REINET INVESTMENTS S.C.A.

Annual Report at 31 March 2011

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HIGHLIGHTS

The investment objective of Reinet is to achieve long-term capital growth.

Reinet's strategy is to work with experienced partners to invest in unique opportunities focusing on value creation for investors.

- Net asset value at 31 March 2011: € 2 784 million, an increase of 10 per cent from 31 March 2010
- Net asset value per ordinary share at 31 March 2011: € 14.21 (31 March 2010: € 12.95)
- British American Tobacco p.l.c.: valuation reflects good underlying performance
- Profit for the year: € 249 million
- New investments with funding commitments of € 238 million closed during the year

Reinet Investments S.C.A. (the 'Company') is a partnership limited by shares incorporated in the Grand Duchy of Luxembourg and having its registered office at 35, boulevard Prince Henri, L-1724 Luxembourg. It is governed by the Luxembourg law on securitisation and in this capacity allows its shareholders to participate indirectly in the portfolio of assets held by its wholly-owned subsidiary Reinet Fund S.C.A., F.I.S. ('Reinet Fund' or 'the Fund'), a specialised investment fund also incorporated in Luxembourg. The Company's shares are listed on the Luxembourg Stock Exchange and Reinet South African Depository Receipts are listed in Johannesburg. The Company's shares are included in the 'LuxX' index of the principal shares traded on the Luxembourg exchange and the South African Depository Receipts are included in the JSE 'Top 40' Share Index. The Company and the Fund together with the Fund's subsidiaries are referred to as 'Reinet'.

REPORT TO THE SHAREHOLDERS

CHAIRMAN'S COMMENTARY

OVERVIEW

In expectation of major financial disruptions we started planning a 'defensive option' for Richemont and Remgro shareholders. Reinet was thus formed in 2008 with the goal to maintain shareholders' wealth over a medium term.

The subsequent events are well known. Policy makers across the world have injected enormous liquidity into the markets.

The bail out has led to an appearance of stability.

Knowing where we are today is complicated. Do we face deflation, inflation or stag-flation, and importantly, in which order?

Highly qualified observers make very compelling arguments that are diametrically opposed in their outcomes.

Until we are more certain we have decided that we serve our shareholders best by not making 'major bets' on the future.

The resilience and cash flow generation of the tobacco industry and the sound performance of BAT have led us to hold on to this investment until we find alternate hedge strategies.

For a defensive strategy BAT has served us well. The decision to remain invested in British American Tobacco has helped drive the increase in Reinet's net asset value since it was established and over the past year. The aggregate net asset value has grown by 10 per cent over the past year from € 2 537 million at 31 March 2010 to € 2 784 million. Net asset value per share has increased from € 12.95 to € 14.21 over the year.

The profit for the financial year ended 31 March 2011 was € 249 million. Of this € 32 million was realised with € 217 million being the net unrealised increase in the value of the overall portfolio. After only two full years of activity and given that the profits to date are largely unrealised, we do not propose any dividend payment by Reinet this year.

To date, Reinet Fund S.C.A., F.I.S. ('Reinet Fund' or 'the Fund') has committed to invest some € 587 million in aggregate, including new commitments made during the year under review of € 265 million. In total, some € 300 million has been invested up to 31 March 2011. These investments were funded out of the cash which Reinet Fund held at the time of formation and from dividends received; no BAT shares have been sold to fund these investments. In addition, Reinet Fund has committed to invest in a new advisory and investment management business, Renshaw Bay, which was announced in February 2011 and is referred to in more detail below.

Reinet Fund is exploring a number of investment opportunities. One of these opportunities is an investment in the pension insurance business of Pension Corporation. Pension Corporation is one of the UK's leading providers of risk management solutions to defined benefit pension funds. It has transacted both the UK's largest corporate and the first public sector backed pension insurance buyouts. Reinet Fund is in exclusive negotiations with Pension Corporation and its key stakeholders for a transaction involving the reorganisation of its capital structure and an investment by Reinet Fund of approximately £ 400 million through which it would become a principal shareholder in the business. Completion of any transaction is subject to the successful conclusion of these negotiations and to regulatory and other approvals. Further information regarding the status and details of this potential investment will be communicated to our shareholders at the appropriate time.

Taking into account both the Renshaw Bay and Pension Corporation opportunities, Reinet has to date committed to invest over € 1 billion on behalf of its shareholders.

REINET'S INVESTMENT PHILOSOPHY

Reinet Fund partners with experienced professionals in fields where we see value creation opportunities. We share a common philosophy with our partners at Trilantic, Vanterra and in the US property interests. The same applies to our partners in Renshaw Bay.

It was with great pleasure that we were able, in February this year, to announce the formation, together with Mr Bill Winters, the former Co-Chief Executive Officer of the investment bank of JP Morgan Chase & Co, and RIT Capital Partners plc, a UK-listed investment vehicle chaired by Lord Rothschild, of Renshaw Bay, a global alternative asset management and advisory firm. Reinet Fund will hold 25 per cent of Renshaw Bay; Mr Winters will be the principal shareholder with 50 per cent, whilst RIT Capital Partners plc will also hold 25 per cent. Mr Winters will become Chairman and Chief Executive Officer.

Renshaw Bay will initially act as an advisory entity, working with its clients to structure investment opportunities tailored to their needs. In this respect, we anticipate that Reinet will be an investor in certain of the ventures to be created by the firm, as will Mr Winters personally and RIT. At all times, the focus will be on developing concepts which meet the risk parameters and requirements of sophisticated investors, including the founding partners. It is likely that, in time, the business will develop or acquire its own investment management capability. We see Renshaw Bay as a major vehicle for future investment by Reinet.

As with all of the funds in which Reinet Fund has invested, any fees paid to Renshaw Bay for fund management will result in a reduction in the fees payable to Reinet Investment Advisors Limited. There will be no double-charging of management costs to Reinet shareholders.

DEVELOPMENTS DURING THE YEAR

Following the initial investment in Trilantic Capital Partners in 2009, the year under review saw Reinet Fund invest € 33 million in opportunities identified by Trilantic. The investment portfolio extends from an electricity transmission equipment manufacturer and a concrete and stone aggregates business, both located in the United States, to a commodities brokerage operation, based in London, to a publisher of educational textbooks in Portugal, Portuguese-speaking Africa and Brazil. The pace of investment has picked up as Trilantic has moved on as an independent investment management vehicle, leaving behind its legacy as part of the Lehman Brothers organisation.

Trilantic seeks out special situations investment opportunities, where businesses show a potential for growth in their domestic and international markets but where they may not be in a position to obtain funding through traditional channels. Overall, Reinet Fund now participates in 11 investments identified by the Trilantic team. As Reinet Fund is a partner in the management company alongside the founding partners, no management fees or carried interest is payable on these investments and Reinet not only benefits as a limited partner but will also share in any upside attributable to the management company, as and when investments are realised.

During the year, Reinet Fund further invested in our partnership with the Vanterra funds – Vanterra Flex and a newly launched fund, Vanterra C Change TEM, which focuses on energy efficient solutions in terms of buildings and power generation.

We have also invested further in acquiring mortgage debt and specific property development projects in the United States. To date, prices remain depressed, as we had expected. However, we believe that the longer-term potential to realise gains remains intact. The United States needs a higher level of new housing starts to meet the demands of an expanding population, disregarding the short-term difficulties facing the property market due to the continuing limitations on the availability of credit.

REPORT TO THE SHAREHOLDERS

CHAIRMAN'S COMMENTARY
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Reinet Fund was fortunate during the year to be offered the opportunity to partner with the managers of the '36 South' family of funds. The 36 South funds invest in financial products with the aim of exploiting long-term, tail-risk opportunities in option markets. The management team of 36 South have an excellent track record and have developed tools to examine short-term volatility and extrapolate that to longer-term scenarios. Their counter-intuitive thinking has impressed us and we see opportunities to work with them not only as participants in their tail-risk funds but also in having them develop risk-management strategies linked to Reinet Fund's investment portfolio.

During the year, Reinet Fund also committed to invest in a diamond mine tailings recovery project in South Africa, working with both specialist operators and the local community to mine and rehabilitate waste which was dumped at the height of the diamond mining boom over a century ago. The project is located at Jagersfontein, which is the oldest diamond-mining town in the country. The Fund has provided initial funding to acquire the tailings themselves together with the necessary plant and equipment. The new business, which will be operated by a local specialist recovery company, is expected to recover significant quantities of gemstones as well as industrial grade stones from the tailings.

Since the end of the financial year, Reinet Fund has also invested in an interesting opportunity in China. Co-investing with a fund with whom we have worked for a number of years and other partners, Reinet has acquired a small interest in Lashou, China's biggest online group buying venture. Lashou pools the buying power of its members to offer substantial discounts at restaurants and shops across China. Reinet Fund's ability to invest at an early round of financing offers an opportunity to participate in what may be significant upside potential for this business.

OUTLOOK
Although the global economic environment appears to have stabilised in recent months, we remain very concerned as to the longer-term impact of the quantitative easing activities of the US Federal Reserve and other central banks. The potential consequences of the bail out of weaker members of the euro zone such as Greece, Ireland and now Portugal by stronger EU countries remain a concern.

Reinet Fund is not constrained by any specific industry, currency or geographic focus and will, over time, seek to diversify its portfolio further for the benefit of its investors. We will continue to invest in what we consider are sound opportunities, drawing on the expertise of our current partners and looking to build new relationships with like-minded investors and managers. The investment in British American Tobacco has been a sound foundation on which to build Reinet's growth to date and we expect to continue to be a shareholder in BAT.

Further information relating to Reinet and its investments will be communicated to shareholders in due course.

Johann Rupert

Chairman
Reinet Investments Manager S.A.

Luxembourg, 27 May 2011

BUSINESS OVERVIEW

CONSOLIDATED NET ASSET VALUE ('NAV')

The NAV of Reinet Investments S.C.A. at 31 March 2011 comprised:

	31 March 2011		31 March 2010	
	€ m	%	€ m	%
Listed investments				
British American Tobacco p.l.c.	2 387	85.7	2 159	85.1
Other	7	0.2	5	0.2
Cash and liquid funds	236	8.5	343	13.5
Unlisted investments				
Trilantic Capital Partners funds(1)	72	2.6	29	1.1
US land development and mortgages(1)	53	1.9	23	0.9
Vanterra Flex Investments L.P.	13	0.5	–	–
Vanterra C Change TEM	10	0.4	–	–
Jagersfontein	49	1.8	–	–
36 South Investment fund	88	3.2	–	–
Other	42	1.5	35	1.4
	327	11.9	87	3.4
Funding by minority partners	(21)	(0.8)	(1)	–
Borrowings	(46)	(1.7)	–	–
Fees payable and other liabilities, net of other assets	(102)	(3.7)	(54)	(2.2)
	2 788	100.1	2 539	100.0
Minority interest	(4)	(0.1)	(2)	–
	2 784	100.0	2 537	100.0

(1) This amount represents the 100 per cent investment, whereas the comments below use figures which represent Reinet's 80 per cent investment.

All of the underlying assets are held by Reinet Fund S.C.A., F.I.S. ('Reinet Fund' or 'the Fund').

LISTED INVESTMENT IN BRITISH AMERICAN TOBACCO P.L.C. ('BAT')

Reinet remains one of the largest shareholders in BAT, holding some 84 million shares representing 4.2 per cent of BAT's capital. At 31 March 2011, the value of the investment in BAT in the balance sheet of Reinet was € 2 387 million, being 86 per cent of Reinet's NAV. The BAT share price on the London Stock Exchange increased from £ 22.72 to £ 25.02 during the year.

Reinet received dividends from BAT during the year amounting to € 103 million (£ 88 million), being BAT's final 2009 dividend and its 2010 interim dividend.

CASH AND LIQUID FUNDS

During the year, dividend income and other inflows were offset by new investments and operating costs. At 31 March 2011, net cash and liquid funds amounted to € 236 million (31 March 2010: € 343 million).

In addition to deposits held principally in European banks, Reinet has invested € 183 million in a euro-denominated government bond fund. This holds exclusively short-dated bonds issued by western European (principally French and German) governments and short-term loans backed by government bonds.

REPORT TO THE SHAREHOLDERS

BUSINESS OVERVIEW
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UNLISTED INVESTMENTS

Reinet seeks, through a range of investment structures, to build partnerships with other investors, specialised fund managers and entrepreneurs to find and develop opportunities for long-term value creation for its investors. In evaluating these opportunities, Reinet applies a minimum hurdle rate of return, recognising the expected performance target set by the investment in BAT.

To date, funding commitments in the amount of € 525 million have been entered into in respect of the businesses detailed below, excluding the smaller investments transferred from Richemont when Reinet was established.

TRILANTIC CAPITAL PARTNERS

Original commitments: USD 104 million and € 68 million

Early in 2009, Reinet announced its decision to invest in the private equity management business formerly owned by Lehman Brothers. Reinet bought this interest, in conjunction with the management team, from the bankruptcy estate for USD 10 million. This business is now known as Trilantic Capital Partners ('Trilantic').

Together with minority partners, Reinet holds an interest in the Trilantic management company and is committed to invest in Trilantic's Fund IV Global and Fund IV Europe funds. Reinet has an 80 per cent interest in the company which holds the Trilantic interest, with its two partners holding the balance and sharing in the investment commitments.

The investment in the Trilantic management company provides that Reinet and its partners will not pay any management fees or carried interest cost on substantially all of its investment in funds under Trilantic management. In addition, the agreement provides for Reinet and its partners to receive a share of the carried interest payable to the Trilantic management company on the realisation of investments held in the funds, once a hurdle rate has been achieved. Reinet's share of any carried interest earned by the Trilantic management company is 9.375 per cent after the minority partners' share.

Up to 31 March 2011, Reinet and its partners had invested the equivalent of € 7.6 million in the initial Trilantic management company investment, € 2.1 million to acquire a further interest in Trilantic Fund IV Europe and € 50 million, net of capital repayments, in the funds under Trilantic management. The investment in Trilantic is carried at the estimated fair value of € 72 million at 31 March 2011, based on audited valuations provided by Trilantic. Of the year-end valuation of € 72 million, some € 14 million is attributable to Reinet's partners, being shown as € 4 million in respect of minority interest and € 10 million as liabilities.

At 31 March 2011, Reinet had remaining commitments of € 100 million, being USD 70 million and € 51 million to invest in funds under Trilantic management, after taking into account the amounts payable by Reinet's minority partners.

During the year under review, Reinet and its partners realised gains of € 2.1 million before tax on their share of investments sold by the Trilantic funds. Of this gain, € 1.7 million was attributable to Reinet and € 0.4 million to the minority partners.

UNITED STATES LAND DEVELOPMENT AND MORTGAGES

Original commitment: USD 100 million

Recognising the depressed state of the property market in the United States, Reinet has co-invested with partners in acquiring real estate development projects – usually properties where infrastructure services have been laid but where construction of properties has not yet commenced – and mortgage debt on such developments and undeveloped sites. The investments are principally in Florida and the North and South Carolinas with one investment in Colorado.

The mortgage debts were acquired from local lenders at substantial discounts to nominal value, reflecting the economic situation and the risk that the development companies may not be able to meet their obligations. Reinet is working closely with its partners and co-investors in the United States, who have considerable experience in managing such projects, recognising that this is an area where industry knowledge is critical to making the right investment decisions. At 31 March 2011, Reinet had invested a total of USD 63 million (€ 46 million) in these projects. At that date, these were valued at € 53 million of which € 43 million is attributable to Reinet and € 10 million to its partners.

Reinet is committed to invest a further USD 37 million (€ 26 million) to acquire further mortgage debt and to fund development projects.

VANTERRA FLEX INVESTMENTS L.P.

Original commitment: USD 100 million

Reinet is an investor in Vanterra and in its general partner.

Vanterra was established in March 2010 to invest in listed and unlisted funds and to make direct investments in the United States and emerging markets. Vanterra has invested alongside Reinet in Trilantic and in the United States land development and mortgages. It is also an investor in Vanterra C Change Transformative Energy & Materials I, L.P. Vanterra will seek to construct a globally diversified private equity portfolio providing investors with long-term capital appreciation.

As at 31 March 2011, USD 18 million (€ 13 million) of committed funds plus an additional USD 1 million (€ 1 million) in respect of expenses had been invested in the fund. Reinet is committed to invest a further USD 82 million (€ 58 million) in Vanterra.

VANTERRA C CHANGE TRANSFORMATIVE ENERGY & MATERIALS I, L.P. (‘TEM’)

Original commitment: USD 65 million

Reinet is an investor in TEM and in its general partner.

In July 2010, Reinet entered into an agreement to invest in TEM. TEM is a newly created fund, established to invest in companies and projects providing products or services that supply cleaner energy; create a more cost effective building environment through the use of energy efficient technologies; and develop renewable resources as a substitute for fossil and other traditional fuels.

As at 31 March 2011, capital contributions of USD 15 million (€ 10 million) had been made to the fund. Reinet is committed to invest a further USD 50 million (€ 36 million) in TEM.

REPORT TO THE SHAREHOLDERS

BUSINESS OVERVIEW
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JAGERSFONTEIN
Project cost: ZAR 600 million

Reinet is a co-investor along with specialist operators and the local community in a project which will seek to process and extract diamonds from the waste tailings from mining operations carried out over a century ago. The tailings are located at Jagersfontein in South Africa. Significant developments in terms of gemstone extraction since the mines were first excavated mean that there is now the potential to recover stones which were previously treated as waste.

As at 31 March 2011, Reinet had provided loans of some ZAR 451 million to finance the acquisition of the tailings and plant to process the tailings. Once the final investment holding structure has been determined, it is anticipated that Reinet will have an equity interest of approximately 44 per cent in the venture. This rand exposure has been hedged by local currency borrowings. Extraction operations are expected to begin in the second half of 2011.

36 SOUTH GLOBAL MACRO/VOLATILITY FUNDS
Original commitment: € 88 million

Reinet has co-invested with the 36 South management team in the fund management and distribution companies. It is also an investor in the funds under management. These funds are established through an Irish-registered investment fund – 36 South Funds PLC.

36 South is an absolute return fund manager which specialises in managing global macro/volatility funds. The fund management philosophy is to invest when market estimates of volatility are mis-priced. The volatility may apply to a wide range of underlying asset classes ranging from currencies and interest rates to equities.

In March 2011, Reinet invested its full commitment of € 88 million in 36 South. Of this, € 15 million represented the initial investment in and loans to the jointly held fund management activities; the balance of € 73 million being Reinet's investment in the funds under management. The investment in 36 South Funds PLC is carried at its fair value of € 73 million at 31 March 2011.

OTHER UNLISTED INVESTMENTS
This portfolio includes small businesses with growth potential as well as investments in specialised investment funds focused on developing markets and niche sectors. The portfolio is valued at its fair value of € 42 million in the balance sheet at 31 March 2011, based on a detailed evaluation of each of the investments.

OTHER DEVELOPMENTS
In February 2011, Reinet announced plans for a co-investment with Mr William T. Winters and RIT Capital Partners to establish an investment advisory and management business to be known as Renshaw Bay to be run by Mr Winters, a former Co-Chief Executive Officer of JP Morgan Investment Bank. Reinet will own 25 per cent of the business alongside Mr Winters, who will hold 50 per cent, and RIT Capital Partners, which will hold 25 per cent. It is anticipated that the business will begin its activities in mid-2011. In addition to partnering in the advisory and management company, it is anticipated that Reinet will co-invest in future opportunities to be determined by the partners.

COMMITTED FUNDS

The table below summarises Reinet's outstanding investment commitments as at 31 March 2011.

	Commitment as at 31 March 2010 € m	Change in commitment in year € m	New commitments in year € m	Funded in current year € m	Remaining commitment € m
Trilantic Capital Partners funds[(1)]	153	(20)	–	(33)	100
US land development and mortgages[(2)]	49	(1)	–	(22)	26
Vanterra Flex Investments L.P.[(2)]	74	(3)	–	(13)	58
Vanterra C Change TEM	–	–	46	(10)	36
Jagersfontein	–	–	63	(48)	15
36 South	–	–	88	(88)	–
Renshaw Bay	–	–	11	–	11
Smaller commitments	–	–	30	(1)	29
	276	(24)	238	(215)	275
Other investments[(3)]	15	–	27	(29)	13
	291	(24)	265	(244)	288

(1) The remaining amount represents 80 per cent of the initial commitment assumed by Reinet, 20 per cent having been sold to co-investors. The movement in the year represents the sale of a second tranche of 10 per cent together with the effect of exchange rate fluctuations.

(2) The change in the year reflects exchange rate fluctuations.

(3) Represents portfolio of investments transferred from Richemont in 2008.

FEES PAYABLE AND OTHER LIABILITIES, NET OF OTHER ASSETS

Fees payable and other liabilities comprise principally € 86 million in respect of the performance fee payable as at 31 March 2011, together with the management fee and other operating expenses currently payable. The performance fee and management fee are payable to Reinet Investment Advisors Limited.

The performance fee is calculated as 10 per cent of the increase in the aggregate market value of Reinet Investments S.C.A. over the period since completion of the rights issue in December 2008 up to 31 March 2011. The fee has been calculated by reference to the volume weighted average closing market price of the Company's share on the Luxembourg Stock Exchange over the last 20 trading days prior to 31 March 2011, which amounts to € 11.6064, compared to the initial price (as defined in the Reinet Prospectus, published on 10 October 2008) of € 7.1945, multiplied by the number of shares outstanding during the period. The performance fee for the period from December 2008 to 31 March 2011 therefore amounted to € 86 million.

The management fee for the year under review amounted to € 23 million, of which € 11 million was payable at 31 March 2011.

REPORT TO THE SHAREHOLDERS

BUSINESS OVERVIEW
CONTINUED

SUMMARISED CONSOLIDATED INCOME STATEMENT

	Year ended 31 March 2011 € m	Year ended 31 March 2010 € m
BAT dividends received	103	84
Interest income	4	3
Operating expenses, foreign exchange and transaction-related costs	(30)	(23)
	77	64
Realised gains/(losses) on investments	4	(2)
Unrealised fair value adjustments		
BAT	228	689
Other investments	(11)	(19)
Performance fee	(46)	(40)
Tax expense	(3)	–
Minority interest	–	(1)
Profit attributable to the shareholders of the Company	249	691

Operating expenses include € 23 million in respect of the management fee for the year ended 31 March 2011. Also included are € 1 million in charges from Reinet Investments Manager S.A. (the 'General Partner') and transaction-related expenses, including legal and other advisory fees, which amounted to € 1 million.

The investment in BAT increased in value by € 228 million during the year under review. Of this, € 219 million was attributable to the increase in value of the underlying BAT shares in sterling terms and € 9 million arose due to the appreciation of sterling against the euro over the course of the year. The unrealised fair value adjustment in respect of other investments reflects the decision to further write down the carrying value of certain small investments, offset to some extent by increases in the value of others.

A performance fee of € 86 million is payable at 31 March 2011.

The tax expense of € 3 million includes corporate and withholding taxes paid in respect of realised gains on Trilantic investments plus a deferred tax provision in respect of unrealised gains on Trilantic investments.

The minority interest arises in respect of the 20 per cent minority partners holding in the vehicles which own the Trilantic and US land and development interests as described above.

Profit attributable to shareholders of the Company for the year amounted to € 249 million.

CASH FLOW

	Year ended 31 March 2011		Year ended 31 March 2010	
	€ m	€ m	€ m	€ m
Investing activities				
Government bond fund	17		(100)	
Investments made	(266)		(71)	
Proceeds from sale of investments	18	(231)	5	(166)
Financing activities				
Funding from minority partners	21		1	
Bank borrowings	46	67	–	1
Dividends, interest and other income received		104		87
Operating and related expenses		(27)		(10)
Tax expense		(1)		–
Net cash outflow		(88)		(88)
Opening cash position		143		231
Effect of exchange rate changes on cash balances		(2)		–
Closing cash position		53		143
Liquid funds were held as follows:				
Cash		53		143
Government bond fund		183		200
Total		236		343

€ 17 million was redeemed from the euro-denominated government bond fund during the year. In accordance with International Financial Reporting Standards ('IFRS'), this is shown as a financial asset rather than liquid funds in the balance sheet, notwithstanding that the funds are readily realisable and short-term in nature. These funds are invested principally in short-term French and German bonds. In addition to bank deposits of € 53 million, Reinet held € 183 million on deposit in the government bond fund at 31 March 2011. In total, available liquid funds therefore amounted to € 236 million at the balance sheet date.

Investments totalling € 266 million were made during the year, including € 31 million in respect of US real estate related opportunities, € 41 million in respect of investments in Trilantic, € 48 million in respect of Jagersfontein and € 88 million in respect of 36 South. The balance relates to other unlisted investments. Funding in respect of 20 per cent of investments made in Trilantic and US land and development was received from the minority partners.

Dividends of € 102.9 million were received from BAT in the year, comprising a final dividend in respect of the 2009 financial year of € 70.5 million (£ 60.4 million) and an interim dividend for 2010 of € 32.4 million (£ 28.0 million).

Liquid funds decreased by € 107 million over the year to € 236 million as amounts invested in new investments plus payment of operating expenses exceeded the inflow from dividends received from BAT.

DIVIDEND

Recognising the need to accumulate retained earnings within Reinet Fund and taking into account the uncertain economic environment, the Board of the General Partner believes it prudent not to propose any dividend at this time.

REPORT TO THE SHAREHOLDERS

CORPORATE GOVERNANCE

INTRODUCTION

Reinet recognises the importance of appropriate corporate governance procedures in the management and oversight of its business. It acknowledges the obligations placed upon it as a public company listed in Luxembourg with a secondary listing of its depository receipts in Johannesburg. Reinet's corporate governance principles are codified in the Reinet Prospectus, published on 10 October 2008, and the Statutes of the Company ('the Statutes'), both of which may be downloaded from the Reinet website, www.reinet.com. The requirements of the Statutes and the principles set out in the prospectus adequately establish the framework of corporate governance within which Reinet and its management companies operate and no supplementary corporate governance charter has been adopted by the Company.

The Company, a partnership limited by shares (société en commandite par actions) under the laws of Luxembourg, gives its shareholders exposure to Reinet Fund, a specialised investment fund.

The Company was formerly known as Richemont S.A. and was a subsidiary of Compagnie Financière Richemont SA ('CFR SA'), a Swiss company with significant luxury goods interests. The Company separated from its former parent on 20 October 2008, which saw the luxury businesses transferred to CFR SA. The Company retained Richemont's former interests in BAT together with cash and certain smaller investments.

MANAGEMENT

The Company is managed by a general partner rather than a Board of Directors. The general partner is Reinet Investments Manager S.A. (the 'General Partner'), a limited liability company established in Luxembourg, which also owns 1 000 management shares in the Company and which has unlimited liability for any obligations of the Company that cannot be met from the assets of the Company.

The General Partner is in charge of the overall management of the Company and is vested with the broadest powers to perform all acts of administration in compliance with the Company's corporate objects set out in the Statutes except for matters expressly reserved by Luxembourg law or the Statutes to be approved by the general meeting of shareholders. Certain decisions of the General Partner must be approved by the Board of Overseers.

During the year ended 31 March 2011, the Board of Directors of the General Partner met four times. Five directors attended four meetings and one director attended three meetings. The statutes of the General Partner require that the Board of Directors consists of a minimum of three directors.

BOARD OF DIRECTORS OF THE GENERAL PARTNER

The following were directors of the General Partner during the year ended 31 March 2011.

JOHANN RUPERT
Chairman
South African, born 1950
Mr Rupert was appointed to the Board of Directors in 2008.

Mr Rupert studied economics and company law at the University of Stellenbosch, South Africa. After working for the Chase Manhattan Bank and Lazard Frères in New York, he founded Rand Merchant Bank in 1979. In 1985 he joined Rembrandt. He founded Richemont in 1988 and became Group Chief Executive. Appointed as Executive Chairman in September 2002, he also served as Group Chief Executive Officer during the period from October 2003 to September 2004. With effect from 1 April 2010, Mr Rupert again serves as Richemont's Group Chief Executive. He is a director of Renshaw Bay, a global alternative asset management and advisory firm, is Non-Executive Chairman of Remgro Limited and is the Managing Partner of Compagnie Financière Rupert.

Mr Rupert holds honorary doctorates in Law, Economics and in Commerce, is the Chancellor of the University of Stellenbosch and is the Chairman of the Peace Parks Foundation.

JOACHIM SCHWENKE
Chief Executive Officer
South African, born 1951
Mr Schwenke was appointed to the Board of Directors in 2008.

Mr Schwenke was Managing Director of Business Partners Limited, a South African small and medium-sized business investor, until 31 December 2008, having previously held various positions in that organisation since 1984. He has also worked for the Anglo-American Group for ten years with companies including Timbrik, SA Forest Investments and Bruply Limited and has managed his own businesses. Mr Schwenke was the founding Chairman of the South African Venture Capital and Private Equity Association. Mr Schwenke qualified as a chartered accountant in 1975 and has a degree in commerce from the University of Witwatersrand, South Africa and in law from the University of South Africa.

ALAN GRIEVE
Chief Financial Officer
British, born 1952
Mr Grieve was appointed to the Board of Directors in 2008.

Mr Grieve was appointed to the board of directors of Richemont S.A. (the predecessor company to Reinet Investments S.C.A.) in 2004. Mr Grieve holds a degree in business administration from Heriot-Watt University, Edinburgh and is a member of the Institute of Chartered Accountants of Scotland. Prior to joining Richemont's predecessor companies in 1986, he worked with Price Waterhouse & Co (now PricewaterhouseCoopers) and Arthur Young (now Ernst & Young). He served as Company Secretary of Richemont from 1988 until 2004 and is Corporate Affairs director of Richemont. He is a director of various subsidiary companies of CFR SA, a director of Klinik Hirslanden AG, the Swiss subsidiary of the Medi-Clinic organisation and is a founding member of the Laureus Sport for Good Global Foundation.

REPORT TO THE SHAREHOLDERS

CORPORATE GOVERNANCE
CONTINUED

ELOY MICHOTTE
Belgian, born 1948
Mr Michotte was appointed to the Board of Directors in 2008.

Mr Michotte was appointed to the board of directors of Richemont S.A. (the predecessor company to Reinet Investments S.C.A.) in 1988. Mr Michotte graduated in engineering from the University of Louvain in Belgium and holds an MBA from the University of Chicago. He has had an extensive career in international business and finance and worked for Ford, McKinsey & Co and Bankers Trust Company prior to joining Richemont at the time of its formation in 1988. As Head of Corporate Finance for Richemont, Mr Michotte has responsibility in particular for mergers and acquisitions and serves on the boards of a number of companies in which Richemont holds an interest.

JOSUA MALHERBE
South African, born 1955
Mr Malherbe was appointed to the Board of Directors in 2009.

Mr Malherbe qualified as a chartered accountant in South Africa in 1984 having commenced his career with the predecessor firm to PricewaterhouseCoopers. He then joined the Corporate Finance Department of Rand Merchant Bank in 1985 and was a general manager of the Bank before he moved to Rembrandt Group Limited in 1990, also being involved with Richemont at that time.

He was appointed as Director – Investments of Rembrandt in 1993 and served in this position until the formation of VenFin Limited in 2000. He held the position of Chief Executive Officer of VenFin Limited until May 2006 at which time he was appointed as Deputy Chairman. He was appointed to the board of Compagnie Financière Richemont SA in September 2010 where he serves as Non-Executive Director. He also serves as a director on boards of a number of companies, including Remgro Limited.

FREDERICK MOSTERT
South African, born 1959
Dr Mostert was appointed to the Board of Directors in 2009.

Dr Mostert holds a masters degree from Columbia University School of Law in New York City and a doctorate from the University of Johannesburg. He is a member of the New York Bar and is a solicitor of England and Wales. He practised corporate law at Shearman and Sterling and international intellectual property law at Fross, Zelnick, Lehrman & Zissu in New York. He joined Richemont in 1990 and was appointed Chief Legal Counsel to Richemont in March 2010, having formerly been Chief Intellectual Property Counsel. He was appointed to the board of Compagnie Financière Richemont SA in September 2010.

Dr Mostert is a past President of the International Trademark Association, serves on the Advisory Council of the McCarthy Center for Intellectual Property and Technology Law, is a guest professor at Peking University and a Visiting Professor of University College London. He is a director of Net-à-Porter Limited, The Walpole Committee Limited, Laureus World Sports Awards Limited and Freedom Under Law.

REINET FUND

The Company owns the entire ordinary share capital of Reinet Fund, a specialised investment fund established as a partnership limited by shares (société en commandite par actions) under the laws of Luxembourg.

Reinet Fund is managed by Reinet Fund Manager S.A. (the 'Fund Manager'), a limited liability company established in Luxembourg, which also owns 1 000 management shares in the Fund. The Fund Manager is the general partner in the Fund, with unlimited liability.

The directors of the General Partner are also directors of the Fund Manager together with:

KURT NAUER
Chief Investment Officer
Swiss, born 1950
Mr Nauer was appointed to the Board of Directors in 2008.

Mr Nauer has many years of experience in banking and international business, having worked with the Cantonal Bank of Zug, Merrill Lynch and the Metro organisation in Switzerland, Canada and Germany. Since joining Richemont's predecessor companies in 1981, he has held various positions in accounting and finance. He was Group Treasurer for Richemont and for its subsidiary, Vendôme Luxury Group S.A., in Luxembourg. He has been a director of various subsidiary companies within Richemont.

Both the General Partner and the Fund Manager are owned and controlled by Rupert family interests.

BOARD COMMITTEES AND MANAGEMENT

The Company has no executive management or employees. As a consequence, aspects of corporate governance which relate to the establishment of board committees, the determination of remuneration policy and related processes linked to the establishment of a management structure are not applicable to Reinet.

BOARD OF OVERSEERS

In accordance with the Luxembourg law, a Board of Overseers ('Collège des Commissaires') has been appointed to review the activities of the Company. The Board of Overseers' role is one of oversight and control in addition to the specific powers conferred upon the Board of Overseers by virtue of the Statutes. It has no executive responsibility for the management of Reinet except that the Board of Overseers may be consulted by the General Partner on such matters as the General Partner may determine and no action of the General Partner that may exceed its powers shall be valid unless authorised by the Board of Overseers.

The members of the Board of Overseers may not be directors or employees of the General Partner or of the principal shareholder of the General Partner or any entity in which the Company has a material direct or indirect interest.

The Board of Overseers reports each year to the general meeting of shareholders on the results of the mandate entrusted to it, making such recommendations as it considers appropriate.

REPORT TO THE SHAREHOLDERS

CORPORATE GOVERNANCE
CONTINUED

In addition to its role as defined by law, the Board of Overseers also acts as the Audit Committee of the Company. In this capacity, the functions of the Board of Overseers include:

- Reviewing the financial statements of the Company and Reinet Fund in order to ensure that they are fair, accurate and complete;
- Monitoring the Company's and Reinet Fund's compliance with applicable legal and regulatory obligations;
- Assessing the quality of the external audit of the Company and Reinet Fund; and
- Verifying the existence and adequacy of internal control and risk management procedures.

At the Annual General Meeting held on 14 September 2010 the following members of the Board of Overseers were reappointed:

DENIS FALCK
South African, born 1945
Mr Falck is a South African chartered accountant and after working in the auditing profession joined Rembrandt Tobacco Company in 1971, where he became the Chief Financial Officer before being transferred to Rembrandt Group Limited in 1979. After various senior positions, he was appointed as the Financial Director of the parent company in 1990. He was a member of the Remgro Executive Committee and its Audit and Risk Committee and was the Chairman of the group's Pension and Retirement Funds' Boards of Trustees. He retired at the end of June 2008 after a career of close to 37 years with Rembrandt Group Limited/Remgro Limited in South Africa. Mr Falck also served as a non-executive director on the boards and audit/risk committees of listed and unlisted investee companies of Remgro, including FirstRand Bank Holdings Ltd, RMB Holdings Ltd, Medi-Clinic Corporation Ltd, Total South Africa (Pty) Limited and Trans Hex Group Limited.

PETER KAUL
German, born 1949
Dr Kaul is a managing director at Commerzbank AG (previously Dresdner Kleinwort). He joined Dresdner Bank Luxembourg S.A. in 1980 and has had an extensive career with Dresdner Bank, where he has served in a wide range of positions covering, amongst other things, treasury and capital markets, acquisitions, sovereign debt reschedulings/restructurings as well as sovereign and corporate debt financing activities. Since 2001, his focus has been on Client Relationship Management and he has advised on and arranged numerous acquisition and project related financing for major international companies. In addition to his responsibilities at the bank, he serves on a number of boards and was a member of the Luxembourg Stock Exchange Committee for 10 years.

YVES PRUSSEN
Luxembourger, born 1947
Mr Prussen graduated as a doctor at law and has a diploma from the 'Institut d'Etudes Politiques' of the University of Grenoble in 1971. During the same year he became a member of the Luxembourg bar and since 1975 has been a partner in Elvinger, Hoss & Prussen, a Luxembourg legal firm. Mr Prussen is a member of the International Bar Association, the Luxembourg Section of the International Fiscal Association and the Luxembourg Association for Arbitration. He is the author of various publications in the field of tax law, arbitration, securities laws and the law relating to undertakings for collective investments.

IAN WHITECOURT
British, born 1946
Mr Whitecourt was formerly a senior partner of Price Waterhouse in Luxembourg and now operates his own accountancy and advisory practice in Luxembourg. He is an English chartered accountant. He has considerable experience of the financial world, in particular the Luxembourg banking and investment fund areas, and is a member of the boards of funds managed by UBS, ING and BOUWFONDS and of the board of PTR Holdings Inc.

The Board of Overseers of the Company has also been appointed as the Board of Overseers of Reinet Fund. Each of the members of the Board of Overseers is independent from the General Partner and the Fund Manager.

During the year under review, the Board of Overseers met formally on four occasions. Subsequent to the year-end the Board of Overseers approved the Fund NAV on 13 April 2011 and met on 16 May 2011 to consider and approve the financial statements of the Company and the consolidated financial statements of Reinet.

RULES GOVERNING THE APPOINTMENT AND REPLACEMENT OF THE GENERAL PARTNER AND THE MEMBERS OF THE BOARD OF OVERSEERS

In accordance with Luxembourg law, the management of the Company is carried out by the General Partner, the unlimited shareholder of the Company, which has been designated as such in the Statutes.

The replacement of the General Partner or the appointment of additional managers requires an amendment to the Statutes at an extraordinary general meeting of shareholders to be held before a public notary at which at least one half of the capital is represented; resolutions must be approved by at least two-thirds of the votes of the shareholders present or represented.

The management shares held by the General Partner are exclusively transferable to a successor or additional manager with unlimited liability for the Company's financial obligations.

The Statutes provide for a Board of Overseers composed of at least three Overseers. The members of the Board of Overseers are appointed by a resolution of the general meeting of shareholders by a simple majority of the votes cast. The general meeting of shareholders fixes their remuneration as well as the term of their office. They may be re-elected. Their appointment is not subject to the approval of the General Partner.

REMUNERATION

Neither the Company nor the Fund has any employees. Rather, both entities pay fees to their respective managers, the General Partner and the Fund Manager, in respect of the management services provided (see Significant Agreements below).

The payment of an annual compensation of € 40 000 per annum to each of the members of the Board of Overseers was approved at the Annual General Meeting held on 14 September 2010. Fees of € 40 000 were paid to each of the members of the Board of Overseers in the year ended 31 March 2011.

Although the management of Reinet is distinct from Richemont following the restructuring effected in 2008, a number of executives who have management responsibilities within the General Partner and the Fund Manager continue to have executive roles in and are employed by Richemont. With effect from 1 April 2010, separate employment arrangements in respect of their Richemont and Reinet duties apply in respect of those individuals having roles within both organisations.

REPORT TO THE SHAREHOLDERS

CORPORATE GOVERNANCE
CONTINUED

SHAREHOLDINGS AND LOANS

Details of shareholdings by members of the Board of Directors of the General Partner and the Board of Overseers are given in note 23 to the consolidated financial statements on page 52 of this report. As noted above, the General Partner holds 1 000 management shares in the Company.

The Company has procedures in place requiring persons connected with the Company, the Fund, the General Partner and the Fund Manager together with Reinet Investment Advisors Limited (the 'Investment Advisor') not to trade in the Company's securities during closed periods in advance of the release of financial information in respect of the Company or at other times when they may be in possession of price-sensitive information. Approval to buy or sell securities is required from the Chairman of the General Partner and transactions by members of the Board of Directors of the General Partner and the Board of Overseers are disclosed through the regulatory mechanism operated by the Luxembourg financial sector regulator and on the Company's website.

There were no loans outstanding to members of the Board of Directors of the General Partner or the Board of Overseers during the year or at 31 March 2011.

At 31 March 2011, the Company owed € 1.2 million to the General Partner and Reinet Fund was owed € 0.7 million by the Fund Manager.

SIGNIFICANT AGREEMENTS

The Company is managed by its General Partner. The Company reimburses the General Partner for its expenses incurred in the ordinary course of business, including but not limited to the remuneration of its staff, taxes, rentals, directors' fees and any other disbursements, and pays an annual administration fee equal to 10 per cent of such expenses. During the year ended 31 March 2011, the Company paid € 0.6 million to the General Partner in respect of the costs that it had incurred and the related administration fee.

The Company's wholly-owned subsidiary, Reinet Fund, is managed by the Fund Manager. Reinet Fund reimburses the Fund Manager for its expenses incurred in the ordinary course of business including but not limited to the remuneration of its staff, taxes, rentals, directors' fees and any other disbursements. Any such amounts payable to the Fund Manager are deductible from any management fees payable to the Investment Advisor.

Under the terms of the Investment Advisory Agreement dated 9 October 2008 and the amendment dated 24 May 2010 between the Fund and the Investment Advisor, the Fund pays both management fees and performance fees to the Investment Advisor.

The management fee is payable to the Investment Advisor at a rate of 1 per cent per annum on the NAV of the Fund, excluding cash and interests in funds managed by third parties. It is calculated semi-annually based on the closing NAV at the end of the previous six-month period.

The management fee in respect of cash is calculated at a rate of one quarter of 1 per cent per annum.

No management fee is payable in respect of funds managed by third parties except where the fee payable to the third-party has been negotiated to a level below 1 per cent per annum and below the level payable by other investors in a fund. In such circumstances, the difference between the fee payable to the third-party manager and 1 per cent is payable to the Investment Advisor.

Investments as a limited partner in funds under the management of a management company in which Reinet is an investor are not treated as being managed by third parties; the management fee is payable at 1 per cent per annum to the Investment Advisor. However, such a fee payable to the Investment Advisor is reduced by any management fee paid by the Fund to the management company, net of income received by Reinet on its investment in the management company in terms of its share of the management fees earned by (but not carried interest attributable to) the management company.

The management fee for the year under review amounted to € 23 million.

The performance fee in any period is to be calculated as 10 per cent of the Cumulative Total Shareholder Return* at the end of the Performance Measurement Period*, adjusted for all dividends and returns of capital to Reinet shareholders, less the sum of all performance fees paid in previous Performance Measurement Periods. The Cumulative Total Shareholder Return will be the difference between the volume weighted average closing price of the Reinet share on the Luxembourg Stock Exchange over the last 20 trading days of each financial year of the Company less the Initial Price*, calculated as the volume weighted average market price of the share on the Luxembourg Stock Exchange over the first 60 trading days following the third day after the conclusion of the rights issue in December 2008. The Initial Price, calculated over the trading period from 22 December 2008 to 19 March 2009, is € 7.1945.

The first performance fee is payable as of 31 March 2011 in the amount of € 86 million.

CONFLICTS OF INTEREST

Individuals who are involved in the management of the Company, the General Partner or the Fund Manager may also be involved in the management of other industrial and investment companies, including but not limited to CFR SA and Remgro Limited. There is a possibility that these individuals may have a conflict of interest between the duties they owe to the Company or Reinet Fund and the duties they owe to the other entities relying upon their expertise. Such a conflict may arise in relation to, in particular, proposed investment opportunities. The Company and Reinet Fund will be managed to avoid any such conflicts of interest in all possible circumstances. If a conflict of interest in relation to an investment opportunity would arise between any entities affiliated with Rupert family interests the opportunity to co-invest may be offered to the appropriate entities (taking into consideration, among other things, the investment objective, policies and restrictions of each of those entities).

Specifically, it is expected that any investments in luxury goods businesses will be made by CFR SA.

CAPITAL STRUCTURE

At 31 March 2011, the Company had 195 941 286 ordinary shares and 1 000 management shares of no par value in issue.

The ordinary shares confer on the shareholder the entitlement to participate in and to vote at meetings of shareholders, with each share carrying the right to one vote. Each share also entitles each shareholder to receive a proportionate share of any dividend that the Company may declare and a proportionate share of the net assets of the Company on liquidation. The liability of shareholders is limited to the amount of their investment in the Company. The ordinary shares are listed on the Luxembourg Stock Exchange.

* as defined in the Reinet Prospectus, published on 10 October 2008.

REPORT TO THE SHAREHOLDERS

CORPORATE GOVERNANCE
CONTINUED

The management shares confer the same rights with regard to voting, dividends and the distribution of assets on liquidation as the ordinary shares. In addition, as holder of management shares, the General Partner has broad powers to manage the Company and has unlimited liability for any obligations of the Company that cannot be met from the assets of the Company. The management shares are not listed.

The Company has an authorised share capital (including the issued capital) of € 1 123 302 000 represented by 999 999 000 ordinary shares and 1 000 management shares. The General Partner has been authorised to issue ordinary shares (and/or instruments convertible into ordinary shares or giving rights to subscribe to ordinary shares) up to the total authorised share capital. Ordinary shares may be issued within the authorised share capital of the Company with or without reserving any pre-emptive subscription rights existing under Luxembourg company law to existing ordinary shareholders at the discretion of the General Partner.

The total number of voting rights at 31 March 2011 was 195 942 286.

The ordinary shares are freely transferable. In accordance with the Statutes of the Company, shareholders exceeding certain thresholds are obliged to notify the Company, failing which the General Partner may disregard the voting rights attaching to the shares and certain restrictions may apply to such shareholdings in accordance with the terms of Article 10 of the Company's Statutes.

The management shares are transferable only to a successor or an additional manager with unlimited liability for the Company's financial liabilities.

REINET SOUTH AFRICAN DEPOSITORY RECEIPTS ('DRs')

Ownership of the ordinary shares is split between those which are held in the form of shares and those held through the form of DRs. The DRs are listed in Johannesburg.

DRs were issued to the former Richemont DR holders when the Company was established and additional DRs were issued to the shareholders of Remgro Limited in exchange for the contribution to the Company by Remgro of 10 per cent of its holding of BAT shares in November 2008. In addition, DR holders who participated in the rights issue also received additional DRs in exchange for the BAT shares contributed to the Company pursuant to the rights issue.

Reinet Securities SA is the successor to Richemont Securities AG. Richemont Securities AG, was a jointly held Swiss affiliate of Compagnie Financière Richemont SA and Reinet Investments S.C.A., and was divided in terms of Swiss law on 16 December 2010 into two new entities, being Reinet Securities SA and Richemont Securities SA, which are responsible for the Reinet DR and Richemont DR schemes, respectively. The division into two entities had no effect whatsoever on the underlying Reinet DRs or Richemont DRs.

DRs trade in the ratio of ten DRs to each Company share. The terms and conditions applicable to DRs are set out in the Deposit Agreement entered into between Reinet Securities SA, as Depository, and the Company, as issuer. In its capacity as Depository, Reinet Securities SA holds one share in safe custody for every ten DRs in issue. Reinet Securities SA's interest in the shares that it holds is therefore non-beneficial.

Any dividends received by Reinet Securities SA from the Company are payable in rand to South African residents. Dividends are converted upon receipt by Reinet Securities SA and then remitted to holders of DRs. Non-South African resident holders of DRs may receive the dividends in euros, subject to their residence status.

Holders of DRs issued by Reinet Securities SA are not entitled to attend the shareholders' meetings of the Company or to vote in person. Rather, DR holders are canvassed as to their voting instructions by Reinet Securities SA, which then represents the holders as their proxy at shareholders' meetings.

AUTHORITY TO PURCHASE OWN SHARES

The General Partner has authority to purchase, acquire or receive in the name of the Company, shares in the Company up to 10 per cent of the issued share capital, from time to time, over the stock exchange or in privately negotiated transactions or otherwise.

SIGNIFICANT SHAREHOLDERS

The General Partner holds 1 000 management shares in the Company, being 100 per cent of the management shares in issue.

Parties affiliated to the Anton Rupert Trust hold a total of 48.3 million Reinet Investments S.C.A. shares representing 24.65 per cent of the Company's share capital.

On 6 May 2010, the Public Investment Corporation ('PIC'), a South African institution, notified the Company that it held the equivalent of 15.06 per cent of the shares and voting rights in the Company in the form of DRs.

On 2 February 2011, Allan Gray Limited notified the Company that accounts under its management held the equivalent of 5.01 per cent of the shares and voting rights in the Company.

As at the date of this report, the Company has not received any other notifications of significant shareholdings in excess of 3 per cent of the shares in issue.

SHAREHOLDERS' MEETINGS AND VOTING RIGHTS

Shareholders' meetings may be convened by the General Partner or by the Board of Overseers. All shareholders are invited to attend and speak at all general meetings of shareholders. Any shareholder may appoint another person, who need not be a shareholder, to represent him at the meeting. As noted above, holders of Reinet DRs may only appoint Reinet Securities SA to represent them at such meetings of shareholders.

Other than as required by law, resolutions to be approved at a meeting of shareholders will be passed by an absolute majority of those present and voting. There is no quorum requirement for a meeting convened to consider the business ordinarily to be considered by a shareholder meeting. The business ordinarily to be considered at a shareholder meeting is the approval of the annual consolidated and company financial statements as presented by the General Partner; the consideration and approval of the appropriation of the result of the year as proposed by the General Partner; the appointment, removal and remuneration of the Board of Overseers; and the discharge to be given to the General Partner and to the members of the Board of Overseers. All other business at a general meeting shall be considered only upon a proposal of the General Partner unless otherwise provided for in the law.

REPORT TO THE SHAREHOLDERS

CORPORATE GOVERNANCE
CONTINUED

Any other matter which does not fall within the scope of a general meeting, as set out above shall be dealt with by way of an extraordinary meeting. An extraordinary meeting shall require that 50 per cent of each class of shareholder is represented, failing which the meeting must be reconvened in accordance with the notice requirements laid down by the law. Resolutions proposed at such a meeting shall be passed by a vote in favour of at least two-thirds of the votes present or represented at the meeting, provided that no resolution tabled at such a meeting shall be validly passed unless approved by the General Partner.

The last meeting of the shareholders of the Company was held on 14 September 2010. Out of a total of 195 941 286 ordinary shares and 1 000 management shares in issue, a total of 150 556 399 ordinary shares (some 77 per cent of the total) and all the 1 000 management shares were represented by proxy at that meeting. The proposals of the General Partner in respect of the resolutions to be considered at the meeting were approved by an overwhelming majority of the votes represented at the meeting.

In accordance with the Statutes, a record date for the admission to a general meeting may be set. The Statutes further provide that certificates of the shareholdings and proxies be received by the Company a certain time before the date of the relevant meeting. In accordance with the Statutes, the General Partner may determine such other conditions that must be fulfilled by shareholders for them to take part in any meeting of shareholders in person or by proxy.

The notice of the 2011 Annual General Meeting of shareholders is given on pages 65 and 66 of this report.

FINANCIAL REPORTING, INTERNAL CONTROL AND RISK MANAGEMENT

The preparation of the annual consolidated financial statements and the entity financial statements of the Company is the responsibility of the General Partner. The Company's role is limited to the holding of the investment in Reinet Fund, the issuance of its own shares and related activities and therefore its own entity financial statements are straightforward. For the time being, given the level of investment activity, financial reporting for Reinet Fund and its investments is also straightforward. The Board of Directors of the General Partner has established strict rules designed to protect the Company's interests in the areas of financial reporting, internal control and risk management. An internal control process has been defined and implemented by the Board of Directors of the General Partner and approved by the Board of Overseers, with the aim of achieving reliability of financial and accounting information and compliance with applicable laws and regulations. The internal controls over financial reporting are designed to provide assurance that the financial reporting does not contain any material inadequacies. The level of financial controls that have been established are considered by the General Partner to be adequate for the scale of the Company's and Reinet Fund's operations and their level of complexity at this time.

Responsibility for investment risk and treasury risk is borne by the Board of the Fund Manager. The day-to-day treasury position is monitored by the Chief Executive Officer and the Chief Financial Officer and policy decisions in respect of the investment of cash resources are taken by the Board of the Fund Manager.

Investment decisions are the responsibility of the Fund Manager, acting on the advice of the Investment Advisor.

The Company is subject to financial risks certain of which are discussed in note 4 to the consolidated financial statements on page 38 of this report.

INFORMATION POLICY

The Company reports to shareholders in accordance with the requirements of Luxembourg law and the guidance provided by the Luxembourg Stock Exchange and the Commission de Surveillance du Secteur Financier ('CSSF'). The annual report is the principal source of financial and business information for shareholders. The Company's preliminary announcement of the results for the financial year is usually issued in May each year. In addition to the annual report, Reinet publishes its half-yearly financial report in November as well as interim management statements in July and January covering the Company's performance during the first and third quarters, respectively, of the financial year. Ad hoc news announcements are made in respect of matters which the Company considers to be of significance to shareholders, in accordance with the specific guidelines laid down by the Luxembourg Stock Exchange and the CSSF.

The annual and half-yearly financial reports are distributed to all parties who have asked to be placed on the Company's mailing list and to registered holders of South African Depository Receipts. Investors may request electronic notification that such reports have been published on the Company's website.

All news announcements are distributed by e-mail. Shareholders and other interested parties may ask to be included on the distribution list by contacting the Company Secretary at the Company's registered office or by e-mail (info@reinet.com) or by registering on the Company's website (http:// www.reinet.com/investor-relations/press-releases.html).

Copies of the annual and half-yearly financial reports, the preliminary announcement, trading statements and ad hoc press releases may also be downloaded from the Reinet website. Copies of the Statutes of the Company, together with the report on Corporate Governance, are also available on the website.

In addition, the Company publishes the Fund's Net Asset Value statements within ten business days of each quarter-end. These statements are also available on the website.

Statutory and regulatory announcements are filed with the CSSF, published on the Company's website and made available to the Luxembourg Stock Exchange.

AUDITORS

The annual consolidated accounts as well as the entity accounts of the Company for the accounting year ended 31 March 2011 were audited by PricewaterhouseCoopers S.à r.l. Réviseur d'entreprises agréé, Luxembourg. They fall to be reappointed by the General Partner in accordance with the terms of the Securitisation Law.

REPORT TO THE SHAREHOLDERS

CORPORATE GOVERNANCE
CONTINUED

SUSTAINABILITY

For businesses to be successful, it is not sufficient to focus solely on the single bottom line of profitability at all costs. Rather, businesses are expected to meet the needs of all stakeholders – shareholders, employees, business partners, local communities, the global community and the environment. It is imperative for businesses to work responsibly, recognising that the world's resources are finite and that we all have a role to play in their conservation. Initiatives to reduce carbon dioxide emissions, reduce water usage and minimise emissions are to be welcomed.

Investors such as Reinet have a role to play by seeking out companies which do act responsibly and avoiding those which do not. Reinet's investment criteria reflect our concerns; we look for responsible management in businesses which take account of their stakeholders' interests, treat their employees fairly and respect the environment.

Reinet's business philosophy is to find investments that offer long-term growth potential. Reinet's long-term investment philosophy minimises the risk of businesses in which we invest taking short-cuts to achieve 'quick-fix' returns. That logic applies to our partners as well. Reinet does not want to invest in businesses which do not share our goals and values. BAT is a good example of a company which has built a reputation for being a good corporate citizen within the industry in which it operates, whilst growing its business and consistently improving profitability.

In some cases – notably our co-investment in the Jagersfontein mine tailings processing project and Vanterra TEM – Reinet is making an investment in projects which we expect will have positive, direct benefits for communities and the environment. By way of example, Vanterra TEM has funded the acquisition of a former coal-burning electricity generator in Hawaii, which will now be converted to burn renewable agricultural biomass, resolving issues both of agricultural waste products and reducing CO_2 emissions from fossil fuels.

As an investment vehicle, Reinet does not have any operations or staff of its own. It is managed by Reinet Investments Manager S.A. and Reinet Fund Manager S.A., whose teams are based in Luxembourg.

APPROVAL

The General Partner confirms that, to the best of its knowledge:

1. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union and give a true and fair view of the consolidated assets, liabilities, financial position and profit of the Company and its subsidiaries taken as a whole;
2. This report includes a fair review of the development and performance of the business and position of the Company and its subsidiaries taken as a whole.

The consolidated financial statements for the year ended 31 March 2011 on pages 28 to 56 of this report were approved by the Board of the General Partner and signed on its behalf by Joachim Schwenke and Alan Grieve, directors of the General Partner.

Reinet Investments Manager S.A.

General Partner

18 May 2011

REPORT OF THE BOARD OF OVERSEERS

Pursuant to Articles 103 and 62 of the Luxembourg company law and Article 18 of the Statutes of the Company, we hereby report to the shareholders' meeting in respect of the accounting year ended 31 March 2011 and the financial statements prepared for such period.

The financial statements of the Company and the consolidated financial statements have been audited by the Réviseur d'entreprises agréé, PricewaterhouseCoopers S.à r.l., Luxembourg, in accordance with international standards on auditing. The audit reports on the financial statements of the Company and on the consolidated financial statements are presented on page 64 and page 57 of this report, respectively.

We refer to those financial statements, which we have reviewed and discussed with the Réviseur d'entreprises agréé, and we are of the opinion that these provide a true and fair view of the financial situation of the Company.

During the period referred to above, we have been kept fully informed by the Board of Directors of the General Partner about developments in the Company.

The Board of Overseers recommends that the financial statements of the Company and the consolidated financial statements to be presented to the Annual General Meeting of shareholders of the Company be approved.

The Board of Overseers

Reinet Investments S.C.A.

16 May 2011

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

	Note	31 March 2011 € m	31 March 2010 € m
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	*4, 7*	2 713	2 251
Non-current assets – held for sale	*4, 8*	8	–
		2 721	2 251
Current assets			
Trade and other receivables	*9*	1	–
Financial assets at fair value through profit or loss	*4, 7*	183	200
Cash and cash equivalents	*4, 10*	53	143
		237	343
Total assets		2 958	2 594
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	*11*	220	220
Share premium		770	770
Non-distributable reserve	*12*	22	22
Cumulative translation adjustment reserve	*13*	(204)	(203)
Retained earnings		1 976	1 728
		2 784	2 537
Minority interest		4	2
Total equity		2 788	2 539
LIABILITIES			
Non-current liabilities			
Deferred tax liability	*14*	1	–
Funding from minority partners	*4, 15*	21	1
Borrowings	*4, 16*	46	–
		68	1
Current liabilities			
Trade and other payables	*17*	99	11
Accruals and provisions	*18*	3	43
		102	54
Total liabilities		170	55
Total equity and liabilities		2 958	2 594

The notes on pages 32 to 56 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 March 2011 € m	Year ended 31 March 2010 € m
Income			
Dividend and investment income	19	103	86
Interest income	19	4	1
Net change in the fair value of financial assets and financial liabilities at fair value through profit or loss	7	221	668
Total income		328	755
Expenses			
Performance fee	23	46	40
Management fee	20	23	17
Custodian, secretarial and administration fees		6	4
Transaction costs		1	2
Total expenses		76	63
Profit for the year before tax		252	692
Tax expense	21	3	–
Profit for the year after tax		249	692
Other comprehensive income (expense)			
Currency translation adjustment		(1)	–
Total comprehensive income		248	692
Attributable to:			
– owners of the parent		248	691
– minority interest		–	1
Total comprehensive income		248	692
Profit for the year		249	692
Attributable to:			
– owners of the parent		249	691
– minority interest		–	1
		249	692
Earnings per share from profit for the year			
– basic and diluted		€ 1.27	€ 3.53

The notes on pages 32 to 56 are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders						
	Equity holders' capital €m	Non-distributable reserve €m	Cumulative translation adjustment reserve €m	Retained earnings €m	Total €m	Minority interest €m	Total equity €m
Balance at 31 March 2009	990	793	(203)	266	1 846	–	1 846
Transfer from non-distributable reserve	–	(771)	–	771	–	–	–
Minority interest arising on sale of 10% of a subsidiary	–	–	–	–	–	1	1
Profit attributable to the shareholders	–	–	–	691	691	1	692
Balance at 31 March 2010	990	22	(203)	1 728	2 537	2	2 539
Minority interest arising on sale of 10% of a subsidiary	–	–	–	(1)	(1)	2	1
Profit attributable to the shareholders	–	–	(1)	249	248	–	248
Balance at 31 March 2011	990	22	(204)	1 976	2 784	4	2 788

The notes on pages 32 to 56 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31 March 2011 € m	Year ended 31 March 2010 € m
Cash flows from operating activities			
Purchase of non-current financial assets	*7*	(266)	(71)
Purchase of current financial assets	*7*	–	(100)
Redemption of current financial assets	*7*	17	–
Proceeds from sale of financial assets	*7*	18	5
Dividends and investment income received	*19*	103	86
Interest received	*19*	1	1
Taxes paid		(1)	–
Operating expenses paid		(27)	(10)
Net cash used in operating activities		(155)	(89)
Cash flow from financing activities			
Funding from minority partners	*15*	21	1
Proceeds from bank borrowings	*16*	46	–
Net cash from financing activities		67	1
Net decrease in cash and cash equivalents		(88)	(88)
Cash and cash equivalents at beginning of the year		143	231
Effect of exchange rate changes on cash balances		(2)	–
Cash and cash equivalents at end of the year		53	143

The notes on pages 32 to 56 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 STATUS

Reinet Investments S.C.A. (the 'Company') is established in Luxembourg as a partnership limited by shares (société en commandite par actions) and is governed by the Luxembourg law on Securitisation. The registered office is at 35, boulevard Prince Henri, Luxembourg.

The Company is managed by Reinet Investments Manager S.A. (the 'General Partner'), a limited liability company established in Luxembourg, which also owns 1 000 management shares in the Company. The General Partner has unlimited liability for any obligations of the Company that cannot be met from the assets of the Company. The registered office is at 35, boulevard Prince Henri, Luxembourg.

The Company owns the entire ordinary share capital of Reinet Fund S.C.A., F.I.S. ('Reinet Fund' or 'the Fund'), a specialised investment fund established as a partnership limited by shares (société en commandite par actions) under the laws of Luxembourg.

Reinet Fund is managed by Reinet Fund Manager S.A. (the 'Fund Manager'), a limited liability company established in Luxembourg, which also owns 1 000 management shares in the Fund. The Fund Manager is the general partner in the Fund, with unlimited liability. The address of its registered office is 35, boulevard Prince Henri, Luxembourg.

Reinet Fund's objective is to generate significant long-term capital growth. It aims to achieve this objective by investing over time in a diversified portfolio of securities. The Fund may also seek partners with whom it may co-invest. The Fund is advised by Reinet Investment Advisors Limited (the 'Investment Advisor') under the terms of the Investment Advisory Agreement.

The Company and Reinet Fund together with the Fund's subsidiaries are referred to as 'Reinet'.

1.2 SECURITIES LISTINGS AND TRADING

The Company's shares are listed and traded on the Luxembourg Stock Exchange. In addition, Reinet Securities SA (formerly Richemont Securities AG), acting on behalf of the Company, has issued Reinet South African Depository Receipts ('DRs'), which are traded on the stock exchange operated by the JSE Limited in Johannesburg. DRs trade in the ratio of ten DRs to each Reinet Investments S.C.A. share.

1.3 APPROVAL OF THESE FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Board of Overseers on 16 May 2011 and by the Board of Directors of the General Partner on 18 May 2011.

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS

As part of its ongoing programme, the International Accounting Standards Board ('IASB') has issued new or revised International Financial Reporting Standards ('IFRS') during the period covered by these financial statements; where relevant, all such IFRS have been applied in the preparation of these financial statements. The IASB has also issued additional IFRS and interpretations thereof which will become effective in due course.

The following new standards and amendments to standards have been implemented by the Company for the financial year beginning 1 April 2010:

– IAS 27, (revised), *Consolidation and separate financial statements* – effective from 1 July 2009. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS CONTINUED

Certain new accounting standards issued by IASB and new interpretations issued by the International Financial Reporting Interpretations Committee are not yet effective for the year ended 31 March 2011 and have not been applied in preparing these consolidated financial statements.

– IFRS 7 (amendment), *Financial instruments disclosures* – effective for financial reporting periods commencing on or after 1 January 2011 and after 1 July 2011.

– IFRS 9 (amendment), *Financial Instruments classification and measurement* – effective for financial reporting periods commencing on or after 1 January 2013.

– IAS 1 (amendment), *Presentation of financial statements* – effective for financial reporting periods commencing on or after 1 January 2011.

– IAS 12 (amendment), *Income taxes* – effective for financial reporting periods commencing on or after 1 January 2012.

– IAS 24 (amendment), *Related party disclosures* – effective for financial reporting periods commencing on or after 1 January 2011.

– IAS 27 (amendment), *Consolidated and separate financial statements* – effective for financial reporting periods commencing on or after 1 July 2010.

– IFRIC 13 (amendment), *Customer loyalty programme* – effective for financial reporting periods commencing on or after 1 January 2011.

– IFRIC 14 (amendment), *Defined benefit assets* – effective for financial reporting periods commencing on or after 1 January 2011.

– IFRIC 19, *Extinguishing financial liabilities with equity instruments* – effective for financial reporting periods commencing on or after 1 July 2010.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements insofar as they relate to Reinet's on-going activities are set out below. These policies have been consistently applied to both periods presented, unless otherwise stated.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

3.1 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The financial statements are prepared in accordance with IFRS as issued by the IASB and adopted by the European Union.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the General Partner to exercise its judgement in the process of applying Reinet's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.2 CONSOLIDATION

3.2.1 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which Reinet has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Reinet controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to Reinet. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by Reinet. The cost of an acquisition is measured as 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of Reinet's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Reinet.

Assets and liabilities held in subsidiaries where the functional currency is not the euro are translated to euros at exchange rates ruling at the balance sheet date. The revenues and expenses of these subsidiaries are translated into euros at average exchange rates for the period. Translation differences arising on the translation of the financial statements of such subsidiaries into euros are recognised directly as a separate component of equity and are released back to profit or loss upon disposal of the non-euro-denominated entity.

3.2.2 Associates

An associate is an entity, including an unincorporated entity such as a partnership, over which Reinet has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments that are held as part of Reinet's investment portfolio are carried in the balance sheet at fair value even though Reinet may have significant influence over those companies. This treatment is permitted by IAS 28, 'Investment in associates', which allows investments held by venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, with changes in fair value recognised in the statement of comprehensive income in the period of the change.

3.3 FOREIGN CURRENCY TRANSLATION

3.3.1 Functional and presentation currency

The primary activity of the Fund is to invest globally in companies, joint ventures and partnerships by way of shares, debt or a combination of such instruments.

The performance of Reinet is measured and reported to the investors in euros. The General Partner considers the euro as the currency which is most appropriate for the representation of Reinet's results. The financial statements are presented in euros. The euro is Reinet's functional and presentation currency.

Reinet's largest investment remains its interest in BAT, which is a UK-based company with global operations. Its shares are listed on the London Stock Exchange. Although BAT shares are denominated in sterling, its profits are largely generated outside the United Kingdom. As such, the underlying value generation in respect of BAT may be viewed as being in a basket of currencies rather than sterling.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the balance sheet date.

Where assets and liabilities are denominated in a currency other than the functional currency of the entity that holds such assets and liabilities, foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are included in the statement of comprehensive income within 'Dividend and investment income'.

Foreign exchange gains and losses relating to the financial assets carried at fair value through profit or loss are presented in the statement of comprehensive income within 'Net change in the fair value of financial assets and financial liabilities at fair value through profit or loss'.

3.4 FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

3.4.1 Classification

Reinet classifies its investments in debt and equity securities as financial assets held at fair value through profit or loss.

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

– ***Financial assets and liabilities held for trading***
  A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

– ***Financial assets designated at fair value through profit or loss at inception***
  Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with Reinet's investment strategy.

  Reinet's policy requires the Fund Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

  Current assets and liabilities are those which are expected to fall due, be receivable or payable or realised within 12 months from the balance sheet date. Long-term assets are those where no realisation is currently expected within a 12-month time period from the balance sheet date.

3.4.2 Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which Reinet commits to purchase or sell the investment. Financial assets held at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or Reinet has transferred substantially all risks and rewards of ownership. Where Reinet is in the process of restructuring the ownership of an asset, amounts which are to be sold to third parties and where a signed contract of sale exists, are included as assets held for sale.

Subsequent to initial recognition, all financial assets held at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets held at fair value through profit or loss category are presented in the statement of comprehensive income within 'Net change in the fair value of financial assets and financial liabilities at fair value through profit or loss' in the period in which they arise.

Dividend income from financial assets held at fair value through profit or loss is recognised in the statement of comprehensive income within 'Dividend and investment income' when Reinet's right to receive payments is established. Interest on debt securities held at fair value through profit or loss is recognised in the statement of comprehensive income within 'Interest income' based on the effective interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.4.3 Fair value estimation

The fair value of financial assets traded in active markets (such as publicly traded securities) are based on quoted market prices at the balance sheet date. The quoted market price used for financial assets is the closing bid price.

The fair value of financial assets that are not traded in an active market is determined by the Fund Manager by using valuation techniques. Reinet uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where necessary, valuations are obtained by the Fund Manager from third-party experts to support the valuations being used in the financial statements. Valuation techniques used include the use of comparable recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

For recent investments in unquoted investments in the last three months, cost is normally considered to be the best estimate of fair value in the absence of any indications to the contrary (in accordance with the European Private Equity and Venture Capital Association guidelines issued in September 2009).

3.5 SEGMENT REPORTING

Segments are reported in a manner consistent with the internal reporting provided in respect of the Fund to the Fund Manager.

3.6 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3.7 NON-IFRS DISCLOSURES

In the reporting of financial information, Reinet uses certain measures that are not required under IFRS.

Due to the secondary listing of the ordinary shares of Reinet Investments S.C.A. on the exchange operated by the JSE Limited ('JSE') in South Africa, Reinet is required to present 'headline' earnings per share and diluted 'headline' earnings per share, as alternative measures of earnings per share, calculated in accordance with Circular 8/2007 'Headline Earnings' issued by the South African Institute of Chartered Accountants. This is shown on page 52.

3.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

3.9 TRADE AND OTHER RECEIVABLES

Trade and other receivables are carried at fair value.

3.10 ACCRUED EXPENSES

Accrued expenses are recognised at fair value.

3.11 BORROWINGS

All borrowing costs are expensed as incurred including facility fees, interest and foreign exchange fluctuations. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

3.12 INTEREST EXPENSE

Interest expense is recognised on a time-proportionate basis.

3.13 DIVIDEND INCOME

Dividends from investments are recognised in the statement of comprehensive income when they are appropriately authorised by the shareholders of the investee company and are no longer at the discretion of the investee company. This typically occurs when a proposed distribution is ratified at the Annual General Meeting.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.14 INTEREST INCOME

Interest income is recognised on a time-proportionate basis and includes interest income from cash and cash equivalents and on debt securities held at fair value through profit or loss.

3.15 TRANSACTION COSTS

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as an expense.

3.16 PERFORMANCE FEE

Reinet is committed to pay a performance fee calculated by reference to the volume weighted average closing share price of Reinet Investments S.C.A. in accordance with the Reinet Prospectus published on 10 October 2008.

3.17 TAXATION

Income taxes represent the sum of the tax currently payable, withholding taxes suffered and deferred tax. Tax is charged or credited in the statement of comprehensive income, except where it relates to items charged or credited directly to equity, in which case the tax is also dealt with in equity.

The tax currently payable is based on the taxable profit for the year. This may differ from the profit included in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Reinet's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit ('temporary differences'), and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Where there are taxable differences arising on investments in subsidiaries and associates, and interests in joint ventures, deferred tax liabilities are recognised except where Reinet is able to control reversal of the temporary differences and it is probable that the temporary differences will reverse in the foreseeable future.

Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, where there are deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that both the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill and other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Reinet may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included in tax expense in the statement of comprehensive income.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

4. FINANCIAL RISKS

4.1 FINANCIAL RISK FACTORS

Reinet's activities expose it to a variety of financial risks including market risk (ie currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Fund Manager seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on Reinet's financial performance. Reinet's policy allows it to use derivative financial instruments to both moderate and create certain risk exposures. All securities investments present a risk of loss of capital. The management of these risks is carried out by the Fund Manager.

Reinet will use different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below. There have been no changes in the methods used in the year under review.

4.1.1 MARKET RISK

Financial assets and liabilities subject to market risks

31 March 2011	Total	Price risk	Foreign exchange risk	Interest rate risk
Assets				
Listed equity securities	2 394	2 394	2 394	–
Unlisted equity securities and funds	216	216	97	–
Loans and interest receivable	88	–	73	88
Unlisted bonds	23	23	23	23
	2 721	2 633	2 587	111
Assets held for trading – Euro bond fund	183	183	–	183
Liabilities				
Funding from minority partners	(21)	–	(21)	–
Borrowings	(46)	–	(46)	(46)

4.1.1.1 Price risk

Reinet is exposed to price risk. This arises from investments held by Reinet for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the euro, the price initially expressed in foreign currency and then converted into euros will also fluctuate because of changes in foreign exchange rates. Paragraph 4.1.1.2 'Foreign exchange risk' below sets out how this component of price risk is managed and measured.

Reinet's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the Fund Manager. It is expected that this policy will be implemented on a measured basis, over a period of time.

At 31 March 2011, the fair value of financial assets exposed to price risk were as follows:

Financial assets designated at fair value through profit or loss	**31 March 2011 € m**	31 March 2010 € m
Held for trading as current assets	**183**	200
Held as long-term assets	**2 633**	2 238
	2 816	2 438

Financial assets held for trading as current assets represent an investment in a euro-denominated fund which holds exclusively short-dated Western European (principally French and German) government bonds and related debt instruments.

4. FINANCIAL RISKS CONTINUED

At 31 March 2011, Reinet's exposure to price risk in respect of long-term assets was as follows:

	31 March 2011 € m	31 March 2010 € m
Listed equity securities	2 394	2 164
Unlisted equity securities and funds	216	62
Unlisted bonds	23	12
Total exposure to price risk	2 633	2 238

During the years ended 31 March 2011 and 31 March 2010, Reinet's exposure to various industry sectors was principally in respect of its investment in BAT. This represented some 86 per cent of the net asset value of Reinet as at 31 March 2011 (2010: 85 per cent).

The table below summarises the sensitivity of Reinet's assets to price movements as at 31 March 2011 and 31 March 2010.

The analysis is based on the assumption that prices would increase or decrease by 10 per cent with all other variables held constant. The 10 per cent change is based on the reasonable possible change in the fair value of the investment in BAT shares as at 31 March 2011 and 31 March 2010.

	31 March 2011 € m	31 March 2010 € m
Effect on net assets attributable to shares of a 10% increase or decrease in prices	263	224

4.1.1.2 Foreign exchange risk

Reinet operates internationally and may hold both monetary and non-monetary assets denominated in currencies other than the euro, the functional currency. Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. The Fund Manager, however, monitors the exposure on all foreign currency denominated assets and liabilities, and hence, the table below has been analysed between monetary and non-monetary items to meet the requirements of IFRS 7.

Reinet's policy is currently to minimise its exposure to monetary foreign exchange movements on liquid funds by holding such liquid funds in euros; that policy may change to reflect the Fund Manager's view as to the likely development of foreign exchange rates in the medium term or to take account of requirements for funds for investment purposes in currencies other than the euro. Where appropriate, Reinet may enter into foreign exchange hedging transactions.

When the Fund Manager formulates a view on the future direction of foreign exchange rates and the potential impact on Reinet, the Fund Manager factors that into its resource allocation decisions. While Reinet may have direct exposure to foreign exchange rate changes on the price of non-euro denominated securities, it may also be indirectly affected by the impact of foreign exchange rate changes on the earnings of certain companies in which Reinet invests, most notably BAT. For that reason, the sensitivity analysis below will not necessarily indicate the total effect on Reinet's net assets attributable to shareholders of future movements in foreign exchange rates.

Reinet has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the foreign operations is managed where considered necessary through borrowings denominated in the relevant foreign currencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

4. FINANCIAL RISKS CONTINUED

The table below summarises Reinet's assets and liabilities, monetary and non-monetary, by currency.

Concentration of assets and liabilities by currency:

	GBP		EURO		USD		ZAR	
	2011 € m	2010 € m	**2011 € m**	2010 € m	**2011 € m**	2010 € m	**2011 € m**	2010 € m
Assets								
Monetary assets	**2 389**	2 159	**370**	347	**149**	88	**50**	–
Liabilities								
Monetary liabilities	**1**	2	**103**	49	**20**	4	**46**	–

The Fund Manager monitors Reinet's monetary and non-monetary foreign exchange exposure on a daily basis and the Board of the Fund Manager reviews it at each meeting.

The table below summarises the sensitivity of Reinet's monetary and non-monetary assets and liabilities to changes in foreign exchange movements at 31 March 2011 and 31 March 2010. The analysis is based on the assumptions that the relevant foreign exchange rate increased/decreased by 5 per cent to the euro, with all other variables held constant. This increase or decrease in the net assets attributable to shareholders arises mainly from a change in the fair value of UK equities, notably the investment in BAT, and other smaller investments denominated in USD that are classified as financial assets held at fair value through profit or loss.

Movement in each currency against euro:

	31 March 2011 Increase or decrease € m	31 March 2010 Increase or decrease € m
Pounds sterling		
Monetary	**119**	108
US dollar		
Monetary	**6**	5

4.1.1.3 Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. Reinet may hold fixed interest bonds and loans that expose Reinet to fair value interest rate risk.

As at 31 March 2011 Reinet held financial assets with fixed interest rates amounting to € 62 million and with variable interest rates amounting to € 49 million plus the euro-denominated bond fund of € 183 million.

In respect of financial assets with variable interest rates, a movement in interest rates of 100 basis points, with all other variables held constant, would result in an impact on operating results of € 2 million.

Borrowings at variable rates expose Reinet to cash flow interest rate risk, this is partly offset by cash and financial assets held at variable rates. Borrowings at variable rates amounted to € 46 million at 31 March 2011.

In respect of borrowings with variable interest rates, a movement in interest rates of 100 basis points, with all other variables held constant, would result in an impact on operating results of € 0.5 million.

The Fund Manager monitors Reinet's overall interest rate sensitivity on a regular basis.

4. FINANCIAL RISKS CONTINUED

4.1.2 CREDIT RISK

Reinet is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due.

The main credit risk to which Reinet is exposed arises from bank deposits, bonds and loans to third parties. Reinet is also exposed to counterparty credit risk on amounts due from brokers and other receivable balances.

Reinet's policy to manage this risk is to place funds only with banks which have strong credit ratings. The analysis below summarises the credit quality of Reinet's bank deposits.

Banks by rating category (Moody's)

	31 March 2011		31 March 2010	
	€ m	%	€ m	%
Aa1	1	2	1	1
Aa2	10	19	81	56
Aa3	1	2	1	1
A1	–	–	–	–
A2	41	77	60	42
Total	53	100	143	100

Reinet has the following investments in bonds and loans receivable:

	31 March 2011		31 March 2010	
	€ m	%	€ m	%
Bonds at fair value	23	21	12	50
Loans to private equity interests	93	83	13	54
– impairment	(5)	(4)	(1)	(4)
Total	111	100	24	100

Investments in bonds and loans are reviewed periodically and impaired where necessary. The bonds are neither rated nor listed.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

4.1.3 LIQUIDITY RISK

Liquidity risk is the risk that Reinet may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Fund Manager monitors Reinet's liquidity position on a daily basis.

In March 2011 a loan of ZAR 443.4 million was obtained from Rand Merchant Bank in South Africa. The loan is repayable in March 2018 but can be prepaid at any time without penalty from Reinet's own resources.

A limited proportion of Reinet's invested assets are not actively traded on a stock exchange. Reinet's listed investment in BAT is considered readily realisable as it is listed on the London Stock Exchange.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

4. FINANCIAL RISKS CONTINUED

4.2 CAPITAL RISK MANAGEMENT

Reinet's principal objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of Reinet.

Capital is comprised of share capital, share premium, non-distributable reserves, cumulative translation adjustment and retained earnings.

Reinet Fund is required to maintain its net asset value (capital) in excess of € 1 billion in respect of its borrowing from a bank. Reinet is not subject to any other externally imposed capital requirements.

There have been no changes in capital in the year other than profits generated in the ordinary course of business.

During the year Reinet Fund complied with the above requirement and reported a net asset value of € 2 786.3 million as at 31 March 2011.

4.3 FAIR VALUE ESTIMATION

The fair value of financial assets traded in active markets (such as publicly traded securities) are based on quoted market prices at the balance sheet date. The quoted market price used for financial assets is the closing bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

The fair value of financial assets that are not traded in an active market is determined by using appropriate valuation techniques. Reinet uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where necessary, valuations are obtained by the Fund Manager from third-party experts to support the valuations being used in the financial statements. Valuation techniques used include the use of comparable recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, the price/earnings method, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs. Recent investments in unquoted investments are carried at cost, which is considered to be the best estimate of fair value.

In accordance with IFRS 7 Reinet classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

– Quoted prices (unadjusted) in active markets for identical assets (level 1).

– Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

– Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

4. FINANCIAL RISKS CONTINUED

The determination of what constitutes 'observable' requires significant judgement by Reinet. Reinet considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses, within the fair value hierarchy, Reinet's financial assets measured at fair value at 31 March 2011:

Assets	Level 1 € m	Level 2 € m	Level 3 € m	Total € m
Financial assets held for trading:				
– Equity securities	183	–	–	183
Financial assets designated at fair value through profit or loss:				
– Equity securities and funds	2 394	–	216	2 610
– Bonds	–	–	23	23
– Loans	–	–	88	88
Total financial assets	2 577	–	327	2 904

The following table analyses, within the fair value hierarchy, Reinet's financial assets measured at fair value at 31 March 2010:

Assets	Level 1 € m	Level 2 € m	Level 3 € m	Total € m
Financial assets held for trading:				
– Equity securities	200	–	–	200
Financial assets designated at fair value through profit or loss:				
– Equity securities and funds	2 164	–	62	2 226
– Bonds	–	–	12	12
– Loans	–	–	13	13
Total financial assets	2 364	–	87	2 451

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. Reinet does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2, these include listed equities. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include unlisted equities, private equity funds, bonds and loans. As observable prices are not available for these investments, Reinet has used fair values obtained from the audited statements provided by fund managers and appropriate valuation methods to derive fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

4. FINANCIAL RISKS CONTINUED

Certain level 3 investments are valued using the latest available valuation at 31 December 2010 together with additional investments made after that date. In this case the amount of the additional investments is assumed to be the best estimate of fair value. Other level 3 investments including unlisted equities are valued at cost which is considered to be the best estimate of fair value.

Level 3 assets valuations 31 March 2011	**Other valuation* € m**	**External valuation € m**	**Management valuation € m**	**Total € m**
Financial assets designated at fair value through profit or loss:				
– Equity securities and funds	29	187	–	216
– Bonds	–	23	–	23
– Loans	87	–	1	88
Total level 3 assets	116	210	1	327

Level 3 assets valuations 31 March 2010	Other valuation* € m	External valuation € m	Management valuation € m	Total € m
Financial assets designated at fair value through profit or loss:				
– Equity securities and funds	8	54	–	62
– Bonds	–	12	–	12
– Loans	11	2	–	13
Total level 3 assets	19	68	–	87

* For unlisted equities, cost is considered to be the best estimate of fair value, while the fair value of loans is based on discounted cash flows using the effective interest rate method. The interest rate charged on loans reflects the risk which is embodied in the discount rate, thus the carrying value approximates the fair value.

The following table presents the movement in level 3 investments for the year ended 31 March 2011:

	31 March 2011 € m	31 March 2010 € m
Opening balance	87	46
Purchases	265	71
Sales	(18)	(5)
Transfers into level 3	–	–
Gains and losses recognised in profit or loss	(7)	(25)
Closing balance	327	87
Total gains or losses for the year included in the statement of comprehensive income for assets held at the end of the year	(5)	(23)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

5.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The General Partner must make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

5.2 CRITICAL JUDGEMENTS

Functional currency

The General Partner considers the euro to be the currency that most appropriately represents the economic effect of the underlying transactions, events and conditions. The euro is the currency in which Reinet measures its performance and reports its results.

Fair value of unquoted investments

The fair value of investments that are not quoted in an active market is determined by using valuation techniques, primarily earning multiples, discounted cash flows and recent comparable transactions. The models used to determine fair values are validated and periodically reviewed by the General Partner. The inputs in the earning multiples models include observable data, such as earning multiples of comparable companies to the relevant portfolio company, and unobservable data, such as forecast earnings for the portfolio company. In discounted cash flow models, unobservable inputs are the projected cash flows of the relevant portfolio company and the risk premium for liquidity and credit risk that are incorporated into the discount rate. However, the discount rates used for valuing equity securities are determined based on historic equity returns for other entities operating in the same industry for which market returns are observable. The General Partner uses models to adjust the observed equity returns to reflect the actual debt/equity financing structure of the valued equity investment.

6. SEGMENT INFORMATION

Segment reporting is prepared at the level of the Fund.

The Fund Manager makes the strategic resource allocations on behalf of the Fund.

The Fund considers its investment portfolio as three distinct segments, ie listed investments, unlisted investments and cash and liquid funds.

Returns on these investments consist of realised gains and losses, unrealised gains and losses, dividend income, carried interest and interest income.

The allocation of assets and liabilities between the segments is as follows:

	31 March 2011		31 March 2010	
	€ m	€ m	€ m	€ m
Assets				
Listed investments				
– BAT		2 387		2 159
– Other		7		5
Cash and liquid funds		236		343
Unlisted investments				
– long-term	319		87	
– held for sale	8	327	–	87
Total segment assets		2 957		2 594
Liabilities				
Unlisted investments – deferred tax liability		1		–
– funding from minority partners		21		1
– borrowings		46		–
Total segment liabilities		68		1

All assets other than cash and liquid funds are held at fair value through profit or loss.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

6. SEGMENT INFORMATION CONTINUED

There were no transactions between reportable segments other than payment of cash to acquire new investments and receipt of sales proceeds for existing investments.

A reconciliation of reportable segments' assets to total assets is as follows:

	31 March 2011 € m	31 March 2010 € m
Total segment assets	2 957	2 594
Other assets	1	–
Total assets	2 958	2 594
Total segment liabilities	68	1
Other liabilities	102	54
Total liabilities	170	55

Income per segment is as follows:

	31 March 2011		31 March 2010	
	€ m	€ m	€ m	€ m
Listed investments				
– dividend	103		84	
– fair value adjustment	228	331	692	776
Cash and liquid funds				
– interest income		1		1
Unlisted investments				
– interest income	3		2	
– realised gains/(losses)	4		(2)	
– fair value adjustment	(11)	(4)	(22)	(22)
Total income		328		755

Expenses and taxes cannot be allocated over the above segments.

7. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2011 € m	31 March 2010 € m
Financial assets held at fair value through profit or loss – non-current:		
– Listed investments	2 394	2 164
– Unlisted investments	319	87
Total financial assets held at fair value through profit or loss – non-current	2 713	2 251
Financial assets held at fair value through profit or loss – current		
– Investment in euro-denominated government bond fund	183	200
Total financial assets at fair value through profit or loss	2 896	2 451
Net changes in fair value on financial assets at fair value through profit or loss:		
– Realised	4	(2)
– Unrealised	217	670
Total gains	221	668

The movement in non-current financial assets at fair value through profit or loss may be summarised as follows:

Non-current financial assets	€ m
Balance at 31 March 2009	1 517
Investments in non-current assets – Unlisted investments	71
Sales proceeds	(5)
Fair value movements	668
Balance at 31 March 2010	2 251
Investments in non-current assets – Unlisted investments	265
Investments in non-current assets – Listed investments	1
Sales proceeds	(18)
Effect of foreign exchange and interest accrued	1
Transfer to non-current assets – held for sale	(8)
Fair value movements	221
Balance at 31 March 2011	2 713

Current financial assets	€ m
Balance at 31 March 2009	100
Investment in euro-denominated government bond fund	100
Balance at 31 March 2010	200
Redemption of euro-denominated government bond fund	(17)
Balance at 31 March 2011	183

The portfolio of the euro-denominated government bond fund as at 31 March 2011 and 31 March 2010 consisted of short-term (ie with maturities of less than one year) euro-denominated fixed and floating rate debt securities issued by western European governments. Distributions from this fund are included in dividend income. These instruments carry very low risk and provide daily liquidity. These investments are considered to be equity instruments categorised as financial assets at fair value through profit or loss. The value of the investment corresponds to the net asset value of the instruments held by the fund as it is the best indicator of the fair value at the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

8. NON-CURRENT ASSETS – HELD FOR SALE

As at 31 March 2011, Reinet had provided loans of some ZAR 451 million (€ 47 million) to Jagersfontein to finance the acquisition of diamond mine tailings and plant to process the tailings. Once the final investment holding structure has been determined within the next 12 months, it is anticipated that Reinet will have an equity interest of 44 per cent in the venture. ZAR 150 million of the loans receivable will be converted into preferred shares, of which 51 per cent will then be sold to third party investors along with 460 of the shares currently outstanding. The value of these assets held for sale is ZAR 76.5 million (€ 8 million).

9. TRADE AND OTHER RECEIVABLES

The balance receivable at 31 March 2011 represented the balance due from the Fund Manager and minority partners.

10. CASH AND CASH EQUIVALENTS

	31 March 2011 € m	31 March 2010 € m
Short-term deposits	53	143

11. SHARE CAPITAL

Ordinary share capital	31 March 2011 € m	31 March 2010 € m
Authorised capital		
999 999 000 ordinary shares with no par value	1 123	1 123
Issued capital		
195 941 286 ordinary shares issued and fully paid	220	220

The ordinary shares confer on the shareholder the entitlement to participate in and to vote at meetings of shareholders, with each share carrying the right to one vote. Each share also entitles each shareholder to receive a proportionate share of any dividend that the Company may declare and a proportionate share of the net assets of the Company on liquidation. The liability of shareholders is limited to the amount of their investment in the Company.

The relevant movements in the capital are shown on the statement of changes in equity.

The ordinary shares are listed on the Luxembourg Stock Exchange.

Management share capital	31 March 2011 € 000's	31 March 2010 € 000's
Authorised capital		
1 000 shares with no par value	1	1
Issued capital		
1 000 shares issued and fully paid	1	1

The management shares are held by the General Partner and confer the same rights with regard to voting, dividends and the distribution of assets on liquidation as the ordinary shares. In addition, as the holder of management shares, the General Partner has broad powers to manage the Company and has unlimited liability for any obligations of the Company that cannot be met from the assets of the Company.

12. NON-DISTRIBUTABLE RESERVES

The legal reserve amounting to € 22 million is not available for distribution.

13. CUMULATIVE TRANSLATION ADJUSTMENT RESERVE

Reinet was created on 20 October 2008 from the restructuring of the assets previously held in Richemont S.A. During this period, Reinet held its interest in BAT through a joint-venture vehicle, R&R Holdings S.A. Reinet's joint-venture partner was Remgro Limited and pursuant to the restructuring referred to above, R&R Holdings S.A. distributed to Reinet its 19.5 per cent share of the underlying holding of BAT shares by way of a partial liquidation. Reinet subsequently distributed 90 per cent of its BAT shares to its shareholders and Remgro Limited contributed 10 per cent of its holding of BAT shares to Reinet in exchange for the issuance of Reinet securities to its shareholders. As a consequence, the joint-venture with Remgro Limited was terminated and Reinet considered itself no longer to be in a position to exercise significant influence over BAT. This restructuring was not a disposal event (as the BAT shares were distributed to Reinet's shareholders) in substance; the cumulative translation adjustment has been treated as an equity transaction. The reserve will only be reversed upon the ultimate sale of the subsidiary which holds the BAT shares.

During the year the cumulative translation adjustment reserve increased by € 1 million in respect of the adjustment required on consolidation of US subsidiaries.

14. DEFERRED TAX LIABILITY

Deferred tax liabilities are expected to become payable after more than 12 months.

Deferred tax liabilities arise as a result of unrealised gains on financial assets held at fair value. Capital gains are expected to arise which will result in corporate taxes being paid. The estimated corporate tax rate used is 35 per cent.

The movement in the deferred tax liability is as follows:

	€ m
Balance at 31 March 2010	–
Charge to statement of comprehensive income	1
Balance at 31 March 2011	1

15. FUNDING FROM MINORITY PARTNERS

Reinet owns 80 per cent of certain subsidiary companies which invest in Trilantic and in US land development and mortgages. Reinet receives funding (as an intermediary) from its minority partners in respect of their share of underlying investments made and expenses paid by the subsidiaries. The funding provided by the minority partners amounts to € 21 million at 31 March 2011 (2010: € 1 million) and is repayable as distributions of capital and profit are received from the underlying investments.

16. BORROWINGS

In March 2011, a loan of ZAR 443.4 million (€ 46 million) was obtained from Rand Merchant Bank in South Africa. The loan is repayable in March 2018 but can be prepaid at any time without penalty from Reinet's own resources. The loan is unsecured and carries interest at a rate of Johannesburg Interbank Agreed Rate plus 1.75 per cent payable quarterly in arrears.

The fair value of the loan is considered to be the face value converted into euro at the year-end rate.

17. TRADE AND OTHER PAYABLES

The balance payable includes the performance fee and management fee payable to the Investment Advisor of € 86 million and € 11 million respectively as at 31 March 2011 (2010: € nil and € 8 million).

18. ACCRUALS AND PROVISIONS

	31 March 2011 € m	31 March 2010 € m
Accruals	3	3
Provision for performance fee	–	40
	3	43

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

19. FINANCIAL INCOME AND EXPENSE

	31 March 2011 € m	31 March 2010 € m
Dividend and other investment income	103	86
Interest income on loans receivable	3	–
Interest income arising from cash and cash equivalents	1	1
	107	87

During the year ended 31 March 2011, Reinet Fund received a final dividend in respect of the 2009 financial year of € 70.5 million (£ 60.4 million) and an interim dividend for 2010 of € 32.4 million (£ 28.0 million) from BAT.

Interest income on loans receivable is in respect of loans made to Jagersfontein and the investments in US land development and mortgages. The loans and interest receivable are included in Financial assets at fair value in the balance sheet.

20. MANAGEMENT FEE, ADMINISTRATION FEE AND REIMBURSEMENT OF EXPENSES

The Company is managed by its General Partner. The Company reimburses the General Partner for its expenses incurred in the ordinary course of business, including but not limited to the remuneration of its staff, taxes, rentals, directors' fees and any other disbursements and pays an annual administration fee equal to 10 per cent of such expenses.

During the year ended 31 March 2011, the Company was charged € 0.6 million (2010: € 1.5 million) by the General Partner in respect of its costs incurred and the related administration fee.

The Company's wholly-owned subsidiary, Reinet Fund, is managed by the Fund Manager. Reinet Fund reimburses the Fund Manager for its expenses incurred in the ordinary course of business including but not limited to the remuneration of its staff, taxes, rentals, directors' fees and any other disbursements. Any such amounts payable to the Fund Manager are deductible from any management fees payable to the Investment Advisor in respect of any accounting period.

The management fee is payable to the Investment Advisor at a rate of 1 per cent per annum on the NAV of the Fund, excluding cash and interests in funds managed by third parties. It is calculated semi-annually based on the closing NAV at the end of the previous six-month period.

The management fee in respect of cash is calculated at a rate of one-quarter of 1 per cent per annum.

No management fee is payable in respect of funds managed by third parties except where the fee payable to the third party has been negotiated to a level below 1 per cent per annum and below the level payable by other investors in a fund. In such circumstances, the difference between the fee payable to the third-party manager and 1 per cent is payable to the Investment Advisor.

Investments as a limited partner in funds under the management of a management company in which Reinet is an investor are not treated as being managed by third parties; the management fee is payable at 1 per cent per annum to the Investment Advisor. However, such a fee payable to the Investment Advisor is reduced by any management fee paid by the Fund to the management company, net of income received by Reinet on its investment in the management company in terms of its share of the management fees earned by (but not carried interest attributable to) the management company.

Management fee payable	31 March 2011 € m	31 March 2010 € m
Investment Advisor	20.0	12.9
Fund Manager	2.7	4.4
Total management fee	22.7	17.3

21. TAX EXPENSE

	31 March 2011 €m	31 March 2010 €m
Foreign corporate and withholding tax on realised gains	1.1	–
Luxembourg corporate taxes	0.3	–
Luxembourg tax on NAV of Reinet Fund	0.3	0.2
Total current tax	1.7	0.2
Deferred tax charge (note 14)	0.8	–
Tax expense	2.5	0.2

Under the current laws of Luxembourg, Reinet Investments S.C.A. and certain subsidiaries pay corporation tax on profits at rates enacted in Luxembourg.

Reinet Fund, as a specialised investment fund, is not subject to taxation on income or capital gains in Luxembourg. Reinet Fund pays taxes in Luxembourg based on its NAV calculated on a quarterly basis.

Certain subsidiaries are domiciled outside of Luxembourg and are subject to taxes on profits at rates enacted in other such domiciles.

Tax rate reconciliation	31 March 2011 €m	31 March 2010 €m
Profit before tax	252	692
Tax on profit calculated at statutory rate of 28.80% (2010: 28.59%)	72.6	197.8
Non-taxable net income	(94.6)	(222.1)
Non-deductible expenses	20.7	15.5
Non-recognition of current year tax losses	1.6	8.8
Withholding and other taxes	2.2	0.2
Taxation charge	2.5	0.2

The statutory rate used of 28.80 per cent is the basic Luxembourg corporate tax of 22.05 per cent plus municipal business tax of 6.75 per cent.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

22. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the parent by the weighted average number of shares in issue during the year.

	Realised € m	Unrealised € m	31 March 2011 € m	31 March 2010 € m
Profit for the year (after tax)	32	217	249	691
Weighted average number of ordinary shares in issue (millions of shares)	195.9	195.9	195.9	195.9
Earnings per share from profit for the year – basic and diluted (€ per share)	0.16	1.11	1.27	3.53

The Company has not issued any shares or other instruments that are considered to have dilutive potential. There were no movements in the year ended 31 March 2011.

The presentation of headline earnings per share, as an alternative measure of earnings per share, is mandated under the JSE Listing Requirements. It is calculated in accordance with Circular 8/2007 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.

Headline earnings per share:	31 March 2011	31 March 2010
Unadjusted earnings per share	€ 1.27	€ 3.53
Headline earnings per share	€ 1.27	€ 3.53

23. RELATED PARTY TRANSACTIONS

Reinet has a number of relationships and transactions with related parties, as defined by IAS 24, *Related party transactions*, all of which are undertaken in the normal course of business.

Parties identified as related parties are:

FORMER PARENT COMPANY – CFR SA

Although the management of Reinet is distinct from that of Richemont, a number of executives who have management responsibilities for Reinet continue to have executive roles in and are employed by Richemont. CFR SA is not responsible in any way for the services provided by the executives to Reinet. Up until 31 March 2010, CFR SA charged an applicable share of the cost of the executives to the General Partner and the Fund Manager, and hence indirectly to the Company and the Fund. Effective 1 April 2010, separate contracts of employment have been established for these executives. The employment costs are borne by the General Partner and the Fund Manager and hence indirectly by the Company and the Fund.

SIGNIFICANT SHAREHOLDERS

Mr Johann Rupert, Chairman of the General Partner and the Fund Manager is a trustee of the Anton Rupert Trust.

Details of shareholdings by the Anton Rupert Trust and parties affiliated with it, including Mr Johann Rupert in his personal capacity, are as follows:

	31 March 2010	Acquired during the year	Sold during the year	31 March 2011
Number of shares	48 312 176	–	–	**48 312 176**

	31 March 2009	Acquired during the year	Sold during the year	31 March 2010
Number of shares	47 908 782	403 394	–	48 312 176

23. RELATED PARTY TRANSACTIONS CONTINUED

On 6 May 2010, the Public Investment Corporation ('PIC') notified the Company that it held 15.06 per cent of the shares and voting rights in the Company.

On 2 February 2011, Allan Gray Limited notified the Company that accounts under its management held the equivalent of 5.01 per cent of the shares and voting rights in the Company in the form of DRs.

MANAGEMENT AND ADVISORY COMPANIES

The Company is a partnership limited by shares ('société en commandite par actions') which is managed by the General Partner. As detailed in note 20, the Company reimburses expenses incurred by the General Partner together with an annual administration fee equal to 10 per cent of such expenses.

The Company's wholly-owned subsidiary, Reinet Fund, is managed by the Fund Manager. As set out in note 20, Reinet Fund reimburses those expenses incurred by the Fund Manager. Amounts reimbursed to the Fund Manager are deducted from any management fees payable to the Investment Advisor by the Fund.

Under the terms of the Investment Advisory Agreement dated 9 October 2008 and the amendment dated 24 May 2010 between the Fund and the Investment Advisor, the Fund pays both management fees and performance fees to the Investment Advisor.

The management fee is payable at a rate of 1 per cent per annum of the NAV of the Fund which is attributable to the consolidated assets of the Fund excluding cash and interests in funds managed by third parties. The management fee in respect of cash is calculated at a rate of one-quarter of 1 per cent per annum. No management fee is payable in respect of interests in funds managed by third parties.

The performance fee in any period is to be calculated as 10 per cent of the Cumulative Total Shareholder Return* at the end of the Performance Measurement Period*, adjusted for all dividends and returns of capital to Reinet shareholders, less the sum of all performance fees paid in previous Performance Measurement Periods. The Cumulative Total Shareholder Return will be the difference between the volume weighted average closing price of the Reinet share on the Luxembourg Stock Exchange over the last 20 trading days of each financial year of the Company less the Initial Price*, calculated as the volume weighted average market price of the share on the Luxembourg Stock Exchange over the first 60 trading days following the third day after the conclusion of the rights issue in December 2008. The Initial Price, calculated over the trading period from 22 December 2008 to 19 March 2009, is € 7.1945. The volume weighted average closing price at 31 March 2011 was € 11.6064.

As indicated in note 17 the performance fee payable at 31 March 2011 amounts to € 86 million.

The General Partner, the Fund Manager and the Investment Advisor are controlled by Rupert family interests.

BOARDS OF THE GENERAL PARTNER AND THE FUND MANAGER

Members of the Boards of Directors of the General Partner and the Fund Manager are considered to be related parties. Details of the Boards of Directors are set out in the corporate governance report on pages 13 to 15 of this annual report.

KEY SHAREHOLDINGS

Aggregate shareholdings of directors of the General Partner and the Fund Manager (excluding Mr Johann Rupert – see above).

	31 March 2010	Acquired during the year	Sold during the year	**31 March 2011**
Number of shares	77 349	1 460	–	**78 809**

	31 March 2009	Acquired during the year(1)	Sold during the year	31 March 2010
Number of shares	16 365	60 984	–	77 349

(1) The shares acquired during the year represent holdings of two new directors at the date they joined the Board of Directors of the General Partner and the Fund Manager.

* as defined in the Reinet Prospectus, published on 10 October 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

23. RELATED PARTY TRANSACTIONS CONTINUED

BOARD OF OVERSEERS

Members of the Board of Overseers are considered to be related parties.

Fees of € 40 000 per Board member were paid to the Board of Overseers in respect of the year ended 31 March 2011, such fees to be split equally between the Company and Reinet Fund S.C.A., F.I.S. (2010: € 20 000 being payment for six months).

Aggregate shareholdings of the members of the Board of Overseers.

	31 March 2010	Acquired during the year	Sold during the year	**31 March 2011**
Number of shares	44 307	–	–	**44 307**

	31 March 2009	Acquired during the year(1)	Sold during the year(2)	31 March 2010
Number of shares	40 000	44 307	(40 000)	44 307

(1) The shares acquired during the year represent holdings of the new Board members at the date they joined the Board of Overseers.

(2) The shares sold during the year represent the holdings of the former members of the Board of Overseers when they left the Board.

OTHER RELATED PARTIES

Reinet has also identified Remgro Limited, a public company incorporated in South Africa, as a related party.

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Compagnie Financière Richemont SA (CFR SA)

	31 March 2011 € m	31 March 2010 € m
Expenses charged by CFR SA to Reinet during the year	**–**	–
Balance payable by Reinet to CFR SA	**–**	–

Reinet Investments Manager S.A. (the General Partner)

	31 March 2011 € m	31 March 2010 € m
Expenses charged by the General Partner to the Company during the year	**0.5**	1.4
Administration fee for the year	**0.1**	0.1
Balance payable by the Company to the General Partner	**1.2**	0.5

Included in the amount charged by the General Partner are charges of € nil (2010: € 0.9 million) from CFR SA in respect of staff seconded to the General Partner.

Reinet Fund Manager S.A. (the Fund Manager)

	31 March 2011 € m	31 March 2010 € m
Expenses charged to the Fund during the year	**2.7**	4.4
Balance receivable by the Fund from the Fund Manager	**(0.7)**	(0.1)

Included in the amount charged by the Fund Manager are charges of € nil (2010: € 2.1 million) from CFR SA in respect of staff seconded to the Fund Manager.

23. RELATED PARTY TRANSACTIONS CONTINUED

Reinet Investment Advisors Limited (the Investment Advisor)

	31 March 2011 € m	31 March 2010 € m
Management fee charged during the year	20.0	12.9
Performance fee charged during the year	86.4	–
Balance payable by the Fund to the Investment Advisor	97.0	8.0

No fees were charged or paid to significant shareholders or to Remgro Limited during the year and no balances were outstanding with these parties at 31 March 2011.

24. AUDIT AND OTHER FEES PAID TO PRICEWATERHOUSECOOPERS

Fees for the year ended 31 March 2011 billed and unbilled by PricewaterhouseCoopers S.à r.l., Luxembourg and other member firms of the PricewaterhouseCoopers network, which relate to the audit of the consolidated and individual company accounts, amounted to € 0.4 million (2010: € 0.3 million).

Such fees are presented under 'custodian, secretarial and administration fees' in the statement of comprehensive income.

25. CAPITAL COMMITMENTS

At 31 March 2011, Reinet had committed to invest a further € 288 million (2010: € 291 million) in unlisted investments. See table on page 9.

26. CONTINGENT LIABILITIES

Reinet has a fixed-term bank deposit in the amount of CHF 0.4 million which has been pledged to Commerzbank who has furnished a guarantee in favour of an investee company.

In September 2010, Reinet provided guarantees in respect of certain ongoing financial obligations of Jagersfontein in the amount of ZAR 95 million (€ 10 million). One guarantee was partially extinguished by the payment of ZAR 35 million to Jagersfontein in April 2011; Jagersfontein used these funds to settle one of its obligations.

27. DIVIDEND PAYABLE

Recognising the need to accumulate retained earnings within Reinet Fund and taking into account the uncertain economic environment, the Board of the General Partner believes it prudent not to propose any dividend at this time.

28. SUBSEQUENT EVENTS

Reinet received a final dividend of approximately £ 68 million from its investment in BAT. The dividend was approved by the shareholders of BAT on 28 April 2011 and was paid on 5 May 2011.

During April 2011, Reinet committed funds totalling ZAR 67 million and made guarantees of ZAR 24 million in respect of new investments.

During April and May 2011, Reinet made payments in the amount of € 42 million in respect of its commitments referenced in note 25 above.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

29. SCOPE OF THE CONSOLIDATION

Companies included within the scope of the consolidation:

Name	Domicile	Percentage held
Parent company:		
Reinet Investments S.C.A.	Luxembourg	
Subsidiaries:		
Reinet Fund S.C.A., F.I.S.	Luxembourg	100 %
Reinet Columbus Limited	Jersey, Channel Islands	100 %
J & R Investments Limited	British Virgin Islands	100 %
Reinet S.à r.l.	Luxembourg	100 %
Reinet GmbH	Switzerland	100 %
Reinet Jersey Holdings Limited	Jersey, Channel Islands	100 %
Reinet TCP Holdings Limited	Jersey, Channel Islands	80 %
Reinet Stokes Holdings S.A.	Luxembourg	100 %
RSF S.A.	Luxembourg	100 %
RSF I S.A.	Luxembourg	100 %
RSF II Limited	Jersey, Channel Islands	80 %
RPH Limited	Jersey, Channel Islands	80 %
Faircrest Holdings LLC	United States of America	100 %
Tideridge Holdings Corp.	United States of America	80 %
Arendale Holdings Corp.	United States of America	100 %
Reinet Flex Holdings Limited	Jersey, Channel Islands	100 %
Reinet Securities SA	Switzerland	100 %
Reinet TEM Holdings Limited	Jersey, Channel Islands	100 %
Reinet 36 South Investments Limited	Jersey, Channel Islands	100 %
Reinet SPG Limited	Jersey, Channel Islands	100 %
Jagersfontein Investments (Pty) Limited	South Africa	100 %*
Associates:		
Vanterra Reinet Holdings Ltd.	British Virgin Islands	49 %
Reinet 36 South Holdings Limited	Jersey, Channel Islands	49 %

* Contract signed to sell a majority interest, subject to conditions precedent.

AUDIT REPORT

To the Shareholders of Reinet Investments S.C.A.

Report on the consolidated financial statements
We have audited the accompanying consolidated financial statements of Reinet Investments S.C.A. and its subsidiaries (the 'Group'), which comprise the consolidated balance sheet as at 31 March 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Manager's responsibility for the consolidated financial statements
The Manager is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Manager determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the 'Réviseur d'entreprises agréé'
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the 'Commission de Surveillance du Secteur Financier'. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the 'Réviseur d'entreprises agréé', including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the 'Réviseur d'entreprises agréé' considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 March 2011, and of its financial performance and its consolidated cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements
The Shareholders' report, which is the responsibility of the Manager, is consistent with the consolidated financial statements.

PricewaterhouseCoopers S.à r.l.
Luxembourg, 16 June 2011

Represented by

Véronique Lefebvre

COMPANY FINANCIAL STATEMENTS

BALANCE SHEET

as at 31 March 2011

	Notes	31 March 2011 € 000's	31 March 2010 € 000's
Fixed assets			
Financial assets			
Shares in affiliated undertakings	*2.2, 3*	1 929 289	1 929 289
Current assets			
Debtors			
Amounts owed by affiliated undertakings:			
– becoming due and payable within one year	*2.3, 4*	–	175
Cash and cash equivalents		11	300
		11	475
Prepayments and accrued income		19	1
Total assets		1 929 319	1 929 765
Capital and reserves			
Subscribed capital	*5*	220 103	220 103
Share premium account	*6*	770 310	770 310
Legal reserve	*7*	22 100	22 100
Profit brought forward	*8*	916 445	918 997
Loss for the year		(1 876)	(2 552)
		1 927 082	1 928 958
Creditors			
Amounts owed to affiliated undertakings:			
– becoming due and payable within one year	*9*	1 859	556
Other creditors:			
– becoming due and payable within one year		–	–
		1 859	556
Accruals and deferred expenses		378	251
Total liabilities and equity		1 929 319	1 929 765

The accompanying notes form an integral part of these financial statements.

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2011

	Notes	Year ended 31 March 2011 € 000's	Year ended 31 March 2010 € 000's
Charges			
Other operating charges		1 885	2 546
Interest payable and similar charges:			
– payable to affiliated undertakings		–	16
		1 885	2 562
Income			
Other interest receivable and similar income	*10*	–	8
Foreign exchange gain		9	2
		9	10
Loss for the financial year		1 876	2 552
		1 885	2 562

The accompanying notes form an integral part of these financial statements.

COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Reinet Investments S.C.A. (the 'Company') is a partnership limited by shares (société en commandite par actions) and is governed by the Luxembourg law on securitisation. The registered office is at 35, boulevard Prince Henri, Luxembourg. The Company owns the entire ordinary issued capital of Reinet Fund S.C.A., F.I.S. ('Reinet Fund' or 'the Fund'), a partnership limited by shares established in Luxembourg.

The Company was formerly known as Richemont S.A. and was a subsidiary of Compagnie Financière Richemont SA ('CFR SA'), a Swiss company with significant luxury goods interests. The Company is managed by Reinet Investments Manager S.A. (the 'General Partner'), a limited liability company established in Luxembourg, which also owns 1 000 management shares in the Company. The General Partner has unlimited liability for any obligations of the Company that cannot be met from the assets of the Company. The registered office is at 35, boulevard Prince Henri, Luxembourg.

The Company has also prepared consolidated financial statements which will be made available at the Company's head office as required by Luxembourg law.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements as well as with generally accepted accounting principles in Luxembourg. In accordance with article 4 of the law dated December 10, 2010, the General Partner of the Company has resolved for the year ended 31 March 2011 not to implement the changes brought by this law to the content and the layout of the annual accounts, as well as to the related accounting principles and valuation policies.

2.1. FORMATION EXPENSES

The formation expenses of the Company are directly charged to the profit and loss account.

2.2. FINANCIAL ASSETS

Shares in affiliated undertakings held as fixed assets are valued at purchase price including the expenses incidental thereto. In case of permanent impairment in value in the opinion of the General Partner, value adjustments are made in respect of fixed assets.

2.3. DEBTORS AND CREDITORS

Debtors and creditors are valued at their nominal value. The debtors are subject to value adjustments where their recovery is compromised.

2.4. FOREIGN CURRENCY TRANSLATION

Transactions expressed in currencies other than euros are translated into euros at the exchange rate effective at the time of the transaction.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange gains and losses are recorded in the profit and loss account of the period.

Fixed assets expressed in currencies other than euros are translated into euros at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain at historic exchange rates.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange gains and losses are thus recorded in the profit and loss account. The realised exchange gains are recorded in the profit and loss account at the moment of their realisation.

2.5. PREPAYMENTS AND ACCRUED INCOME

Includes expenditure incurred in the financial year but relating to a subsequent financial year.

3. SHARES IN AFFILIATED UNDERTAKINGS

The movements in the year are as follows:

	Year ended 31 March 2011 € 000's	Year ended 31 March 2010 € 000's
Book value – opening balance	1 929 289	1 933 289
Additions in the year	–	–
Repayments of share premium	–	(4 000)
Disposals in the year	–	–
Book value – closing balance	1 929 289	1 929 289

The Company holds the entire share capital of Reinet Fund S.C.A., F.I.S. ('Reinet Fund'), whose functional currency is the euro. At 31 March 2011, the net asset value of Reinet Fund S.C.A., F.I.S. was € 2 786.3 million and it recorded a profit for the year then ended of € 248.9 million.

4. AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

	31 March 2011 € 000's	31 March 2010 € 000's
Becoming due and payable within one year	–	175

5. SUBSCRIBED CAPITAL

	31 March 2011 € 000's	31 March 2010 € 000's
Ordinary shares		
The subscribed capital at 31 March 2011 amounts to € 220 102 100 (2010: € 220 102 100) and is divided into 195 941 286 ordinary shares (2010: 195 941 286), fully paid with no par value	220 102	220 102
Total ordinary share capital	220 102	220 102
Management shares		
The subscribed capital at 31 March 2011 amounts to € 1 000 (2010: € 1 000) and is divided into 1 000 ordinary shares with no par value	1	1
Total management share capital	1	1
Total capital	220 103	220 103

The ordinary shares confer on the shareholder the entitlement to participate in and to vote at meetings of shareholders, with each share carrying the right to one vote. Each share also entitles each shareholder to receive a proportionate share of any dividend that the Company may declare and a proportionate share of the net assets of the Company on liquidation. The liability of ordinary shareholders is limited to the amount of their investment in the Company.

The management shares are held by the General Partner and confer the same rights with regard to voting, dividends and the distribution of assets on liquidation as the ordinary shares. In addition, as holder of the management shares, the General Partner has broad powers to manage the Company and has unlimited liability for any obligations of the Company that cannot be met from the assets of the Company.

6. SHARE PREMIUM ACCOUNT

The share premium account relates to a reserve amounting to € 770 310 429 (31 March 2010: € 770 310 429), available for distribution subject to the approval of the shareholders.

COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

7. LEGAL RESERVE

In accordance with Luxembourg law, the Company allocates annually a minimum of 5 per cent of its net profit to the legal reserve, until the aggregate reserve equals 10 per cent of the subscribed capital.

The legal reserve amounting to € 22 100 000 (31 March 2010: € 22 100 000) is not available for distribution.

8. PROFIT BROUGHT FORWARD

	31 March 2011 € 000's	31 March 2010 € 000's
Opening balance	918 997	446 443
Result from the prior year	(2 552)	(298 553)
Transfer from non-distributable reserve	–	771 707
Transfer to legal reserve	–	(600)
Balance at end of the year	916 445	918 997

9. AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

	31 March 2011 € 000's	31 March 2010 € 000's
Becoming due and payable within one year	1 859	556

10. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

In the year to 31 March 2011, the Company received bank interest and related income of € 29 (2010: € 7 952).

11. EMOLUMENTS GRANTED TO MEMBERS OF THE ADMINISTRATIVE, MANAGERIAL AND SUPERVISORY BODIES

	Year ended 31 March 2011 € 000's	Year ended 31 March 2010 € 000's
Board of Overseers	80	40
General Partner	614	1 549

12. CONTINGENT LIABILITIES

At 31 March 2011, the Company has no contingent liabilities.

13. TAXATION

The Company is subject to tax as determined by Luxembourg law.

14. SUBSEQUENT EVENTS

There have been no events subsequent to 31 March 2011, which would have any material impact on these financial statements.

PROPOSED APPROPRIATION OF RETAINED EARNINGS

as at 31 March 2011

	€ 000's
Available retained earnings	
Profit and loss brought forward	916 445
Net transfer from non-distributable reserves	–
Transfer to legal reserve	–
Net loss for the financial year	(1 876)
	914 569
Proposed appropriation	
Balance to be carried forward	914 569
	914 569

Reinet Investments Manager S.A.

General Partner
Luxembourg, 18 May 2011

COMPANY FINANCIAL STATEMENTS

AUDIT REPORT

To the Shareholders of Reinet Investments S.C.A.

We have audited the accompanying annual accounts of Reinet Investments S.C.A., which comprise the balance sheet as at 31 March 2011, the profit and loss account for the year then ended 31 March 2011 and a summary of significant accounting policies and other explanatory information.

Manager's responsibility for the annual accounts
The Manager is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Manager determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the 'Réviseur d'entreprises agréé'
Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the 'Commission de Surveillance du Secteur Financier'. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the 'Réviseur d'entreprises agréé', including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the 'Réviseur d'entreprises agréé' considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the annual accounts.

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

Opinion
In our opinion, the annual accounts give a true and fair view of the financial position of Reinet Investments S.C.A. as of 31 March 2011, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

PricewaterhouseCoopers S.à r.l.
Luxembourg, 30 May 2011

Represented by

Véronique Lefebvre

NOTICE OF ANNUAL GENERAL MEETING

Notice of the Annual General Meeting of shareholders of Reinet Investments S.C.A. to be held on 13 September 2011.

Shareholders are invited to attend in person or by proxy the Annual General Meeting of shareholders of the Company.

As provided for in the Statutes of the Company, the Annual General Meeting will take place on: Tuesday, 13 September 2011 at 2:30 pm at Hotel Le Royal, 12, boulevard Royal, Luxembourg.

AGENDA

Business reports for the accounting year ended 31 March 2011

1. To consider the report of the General Partner to the shareholders; the report of the Board of Overseers; and the reports by the Réviseur d'entreprises agréé of the Company in respect of the statutory financial statements of the Company and in respect of the consolidated financial statements for the accounting year ended 31 March 2011;

Financial statements

2. To approve the statutory financial statements of the Company for the accounting year ended 31 March 2011;
3. To approve the consolidated financial statements of the Company for the accounting year ended 31 March 2011;

Appropriations

4. To approve the proposed appropriation of the retained earnings of the Company at 31 March 2011 as follows:

Balance to be carried forward	€ 914 568 642

Discharge of the General Partner and Board of Overseers

5. To discharge the General Partner from its obligations in respect of the accounting year ended 31 March 2011 and to discharge the members of the Board of Overseers who held office in respect of the accounting year ended 31 March 2011 from their obligations;

Board of Overseers

6. To re-elect Mr D Falck, Dr P Kaul, Mr Y Prussen and Mr I Whitecourt as members of the Board of Overseers for the year ending at the next Annual General Meeting;
7. To fix the remuneration of each member of the Board of Overseers at € 40 000 per annum, such fees to be split equally between the Company and Reinet Fund S.C.A., F.I.S.

NOTICE OF ANNUAL GENERAL MEETING
CONTINUED

The statutory financial statements of the Company and the consolidated financial statements for the accounting year ended 31 March 2011, together with the reports of the Réviseur d'entreprises agréé, of the Board of Overseers and of the General Partner, are available at the registered office of the Company and on the Company's website, www.reinet.com.

The Annual General Meeting will be validly constituted to resolve on the matters raised in the agenda regardless of the number of shares represented at the meeting; resolutions to be considered at the meeting are approved by a simple majority of the votes cast. The meeting will be held in English.

Shareholders wishing to attend the meeting or who wish to appoint a proxy to represent them at the meeting must notify the Registrar, European Fund Administration S.A., 2, rue d'Alsace, L-1122 Luxembourg no later than 7 September 2011. The Registrar will draw up a list of shareholders and proxyholders authorised to attend the meeting.

Registration forms to request admission to the meeting or to appoint a proxy to attend the meeting may be obtained from the Registrar or downloaded from the Company's website, www.reinet.com.

Shareholders who hold their shares with a bank or other financial intermediary and who wish to attend the meeting in person or appoint a proxy must also instruct their bank or financial intermediary with whom the shares are on deposit to (i) block their shares and (ii) send a blocking certificate (the 'Blocking Certificate') to European Fund Administration S.A. Shares so deposited shall be blocked until the close of the meeting.

The Blocking Certificate should indicate clearly the precise identity of the shareholder, the number of shares being blocked, the date from which such shares are being blocked, which must be no later than 7 September 2011 and a statement that the shares are deposited in the shareholder's name and shall be blocked by the financial intermediary until the close of the meeting.

Shareholders may appoint a proxy, who need not be a shareholder, as their representative at the meeting. Forms of proxy are provided on the registration forms for admission to the meeting. Shareholders and proxy holders should present suitable identification to the entrance control on the day of the meeting.

Proxy voting instructions may be given to the Chairman of the meeting; these must be received by the Company duly completed and signed by 7 September 2011. A Blocking Certificate in respect of the shares must be provided to the Company or to the Registrar by that date. Failure to provide the Blocking Certificate will invalidate the proxy voting instructions. Unless proxies given to the Chairman of the meeting include explicit instructions as to the contrary, voting rights will be exercised in support of the proposals of the General Partner.

Registration forms for admission to the meeting and Blocking Certificates should be delivered to the Registrar by 7 September 2011. No admission cards will be issued on the day of the meeting and shareholders or proxyholders not registered to attend the meeting will not be allowed to participate.

Reinet Investments Manager S.A.

General Partner
Luxembourg, 18 May 2011

EXCHANGE RATES AND SHARE PRICES

EXCHANGE RATES AGAINST THE EURO

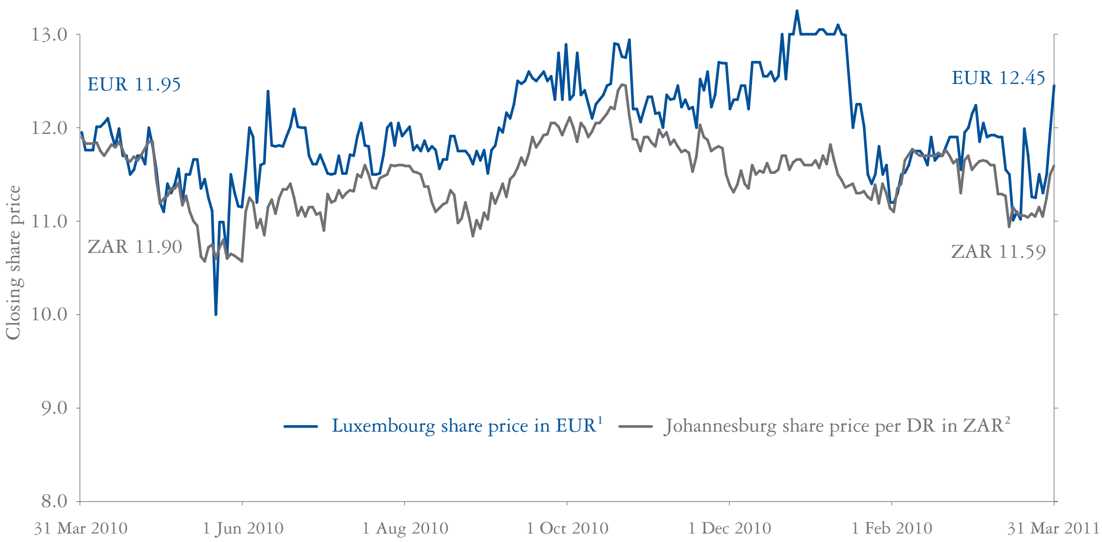
	Year ended 31 March 2011	Year ended 31 March 2010
Average for the year		
pound sterling	**0.8500**	0.8855
US dollar	**1.3231**	1.4137
Swiss franc	**1.3381**	1.5011
South African rand	**9.4991**	11.0264
Closing – as at the end of the year		
pound sterling	**0.8836**	0.8869
US dollar	**1.4167**	1.3511
Swiss franc	**1.3014**	1.4238
South African rand	**9.5936**	9.8399

SHARE INFORMATION

Reinet Investments S.C.A. shares are listed on the Luxembourg Stock Exchange with the ISIN number LU0383812293. Thomson Reuters code REIT.LU and Bloomberg code REIN.LX.

Reinet Investments S.C.A. South African Depository Receipts are traded on the stock exchange in Johannesburg under the ISIN number CH 0045793657. Thomson Reuters code REIJ.J and Bloomberg code REI.SJ.

DAILY CLOSING PRICES FROM 31 MARCH 2010 TO 31 MARCH 2011[3]



1 Represents the closing share price of Reinet Investments S.C.A. on the Luxembourg Stock Exchange (listed under the symbol 'ReinetInvest').

2 Represents the closing DR price of Reinet Investments S.C.A. on the Johannesburg Stock Exchange operated by JSE Limited (listed under the symbol 'REI'). One depository receipt of Reinet Investments S.C.A. represents one tenth of one ordinary share in Reinet Investments S.C.A.

3 The EUR:ZAR exchange rate was 1 : 9.8399 on 31 March 2010 and 1 : 9.5936 on 31 March 2011.

Source: Bloomberg

STATUTORY INFORMATION

Reinet Investments S.C.A.

REGISTERED OFFICE

REINET INVESTMENTS S.C.A.
35, boulevard Prince Henri
L-1724 Luxembourg
Grand Duchy of Luxembourg
Telephone: +352 22 42 10

Company Secretary: Mr S H Grundmann

REGISTERED NUMBER

Reinet Investments, Société en commandite par actions
Registre de commerce et des sociétés, Luxembourg B 16.576

GENERAL PARTNER

REINET INVESTMENTS MANAGER S.A.
35, boulevard Prince Henri
L-1724 Luxembourg
Grand Duchy of Luxembourg
Telephone: +352 22 42 10

Company Secretary: Mr S H Grundmann

CUSTODIAN

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L-2449 Luxembourg
Grand Duchy of Luxembourg

REGISTRAR AND PAYING AGENT

EUROPEAN FUND ADMINISTRATION S.A.
2, rue d'Alsace
P.O. Box 1725
L-1017 Luxembourg
Grand Duchy of Luxembourg

RÉVISEUR D'ENTREPRISES AGRÉÉ

PRICEWATERHOUSECOOPERS S.À R.L.
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FURTHER INFORMATION

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