 102	2 029	8	6
Trade and other payables		1 458	1 708	8	6
Short-term loans	14	101	214	–	–
Provisions	15	41	21	–	–
Derivative instruments	27	29	17	–	–
Taxation		473	69	–	–
Total equity and liabilities		41 336	39 739	2 795	8 000

INCOME STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

R million	Notes	CONSOLIDATED 2006	CONSOLIDATED 2005	THE COMPANY 2006	THE COMPANY 2005
Sales		**9 802**	9 948		
Inventory expenses		**(4 919)**	(5 205)		
Personnel costs	22	**(2 603)**	(2 442)		
Depreciation	16	**(293)**	(262)		
Other net operating expenses	16	**(771)**	(953)	**(3)**	(2)
Dividends received	18	**410**	79	**4 191**	2 907
Interest received	16	**341**	275		
Finance costs		**(29)**	(56)		
Net impairment of investments, assets and goodwill		**3**	22		
Profit on redemption and sale of investments	16	**3 162**	2 194		
Consolidated profit before tax		**5 103**	3 600	**4 188**	2 905
Taxation	19	**(857)**	(417)		(1)
Consolidated profit after tax		**4 246**	3 183	**4 188**	2 904
Share of after-tax profit of associated companies	20	**4 354**	5 742		
Net profit for the year		**8 600**	8 925	**4 188**	2 904
Attributable to:					
Equity holders		**8 202**	8 518	**4 188**	2 904
Minority interest		**398**	407		
		8 600	8 925	**4 188**	2 904

Earnings per share		**Cents**	Cents
– Basic	1	**1 697.6**	1 712.9
– Diluted		**1 671.3**	1 677.2

Associated companies	**R million**	R million
Share of after-tax profit of associated companies		
Profit before taking into account impairments, capital and non-recurring items	**4 428**	4 514
Net impairment of investments, assets and goodwill	**(157)**	(202)
Profit on the sale of investments	**681**	1 663
Restructuring costs	**(280)**	(265)
Non-recurring portion of BEE costs	**(380)**	–
Other capital and non-recurring items	**62**	32
	4 354	5 742

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2006

CONSOLIDATED

R million	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY								
	Issued capital	Equity reserves	Other non-distributable reserves	Fair value reserves	Retained earnings	Treasury shares	Share-holders' equity	Minority interest	Total equity
2006									
Balances at 1 April	8	15 417	1 091	1 261	19 608	(2 552)	34 833	2 011	36 844
IFRS adjustments at 1 April		(341)					(341)		(341)
Restated balances at 1 April	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		(2 024)	173		1 851		–		–
Change in reserves of subsidiary companies, associated companies and joint ventures		(242)	(14)	(4)	(3)		(263)	(264)	(527)
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)
Shares purchased 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)
Balances at 31 March	8	14 026	997	3 160	19 715	(412)	37 494	596	38 090

* *Medi-Clinic was consolidated for nine months only and is accounted for as an associated company from 1 January 2006.*

R million	Issued capital	Equity reserves	Other non-distributable reserves	Fair value reserves	Retained earnings	Treasury shares	Share-holders' equity	Minority interest	Total equity
2005									
Balances at 1 April	8	11 502	542	1 215	17 250	(1 293)	29 224	1 702	30 926
Total income accounted for		110	112	46	8 541		8 809	407	9 216
Exchange rate adjustments		110	112		23		245		245
Net fair value adjustments for the year				46			46		46
Net income directly accounted for in equity		110	112	46	23		291		291
Net profit for the year					8 518		8 518	407	8 925
Dividends paid					(2 509)		(2 509)	(133)	(2 642)
Capital invested by minorities								18	18
Transfer between reserves		(7)	432		(425)		–		–
Change in reserves of subsidiary companies, associated companies and joint ventures		568	(3)		(5)		560	14	574
Transfer of retained income of associated companies		3 244			(3 244)		–		–
Purchase of shares by wholly owned subsidiary (treasury shares)						(1 235)	(1 235)		(1 235)
Shares purchased by The Remgro Share Trust						(24)	(24)		(24)
Long-term share incentive scheme reserve			8				8	3	11
Balances at 31 March	8	15 417	1 091	1 261	19 608	(2 552)	34 833	2 011	36 844

THE COMPANY

R million	2006	2005
Balances at 1 April	7 994	7 700
Issued capital	8	8
Retained earnings	7 986	7 692
Shares cancelled	(4 535)	–
Net profit for the year	4 188	2 904
Dividends paid	(4 860)	(2 610)
Balances at 31 March	2 787	7 994

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

		CONSOLIDATED		THE COMPANY	
R million	Notes	**2006**	2005	**2006**	2005
Cash flows – operating activities					
Consolidated profit before taxation		**5 103**	3 600	**4 188**	2 905
Adjustments	21.1	**(3 588)**	(2 185)	**(4 191)**	(2 907)
Consolidated profit/(loss) before working capital changes		**1 515**	1 415	**(3)**	(2)
Working capital changes	21.2	**(41)**	151	**(2)**	1
Cash generated/(utilised) from operations		**1 474**	1 566	**(5)**	(1)
Cash flow generated from returns on investments		**4 200**	2 670	**4 191**	2 907
Interest received		**341**	275	**–**	–
Interest paid		**(29)**	(56)	**–**	–
Dividends received	21.3	**3 888**	2 451	**4 191**	2 907
Taxation (paid)/received	21.4	**(369)**	(546)	**–**	1
Cash available from operating activities		**5 305**	3 690	**4 186**	2 907
Dividends paid	21.5	**(4 676)**	(2 642)	**(4 860)**	(2 610)
Cash inflow/(outflow) from operating activities		**629**	1 048	**(674)**	297
Cash flows – investing activities					
Net investments to maintain operations		**(54)**	(82)	**–**	–
Replacement of property, plant and equipment		**(83)**	(176)	**–**	–
Proceeds on disposal of property, plant and equipment		**29**	94	**–**	–
Investments to expand operations		**(1 362)**	(3 134)	**–**	–
Additions to – property, plant and equipment		**(607)**	(315)	**–**	–
– investments and loans		**(609)**	(218)	**–**	–
Business acquired		**(146)**	(503)	**–**	–
Investment in participation securities		**–**	(2 098)	**–**	–
Proceeds from disposal of investments and business		**6 585**	2 285	**–**	–
Proceeds from disposal of – investments and loans		**6 585**	185	**–**	–
– debentures		**–**	2 100	**–**	–
Medi-Clinic's cash transferred to associate		**(879)**	–	**–**	–
Purchase of treasury shares		**(926)**	(1 272)	**–**	–
Net cash generated/(utilised) before financing activities		**3 993**	(1 155)	**(674)**	297
Cash flows – financing activities		**99**	9	**674**	(297)
(Increase)/decrease in loans to subsidiary companies		**93**	(10)	**5 209**	(297)
Issue of new shares by subsidiary companies		**10**	7	**–**	–
Capital contributed by minorities of subsidiary company		**7**	1	**–**	–
Buy-back of shares by a subsidiary company		**–**	11	**–**	–
Shares cancelled		**(11)**	–	**(4 535)**	–
Net increase/(decrease) in cash and cash equivalents		**4 092**	(1 146)	**–**	–
Cash and cash equivalents at the beginning of the year		**2 247**	3 393	**–**	–
Cash and cash equivalents at the end of the year		**6 339**	2 247	**–**	–
Cash and cash equivalents – per balance sheet		**6 357**	2 372		
Bank overdraft		**(18)**	(125)		

	2006 R million	2005 R million
1. EARNINGS		
Headline earnings reconciliation		
Net profit for the year attributable to equity holders	**8 202**	8 518
Plus/(minus) – portion attributable to equity holders:		
– Net impairment of investments, assets and goodwill	**157**	197
– Profit on redemption and sale of investments	**(3 475)**	(3 828)
– Restructuring costs	**279**	216
– Other capital and non-recurring items	**(67)**	(38)
– Net surplus, after tax on disposal of property, plant and equipment	**(12)**	(67)
Headline earnings	**5 084**	4 998
Non-recurring portion of BEE costs	**380**	–
Headline earnings – Excluding non-recurring portion of BEE costs	**5 464**	4 998
Earnings per share	**Cents**	Cents
Headline earnings per share		
– Basic	**1 052.3**	1 005.0
– Diluted	**1 027.7**	977.7
Headline earnings per share – Excluding non-recurring portion of BEE costs		
– Basic	**1 130.9**	1 005.0
– Diluted	**1 106.1**	977.7
Earnings per share		
– Basic	**1 697.6**	1 712.9
– Diluted	**1 671.3**	1 677.2

Earnings per share
In determining the earnings per share and headline earnings per share the weighted number of shares in issue, being 483 154 691 (2005: 497 292 403), was taken into account after deduction of the treasury shares as well as shares held by The Remgro Share Trust.

Diluted earnings per share
In determining the 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 by 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 1 352 255 (2005: 1 472 955) 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, R105 million (2005: R122 million) and R105 million (2005: R153 million) were offset against headline earnings and earnings respectively to account for the potential diluted effect.

2. PROPERTY, PLANT AND EQUIPMENT

	2006 Cost R million	2006 Accumulated depreciation R million	2006 Net value R million	2005 Cost R million	2005 Accumulated depreciation R million	2005 Net value R million
Land and buildings	**1 104**	**393**	**711**	2 399	384	2 015
Capital expansion in progress	**163**	**–**	**163**	274	–	274
Machinery and equipment	**2 312**	**1 100**	**1 212**	3 123	1 602	1 521
Vehicles	**376**	**157**	**219**	244	140	104
Office equipment	**39**	**26**	**13**	225	144	81
	3 994	**1 676**	**2 318**	6 265	2 270	3 995

Depreciation rates are as follows:	**2006 %**	2005 %
Buildings	**0 – 50**	0 – 50
Machinery and equipment	**2 – 100**	4 – 100
Vehicles	**5 – 33⅓**	10 – 25
Office equipment	**5 – 33⅓**	10 – 33⅓

Reconciliation of carrying value at the beginning and end of the year	*Land and buildings* R million	*Machinery and equipment* R million	2006 R million	*Land and buildings* R million	*Machinery and equipment* R million	2005 R million
Balances at 1 April	**2 289**	**1 706**	**3 995**	2 041	1 478	3 519
Additions	**245**	**444**	**689**	156	331	487
Disposals	**(17)**	**(12)**	**(29)**	(24)	(18)	(42)
Depreciation	**(31)**	**(262)**	**(293)**	(18)	(244)	(262)
Businesses acquired	**126**	**149**	**275**	185	110	295
Businesses disposed	**–**	**(2)**	**(2)**	–	–	–
Medi-Clinic*	**(1 730)**	**(581)**	**(2 311)**			
Other	**(8)**	**2**	**(6)**	(51)	49	(2)
Balances at 31 March	**874**	**1 444**	**2 318**	2 289	1 706	3 995

* *Medi-Clinic was consolidated for nine months only and is accounted for as an associated company from 1 January 2006.*

Liabilities resulting from mortgage loans, finance leases and instalment sale agreements are secured by vehicles with a book value of R2 million (2005: R227 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.

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	2006 R million	Sugarcane roots R million	Sugarcane plants R million	Citrus R million	2005 R million
Balances at 1 April	45	35	14	94	37	35	13	85
Fair value adjustment	2	(1)	–	1	8	–	1	9
Balances at 31 March	47	34	14	95	45	35	14	94

The quantity at 31 March is as follows:	2006	2005
Sugarcane roots (ha)	8 343	8 705
Sugarcane plants (tons)	33 733	37 655
Citrus (ha)	1 482	1 443

Included in current assets:

Reconciliation of carrying value at the beginning and end of the year	Breeding stock R million	Broiler stock R million	2006 R million	Breeding stock R million	Broiler stock R million	2005 R million
Balances at 1 April	148	91	239	139	78	217
Additions	376	1 901	2 277	385	1 990	2 375
Decrease due to harvest	(382)	(1 901)	(2 283)	(377)	(1 980)	(2 357)
Fair value adjustment	1	8	9	1	3	4
Balances at 31 March	143	99	242	148	91	239

4. INVESTMENT PROPERTIES

	2006			2005		
	Cost R million	Accumulated depreciation R million	Net value R million	Cost R million	Accumulated depreciation R million	Net value R million
Land	3	–	3	3	–	3
Buildings	28	–	28	28	–	28
	31	–	31	31	–	31

Reconciliation of carrying value at the beginning and end of the year	Land R million	Buildings R million	2006 R million	Land R million	Buildings R million	2005 R million
Balances at 1 April	3	28	31	3	26	29
Businesses acquired	–	–	–	–	2	2
Balances at 31 March	3	28	31	3	28	31

The South African investment properties were valued during the 2005 financial year by an independent, qualified valuer by using market information. The fair value of these investment properties was determined by increasing the 2005 valuation by 6%. Foreign investment properties were valued by an independent, qualified valuer during the current year. The fair value of the investment properties, VAT exclusive, is R292 million (2005 valuation: R276 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

	2006 Cost or valuation R million	2006 Accumulated impairment/ amortisation R million	2006 Net value R million	2005 Cost or valuation R million	2005 Accumulated impairment/ amortisation R million	2005 Net value R million
Goodwill	317	1	316	382	3	379
Trade marks	99	63	36	67	60	7
	416	64	352	449	63	386

	2006 %	2005 %
Amortisation rates are as follows:		
Trade marks	5 – 6⅔	5 – 6⅔

Reconciliation of carrying value at the beginning and end of the year	Goodwill R million	Trade marks R million	2006 R million	Goodwill R million	Trade marks R million	2005 R million
Balances at the beginning of the year	379	7	386	46	8	54
Additions	–	41	41	–	–	–
Amortisation	–	(8)	(8)	–	(1)	(1)
Impairment	–	–	–	(3)	–	(3)
Businesses acquired	9	–	9	336	–	336
Medi-Clinic*	(44)	(4)	(48)	–	–	–
Other	(28)	–	(28)	–	–	–
Balances at the end of the year	316	36	352	379	7	386

* *Medi-Clinic was consolidated for nine months only and is accounted for as an associated company from 1 January 2006.*

Goodwill is tested annually for any possible impairment and for this reason allocated to the respective cash-generating units as indicated below. The recoverable amount of goodwill is based on the intrinsic value or value in use of each cash-generating unit. Intrinsic value is determined referring to market value or directors' valuation. Refer to page 27 for an analysis of Remgro's intrinsic value.

	Rainbow Chicken Limited and its subsidiaries	Tsb Sugar RSA Limited and its subsidiaries	Wispeco Holdings Limited and its subsidiaries	2006 Total
Goodwill allocated (R million)	291	15	10	316
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	12.44%
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.

6. INVESTMENTS – ASSOCIATED COMPANIES

(Annexures B & C)

	2006 Listed R million	2006 Unlisted R million	2006 Total R million	2005 Listed R million	2005 Unlisted R million	2005 Total R million
Shares – at cost	3 873	3 257	7 130	4 392	2 779	7 171
Goodwill	2 721	187	2 908	2 927	424	3 351
Equity adjustment	3 395	12 311	15 706	4 627	12 463	17 090
Carrying value	9 989	15 755	25 744	11 946	15 666	27 612
Long-term loans	–	354	354	–	589	589
	9 989	16 109	26 098	11 946	16 255	28 201
Market values of listed investments	23 248		23 248	19 893		19 893
Directors' valuation of unlisted investments		41 564	41 564		31 301	31 301
Market values and directors' valuation	23 248	41 564	64 812	19 893	31 301	51 194
Excess of market values and directors' valuation over the carrying value of investments:						
– attributable to equity holders			38 714			22 974
– attributable to minority			–			19
			38 714			22 993

Of the directors' valuations of unlisted investments stated above, a substantial proportion amounting to R36 177 million (2005: R27 707million) was based on the stock exchange prices of underlying listed shares held by the unlisted investments concerned.

Reconciliation of carrying value at the beginning and end of the year	2006 R million	2005 R million
Carrying value at the beginning of the year	28 201	22 168
IFRS adjustments at 1 April	(341)	–
Exchange rate differences on translation of carrying value at the beginning of the year to year-end rate	(1 035)	110
Income of associated companies retained	910	3 269
Share of net attributable profit of associated companies	4 354	5 742
Dividends received from associated companies	(3 349)	(2 501)
Exchange rate differences on translation between average rate to year-end rates	(95)	28
Equity-accounted movements on reserves	(240)	562
Loans repaid	(196)	(84)
Disposals/capital reductions	(3 050)	(35)
Investments	617	2 098
Associated investments reclassified as subsidiary companies	(19)	(7)
Medi-Clinic*	1 460	–
Other movements	(209)	120
Carrying value at the end of the year	26 098	28 201

* *Medi-Clinic was consolidated for nine months only and is accounted for as an associated company from 1 January 2006.*

7. INVESTMENTS – OTHER

(Annexure B)

	2006 Listed R million	2006 Unlisted R million	2006 Total R million	2005 Listed R million	2005 Unlisted R million	2005 Total R million
Consolidated						
Investments – other						
Shares – available-for-sale	**4 013**	**123**	**4 136**	1 866	82	1 948
Market values of listed investments	**4 013**		**4 013**	1 866		1 866
Directors' valuation of unlisted investments		**123**	**123**		82	82
Market values and directors' valuation	**4 013**	**123**	**4 136**	1 866	82	1 948

Reconciliation of carrying value of investments available-for-sale at the beginning and end of the year	**2006 R million**	2005 R million
Balances at the beginning of the year	**1 948**	1 861
Fair value adjustments for the year	**2 216**	56
Additions	**2**	31
Medi-Clinic*	**(13)**	–
Sales	**(7)**	–
Investment reclassified as associated company	**(10)**	–
Balances at the end of the year	**4 136**	1 948

* *Medi-Clinic was consolidated for nine months only and is accounted for as an associated company from 1 January 2006.*

8. INVENTORIES

Raw materials	**249**	307
Finished products	**319**	294
Work in progress	**6**	2
Consumable stores	**46**	48
	620	651

9. CASH AND CASH EQUIVALENTS

Cash at the centre	**5 795**	1 094
Other operating subsidiaries	**562**	1 278
	6 357	2 372

At year-end cash and cash equivalents earned interest at effective interest rates that vary between 6.75% and 7.10% (2005: 6.50% and 7.50%) per annum at local financial institutions and between 4.42% and 4.43% (2005: 4.70% and 4.72%) per annum in foreign countries.

10. SHARE CAPITAL

Authorised		
512 493 650 ordinary shares of 1 cent each	**5.1**	5.1
40 506 352 B ordinary shares of 10 cents each	**4.1**	4.1
	9.2	9.2
Issued		
448 802 207 (2005: 486 493 650) ordinary shares of 1 cent each	**4.5**	4.9
35 506 352 (2005: 35 506 352) B ordinary shares of 10 cents each	**3.5**	3.5
	8.0	8.4

	Number of shares	Number of shares
10. SHARE CAPITAL *(continued)*		
Movement of the ordinary shares of 1 cent each for the year:		
Total number of shares issued at 1 April	486 493 650	486 493 650
Shares cancelled	(37 691 443)	–
Total number of shares issued at 31 March	448 802 207	486 493 650

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): 4 473 004 (2005: 34 903 000).

The unissued capital of the Company consists of 63 691 443 ordinary shares and 5 000 000 B ordinary shares. On 21 September 2000, 26 000 000 of the ordinary shares and all the B ordinary shares were reserved for allotment and issue in terms of The Remgro Share Trust in terms of an ordinary resolution of shareholders.

At a general meeting held on 26 August 2005, the unissued shares comprising 26 000 000 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 in accordance with the rules of The Remgro Share Trust.

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

	2006 R million	2005 R million
11. RESERVES		
11.1 Composition of reserves		
The Company:		
Retained earnings	2 779	7 986
Subsidiary companies and joint ventures	21 093	13 974
Non-distributable reserves	4 157	2 352
Retained earnings	16 936	11 622
Associated companies:		
Non-distributable reserves	14 026	15 417
	37 898	37 377
Statutory non-distributable reserves included in	345	380
General capital reserves	9	9
Other non-distributable reserves	336	371

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

	Other non-distributable reserves R million	*Equity accounted reserves* R million	*Retained earnings* R million	2006 Total R million	2005 Total R million
Balances at 1 April	112	138	(5)	245	–
Exchange rate adjustments during the year	(217)	(1 035)	(147)	(1 399)	245
Transfer of equity adjustment		(95)	95	–	–
Balances at 31 March	(105)	(992)	(57)	(1 154)	245

12. RETIREMENT BENEFITS

12.1 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.

The defined benefit pension funds are actuarially valued every three years and reviewed every year by independent actuaries according to the projected unit credit method. The other funds are financially reviewed every year. The actuarial valuation of these funds were conducted from 31 March 2002 to 31 December 2004.

	2006 R million	2005 R million
Balance sheet		
Amounts recognised in the balance sheet are as follows:		
Present value of funded obligations	592	650
Fair value of plan assets	(645)	(615)
Funded position	(53)	35
Unrecognised actuarial profits/(losses)	13	(5)
Pension fund surplus limitation*	109	40
Net liability in balance sheet	69	70
Movement for the year:		
Balances at 1 April	70	–
Exchange rate differences	2	–
Pension fund surplus limitation*	14	1
Total expense	(10)	10
Liabilities acquired in business combinations	–	74
Contributions	(7)	(15)
Balances at 31 March	69	70

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

	2006 R million	2005 R million
Income statement		
Amounts recognised in the income statement are as follows:		
Current service costs	4	17
Interest on liability	28	30
Expected return on plan assets	(40)	(33)
Recognised net actuarial (profits)/losses in the year	(2)	(4)
Total expenses	(10)	10
Pension fund surplus limitation	14	1
Totals included in staff costs	4	11
Actual return on plan assets	77	84
Principal actuarial assumptions on balance sheet date	%	%
Discount rate	5.5 – 8.5	5.5 – 8.5
Expected rates of return on plan assets	7.5 – 8.5	7.5 – 8.5
Future salary increases	2.75 – 5.5	2.75 – 5.5
Future pension increases	4.5 – 6.5	4.5 – 6.5
Inflation rate	2.75 – 4.5	2.75 – 4.0

	2006 R million	2005 R million
12. RETIREMENT BENEFITS *(continued)*		
12.2 Post-retirement medical benefits		
Balance sheet		
Amounts recognised in the balance sheet are as follows:		
Present value of funded obligations	121	163
Fair value of plan assets	(16)	–
Funded position	105	163
Unrecognised actuarial profits/(losses)	11	(1)
Net liability in balance sheet	116	162
Movement for the year:		
Balances at 1 April	162	119
Total expense	38	26
Liability acquired in business combination	16	26
Contributions	(5)	(9)
Medi-Clinic*	(95)	–
Balances at 31 March	116	162

* *Medi-Clinic was consolidated for nine months only and is accounted for as an associated company from 1 January 2006.*

	2006 R million	2005 R million
Income statement		
Amounts recognised in the income statement are as follows:		
Current service costs	22	14
Interest on liability	18	12
Expected return on plan assets	(2)	–
Totals included in staff costs	38	26
Actual return on plan assets	3	–
Principal actuarial assumptions on balance sheet date	%	%
Discount rate	7.5	8.5
Expected return on plan assets	8.5	–
Annual increase in healthcare costs	5.5 – 6.5	4.0 – 6.5

	2006 R million	2005 R million
13. LONG-TERM LOANS		
Interest-bearing loans		
Secured long-term loans with effective interest rates of between 6.0% and 10.0% (2005: 9.0% and 13.6%) per annum repayable over a period of between five to ten years	195	187
These liabilities are secured by assets with a book value of R46 million (2005: R225 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 (2005: 16.07%), amount to	2	23
These liabilities are secured by vehicles and equipment with a book value of R2 million (2005: R2 million).		
Various unsecured loans with varying terms and interest rates	1	1
	198	211
Instalments payable within one year transferred to short-term interest-bearing loans	(29)	(50)
	169	161
Payable – two to five years	169	105
Payable thereafter	–	56
	169	161

	2006 R million	2005 R million
14. SHORT-TERM LOANS		
Interest-bearing loans		
Portion of long-term interest-bearing loans payable within one year	29	50
Bank overdrafts	18	125
	47	175
Interest-free loans with no fixed repayment conditions	54	39
	101	214

	*Legal disputes*** R million	*Other** R million	2006 R million	*Legal disputes*** R million	*Other** R million	2005 R million
15. PROVISIONS						
Balances at 1 April	15	6	21	30	8	38
Businesses acquired	–	4	4	–	1	1
Additional provisions	21	1	22	–	3	3
Unused amounts	–	–	–	(2)	(3)	(5)
	36	11	47	28	9	37
Provisions utilised during the year	(6)	–	(6)	(14)	(2)	(16)
Balances at 31 March	30	11	41	14	7	21

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

	2006 R million	2005 R million
16. PROFIT		
Profit is stated after taking the following into account:		
Income		
Fair value adjustment – biological assets	5	14
Fair value adjustment – investments	59	–
Rental income – investment properties	10	9
Interest received	341	275
Shareholders' loan to associated company	29	44
Other	312	231
Profit/(loss) on sale of property, plant and equipment	(2)	35
Profit on redemption and sale of investments*	3 162	2 194
Exchange rate differences	–	26
Expenses		
Amortisation of trade marks	8	1
Fair value adjustment – investments	–	60
Expenses – investment properties	2	2
Rental	70	68
Land and buildings	45	41
Machinery and equipment	16	20
Vehicles	3	3
Office equipment	6	4
Research and development costs written off	1	1
Auditors' remuneration – audit fees	10	8
– other services	3	1
Professional fees	22	13
Depreciation	293	262
Buildings	31	18
Machinery and equipment	215	206
Vehicles	23	12
Office equipment	24	26
Exchange rate losses	23	–

* *Refer to the Report of the Board of Directors for further information.*

	2006 R million	2005 R million
17. ADMINISTRATION AND MANAGEMENT FEES		
Paid to M&I Management Services (Proprietary) Limited	81	91
Less: Fees received	(15)	(14)
Intergroup – excluding wholly owned subsidiaries	(6)	(7)
Other	(9)	(7)
Net	66	77

	The Company 2006 R million	The Company 2005 R million	Consolidated 2006 R million	Consolidated 2005 R million
18. DIVIDEND INCOME				
Included in profit:				
Listed	–	–	404	74
Unlisted – Subsidiary companies	4 191	2 907		
– Other	–	–	6	5
	4 191	2 907	410	79
Dividends from associated companies set off against investments			3 349	2 501

	2006 R million	2005 R million
19. TAXATION		
19.1 Taxation in income statement		
Current	841	361
– current year – South African normal taxation	488	330
– Taxation on capital gain	350	12
– Foreign taxation	5	17
	843	359
– previous year – South African normal taxation	(2)	3
– Foreign taxation	–	(1)
Secondary taxation on companies	27	–
– current	13	11
– deferred	14	(11)
Deferred – current year	(8)	58
– previous year	6	(2)
– rate change	(9)	–
	857	417
19.2 Reconciliation of effective tax rate of the Company and its subsidiaries with standard rate	%	%
Effective tax rate	16.8	11.6
Reduction/(increase) in standard rate as a result of:		
Exempt dividend income	2.3	0.6
Non-taxable capital profit	10.6	18.2
Other non-taxable income/(expenses)	0.1	(0.2)
Foreign taxation	(0.3)	(0.3)
Taxation in respect of previous years	(0.2)	–
Taxation losses that can be utilised in future periods	–	0.1
Rate change	0.2	–
Secondary tax on companies	(0.5)	–
Standard rate	29.0	30.0

	2006 R million	2005 R million
19. TAXATION *(continued)*		
19.3 Deferred taxation		
Deferred taxation liability	**790**	473
Property, plant and equipment	**322**	294
Intangibles	**14**	–
Inventories	**75**	76
Provisions	**(67)**	(28)
Biological agricultural assets	**24**	24
Other	**5**	–
Investments	**417**	107
Deferred tax asset	**(90)**	(154)
Property, plant and equipment	**(12)**	35
Intangibles	**(3)**	–
Inventories	**(24)**	(24)
Provisions	**(24)**	(148)
STC credits	**–**	(15)
Other	**(10)**	1
Tax losses utilised	**(17)**	(3)
Net deferred taxation	**700**	319
The movement between balances of deferred taxation at the beginning and end of the year can be analysed as follows:		
Beginning of the year	**319**	274
As per income statement	**3**	45
Direct on equity – fair value adjustment	**310**	7
Businesses acquired	**(3)**	(7)
Medi-Clinic*	**71**	–
	700	319

* *Medi-Clinic was consolidated for nine months only and is accounted for as an associated company from 1 January 2006.*

No deferred tax is provided on temporary differences relating to investments in subsidiary companies 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 and joint ventures are mainly recovered through dividends. As no temporary differences exist, no deferred tax is provided.

	2006 R million	2005 R million
19.4 Tax losses		
Estimated tax losses available for set-off against future taxable income	**60**	10
Utilised to create deferred tax asset	**(60)**	(10)
	–	–

	2006 R million	2005 R million
19. TAXATION (*continued*)		
19.5 Secondary taxation on companies (STC)		
The STC credits on 31 March, which could be set off against future dividend payments, amount to	**1 819**	4 029
– The Company	**596**	980
– Subsidiary companies	**1 223**	3 049
Utilised to create deferred tax asset	**–**	(117)
Unutilised STC credits	**1 819**	3 912

A foreign wholly owned subsidiary company of Remgro has reserves available that will give rise to additional STC credits of R1 471 million when declared as dividends to its South African holding company.

Remgro's history regarding dividends received against ordinary dividends paid suggests increasing STC credits in time. It is therefore not likely 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.

20. EQUITY ADJUSTMENT

	2006 R million	2005 R million
Share of net attributable profit of associated companies – per income statement	**4 354**	5 742
Minority interest	**(6)**	(12)
Share of net profit retained in distributable reserves	**(7)**	(13)
Dividends received from associated companies	**(3 349)**	(2 501)
Share of net profit retained by associated companies	**992**	3 216
Exchange rate differences on translation between average rates and year-end rates	**(95)**	28
Equity adjustment transferred to non-distributable reserves (Refer to statements of changes in equity)	**897**	3 244
Portion of the share of net profit/(loss) retained by associated companies, that has been accounted for from unaudited interim reports and management accounts	**587**	408
Contingent liabilities of associated companies		
Guarantees to third parties – Performance guarantees, suretyships and letters of credit of various associated companies	**371**	346
Contingent tax liabilities	**108**	9

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 effected 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.

	Consolidated 2006 R million	Consolidated 2005 R million	The Company 2006 R million	The Company 2005 R million

21. CASH FLOW INFORMATION

21.1 Adjustments

	Consolidated 2006 R million	Consolidated 2005 R million	The Company 2006 R million	The Company 2005 R million
Depreciation, amortisation of goodwill and trade marks	302	263	–	–
Other	(87)	(22)	–	–
Movement in provisions	65	13	–	–
Interest received	(341)	(275)	–	–
Interest paid	29	56	–	–
Dividends received	(410)	(79)	(4 191)	(2 907)
Capital loss/(surplus) on the sale of investments	(3 161)	(46)	–	–
Net impairment of assets	(3)	(16)	–	–
Share scheme cost	18	24	–	–
Cash flow hedge	–	(3)	–	–
Profit on the disposal of debentures	–	(2 100)	–	–
	(3 588)	(2 185)	(4 191)	(2 907)

21.2 Decrease/(increase) in working capital

	Consolidated 2006 R million	Consolidated 2005 R million	The Company 2006 R million	The Company 2005 R million
Decrease/(increase) in inventories and biological agricultural assets	(139)	14	–	–
Decrease/(increase) in trade and other receivables	(121)	299	(4)	–
Increase/(decrease) in trade and other payables	252	(177)	2	1
Net movement in derivative instruments	(33)	15	–	–
	(41)	151	(2)	1

21.3 Reconciliation of dividends received

	Consolidated 2006 R million	Consolidated 2005 R million	The Company 2006 R million	The Company 2005 R million
Receivable at the beginning of the year	129	–	–	–
Per income statement	410	79	4 191	2 907
Dividends from associated companies set off against investments	3 349	2 501		
Receivable at the end of the year	–	(129)	–	–
Cash received	3 888	2 451	4 191	2 907

21.4 Reconciliation of taxation paid with the amount disclosed in the income statement

	Consolidated 2006 R million	Consolidated 2005 R million	The Company 2006 R million	The Company 2005 R million
Paid in advance at the beginning of the year	60	31	–	2
Unpaid at the beginning of the year	(69)	(181)	–	–
Per income statement	(854)	(372)	–	(1)
– normal income	(491)	(349)	–	(1)
– capital gain	(350)	(12)	–	–
– STC	(13)	(11)	–	–
Medi-Clinic	91	–	–	–
Business acquired	(3)	(33)	–	–
Unpaid at the end of the year	473	69	–	–
Paid in advance at the end of the year	(67)	(60)	–	–
Cash (paid)/received	(369)	(546)	–	1

21.5 Reconciliation of dividends paid

	Consolidated 2006 R million	Consolidated 2005 R million	The Company 2006 R million	The Company 2005 R million
Per statements of changes in equity	(4 525)	(2 509)	(4 860)	(2 610)
Paid by subsidiary companies to minority	(151)	(133)		
Cash paid	(4 676)	(2 642)	(4 860)	(2 610)

		2006 R million	2005 R million
22.	**STAFF COSTS**		
	– of subsidiary companies		
	Salaries and wages	**2 399**	2 241
	Share-based payments	**18**	24
	Retirement benefits	**9**	4
	Pension costs – defined contribution	**111**	92
	Pension costs – defined benefit	**4**	11
	Other post-retirement benefits	**38**	26
	Other	**24**	44
		2 603	2 442

23. DIRECTORS' EMOLUMENTS

	2006			2005		
	***Executive* R'000**	***Non-executive* R'000**	**Total R'000**	*Executive* R'000	*Non-executive* R'000	Total R'000
Executive directors						
Fees	**560**		**560**	500		500
Salaries	**9 843**		**9 843**	9 071		9 071
Retirement fund contributions	**2 183**		**2 183**	2 023		2 023
Other benefits	**1 236**		**1 236**	1 236		1 236
Subtotal	**13 822**		**13 822**	12 830		12 830
Non-executive directors						
Independent		**862**	**862**		820	820
Non-independent		**3 390**	**3 390**		4 259	4 259
Total	**13 822**	**4 252**	**18 074**	12 830	5 079	17 909
Increase in value – Remgro Share Scheme*	**58 153**	**4 151**	**62 304**	2 099	12 061	14 160

** Refer note 24.1 on page 85.*

	2006			2005		
	***Fees* R'000**	***Salaries and other* R'000**	**Total R'000**	*Fees* R'000	*Salaries and other* R'000	Total R'000
Paid by:						
The Company	**862**		**862**	820		820
Management company	**1 008**	**16 204**	**17 212**	900	16 189	17 089
	1 870	**16 204**	**18 074**	1 720	16 189	17 909

23. DIRECTORS' EMOLUMENTS *(continued)*

	2006					2005				
	Fees R'000	Salaries R'000	Retire-ment fund R'000	Other benefits[4] R'000	Total R'000	Fees R'000	Salaries R'000	Retire-ment fund R'000	Other benefits[4] R'000	Total R'000
Executive										
W E Bührmann	112	1 183	256	218	1 769	100	1 101	238	218	1 657
D M Falck	112	1 657	361	316	2 446	100	1 491	331	316	2 238
J A Preller	112	803	181	218	1 314	100	755	170	218	1 243
M H Visser[1]	112	5 084	1 142	266	6 604	100	4 770	1 075	266	6 211
T van Wyk	112	1 116	243	218	1 689	100	954	209	218	1 481
Subtotal	560	9 843	2 183	1 236	13 822	500	9 071	2 023	1 236	12 830
Non-executive										
G D de Jager	112				112	100				100
P K Harris	134				134	120				120
E Molobi	112				112	100				100
J F Mouton	168				168	150				150
F Robertson	168				168	150				150
P G Steyn[2]						75				75
D Prins[3]	168				168	125				125
Subtotal	862				862	820				820
Non-executive (non-independent)										
P E Beyers[5a]	112	369	93	37	611	100	521	123	50	794
J W Dreyer[5a]	112	567	135	50	864	100	544	128	49	821
E de la H Hertzog[5b]	112	859	170	72	1 213	100	810	161	73	1 144
J P Rupert[5a]	112	420	115	55	702	100	1 061	230	109	1 500
Subtotal	448	2 215	513	214	3 390	400	2 936	642	281	4 259
Total	1 870	12 058	2 696	1 450	18 074	1 720	12 007	2 665	1 517	17 909

(1) Mr M H Visser earns in addition to the above a director's fee of GBP60 000 (2005: GBP52 500) per annum from British American Tobacco Plc, an associated company.

(2) Mr P G Steyn retired as a non-executive director on 25 August 2004.

(3) Mr D Prins was appointed as an independent non-executive director on 23 June 2004.

(4) Benefits include medical aid contributions and vehicle benefits.

(5) Certain non-executive directors are employees of M&I Management Services (Pty) Limited (M&I), a service company that renders management services to this Company (Remgro). Remgro pays a monthly service fee to M&I.

(a) These amounts represent 50% of the total emoluments paid by M&I as these personnel are also directors of Business Venture Investments No 951 Limited.

(b) These amounts represent 33.3% of the total emoluments paid by M&I. The other 66.7% is recovered from Medi-Clinic for services as director of Medic-Clinic.

24. SHARE-BASED PAYMENTS

24.1 Remgro Share Scheme

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

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

The expected contract lifetimes are estimated by considering separately each of the tranches within that grant. The risk-free rate was estimated by using the implied yield on a SA zero-coupon government bond and the yield curve over the expected contract lifetimes of 5, 6 and 7 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.

	2006 Rand	2005 Rand
Fair value of offers made during the year	**2 680 899**	50 343 017
Share-based payment cost included in the income statement (in accordance with IFRS 2)	**8 067 200**	4 335 000
– Portion attributable to directors	**5 657 400**	2 675 200
Weighted average Remgro share price	**116.98**	83.87

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:

	2006		2005	
	Number of shares	**Rand**	Number of shares	Rand
Previous financial years	**4 375 782**	**54.26**	4 236 898	47.97
Offered and accepted in current financial year	**29 079**	**114.75**	671 989	86.51
Shares paid for and delivered	**(1 308 790)**	**43.80**	(514 946)	44.31
Resignations and other	**(2 380)**	**68.02**	(18 159)	62.22
Total at 31 March	**3 093 691**	**59.24**	4 375 782	54.26
Exercisable at the end of the period	**1 804 454**	**46.38**	1 669 667	44.57

24. SHARE-BASED PAYMENTS (*continued*)

24.1 Remgro Share Scheme (*continued*)

Exercise price range of all offers:

	2006			2005		
	Number of shares outstanding at year-end	*Weighted average remaining contract lifetime in years*	*Weighted average exercise price per share (Rand)*	*Number of shares outstanding at year-end*	*Weighted average remaining contract lifetime in years*	*Weighted average exercise price per share (Rand)*
R40 – R60	**1 677 301**	**4.58**	**45.07**	2 977 235	5.55	44.45
R60 – R80	**729 469**	**7.16**	**64.75**	740 325	8.14	64.75
R80 – R100	**658 205**	**6.14**	**86.81**	658 222	7.14	86.80
> R100	**28 716**	**6.67**	**115.02**	–	–	–

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

	2006	2005
Weighted average Remgro share price for the year (R)	**116.98**	83.87
Exercise price (R)	**93.80 – 124.00**	72.00 – 94.00
Average expected exercise period (years)	**5 – 7**	5 – 7
Price volatility (%)	**19.9 – 21.3**	18.9 – 21.6
Risk-free rate (%)	**7.1 – 8.3**	7.5 – 9.9
Expected dividend yield (%)	**3.2 – 3.7**	3.1 – 3.6

Current status

– 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*
Executive									
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
Non-executive									
P E Beyers	191 310	–		43.60					191 310
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	854 717	–			57 339			4 151.3	797 378
Total	3 050 050	–			780 792			62 304.2	2 269 258

* *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 directors for the financial year to 31 March 2006.

24. SHARE-BASED PAYMENTS (*continued*)

24.1 Remgro Share Scheme (*continued*)

Current status

– ordinary shares

Participant	*Balance of shares accepted as at 31 March 2004*	*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 2005*
Executive									
W E Bührmann	185 229	–		43.60	–				185 229
		97 872	30/11/04	87.86	–				97 872
D M Falck	458 716	–		43.60	–				458 716
	104 917	–		63.00	–				104 917
		30 050	30/11/04	87.86	–				30 050
J A Preller	73 394	–		43.60	–				73 394
		34 572	30/11/04	87.86	–				34 572
M H Visser	489 296	–		43.60	–				489 296
	278 979	–		63.00	–				278 979
		342 488	30/11/04	87.86	–				342 488
T van Wyk	33 195	–		48.20	–				33 195
	73 394	–		43.60	24 466	13/08/04	77.99	841.4	
		–		43.60	24 464	07/01/05	95.01	1 257.7	24 464
		42 161	30/11/04	87.86	–				42 161
Subtotal	1 697 120	547 143			48 930			2 099.1	2 195 333
Non-executive									
P E Beyers	286 697	–		43.60	19 920	25/08/04	77.50	675.3	
		–		43.60	75 467	26/08/04	78.50	2 633.8	191 310
J W Dreyer	286 697	–		43.60	95 567	05/07/04	76.50	3 144.2	191 130
E de la H Hertzog	172 018	–		43.60	114 679	08/02/05	92.50	5 607.8	57 339
J P Rupert	414 938	–		48.20	–				414 938
Subtotal	1 160 350	–			305 633			12 061.1	854 717
Total	2 857 470	547 143			354 563			14 160.2	3 050 050

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

24.2 Rainbow Share Scheme

Rainbow has an equity settled share scheme for certain of its employees in terms of which share options offered are exercisable in three equal tranches from two, three and four years after the grant date. Subject to the discretion of the Rainbow Share Incentive Trust's trustees, options are forfeited if not exercised before termination of employment. An expense of R5.9 million (2005: R4.8 million) relating to this scheme was recognised in the income statement.

25. COMMITMENTS

	2006 R million	2005 R million
Capital commitments	**275**	857
Uncompleted contracts for capital expenditure	**173**	570
Capital expenditure authorised but not yet contracted	**102**	287
Operating lease commitments	**105**	167
Due within one year	**31**	45
Due – two to five years	**64**	118
Due thereafter	**10**	4
	380	1 024

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

26. BORROWING POWERS

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

27. FINANCIAL INSTRUMENTS

27.1 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 make recommendations to the Board of Directors in this regard.

Price risk due to movements in commodity prices of certain key raw materials affect 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 currency. 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 £1 159 million and it also had cash amounting to £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 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 limit their liquidity risk by minimising long-term debt. 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 9.

The Company and its subsidiary companies are also exposed to interest rate risk due to long-term debt. The interest profile is disclosed in note 13.

27. FINANCIAL INSTRUMENTS (*continued*)

27.2 The following material derivative instruments existed at 31 March:

		2006			2005	
Assets	***Currency value*** **million**	***Forward value*** **R million**	***Fair value adjustment*** **R million**	*Currency value* million	*Forward value* R million	*Fair value adjustment* R million
Foreign exchange contracts						
Buy: British pound (GBP)	–	–	–	1.1	12.1	0.4
USA dollar (USD)	12.0	74.2	1.6	–	–	–
Sell: USA dollar (USD)	7.3	46.9	1.2	5.1	31.9	0.9
			2.8			1.3
Other derivative instruments						
Sugar selling contracts			24.7			–
Maize option contracts			1.6			–
Maize purchase contracts			16.6			–
			42.9			–
			45.7			1.3
Liabilities						
Foreign exchange contracts						
Buy: British pound (GBP)	0.8	8.7	0.3	0.6	7.1	0.1
USA dollar (USD)	1.7	10.6	0.3	–	–	–
Other	9.2	3.8	0.2		2.6	0.1
Sell: USA dollar (USD)	12.3	75.5	1.1	–	–	–
			1.9			0.2
Other derivative instruments						
Sugar selling contracts			26.6			1.2
Maize option contracts			–			11.4
Maize purchase contracts			–			4.6
			26.6			17.2
			28.5			17.4

27.3 Fair value

On 31 March 2006 and 2005 the fair value of financial instruments, excluding investments in associated companies, equals their carrying value.

	2006 R million	2005 R million

28. GUARANTEES AND CONTINGENT LIABILITIES

	2006 R million	2005 R million
28.1 Guarantees		
Guarantees by subsidiary companies*	6	4
28.2 Contingent liabilities		
Legal actions pending	2	1
Contract grower guarantees**	35	37
Other	51	49
	88	87

* *A wholly owned subsidiary of the Company issued a guarantee to a share broker in respect of liabilities incurred by The Remgro Share Trust. No exposure exists at year-end.*

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

29. RELATED PARTY INFORMATION

Subsidiaries

Details of income from and investments in subsidiaries are disclosed in note 18 and in Annexure A respectively.

Associated companies

Details of investments in and income from associated companies are disclosed in notes 6 and 20 respectively, as well as in Annexures B and C.

Key management personnel

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

Shareholders

Details of the principal shareholder appear in the Report of the Board of Directors. A detailed analysis of shareholders appears on pages 104 and 105 of the Annual Report.

Related party transactions

	2006 R million	2005 R million
CONSOLIDATED		
Transactions of Remgro Limited and its subsidiary companies with:		
Controlling shareholders		
Dividends paid	331	178
Associates		
Interest received	67	112
Dividends received	3 348	2 501
Purchases	107	126
Interest paid	1	18
Other expenses	21	17
Key management personnel		
Short-term benefits	18	15
Post-employment benefits	3	3
Share-based payments	6	3
Balances due from/(to) related parties		
Associates	(49)	62
THE COMPANY		
Transactions of Remgro Limited with:		
Subsidiaries		
Dividends received	4 191	2 907
Administration fees received	4	4
Share capital reacquired	(4 535)	–
Balances due from/(to) related parties		
Subsidiaries	2 790	8 000

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.

30. BUSINESSES ACQUIRED

During the year under review, subsidiary companies in the Group acquired six small businesses.
The assets and liabilities arising from these acquisitions were as follows:

	2006 R million
Property, plant and equipment (note 2)	275
Other net assets	(93)
Net assets acquired	**182**
Goodwill (note 5)	9
Less: Existing investments	(16)
Cash paid	**175**
Cash acquired from businesses	(29)
Net cash flow on acquisition of businesses	**146**

The net loss of the businesses acquired included in the results of the Group since the acquisition dates amounts to R6 million. The pro forma revenue and net loss of the businesses acquired, restated as if the acquisitions had been on 1 April 2005, amount to R249 million and R3 million respectively.

ANNEXURE A

PRINCIPAL SUBSIDIARY COMPANIES AT 31 MARCH 2006

NAME OF COMPANY Incorporated in South Africa unless otherwise stated		Issued capital R (unless otherwise stated)	Effective interest 2006 %	Effective interest 2005 %	Held by company: Shares 2006 R	Shares 2005 R	Loan 2006 R million	Loan 2005 R million
Tobacco interests								
Remgro International Holdings (Pty) Limited		2	**100.0**	100.0	**2**	2		
Remgro Investments Limited – Jersey	(GBP)	1 201 610	**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 RSA Limited		8	**100.0**	100.0				
Rainbow Chicken Limited	*	1 115 747 000	**61.9**	62.8				
Wispeco Holdings Limited		5 000 000	**100.0**	100.0				
Medi-Clinic Corporation Limited	# *	–	**–**	52.0				
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	**64.0**	63.5				
Historical Homes of South Africa Limited		555 000	**51.4**	51.4				
M.F.I. Investments (Pty) Limited		2	**100.0**	100.0				
Remgro Finance and Services Limited		100	**100.0**	100.0				
Remgro Finance Corporation Limited		300 000	**100.0**	100.0				
Remgro Investments (Pty) Limited		4	**100.0**	100.0				
Remgro Loan Corporation Limited		700	**100.0**	100.0			**1 878**	7 088
Remgro South Africa (Pty) Limited		48 614	**100.0**	100.0	**96 506**	96 506	**912**	912
Stellenryck Trust Limited		700	**100.0**	100.0				
TTR Holdings (Pty) Limited		7	**100.0**	100.0	**7**	7		
							2 790	8 000

(GBP) British pound
** Listed company*
 # Consolidated for nine months only and accounted for as an associated company from 1 January 2006. Refer Annexure B.

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 2006

NAME OF COMPANY		LISTED				UNLISTED			
		2006		2005		**2006**		2005	
Incorporated in South Africa unless otherwise stated		**Shares held**	**Effective interest %**	Shares held	Effective interest %	**Shares held**	**Effective interest %**	Shares held	Effective interest %
Tobacco interests									
R&R Holdings SA – Luxembourg	(1)								
– ordinary shares						**316 000**	**33.3**	316 000	33.3
– debentures						**682 291**	**38.7**	682 291	33.3
– participating securities (2005)						**19 281 686**	**100.0**	19 281 686	100.0
– participating securities (2006)						**1**	**33.3**		
– held by R&R Holdings SA:									
– BAT Plc – UK (29%)	(1)		**10.2**		10.0				
Financial services									
RMB Holdings Limited	(2)	**274 109 670**	**23.1**	274 109 670	23.1				
– held by RMB Holdings Limited:									
– FirstRand Limited (33%)			**7.6**		7.9				
FirstRand Limited	(2)	**481 142 375**	**9.4**	520 716 856	10.0				
Absa Group Limited		**–**	**–**	61 387 729	9.4				
Sagecor (Pty) Limited	(1)					**2 992**	**50.0**	2 992	50.0
– held by Sagecor (Pty) Limited:									
– Sage Group Limited (0%)			**–**		3.9				
Sage Group Limited		**–**	**–**	65 025 446	17.9				
Industrial interests									
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	42.6				
Kagiso Trust Investments (Pty) Limited	*(3)					**10 344**	**41.8**	–	–
Medi-Clinic Corporation Limited	(4)	**170 988 418**	**48.0**						
Nampak Limited	(1)	**78 096 694**	**13.5**	86 774 104	13.7				
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%)			**29.7**		29.8				
Mining interests									
Gencor Limited	(2)	**37 995 039**	**10.9**	37 995 039	10.9				
Impala Platinum Holdings Limited	**	**3 335 911**	**5.0**	3 335 911	5.0				
Trans Hex Group Limited	(1)	**30 215 000**	**33.6**	30 215 000	33.9				
Other interests									
Business Partners Limited	**					**28 696 220**	**16.0**	28 696 220	16.0

Financial period accounted for:
(1) Twelve months to 31 March 2006
(2) Twelve months to 31 December 2005
(3) Investment acquired during December 2005 – no income accounted for in the year under review
(4) Accounted for as a subsidiary company until 31 December 2005

* *Effective interest, on a fully diluted basis:*
– Total South Africa (Pty) Limited 24.9%
– Kagiso Trust Investments (Pty) Limited 37.1%
** *Not an associated company*

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) 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 insurance-related assets	–	**14 742**	–	–
Net advances, loans and bank-related securities	**1 415**	**22 482**	–	–
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 C

SIGNIFICANT ASSOCIATED COMPANIES – ADDITIONAL INFORMATION

	RMB Holdings (Financial services) 2005	FirstRand (Financial services) 2005	Absa (Financial services) 2005	R&R (Tobacco interest) 2005
Effective interest	23.1%	10.0%	9.4%	33⅓%
	R million	R million	R million	R million
Carrying value of investments	3 531	4 238	2 182	13 186
Share of retained equity income				
– Current year	300	237	397	2 836
Normal income	536	618	507	2 063
Dividends	(258)	(279)	(126)	(1 379)
Impairments, capital and non-recurring items	46	26	4	1 288
Other changes in reserves and exchange rates	(24)	(128)	12	864
– Cumulative	853	1 116	1 943	10 977
Summarised financial information:	Per Interim Report 31/12/2004	Per Interim Report 31/12/2004	Per Annual Report 31/03/2005	Per Annual Report 31/03/2005
				Note 1
Balance sheet				
Assets				
Net insurance-related assets	–	1 572	–	–
Net advances, loans and bank-related securities	1 084	35 337	(9 097)	–
Intangible assets	3 054	805	197	90 490
Property, plant and equipment and other	104	4 728	28 309	30 696
Investments and loans	8 991	11 724	9 686	20 954
Net current assets/(liabilities)	–	(16 503)	–	14 573
	13 233	37 663	29 095	156 713
Equity and liabilities				
Shareholders' funds and long-term debt	13 233	37 663	29 095	156 713
	12 months ended 31/12/2004	12 months ended 31/12/2004	12 months ended 31/03/2005	12 months ended 31/03/2005
				Note 2
Income statement				
Headline earnings	2 316	6 248	5 394	6 160
Net profit for the year	2 518	6 416	5 421	10 024
Dividends paid	921	2 333	1 338	4 137

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 2004 as BAT has not included a balance sheet in its quarterly report to 31 March 2005.

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 82% of the total carrying value of associated companies.

ANNEXURE D

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

R million	Tobacco interests	Financial services	Industrial interests	Mining interests	Corporate finance and other interests	CONSOLIDATED 2006 Total
BUSINESS SEGMENT ANALYSIS						
Revenue	–	–	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)
Net profit						8 600
Attributable to:						
Equity holders						8 202
Minority interests						398
						8 600
Headline earnings	2 369	1 147	1 184	288	96	5 084
OTHER INFORMATION						
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
Consolidated total assets						41 336
Segment liabilities	3	–	1 781	110	89	1 983
Taxation – Deferred						790
– Current						473
Consolidated total liabilities						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.

R million	Capital expenditure 2006	Revenue 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.

ANNEXURE D

INFORMATION ON BUSINESS AND GEOGRAPHICAL SEGMENTS FOR THE YEAR ENDED 31 MARCH 2005

R million	Tobacco interests	Financial services	Industrial interests	Mining interests	Corporate finance and other interests	CONSOLIDATED 2005 Total
BUSINESS SEGMENT ANALYSIS						
Revenue	–	–	9 948	–	–	9 948
Results						
Subsidiary companies	16	8	1 336	70	32	1 462
Associated companies	3 351	1 734	623	34	–	5 742
						7 204
Finance costs						(56)
Profit on redemption and sale of investments						2 194
Profit before tax						9 342
Taxation						(417)
Net profit						8 925
Attributable to:						
Equity holders						8 518
Minority interests						407
						8 925
Headline earnings	2 063	1 674	1 131	102	28	4 998
OTHER INFORMATION						
Segment assets	314	7	8 164	1 751	1 088	11 324
Investments in associated companies	13 185	10 056	4 598	362	–	28 201
						39 525
Taxation – Deferred						154
– Current						60
Consolidated total assets						39 739
Segment liabilities	1	–	2 241	87	24	2 353
Taxation – Deferred						473
– Current						69
Consolidated total liabilities						2 895
Additions to property, plant and equipment and intangible assets	–	–	823	–	–	823
Depreciation and amortisation	–	–	265	(2)	–	263
Impairments	–	8	14	–	–	22

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.

R million	Capital expenditure 2005	Revenue 2005	Headline earnings 2005	Total assets 2005
South Africa	823	9 948	2 930	26 026
Abroad	–	–	2 068	13 499
	823	9 948	4 998	39 525

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

TRANSITION REPORT – TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

AUDITED RESTATEMENT OF FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2005 UNDER IFRS

INTRODUCTION

To explain how Remgro's reported performance and financial position are impacted by IFRS, information previously published under South African Generally Accepted Accounting Practice (SA GAAP) has been restated and reconciled to the equivalent basis under IFRS. This restatement follows the guidelines set out in *IFRS 1: First-time Adoption of IFRS.* The financial information has been prepared in accordance with IFRS standards effective at31 March 2006.

This report includes the following:

- Basis of preparation and explanation of transitional arrangements and material adjustments
- Reconciliation of income statement for the year ended 31 March 2005
- Reconciliation of total assets, liabilities and equity at 1 April 2004 and 31 March 2005
- Reconciliation of total equity at 1 April 2004 and 31 March 2005

BASIS OF PREPARATION

The consolidated balance sheet at 31 March 2005 and the consolidated income statement for the year then ended were prepared in accordance with IFRS, in order to establish the financial position and results of operations needed to provide the comparative information to be included in the first set of IFRS financial statements for the year ending 31 March 2006.

TRANSITIONAL ARRANGEMENTS

Remgro's date of transition to IFRS has been established as 1 April 2004. IFRS 1 requires retrospective application of all standards of IFRS applicable at 31 March 2006. At the transition date, IFRS allows a number of exemptions to the retrospective application principle. Remgro made the following elections relating to the transitional arrangements:

Elections applicable at 1 April 2004

Cumulative translation differences

Cumulative translation differences for foreign operations are deemed to be zero at the transition date.

Business combinations

It was decided not to apply retrospectively the requirements of *IFRS 3: Business Combinations* for business combinations that occurred prior to 31 March 2004. Consequently, no adjustments have been made for historical business combinations.

Property, plant and equipment

In terms of IFRS 1, a first-time adopter may elect to use either the fair value of individual property and equipment, or the revalued carrying value under previous GAAP, at transition date, as the deemed cost. Alternatively, a first-time adopter may measure individual items of property and equipment at depreciated cost, determined in accordance with IFRS. These elections are available to each individual asset. Remgro has made this transitional election on an asset level, as the circumstances of each asset require.

Employee benefits

All unrecognised accumulated actuarial gains and losses on defined benefit post-retirement schemes and post-retirement medical benefits at the date of transition are recognised in equity.

Share-based payments

It was decided not to apply the provisions of *IFRS 2: Share-based Payment* to equity settled awards granted on or before 7 November 2002, or to awards granted after that date, but which were vested prior to 1 January 2005.

Elections applicable at 1 April 2005

Comparatives

Comparative information presented in the first year of adoption of IFRS are not restated in accordance with *IAS 32: Financial Instruments – Disclosure and Presentation*, *IAS 39: Financial Instruments – Recognition and Measurement* and *IFRS 4: Insurance Contracts*.

AUDITED RESTATEMENT OF FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2005 UNDER IFRS

Estimates

Where estimates were previously made under SA GAAP, consistent estimates (after adjustments to reflect any differences in accounting policies) have been made on transition to IFRS.

Cash flow statement

None of the IFRS adjustments to the cash flow statement were material.

MATERIAL ADJUSTMENTS

The basis of the material adjustments between SA GAAP and IFRS, as shown in the Reconciliation of Equity and Reconciliation of Income Statement tables, is noted below. Note that the adjustments are shown net of the associated tax impact where applicable.

Cumulative translation differences

Under SA GAAP, Remgro classified investments in foreign subsidiaries as foreign entities. The foreign currency adjustments arising from the translation of foreign entities were recognised directly in equity, constituting the foreign currency translation reserve.

The distinction between foreign entities and integrated foreign operations, based on the intention of management, has been removed. IFRS requires each entity to determine the currency of the primary economic environment in which it operates. An entity, which has a non-rand functional currency, is translated at the closing exchange rate and the differences are reported directly in equity, but all other entities which have rand as functional currency, report foreign currency translation differences in profit and loss.

In terms of IFRS 1, Remgro has elected that cumulative translation differences for foreign operations be deemed zero at the transition date.

Post-retirement benefits

Previously Remgro has elected to use the corridor method for the recognition of actuarial gains and losses. Only cumulative actuarial gains and losses in excess of 10% of the greater of either the surplus or deficit in the fund, were amortised in the income statement. Cumulative gains or losses inside this corridor were carried on the balance sheet and recognised over the expected remaining working lives of employees.

Under IFRS 1, Remgro has elected to recognise all accumulated actuarial gains and losses in equity at the date of transition. Future actuarial gains and losses will continue to be recognised by using the corridor method.

Property, plant and equipment

Previously property, plant and equipment were depreciated on a straight-line basis to their estimated residual values. These residual values were fixed at the date of acquisition and not reassessed annually.

Under IFRS significant parts of property, plant and equipment are identified separately and the residual values of these components are now redetermined on each balance sheet date. Depreciation ceases when the carrying value of an asset equals its residual value.

Share-based payments

Remgro and its subsidiaries operate various equity settled share-based compensation plans. In the past Remgro hedged itself by buying the same number of shares in the open market than that offered to participants. This had the effect that no new shares will have to be issued by Remgro when shares are delivered to participants. The only actual cost to Remgro was the difference (if any) between the purchase price of the shares and the subscription price paid by participants when the shares are delivered to them. In the past this cost was accounted for against net income and headline earnings on a straight-line basis over a four-year period, with a corresponding credit to equity.

As mentioned previously, Remgro chose the transitional option under IFRS 1 not to apply IFRS 2 to share offers granted before 7 November 2002 as well as offers granted after that date, but which were already vested by 1 January 2005. Under IFRS, the fair value of share offers is determined on the date granted and is accounted for as employee service expenses over the vesting period of the share offers, with a corresponding increase in equity, based on Remgro's estimate of shares that will eventually be vested.

Goodwill

A significant aspect affecting Remgro under IFRS is the removal of goodwill amortisation from the income statement. As mentioned in the 2005 annual financial statements, Remgro adopted *IFRS 3 (AC 140): Business Combinations* with effect from 1 April 2004. In terms of the provisions of this accounting standard, goodwill arising from a business combination for which the agreement date is on or after 31 March 2004, is no longer amortised, but carried at cost less accumulated impairment losses. As from 1 April 2004, all goodwill that already existed on that date, has been treated in accordance with IFRS 3 and was no longer amortised.

The only exception was goodwill still amortised by certain associated companies and accounted for in Remgro's 2005 annual financial statements. This was due mainly to different year-ends of companies, resulting in the later implementation of new accounting standards.

As Remgro and its subsidiary companies have already adopted IFRS 3 in their 2005 financial year, the implementation of IFRS, specifically those standards relating to goodwill, had no effect on these companies' reported earnings. The implementation of IFRS did, however, result in all associated companies now also adopting IFRS 3, thus removing Remgro's share of their goodwill amortisation from the income statement.

This adjustment is included in the line "From associated companies".

Leases

IAS 17 requires operating lease costs and income to be accounted for on a straight-line basis. Future lease increases in terms of the lease contract are determined and the average lease income or expense is then recognised in equal amounts over the lease period. Generally, this leads to earlier recognition of lease income and lease expenses compared with the pattern of recognition in terms of previous industry practice in South Africa where income and expenses were recognised at a constant real rate of return on the net cash investment in the lease.

Adjustments relating to IAS 17 are included in the "Other" and "From associated companies" lines.

Associated companies

Although the implementation of IFRS had material consequences for certain associated companies, the effect on Remgro level is limited to the single line items of associated companies in the income statement and balance sheet.

As mentioned above the most significant effect of the implementation of IFRS by associated companies relates to the non-amortisation of goodwill with specific reference to British American Tobacco Plc.

The IFRS adjustments on 1 April 2005 relate to the implementation of IFRS 4 and IAS 32/39 by FirstRand Limited. These adjustments mainly relate to the elimination of treasury shares held in policyholder assets, the adoption of IFRS 4 and the change from an expected to an incurred loss credit methodology on adoption of IAS 39.

TRANSITION REPORT – TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

AUDITED RESTATEMENT OF FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2005 UNDER IFRS

RECONCILIATION OF THE INCOME STATEMENT

	Year ended 31 March 2005 R million
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	
As previously reported under SA GAAP	8 807
Prior year adjustments	6
Restated under SA GAAP	8 813
IFRS adjustments	(295)
Share-based payments	(8)
Post-retirement benefits	(2)
Property, plant and equipment	4
From associated companies	(289)
As reported under IFRS	8 518
HEADLINE EARNINGS	
As previously reported under SA GAAP	4 982
Prior year adjustments	(35)
Restated under SA GAAP	4 947
IFRS adjustments	51
Share-based payments	(8)
Post-retirement benefits	(2)
Property, plant and equipment	4
From associated companies	57
As reported under IFRS	4 998

Refer to the consolidated annual financial statements for the detailed breakdown of the revised income statement.

	As reported under IFRS 31 March 2005	**As previously reported under SA GAAP** 31 March 2005
Number of ordinary shares in issue	487 097 002	487 097 002
Weighted number of ordinary shares in issue	497 292 403	497 292 403
Earnings per share (cents)	1 712.9	1 771.0
Earnings per share – diluted (cents)	1 677.2	1 765.4
Headline earnings per share (cents)	1 005.0	1 001.8
Headline earnings per share – diluted (cents)	977.7	998.7
Net asset value per share – at book value (Rand)	R71.51	R71.77

RECONCILIATION OF ASSETS, LIABILITIES AND EQUITY

	31 March 2005 R million	1 April 2004 R million
ASSETS		
As previously reported under SA GAAP	39 826	33 730
Prior year adjustments	22	15
Restated under SA GAAP	39 848	33 745
IFRS adjustments	(109)	(477)
Post-retirement benefits	–	(1)
Property, plant and equipment	115	96
Other	12	12
From associated companies	(236)	(584)
As reported under IFRS	39 739	33 268
LIABILITIES		
As previously reported under SA GAAP	2 855	2 319
IFRS adjustments	40	23
Post-retirement benefits	1	(3)
Property, plant and equipment	16	3
Other	23	23
As reported under IFRS	2 895	2 342
EQUITY		
As previously reported under SA GAAP	36 971	31 411
Prior year adjustments	22	15
Restated under SA GAAP	36 993	31 426
IFRS adjustments	(149)	(500)
Post-retirement benefits	(1)	2
Property, plant and equipment	99	93
Other	(11)	(11)
From associated companies	(236)	(584)
As reported under IFRS	36 844	30 926

Refer to the consolidated annual financial statements for the detailed breakdown of the revised balance sheet.

TRANSITION REPORT – TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

AUDITED RESTATEMENT OF FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2005 UNDER IFRS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY								
R million	Issued capital	Equity-accounted reserves	Other non-distributable reserves	Fair value reserves	Retained earnings	Treasury shares	Share-holders' equity	Minority interest	Total equity
For the year ended 31 March 2004									
Balances at 31 March 2004									
– under SA GAAP	8	13 704	566	1 215	15 509	(1 293)	29 709	1 702	31 411
Prior year adjustments		15					15		15
Restated under SA GAAP	8	13 719	566	1 215	15 509	(1 293)	29 724	1 702	31 426
IFRS adjustments									
– Share-based payments			5		(5)				
– Post-retirement benefits					1		1	1	2
– Property, plant and equipment			94				94	(1)	93
– Foreign exchange differences		(1 633)	(123)		1 756				
– Other					(11)		(11)		(11)
– From associated companies		(584)					(584)		(584)
Balances at 1 April 2004 under IFRS	8	11 502	542	1 215	17 250	(1 293)	29 224	1 702	30 926
For the year ended 31 March 2005									
Balances at 31 March 2005									
– under SA GAAP	8	17 264	1 106	1 261	17 873	(2 552)	34 960	2 011	36 971
Prior year adjustments		22					22		22
Restated under SA GAAP	8	17 286	1 106	1 261	17 873	(2 552)	34 982	2 011	36 993
IFRS adjustments									
– Share-based payments			14		(14)				
– Post-retirement benefits					(1)		(1)		(1)
– Property, plant and equipment			94		5		99		99
– Foreign exchange differences		(1 633)	(123)		1 756				
– Other					(11)		(11)		(11)
– From associated companies		(236)					(236)		(236)
Balances at 31 March 2005 under IFRS	8	15 417	1 091	1 261	19 608	(2 552)	34 833	2 011	36 844
Balances at 31 March 2005 under IFRS	8	15 417	1 091	1 261	19 608	(2 552)	34 833	2 011	36 844
IFRS adjustments on 1 April 2005									
– From associated companies		(341)					(341)		(341)
Restated balances at 1 April 2005 under IFRS	8	15 076	1 091	1 261	19 608	(2 552)	34 492	2 011	36 503

CASH FLOW STATEMENT

None of the IFRS adjustments to the cash flow statement were material.

Refer to the consolidated annual financial statements for the detailed breakdown of the revised cash flow statement.

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 (Proprietary) Limited
70 Marshall Street
Johannesburg
2001

PO Box 61051
Marshalltown
2107

AUDITORS
PricewaterhouseCoopers Inc.
Stellenbosch

LISTING
JSE Limited
Sector: Financials – General Financial

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

SHAREHOLDERS' INFORMATION

DATES OF IMPORTANCE TO SHAREHOLDERS

Financial year-end	31 March
Annual general meeting	Wednesday, 23 August 2006

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 12 and special dividend

Ordinary dividend per share	228 cents
Special dividend per share	400 cents
Last day to trade in order to participate in the final and special dividend	Friday, 11 August 2006
Trading on or after this date will be ex the final and special dividend	Monday, 14 August 2006
Record date	Friday, 18 August 2006
Payment date	Monday, 21 August 2006

SHAREHOLDERS' INFORMATION

STATISTICS AT 31 MARCH 2006

	2006 %	2006 Number of shares	2005 %	2005 Number of shares
MAJOR BENEFICIAL SHAREHOLDERS				
Ordinary shares				
Public Investment Commissioner	**13.36**	**59 954 389**	12.86	62 542 225
Old Mutual Life Assurance Company SA	**6.05**	**27 164 496**	8.56	41 645 623
Remgro subsidiaries (shares cancelled in 2006)	**–**	**–**	6.27	30 521 841
Sanlam	**5.23**	**23 471 269**	5.21	25 344 255
Other	**75.36**	**338 212 053**	67.10	326 439 706
	100.00	**448 802 207**	100.00	486 493 650
B ordinary shares				
Rembrandt Trust (Pty) Limited	**100.00**	**35 506 352**	100.00	35 506 352
Total		**484 308 559**		522 000 002

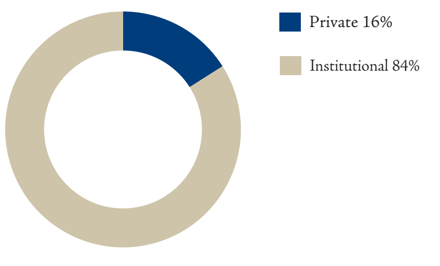
No other shareholder held a beneficial interest of more than 5% in the ordinary shares in your Company on 31 March.

	2006	2005	2004	2003
DISTRIBUTION OF SHAREHOLDERS				
Ordinary shares				
Public shareholders	**30 929**	27 321	25 600	25 657
Percentage of shareholders	**99.92**	99.91	99.91	99.89
Number of shares	**440 740 885**	448 808 224	462 478 974	467 859 404
Percentage of shares issued	**98.2**	92.25	95.06	96.17
Non-public shareholders				
Directors and their associates/Share Trust/Treasury shares	**26**	24	24	30
Percentage of shareholders	**0.08**	0.09	0.09	0.11
Number of shares	**8 061 322**	37 685 426	24 014 676	18 634 246
Percentage of shares issued	**1.80**	7.75	4.94	3.83
Number of shareholders	**30 955**	27 345	25 624	25 687

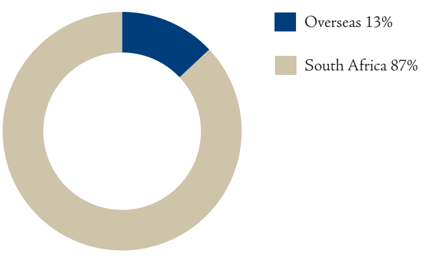
	2006	2005	2004	2003
NUMBER OF SHARES IN ISSUE				
– Ordinary shares of 1 cent each	**448 802 207**	486 493 650	486 493 650	486 493 650
Issued at 1 April	**486 493 650**	486 493 650	486 493 650	486 493 650
Cancelled during the year	**(37 691 443)**	–	–	–
– Unlisted B ordinary shares of 10 cents each	**35 506 352**	35 506 352	35 506 352	35 506 352
Total number of shares in issue	**484 308 559**	522 000 002	522 000 002	522 000 002
Number of shares held in treasury	**(4 473 004)**	(34 903 000)	(20 678 689)	(15 566 128)
Ordinary shares repurchased and held in treasury	**(1 379 635)**	(30 521 841)	(16 442 602)	(11 616 128)
Ordinary shares purchased by The Remgro Share Trust and accounted for as treasury shares	**(3 093 369)**	(4 381 159)	(4 236 087)	(3 950 000)
	479 835 555	487 097 002	501 321 313	506 433 874
Weighted number of shares	**483 154 691**	497 292 403	503 280 054	516 517 429

ADDITIONAL INFORMATION (2006)

Institutional and private shareholding in Remgro Limited ordinary shares

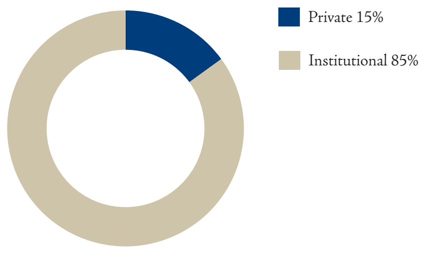


Overseas and local shareholding in Remgro Limited ordinary shares

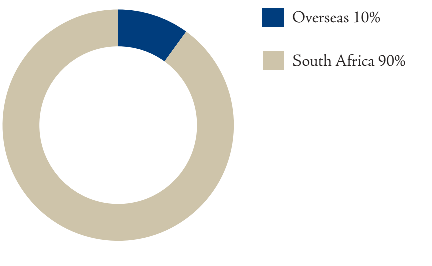


ADDITIONAL INFORMATION (2005)

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
31 March 2006					
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**
	685 634	**–**	**2 622 899**	**274 485**	**3 583 018**
31 March 2005					
P E Beyers	34 024	–	9 000	–	43 024
W E Bührmann	38 027	–	–	–	38 027
G D de Jager	28 740	–	108 300	–	137 040
D M Falck	200	–	18 133	–	18 333
P K Harris	–	–	57 118	–	57 118
E de la H Hertzog	228 245	–	1 614 564	4 484	1 847 293
E Molobi	174	–	–	–	174
J F Mouton	–	–	20 000	–	20 000
J A Preller	26 141	–	–	–	26 141
F Robertson	–	–	1 000	–	1 000
J P Rupert	–	–	–	270 001	270 001
T van Wyk	76 926	–	–	–	76 926
M H Visser	–	–	244 649	–	244 649
	432 477	–	2 072 764	274 485	2 779 726

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 interest of directors remained unchanged.

NOTICE TO SHAREHOLDERS

The 2006 Annual General Meeting of the Company will be held on Wednesday, 23 August 2006, at 15:30 in the Ballroom, The Lord Charles Hotel, Corner of Faure and Stellenbosch Roads, Somerset West, to, if approved, pass the following 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 2006 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 870 000.

3. ELECTION OF DIRECTOR

   Ordinary Resolution Number 3

   Resolved that Mr G D de Jager who retires in terms of clause 31.1.1 of the Company's Articles of Association and who has offered himself for re-election, be hereby re-elected as a director of the Company.

4. ELECTION OF DIRECTOR

   Ordinary Resolution Number 4

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

5. ELECTION OF DIRECTOR

   Ordinary Resolution Number 5

   Resolved that Mr J F Mouton who retires in terms of clause 31.1.1 of the Company's Articles of Association and who has offered himself for re-election, be hereby re-elected as a director of the Company.

6. ELECTION OF DIRECTOR

   Ordinary Resolution Number 6

   Resolved that Mr F Robertson who retires in terms of clause 31.1.1 of the Company's Articles of Association and who has offered himself for re-election, be hereby re-elected as a director of the Company.

7. ELECTION OF DIRECTOR

   Ordinary Resolution Number 7

   Resolved that Mr J P Rupert who retires in terms of clause 31.1.1 of the Company's Articles of Association and who has offered himself for re-election, be hereby 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.

8. AUTHORITY TO PLACE SHARES UNDER THE CONTROL OF THE DIRECTORS

   Ordinary Resolution Number 8

   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.

9. 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;
- an announcement complying with 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 subsidiary will not repurchase ordinary shares during a prohibited period (as defined in the Listings Requirements);
- such repurchases will be subject to the Companies Act, the Company's Articles of Association and the Listings Requirements; and
- 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 provision of paragraph 2 above will not be applicable to such purchase transaction.

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 its subsidiaries 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 its subsidiaries will exceed the liabilities of the Company and its subsidiaries 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 its subsidiaries 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 its subsidiaries 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 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 104);
- No material changes;
- Directors' interests in securities (page 106);
- Share capital of the Company (pages 73 and 104);
- 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 twelve-month period.

10. 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 section 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 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, 21 August 2006, 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; and
- 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
22 June 2006

EXPLANATORY NOTES TO THE NOTICE TO SHAREHOLDERS

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 7

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. 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 8

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 are 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

Remgro Limited

(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 2006 Annual General Meeting of the Company to be held on Wednesday, 23 August 2006, at 15:30 in The Ballroom, The Lord Charles Hotel, Corner Faure and Stellenbosch Roads, Somerset West ("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):

	Insert an "X" or the number of votes exercisable (one vote per ordinary share)		
Ordinary resolutions	In favour of	Against	Abstain
1. Approval of annual financial statements			
2. Approval of directors' remuneration			
3. Election of director – Mr G D de Jager			
4. Election of director – Mr D M Falck			
5. Election of director – Mr J F Mouton			
6. Election of director – Mr F Robertson			
7. Election of director – Mr J P Rupert			
8. Authority to place shares under control of the directors			
Special resolutions			
9. Authority to repurchase shares			
10. Authority to enter into derivative transactions			

Signed at ____________________ on ____________________ 2006

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, 21 August 2006, 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.

COMPRESS
PB2577/2578