Remgro Limited

Registration number 1968/006415/06

AUDITED CONSOLIDATED RESULTS

FOR THE YEAR ENDED 31 MARCH 2001

Headline earnings per share 28% increase

Dividend per share 35% increase

Five year compound growth rates: (pro forma)
– Headline earnings per share 21% per annum
– Dividend per share 21% per annum

Restructuring of Rembrandt Group Limited and creation of Remgro Limited, implemented during September 2000

Redemption of half of the preference shareholding in British American Tobacco

Exchange of investments in Billiton and Gold Fields for interests in FirstRand and RMB Holdings

ABRIDGED BALANCE SHEET

	2001 R million	2000 R million *Pro forma*
ASSETS		
Property, plant and equipment	2 242	2 259
Goodwill and trade marks	3 493	80
Investments – Associated companies	12 523	10 660
– Other	115	150
Loans	10	11
Deferred taxation	9	–
Current assets	3 395	2 283
(Includes cash and cash equivalents of R1 810 million (2000: R1 034 million))		
Total assets	21 787	15 443
EQUITY AND LIABILITIES		
Interest of own members	19 536	12 556
Minority interest	888	809
Total shareholders' equity	20 424	13 365
Interest-bearing loans	300	403
Other non-current liabilities	52	42
Other current liabilities	1 011	1 633
Total equity and liabilities	21 787	15 443
Net asset value per share (Rand)		
– At book value	R37.43	R24.05
– Allowing for market value/directors' valuation of investments and listed subsidiary companies	R64.32	R51.43

ABRIDGED CASH FLOW STATEMENT

	2001 R million
Cash flow from operating activities	442
Taxation paid	(116)
Dividends received	1 155
Dividends paid	(303)
Net cash inflow from operating activities	1 178
Investing activities	356
Financing activities	(631)
Net increase in cash and cash equivalents	903
Cash and cash equivalents at the beginning of the year	897
Cash and cash equivalents at the end of the year	1 800

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	2001 R million
Balance at 1 April 2000 as previously reported	12 635
Prior year adjustments	(79)
Adjusted balance at 1 April 2000	12 556
Net profit for the year	6 590
Dividends paid	(292)
Exchange rate adjustments	892
Change in interests in subsidiary companies, associated companies and joint ventures	(51)
Change in reserves of associated companies	(159)
Balance at 31 March 2001	19 536

ABRIDGED INCOME STATEMENT

	2001 R million	2000 R million *Pro forma*
Revenue	7 358	5 738
Operating profit before depreciation	741	615
Depreciation	(173)	(167)
Finance costs	(67)	(36)
Operating profit	501	412
Share of after-tax operating profit of associated companies	2 919	2 317
Amortisation of goodwill	(159)	(33)
Exceptional items	3 422	(339)
	6 683	2 357
Taxation	14	(100)
Profit after taxation	6 697	2 257
Minority interest	(107)	(86)
Net profit for the year	6 590	2 171

Reconciliation of headline earnings:

	2001	2000
Basic earnings – net profit for the year	6 590	2 171
Plus/(minus) – attributable to own members:		
– Exceptional items	(3 541)	333
– Amortisation of goodwill	159	33
– Net surplus, after taxation, on disposal of property, plant and equipment	(6)	(29)
– Impairment of assets	9	–
Headline earnings	3 211	2 508

EARNINGS AND DIVIDEND PER SHARE

	2001 Cents	2000 Cents
Headline earnings	615.1	480.5
– Diluted	614.7	480.5
Basic earnings	1 262.5	415.9
– Diluted	1 261.5	415.9
Dividend	162.00	
– Interim	56.00	
– Final	106.00	
Comparable dividend of Rembrandt Group Limited		120.00
– Interim		44.71
– Final		75.29

ADDITIONAL INFORMATION

Shares in issue		
– Ordinary shares of 1 cent each	486 493 650	486 493 650
– B shares of 10 cents each	35 506 352	35 506 352
Total	522 000 002	522 000 002

- In determining headline earnings and basic earnings per share the total number of shares in issue was applied.
- In determining diluted headline earnings and basic earnings per share the total number of shares in issue was adjusted for the dilutive effect of the Company's long-term share incentive scheme.

	2001 R million	2000 R million *Pro forma*
Listed investments		
Associated		
– Book value	5 123	5 286
– Market value	9 943	9 080
Other		
– Book value	50	18
– Market value	131	51
Unlisted investments		
Associated		
– Book value	7 400	5 374
– Directors' valuation	18 442	13 954
Other		
– Book value	65	132
– Directors' valuation	75	142
Additions to and replacement of property, plant and equipment	176	182
Capital commitments	100	117
(Including amounts authorised, but not yet contracted for)		
Dividends received		
– Dividends included in operating profit	33	5
– Dividends from associated companies set-off against investments	1 482	683
Exceptional items		
Exceptional items of subsidiary companies consist of the following:		
Restructuring costs and discontinuance of operations	(7)	(2)
Net capital surplus on the sale of investments and businesses	1 518	234
Net capital surplus on the sale of property, plant and equipment	16	–
Other	(4)	(30)
	1 523	202
Share of exceptional items of associated companies	1 899	(541)
Restructuring costs of British American Tobacco Plc (BAT)	(273)	(362)
Capital surplus on redemption of convertible preference shares in BAT	2 202	–
Impairment of mining assets of Gold Fields Limited	–	(205)
Other	(30)	26
Total before taxation	3 422	(339)
Taxation	120	3
Total after taxation	3 542	(336)
Attributable to minorities	1	(3)
Attributable to own members	3 541	(333)
	3 542	(336)

COMMENTS

1. RESTRUCTURING OF THE FORMER REMBRANDT GROUP

At an Annual General Meeting of Rembrandt Group Limited (Rembrandt) held on 21 September 2000 the restructuring of Rembrandt was approved by shareholders.

Rembrandt's underlying interests have been reorganised into two separate companies, namely Remgro Limited (Remgro) and VenFin Limited (VenFin), with effect from 1 April 2000. This company (Remgro) mainly includes Rembrandt's tobacco, industrial, mining and financial interests. The share capital of Remgro has been restructured to also create unlisted B shares, which were issued to Rembrandt Trust (Pty) Limited. Remgro's issued ordinary shares were listed on the JSE Securities Exchange South Africa (JSE) on 26 September 2000.

2. COMPARATIVE FIGURES

The pro forma comparative figures in the income statement for the year ended 31 March 2000 and in the balance sheet on 31 March 2000 represent the figures of Rembrandt after making adjustments for investments transferred to VenFin in terms of the restructuring and are based on the audited financial statements of Rembrandt.

No pro forma comparative figures are available for the consolidated statement of changes in equity and for the cash flow statement.

3. ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVE FIGURES

The annual financial statements are prepared on the historical cost basis in accordance with South African Statements of Generally Accepted Accounting Practice and incorporate the policies which, with the exception of accounting for goodwill, are consistent in all material respects with those of Rembrandt in the previous year.

Sage Group Limited (Sage)
Besides its primary basis of reporting in accordance with the Financial Soundness basis, Sage also complies with the South African Statement of Generally Accepted Accounting Practice in respect of consolidated financial statements and accounting for investments in subsidiaries (AC 132), which now also applies to long-term insurers. For equity purposes, Remgro now uses Sage's figures based on the AC 132, as opposed to the former basis in the previous year. Remgro's pro forma figures for the year ended 31 March 2000 have been restated, as indicated below.

Restatement of comparative figures Per share	Year ended 31 March 2000 *Pro forma* Cents
Headline earnings as previously reported	485.6
Changes in accounting treatment of Sage	(5.1)
Restated headline earnings	480.5

4. RESULTS

– Headline earnings per share
Headline earnings per share increased by 28.0% from 480.5 cents to 615.1 cents. The main reasons for this improvement were the increase of 31.5% in the earnings of the tobacco interests, of which 11.2% was contributed by the weaker rand, and a 66.3% increase in the contribution by the mining interests. The contribution of industrial interests to headline earnings was 1% lower than the previous year in spite of Rainbow Chicken Limited's increased contribution to the Group's headline earnings, from R7.7 million to R63.3 million. Dorbyl Limited and Malbak Limited reported decreases in earnings.

– Basic earnings per share
Basic earnings, after exceptional items and amortisation of goodwill, increased by 203.6%, from 415.9 cents to 1 262.5 cents, mainly due to two material favourable exceptional items. A surplus of R1 371 million was accounted for on the sale of Remgro's interests in Billiton Plc and Gold Fields Limited to Anglo American Plc and De Beers Consolidated Mines Limited in exchange for a major portion of their shareholding in FirstRand Limited. A further surplus of R2 202 million was recorded due to R&R Holdings, in which Remgro has a one-third interest, exercising its put option over one-half of the BAT convertible redeemable preference shares in June 2000.

5. REVENUE

	2001 R million	2000 R million *Pro forma*
Revenue, excluding dividends and interest	5 735	5 005
Dividends and interest	1 623	733
Total revenue	7 358	5 738

6. SOURCE OF HEADLINE EARNINGS

	2001 R million	%	2000 R million	%
Trade mark interests	1 599	50	1 247	50
Mining interests	823	26	495	20
Industrial interests	380	12	383	15
Financial services	238	7	217	9
Corporate finance and other interests	171	5	166	6
	3 211	100	2 508	100

7. TOBACCO

Remgro's tobacco interests are represented by a one-third shareholding in R&R Holdings, Luxembourg, (R&R). The other two-thirds are held by Compagnie Financière Richemont AG (Richemont). In consequence of the merger of Rothmans International and British American Tobacco Plc (BAT) in June 1999, R&R acquired a 35% interest in the enlarged BAT. Accordingly, the financial year ended 31 March 2001 is R&R's first full year of ownership of the investment in BAT.

R&R has equity accounted its interest in BAT in the financial year under review, whereas in R&R's profit and loss account for the prior year it equity accounted the investment in BAT for a ten-month period and included its share of the results of Rothmans International on an equity accounted basis for the first two months of that year.

In addition to the effects of the merger, comparison of the results of the two years is further complicated by the reduction in R&R's effective interest in BAT as a result of the exercise of the put option over one half of the interest in BAT preference shares in June 2000. This disposal reduced R&R's effective interest in BAT to 31.6% for the last ten months of the year under review.

In terms of the Rembrandt restructuring, the non-tobacco assets of R&R, including the proceeds of the redemption of one half of the BAT preference shares, were transferred to R&V Holdings Limited, Jersey, (R&V) in which VenFin holds one-third and Richemont two-thirds. In the adjusted results for both years, the income attributable to the redeemed BAT preference shares and other non-tobacco assets was allocated to R&V.

In line with the practice adopted in the prior year, R&R adjusts BAT's reported results to take account of BAT's December financial year-end and the differences in accounting policies applied by the two companies. After elimination of exceptional items and goodwill amortisation, R&R's contribution to Remgro's headline earnings is as follows:

	2001 £ million	2000 £ million
R&R's headline earnings for the year ended 31 March	438	429
Less: Portion allocated to R&V Holdings	(11)	(75)
Adjusted headline earnings	427	354
Remgro's 33.33% share thereof	142	118
	R million	R million
Translated at an average £/R rate of 10.8046 (2000: 9.9075)	1 539	1 170

BAT is the second largest listed tobacco group in the world with a global market share of over 15% and annual shipments of more than 800 billion cigarettes. It has a share of more than 50% of the market in Latin America as well as strong positions in other regions. With its strong, broad-based portfolio of international, regional and local brands, BAT remains focussed on achieving global leadership in the tobacco business by growing its market share in the 'premium' and 'lights' segments.

In its financial year ended 31 December 2000, BAT reported an increase in sales volumes of 7%, including the impact of the merger. Although the world market was basically stable, BAT's international brands grew by over 1% in volume terms. The merger with Rothmans International increased the proportion of premium international brands within BAT to over 20%, with a consequent improvement of profitability.

The merger process was achieved smoothly and efficiently. Savings in operating costs as a consequence of the merger were around £230 million in BAT's 2000 financial year. Overall savings will be in excess of the level identified at the time of the merger and those realised to date have been achieved sooner than anticipated. In addition to cost benefits, growth opportunities were pursued, with new selling organisations and strengthened sales teams contributing to the successful performance of the company's key brands in a number of markets.

8. INVESTMENTS

The most important changes related to the Group's other investments were as follows:

Gencor Limited (Gencor)
On 14 April 2000 Gencor unbundled its investments in Gold Fields of South Africa Limited (GFSA), Gold Fields Limited (GFL) and Standard Bank Investment Corporation Limited by way of a dividend in specie to its shareholders.

GFSA
On 2 May 2000 GFSA unbundled its investments in Northam Platinum Limited (Northam) and GFL by way of a dividend in specie to its shareholders. On 21 July 2000 GFSA made a cash distribution to shareholders in anticipation of its voluntary winding up. The shares of GFSA were delisted on 2 November 2000.

Remgro sold its shares in Northam received in terms of the above-mentioned unbundling. A capital surplus of R152 million was realised and accounted for as an exceptional item.

Exchange of shares in Billiton Plc (Billiton) and GFL for shares in FirstRand Limited (FirstRand) and Rand Merchant Bank Holdings Limited (RMBH)

Effective 1 January 2001, Remgro exchanged its interest of 8.2% in Billiton and 11.3% in GFL for 932 500 000 shares in FirstRand. Thereafter, Remgro transferred 424 863 144 FirstRand shares to RMBH in exchange for 274 109 670 new RMBH shares. After the exchange, Remgro holds an interest of 9.3% in FirstRand and 23.1% in RMBH. A capital surplus of R1 371 million was accounted for as an exceptional item.

W&A Gilbey (South Africa) (Pty) Limited (Gilbey)
The 49% interest in Gilbey was sold for R45 million in April 2000.

Business Partners Limited (Business Partners)
During August 2000 a further investment of R8 million was made in Business Partners.

Transvaal Sugar Limited (TSB)
On 29 June 2000, HL&H announced that agreement had been reached with The Tongaat-Hulett Group Limited for the disposal to them of the assets of TSB, other than citrus, for R1 billion with effect from 1 April 2000. This transaction required the approval of the competition authorities.

After receiving representations from all interested parties, the competition authorities ruled that the proposed transaction be prohibited. This resulted in the withdrawal of the proposed scheme whereby Industrial Partnership Investments Limited, a subsidiary of Remgro, would have made an offer to the minority shareholders of HL&H.

DIVIDENDS

Declaration of Dividend No 2
Notice is hereby given that a final dividend of 106 cents per share has been declared in respect of both the ordinary shares of one cent each and the B shares of ten cents each, for the financial year ended 31 March 2001. The dividend is payable to shareholders of the Company registered at the close of business on 3 August 2001.

Including the interim dividend of 56 cents per share paid during January 2001, total dividends for the financial year amounted to 162 cents per share.

The final dividend will be transferred electronically on 17 August 2001 to the bank accounts of shareholders who utilise this facility while dividend cheques will be mailed to other shareholders on that date.

The Annual Report will be posted to members during July 2001.

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Thys Visser
Chief Executive Officer/
Deputy Chairman

Stellenbosch
20 June 2001

DIRECTORATE AND ADMINISTRATION

Directors
Johann Rupert* *(Chairman)*
M H Visser *(Deputy Chairman/Chief Executive Officer)*
P E Beyers*, W E Bührmann, G D de Jager*, J W Dreyer*, P J Erasmus*, D M Falck, E de la H Hertzog*, E Molobi*, J F Mouton*, J A Preller (Mrs), F Robertson*, P G Steyn*, T van Wyk
(Non-executive)*

Secretary
J C Engelbrecht

Listing
JSE Securities Exchange South Africa
Sector: Diversified Industrial

American depositary receipt (ADR) program
Cusip number 75956M107 ADR to ordinary share 1:1

Depositary
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Business address and registered office
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(PO Box 456, Stellenbosch 7599)

Transfer Secretaries
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Auditors
PricewaterhouseCoopers Inc.

Sponsor
Rand Merchant Bank Corporate Finance

Website
www.remgro.com

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