REINET INVESTMENTS S.C.A.

Annual Report at 31 March 2012

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Cautionary statement regarding forward-looking statements

This document contains forward-looking statements as that term is defined in the United States Private Securities Litigation Reform Act of 1995. Words such as 'may', 'should', 'estimate', 'project', 'plan', 'believe', 'expect', 'anticipate', 'intend', 'potential', 'goal', 'strategy', 'target', 'will', 'seek' and similar expressions may identify forward-looking statements. Such forward-looking statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside Reinet's control. Reinet does not undertake to update, nor does it have any obligation to provide updates or to revise, any forward-looking statements.

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 2012: € 3 649 million, an increase of 31 per cent from 31 March 2011
- Net asset value per ordinary share at 31 March 2012: € 18.62 (31 March 2011: € 14.21)
- British American Tobacco p.l.c.: fair value increased by € 803 million during the year, reflecting strong growth in the underlying share price
- Profit for the year: € 865 million
- £ 300 million medium-term borrowing facility linked to options over British American Tobacco p.l.c. shares
- New investments with funding commitments of € 248 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, the primary listing, and its South African Depository Receipts are listed in Johannesburg, the secondary listing. The Company's shares are included in the 'LuxX' index of the principal shares traded on the Luxembourg exchange. The Company and the Fund together with the Fund's subsidiaries are referred to as 'Reinet'.

REPORT TO THE SHAREHOLDERS

CHAIRMAN'S COMMENTARY

OVERVIEW

We are still facing uncertainty in global financial markets. It is impossible to predict what the outcome of the euro crisis may mean for investors.

Against this background, Reinet will continue to invest prudently. Under the continuing uncertain economic scenario the very significant interest in British American Tobacco ('BAT') is an excellent protector of value for Reinet shareholders.

FINANCIAL PERFORMANCE

Reinet Investments' consolidated profit for the year under review amounted to € 865 million, reflecting net realised income of € 38 million and net unrealised gains of € 827 million. Net asset value at 31 March 2012 was € 3 649 million, an increase of some 31 per cent over the prior year's level, reflecting the strong growth in the value of Reinet's holding in BAT. Net asset value per share increased from € 14.21 to € 18.62 over the year.

As well as the substantial increase in the value of the holding, Reinet's interest in BAT generated dividend income of € 114 million during the year under review. In May 2012, Reinet received the BAT final dividend for its financial year ended 31 December 2011, which amounted to £ 75 million.

The General Partner does not propose any dividend payment at this time. Reinet is still in the process of building its investment portfolio and the Board of Reinet Investments Manager SA believes that it is more appropriate to retain funds within the organisation at this stage.

DEVELOPMENTS DURING THE YEAR

As mentioned last year, Reinet has entered into a very significant partnership with Mr Bill Winters and RIT Capital Partners Limited to create Renshaw Bay, an alternative asset management and advisory firm. We have invested a small amount in the firm to date but have already made a significant co-investment with our partners in the JPS Credit Opportunities Fund, which focuses on trading opportunities in credit markets. We expect other opportunities to follow, drawing on Mr Winters' in-depth knowledge of and excellent contacts in the banking world.

Reinet has also extended its interest in the natural resources sector with the acquisition of diamond extraction rights on a property in South Africa. This will be operated by the same partners who have identified and started work on the Jagersfontein mine tailings project. In both cases, Reinet will be a minority, financial investor in the project. We see these investments as opportunities for Reinet to benefit from the increasing global demand for both gemstones and industrial diamonds whilst supporting the local communities.

During the year under review, Reinet has built on its relationship with the management team of Milestone Capital, which manages funds investing primarily in established high-growth companies seeking expansion or acquisition capital in China. Milestone has a proven track record of investment in Chinese businesses, seeking out proprietary deals and applying stringent due diligence, creative structuring and proactive monitoring with a focus on value creation. In addition to its existing investment in Milestone, Reinet has committed to invest a total of $ 152 million in the Milestone China Opportunities Fund III LP, its management company and co-investment opportunities.

We are in discussions with our colleagues at Trilantic Capital Partners to invest a further $ 100 million in Trilantic. As an investor in the Trilantic management companies as well as its Fund IV funds, Reinet effectively pays no management fees or carried interest on its LP investments in Trilantic funds – a valuable asset. Reinet is also entitled to share in any carried interest gains arising on the disposal of Trilantic funds' underlying investments. During the year under review, Reinet received carried interest of € 7 million linked to the realisation of investments held by the Trilantic funds.

At an extraordinary general meeting held in March this year, shareholders approved the proposal that the specific terms of the Reinet prospectus which related to risk diversification policy should be amended. The previous policy indicated that Reinet would seek to diversify its interests such that no one investment represented more than 30 per cent of the overall portfolio within a period of four years from the date of formation of Reinet. The amendment removed the arbitrary timeframe for broadening the investment portfolio.

In February 2012, Reinet took advantage of the strong performance of the BAT share price to put in place a five-year, £ 300 million financing package, which will be used to fund forthcoming investments. The financing involves the use of put and call options over approximately 13.7 million BAT shares. The options guarantee a minimum value for the shares and allow Reinet to retain any increase in value up to a level significantly above the current share price. The annual cost of the facility will be broadly in line with the expected dividend income on the relevant number of BAT shares.

OUTLOOK

Reinet's cautious approach to diversification has proved to be a sound policy to date. BAT shares have been amongst those which offered the highest risk-adjusted returns of all European stocks over the period since Reinet was established in 2008.

We see a number of interesting investment opportunities opening up to Reinet. In evaluating the many proposals put before us each year, we will continue to be conservative in our investment philosophy; working with partners we know and trust to build value for our shareholders over the medium to long term.

Johann Rupert

Chairman
Reinet Investments Manager S.A.

Luxembourg, 23 May 2012

REPORT TO THE SHAREHOLDERS

BUSINESS OVERVIEW

CONSOLIDATED NET ASSET VALUE ('NAV')

The NAV of Reinet Investments S.C.A. at 31 March 2012 comprised:

	31 March 2012		31 March 2011	
	€ m	%	€ m	%
Listed investments				
British American Tobacco p.l.c.	3 190	87.4	2 387	85.7
Other	2	0.1	7	0.2
Cash and liquid funds	368	10.1	236	8.5
Unlisted investments				
Trilantic Capital Partners(1)	149	4.1	72	2.6
US land development and mortgages(1)	95	2.6	53	1.9
36 South	90	2.5	88	3.2
Jagersfontein and other diamond interests	82	2.2	49	1.8
JPS Credit Opportunities	54	1.5	–	–
Vanterra Flex Investments	29	0.8	13	0.5
Vanterra C Change TEM	24	0.6	10	0.4
Milestone China Opportunities	10	0.3	–	–
Renshaw Bay	3	0.1	–	–
Other	82	2.2	42	1.5
	618	16.9	327	11.9
Bank borrowings and collar financing				
Borrowings	(445)	(12.2)	(46)	(1.7)
Derivative asset – put and call options	30	0.8	–	–
Other liabilities				
Fees payable and other liabilities, net of other assets	(70)	(1.9)	(102)	(3.7)
Funding by minority partners	(32)	(0.9)	(21)	(0.8)
	3 661	100.3	2 788	100.1
Minority interest	(12)	(0.3)	(4)	(0.1)
	3 649	100.0	2 784	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 4.3 per cent of BAT's capital. At 31 March 2012, the value of the investment in BAT in the balance sheet of Reinet was € 3 190 million, being 87 per cent of Reinet's NAV. The BAT share price on the London Stock Exchange increased over the year under review from £ 25.02 to £ 31.51.

Reinet received dividends from BAT during the year amounting to € 114 million (£ 100 million), being BAT's final 2010 dividend and its 2011 interim dividend. In May 2012, after the end of the financial year, Reinet received BAT's final dividend in respect of its 2011 financial year; this amounted to £ 75 million.

CASH AND LIQUID FUNDS

Reinet holds cash on deposit principally in European banks. Reinet has also invested € 18 million in a euro-denominated government bond fund and £ 84 million (€ 101 million) in a sterling liquidity fund. Both funds have short-term AAA credit ratings. The government bond fund holds exclusively short-dated bonds issued by western European (principally French and German) governments and short-term loans backed by government bonds; the sterling liquidity fund holds highly rated short-term commercial paper.

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, taking into account the performance of the investment in BAT.

To date, funding commitments in the amount of € 859 million have been entered into in respect of the businesses detailed below, excluding the smaller investments transferred from Richemont when Reinet was established in 2008.

TRILANTIC CAPITAL PARTNERS

Original commitment: € 146 million

Trilantic Capital Partners ('Trilantic') is the private equity management business formerly owned by Lehman Brothers. Reinet bought its interest, in conjunction with the management team, from the Lehman Brothers bankruptcy estate for € 8 million in 2009.

Reinet has an 80 per cent interest in the Trilantic investment, with two partners holding the balance and sharing in the investment commitments. The investment comprises an interest in the Trilantic management company and a commitment to invest in Trilantic's Fund IV Global and Fund IV Europe funds.

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BUSINESS OVERVIEW
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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 investments 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. This applies to the existing funds and to any future funds to be launched by Trilantic. Reinet's share of any carried interest earned by the Trilantic management company is 10 per cent, after the minority partners' share.

Reinet and its partners have invested the equivalent of € 109 million net of capital repayments in the initial Trilantic management company investment and the funds under Trilantic management. The investment in Trilantic is carried at the estimated fair value of € 149 million at 31 March 2012, based on recent valuations provided by Trilantic. Of the € 149 million, some € 30 million is attributable to Reinet's partners.

At 31 March 2012, Reinet had remaining commitments of € 62 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 earned net carried interest of € 7 million and realised gains of € 7 million before tax on their share of the investments realised by the Trilantic funds. Of these amounts, in aggregate, € 11 million was attributable to Reinet and € 3 million to the minority partners.

In May 2012, Reinet approved an incremental commitment of some € 75 million to Trilantic. Under the terms of the original strategic agreement, no management fee or carried interest will be payable to Trilantic in respect of the additional commitment.

UNITED STATES LAND DEVELOPMENT AND MORTGAGES
Original commitment: € 75 million

Reinet has co-invested with partners to acquire interests in real estate development projects, usually properties where infrastructure services have been laid but where construction of properties has not yet commenced. It has also invested in mortgage debt on such developments and in specific properties. The investments are principally in Florida, Colorado and North and South Carolina.

At 31 March 2012, Reinet had invested a total of € 68 million in these projects. The investment is carried at the estimated fair value of € 95 million of which € 79 million is attributable to Reinet and € 16 million to its partners.

Reinet is committed to invest a further € 7 million to acquire further mortgage debt, to fund development projects and acquire additional land and properties.

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

Reinet has co-invested with the 36 South management team in the 36 South 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.

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. During the year € 3 million of the loan was repaid. The investment in 36 South Funds PLC is carried at its fair value of € 78 million at 31 March 2012, together with the fair value of the loan of € 12 million, for a total of € 90 million.

JAGERSFONTEIN AND OTHER DIAMOND INTERESTS
Project cost: € 105 million

Reinet is an investor in an entity which extracts diamonds from the waste tailings from mining operations which began over a century ago. The tailings are located at Jagersfontein in South Africa. Developments in terms of gemstone extraction technology since the mines were first excavated mean that there is now the potential to recover stones which were previously treated as waste. In addition, Reinet has invested in a separate company which owns assets pertaining to mining rights and related activities to source diamonds on another property in South Africa.

As anticipated at the time of making the investment, subsequent to the end of the year under review, Reinet has entered into agreements to sell a substantial part of its holdings in these projects to third parties, including local Black Economic Empowerment organisations. The contracts are subject to certain regulatory approvals being obtained and conditions precedent being met. Upon completion of the transactions, Reinet will have an equity interest of between 45 to 49 per cent in each of the ventures.

As at 31 March 2012, Reinet had provided loans of € 47 million and acquired preferred shares of € 26 million in the above operations.

The two investments are carried at their estimated aggregate fair value of € 82 million at 31 March 2012. Reinet is committed to invest a further € 32 million. The exposure to the South African rand has been substantially hedged by borrowings in that currency.

REPORT TO THE SHAREHOLDERS

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JPS CREDIT OPPORTUNITIES FUND (CAYMAN) LTD. ('JPS CREDIT FUND')
Original commitment: € 52 million

The investment in JPS Credit Fund, which was the first transaction introduced to Reinet by Renshaw Bay, focuses on liquid opportunities in the credit markets. JPS Credit Fund is managed by a team from JP Morgan Asset Management, largely based in London.

JPS Credit Fund's investment objective is to achieve attractive risk-adjusted returns through both capital appreciation and current income by taking positions in publicly traded and privately held securities, derivatives and other instruments (including bonds, credit default swaps and index options), primarily in credit and credit-related markets.

During the year, Reinet invested its full commitment of € 52 million in JPS Credit Fund. This investment is carried at the estimated fair value of € 54 million at 31 March 2012.

VANTERRA FLEX INVESTMENTS L.P. ('VANTERRA')
Original commitment: € 75 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 seeks to construct a globally diversified private equity portfolio providing investors with long-term capital appreciation.

As at 31 March 2012, € 28 million of committed funds plus an additional € 2 million in respect of expenses had been invested in the fund. This investment is carried at the estimated fair value of € 29 million at 31 March 2012.

Reinet is committed to invest a further € 47 million in Vanterra.

VANTERRA C CHANGE TRANSFORMATIVE ENERGY & MATERIALS I, L.P. ('TEM')
Original commitment: € 49 million

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

TEM was established in July 2010 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 2012, capital contributions of € 26 million had been made to the fund. This investment is carried at the estimated fair value of € 24 million at 31 March 2012.

Reinet is committed to invest a further € 23 million in TEM.

MILESTONE CHINA OPPORTUNITIES FUND III L.P. ('MILESTONE III')

Original commitment: € 113 million

Reinet is an investor in Milestone III and in its general partner.

In June 2011, Reinet entered into an agreement to invest in Milestone III, its general partner and to co-invest in certain of Milestone III's investments. Milestone III is a fund established to invest in high-growth companies with unique products and market positioning seeking expansion or acquisition capital in China.

As at 31 March 2012, capital contributions of € 3 million had been made to the fund and € 7 million was invested in the general partner. This investment is carried at the aggregate estimated fair value of € 10 million at 31 March 2012.

Reinet is committed to invest a further € 103 million in Milestone III and co-investment opportunities that it may present.

RENSHAW BAY

Original commitment: € 12 million

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. This business is managed by Mr Winters, a former Co-Chief Executive Officer of JP Morgan Investment Bank.

Reinet owns 25.01 per cent of the business alongside Mr Winters, who holds 50 per cent, and RIT Capital Partners, which holds 24.99 per cent. Reinet has invested € 3 million to date in Renshaw Bay and has committed to invest an additional € 9 million. In addition to its involvement in the advisory and management company itself, Reinet will also co-invest in future opportunities to be determined by the partners. During the year under review, Reinet invested in the JPS Credit Fund, an opportunity identified by Renshaw Bay. Further details are given above.

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 € 82 million in the balance sheet at 31 March 2012, based on a detailed evaluation of each of the investments.

REPORT TO THE SHAREHOLDERS

BUSINESS OVERVIEW
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COMMITTED FUNDS

The table below summarises Reinet's outstanding investment commitments as at 31 March 2012.

	Commitment as at 31 March 2011 € m	Change in commitment in year[(2)] € m	New commitments in year € m	Funded in current year € m	Remaining commitment € m
Trilantic Capital Partners[(1)]	100	3	–	(41)	62
US land development and mortgages	26	2	–	(21)	7
Vanterra Flex Investments	58	4	–	(15)	47
Vanterra C Change TEM	36	1	–	(14)	23
Jagersfontein and other diamond interests	15	–	47	(30)	32
Renshaw Bay[(3)]	11	1	–	(3)	9
Milestone China Opportunities III	–	–	113	(10)	103
JPS Credit Opportunities	–	–	52	(52)	–
Smaller commitments	29	1	36	(41)	25
	275	12	248	(227)	308
Other investments[(4)]	13	–	12	(15)	10
	288	12	260	(242)	318

(1) The remaining amount represents 80 per cent of the initial commitment assumed by Reinet, 20 per cent having been sold to co-investors. Reinet has committed to a further investment of some € 75 million.

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

(3) Reflects advisory and management company only.

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

BANK BORROWINGS & COLLAR FINANCING

BORROWINGS

Reinet has borrowed ZAR 443 million to fund its investments in South African projects. At 31 March 2012, the fair value of the borrowing was € 43 million.

In 2012, in order to meet its ongoing commitments, Reinet entered into a £ 300 million medium-term financing facility. At 31 March 2012, the fair value of the borrowing was € 350 million. The transaction incorporates the purchase by Reinet of put options and the sale by Reinet of call options over approximately 13.7 million BAT shares. The net premium cost of some £ 44 million in respect of the options is payable to the counterparty over the life of the transactions, which run to 2017. The premium is carried as a liability at its fair value of £ 43 million (€ 52 million) as at 31 March 2012.

DERIVATIVE ASSET – PUT AND CALL OPTIONS

As part of the £ 300 million financing facility, Reinet has purchased put options which provides protection should the value of the BAT shares used to secure the borrowings fall below a certain amount. Proceeds received as a result of the put options being exercised would be used to repay the amounts borrowed. Reinet has also sold call options over an equal number of BAT shares. Both the put options and the call options are carried at their respective fair values at the balance sheet date. The net derivative asset is carried at its fair value of € 30 million at 31 March 2012.

OTHER LIABILITIES

FEES PAYABLE AND OTHER LIABILITIES, NET OF OTHER ASSETS

Fees payable and other liabilities comprise principally € 38 million in respect of the performance fee payable as at 31 March 2012, 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 management fee for the year under review amounted to € 26 million (31 March 2011: € 23 million), of which € 13 million was payable at 31 March 2012.

FUNDING BY MINORITY PARTNERS

Reinet invests in certain investments, principally Trilantic Capital Partners and US land and developments, along with minority partners. As capital calls are received, minority partners fund their share by advancing funds to Reinet; as distributions are received from investees, Reinet refunds their pro-rata share to the minority partners. The net amounts received are shown as 'Funding by minority partners' in the table on page 4.

SUMMARISED CONSOLIDATED INCOME STATEMENT

	Year ended 31 March 2012		Year ended 31 March 2011	
	€ m	€ m	€ m	€ m
Income				
BAT dividends	114		103	
Interest income	11		4	
Realised gains on investments	9		4	
Carried interest earned on investments	7	141	–	111
Expenses				
Performance fee	(38)		(46)	
Operating expenses, foreign exchange and transaction-related costs	(35)		(30)	
Interest expense	(4)	(77)	–	(76)
		64		35
Fair value adjustments				
BAT	803		228	
Other investments	31		(11)	
Derivative asset	(10)		–	
Borrowings	3	827	–	217
		891		252
Other charges				
Tax expense		(19)		(3)
Minority interest		(7)		–
Profit attributable to the shareholders of the Company		865		249

REPORT TO THE SHAREHOLDERS

BUSINESS OVERVIEW
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INCOME

Dividends received from BAT increased by 11 per cent from € 103 million (£ 88 million) to € 114 million (£ 100 million) during the year under review. The increase is due to an increase of £ 0.14 per share in the underlying dividends paid by BAT, offset by a weakening in the sterling/euro exchange rate. The dividends received from BAT represent the final 2010 dividend, paid in May 2011, as well as the interim 2011 dividend paid in September 2011. The BAT final 2011 dividend was approved at the BAT AGM held in April 2012 and was paid on 3 May 2012. That dividend has not been accrued at 31 March 2012 and does not form part of the income received during the year under review.

Interest income is earned on bank deposits and loans made to underlying investments.

Realised gains on investments include € 7 million in relation to investments realised by the Trilantic funds. Of this, Reinet's share amounts to € 6 million with € 1 million being due to the minority partners.

Carried interest of € 7 million was earned in respect of investments realised by the Trilantic funds. Of this, Reinet's share amounts to € 6 million with € 1 million being due to the minority partners.

EXPENSES

The performance fee for the year ended 31 March 2012 amounts to € 38 million. 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 2012, less the sum of all performance fees paid in respect of previous periods.

Operating expenses include € 26 million in respect of the management fee for the year ended 31 March 2012 (2011: € 23 million). Also included are € 1 million in charges from Reinet Investments Manager S.A. (the 'General Partner') and transaction-related expenses, including legal and other fees, which amounted to € 4 million.

Interest expense relates to rand and sterling borrowings.

FAIR VALUE ADJUSTMENTS

The investment in BAT increased in value by € 803 million during the year under review. Of this, € 619 million was attributable to the increase in value of the underlying BAT shares in sterling terms and € 184 million arose due to the appreciation of sterling against the euro over the course of the year.

The unrealised fair value adjustment of € 31 million reflects increases, for the most part, in the value of investments in Trilantic, US land development and the 36 South funds, offset by decreases in other investments and the decrease in fair value of certain small investments.

The fair value of the derivative asset decreased by € 10 million in the period due to the increase in the price of the BAT shares underlying the put and call options in the period since the options were issued.

An unrealised gain of € 3 million arose in respect of the rand borrowing due to the weakening of the South African rand during the year.

OTHER CHARGES

The tax expense of € 19 million includes corporate and withholding taxes paid in respect of realised gains on Trilantic investments as well as a deferred tax provision in respect of unrealised gains on Trilantic and other US investments.

The minority interest expense arises in respect of the 20 per cent minority partners' share in the earnings of the Reinet entities which hold the Trilantic and US land and development interests as described above.

Profit attributable to shareholders of the Company for the year amounted to € 865 million.

CASH FLOW

	Year ended 31 March 2012		Year ended 31 March 2011	
	€ m	€ m	€ m	€ m
Investing activities				
Proceeds from government bond and sterling liquidity funds	64		17	
Investments made	(256)		(266)	
Proceeds from sale of investments	19	(173)	18	(231)
Financing activities				
Funding from minority partners	11		21	
Bank borrowings	358	369	46	67
Operating activities				
Dividends, interest and other income received	115		104	
Carried interest received	7		–	
Interest expense	(3)		–	
Operating and related expenses	(32)		(27)	
Performance fee paid	(86)		–	
Taxes paid	(4)	(3)	(1)	76
Net cash inflow/(outflow)		193		(88)
Opening cash position		53		143
Effect of exchange rate changes on cash balances		3		(2)
Closing cash position		249		53
Liquid funds were held as follows:				
Cash		249		53
Sterling liquidity fund		101		–
Government bond fund		18		183
Total		368		236

INVESTING ACTIVITIES

€ 165 million was redeemed from the euro-denominated government bond fund during the year and € 101 million (£ 84 million) invested in a sterling liquidity fund, which holds short-term sterling denominated commercial paper. In accordance with International Financial Reporting Standards ('IFRS'), these funds are shown as financial assets rather than liquid funds in the balance sheet, notwithstanding that the funds are readily realisable and short-term in nature. In addition to bank deposits of € 249 million, Reinet held € 18 million in the government bond fund and € 101 million in the sterling liquidity fund at 31 March 2012. In total, available liquid funds therefore amounted to € 368 million at the balance sheet date.

REPORT TO THE SHAREHOLDERS

BUSINESS OVERVIEW
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Investments totalling € 256 million were made during the year, including € 23 million in respect of US real estate related opportunities, € 50 million in respect of investments in Trilantic, € 30 million in respect of Jagersfontein and other diamond interests, and € 53 million in respect of JPS. The balance relates to other unlisted investments. Proceeds from sale of investments include € 10 million in respect of Trilantic.

FINANCING ACTIVITIES
Funding in respect of 20 per cent of investments made in Trilantic and US land and development, net of sales proceeds received, was funded by the minority partners.

Borrowings from banks amounted to £ 300 million (€ 358 million) during the year (2011: ZAR 443 million, or € 46 million).

OPERATING ACTIVITIES
Dividends received from BAT increased by 11 per cent from € 103 million (£ 88 million) to € 114 million (£ 100 million) during the year under review. The increase is due to an increase of £ 0.14 per share in the underlying dividends paid by BAT, offset by a weakening in the sterling/euro exchange rate. The dividends received from BAT represent the final 2010 dividend, paid in May 2011, as well as the interim 2011 dividend paid in September 2011.

Carried interest of € 7 million was received in respect of the investment in Trilantic.

Interest of € 3 million was paid in respect of the ZAR denominated loan in the year. Interest payments in respect of the sterling borrowing will only commence in May 2012.

The performance fee of € 86 million was paid in respect of the period ending 31 March 2011. The performance fee payable in respect of the current year will be paid in May 2012.

US taxes of € 4 million were paid in the year under review, this amount comprises taxes withheld by Trilantic in respect of gains and carried interest received, together with estimated US taxes paid on gains and income which are expected to be taxable.

Liquid funds increased by € 196 million over the year to € 249 million as borrowings and the inflow of dividends received from BAT exceeded amounts invested in new investments together with payment of the performance fee and operating expenses.

RISKS AND UNCERTAINTIES
Reinet's current investments and future investment strategy are subject to a number of risks and uncertainties. The General Partner and Fund Manager have established policies and procedures to identify and monitor these risks.

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.

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 principal risks are as follows:

PRICE RISK

Reinet is exposed to price risk. This arises from investments held by Reinet Fund 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.

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.

FOREIGN EXCHANGE RISK

Reinet operates internationally and holds both monetary and non-monetary assets denominated in currencies other than the euro, primarily the US dollar, sterling and South African rand. 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.

Reinet's policy is currently to minimise its exposure to monetary foreign exchange movements on liquid funds by holding such liquid funds in euros and sterling where there are corresponding sterling liabilities. 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.

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 holds fixed interest bonds and loans and has long-term borrowings that expose it to fair value interest rate risk.

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

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, loans to third parties and borrowings where Reinet's assets are pledged in favour of a third-party. Reinet is also exposed to counterparty credit risk on other receivable balances.

Reinet's policy to manage this risk is to place funds only with banks which have strong credit ratings.

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.

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 its shares are traded with significant daily volumes on the London Stock Exchange.

DIVIDEND

The Board of the General Partner believes it prudent not to propose any dividend at this time, recognising that Reinet is currently in an investing phase, building a broader-based equity portfolio.

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

As a partnership limited by shares, 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 2012, the Board of Directors of the General Partner met four times. Five directors attended four meetings and two directors 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 2012.

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 (UK) Limited, 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 and is the Chancellor of the University of Stellenbosch. He 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 and resigned in December 2011 upon the expiry of his contract as Chief Executive Officer.

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 Executive Officer (formerly Chief Financial Officer)
British, born 1952
Mr Grieve was appointed to the Board of Directors in 2008 and appointed Chief Executive Officer with effect from January 2012.

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 both Reinet and Compagnie Financière Richemont SA and is a non-executive director of Klinik Hirslanden AG, the Swiss subsidiary of the Medi-Clinic organisation.

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 and Renshaw Bay 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 of shareholders held on 13 September 2011 the following members of the Board of Overseers were re-appointed:

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 in 1971 and holds a diploma from the 'Institut d'Etudes Politiques' of the University of Grenoble. 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 12 April 2012 and met on 10 May 2012 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 of shareholders held on 13 September 2011. Fees of € 40 000 were paid to each of the members of the Board of Overseers in the year ended 31 March 2012.

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 57 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 2012.

At 31 March 2012, the Company owed € 1.7 million to the General Partner and Reinet Fund was owed € 1.1 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 2012, the Company paid € 0.8 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, as amended on 24 May 2010 and 10 November 2011 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 € 26 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 performance fee is payable as of 31 March 2012 in the amount of € 38 million. A performance fee of € 86 million was paid in May 2011 in respect of the first performance measurement period from December 2008 to 31 March 2011.

The Investment Advisor shall be entitled to all accrued but unpaid Management Fees and Performance Fees should the Fund Manager (acting on the instructions of the Board of Overseers) terminate the Investment Advisory Agreement with notice. Such entitlement will not arise where the Fund Manager (acting on the instructions of the Board of Overseers) is entitled to, and does, terminate the Investment Advisory Agreement immediately or if the Investment Advisory Agreement terminates automatically.

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.

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

REPORT TO THE SHAREHOLDERS

CORPORATE GOVERNANCE
CONTINUED

CAPITAL STRUCTURE

At 31 March 2012, 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.

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 2012 was 195 942 286.

The ordinary shares are freely transferable. The Company and its shareholders shall comply with the requirements of the law of 11 January 2008 on transparency requirements (the 'Transparency Law'), provided however that in addition to the thresholds set out in such law, each shareholder shall, in accordance with the Statutes of the Company, be liable to notify to the Company any acquisition or disposal if the proportion of the holding of shares held by him, whether directly and/or indirectly, including those that are deemed to be controlled by him in the circumstances contemplated by Article 9 of the Transparency Law, reaches, exceeds or falls below the threshold of 3 per cent, 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.

The Company may restrict or prevent the acquisition of ordinary shares in the Company (including the direct or indirect beneficial ownership thereof) by any person, firm or corporate body, if this holding may result in a breach of any law or regulation, whether Luxembourg or foreign, or if as a result thereof the Company may become subject to tax laws other than those of the Grand Duchy of Luxembourg, or if such holding may, in the opinion of the Manager, result in adverse consequences for other holders of a major proportion of Ordinary Shares in the Company.

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 Fund S.C.A., F.I.S., 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.

REPORT TO THE SHAREHOLDERS

CORPORATE GOVERNANCE
CONTINUED

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.

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 annual general meeting of shareholders of the Company was held on 13 September 2011. Out of a total of 195 941 286 ordinary shares and 1 000 management shares in issue, a total of 133 965 892 ordinary shares (some 68.37 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.

On 5 March 2012, an extraordinary general meeting of the shareholders was held to approve the amendment of the investment guidelines of the Company and of its wholly-owned subsidiary Reinet Fund, as reflected in the prospectus issued at the time of the reorganisation of the Company and the listing of its shares in 2008. Out of a total of 195 941 286 ordinary shares and 1 000 management shares in issue, a total of 139 543 824 ordinary shares (some 71.22 per cent of the total) and all the 1 000 management shares were represented by proxy at that meeting. At the meeting, an overwhelming majority of shareholders approved the amendment of the investment guidelines of the Company and of its wholly-owned subsidiary, Reinet Fund.

The rights of a shareholder to participate in a general meeting and to vote in respect of his shares shall be determined with respect to the shares held by that shareholder on the 14th day prior to the general meeting at midnight (Luxembourg time) (the 'Record Date'). No later than on the Record Date, or the date as provided for in the notice of the meeting, the shareholder indicates to the Company his intention to participate in the general meeting. The Company determines the manner in which this declaration is made. The Statutes 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 2012 Annual General Meeting of shareholders is given on pages 70 and 71 of this report.

AMENDMENT OF THE STATUTES

Any proposal to amend the Statutes shall be considered and approved by an extraordinary general meeting of shareholders. At any such meeting, the shareholders may only validly deliberate if the quorum required by the law is satisfied. Resolutions shall be passed by at least two thirds of the votes cast, provided that no resolution at any extraordinary general meeting of shareholders shall be validly passed unless approved by the General Partner, unless otherwise provided by law. In that respect it is to be noted that no decision of the General Partner on behalf of the Company in respect of the exercise by the Company of any power to amend the Statutes shall be valid unless approved by the Board of Overseers.

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. Given the level of investment activity, financial reporting for Reinet Fund and its investments is also considered to be relatively 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 full 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.

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.

REPORT TO THE SHAREHOLDERS

CORPORATE GOVERNANCE
CONTINUED

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 42 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/company-announcements.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 2012 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.

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. A large proportion of Reinet's smaller investments (excluding the significant holding in BAT) are financial in nature being either in investments funds or investment advisory and management activities. By their nature, such operations have a minimal direct environmental impact.

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 the co-investment in Jagersfontein 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, represented by Alan Grieve, its Chief Executive Officer and Diane Longden, its Chief Financial Officer, 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, together with a description of the principal risks and uncertainties that they face.

The consolidated financial statements for the year ended 31 March 2012 on pages 32 to 61 of this report were approved by the Board of the General Partner and signed on its behalf by Alan Grieve and Diane Longden.

Alan Grieve	**Diane Longden**
Chief Executive Officer	Chief Financial Officer

Reinet Investments Manager S.A.

General Partner

15 May 2012

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 2012 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 69 and page 62 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.

10 May 2012

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

	Note	31 March 2012 € m	31 March 2011 € m
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	*4, 7*	3 796	2 713
Derivative financial instruments	*4, 8*	30	–
Non-current assets – held for sale	*4, 9*	14	8
		3 840	2 721
Current assets			
Receivables	*10*	2	1
Financial assets at fair value through profit or loss	*4, 7*	119	183
Cash and cash equivalents	*4, 11*	249	53
		370	237
Total assets		4 210	2 958
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	*12*	220	220
Share premium		770	770
Non-distributable reserve	*13*	22	22
Cumulative translation adjustment reserve	*14*	(203)	(204)
Retained earnings		2 840	1 976
		3 649	2 784
Minority interest		12	4
Total equity		3 661	2 788
LIABILITIES			
Non-current liabilities			
Deferred tax liability	*15*	16	1
Funding from minority partners	*4, 16*	32	21
Borrowings	*4, 17*	425	43
		473	65
Current liabilities			
Payables	*18*	53	99
Accruals and provisions		3	3
Borrowings	*4, 17*	20	3
		76	105
Total liabilities		549	170
Total equity and liabilities		4 210	2 958

The notes on pages 36 to 61 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 March 2012 € m	Year ended 31 March 2011 € m
Income			
Dividend and other investment income	*19*	114	103
Interest income	*19*	11	4
Carried interest earned	*19*	7	–
Net change in the fair value of financial assets and financial liabilities at fair value through profit or loss	*7*	836	221
Total income		968	328
Expenses			
Performance fee	*23*	38	46
Management fee	*20, 23*	26	23
Custodian, secretarial and administration fees		5	6
Transaction costs		4	1
Interest expense		4	–
Total expenses		77	76
Profit for the year before tax		891	252
Tax expense	*21*	19	3
Profit for the year after tax		872	249
Other comprehensive income (expense)			
Currency translation adjustment		–	(1)
Total comprehensive income		872	248
Attributable to:			
– owners of the parent		865	248
– minority interest		7	–
Total comprehensive income		872	248
Profit for the year		872	249
Attributable to:			
– owners of the parent		865	249
– minority interest		7	–
		872	249
Earnings per share from profit for the year – basic and diluted	*22*	€ 4.41	€ 1.27

The notes on pages 36 to 61 are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent						
	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 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
Adjustment due to change in consolidation treatment of certain companies[(1)]	**–**	**–**	**1**	**(1)**	**–**	**1**	**1**
Profit attributable to the shareholders	**–**	**–**	**–**	**865**	**865**	**7**	**872**
Balance at 31 March 2012	**990**	**22**	**(203)**	**2 840**	**3 649**	**12**	**3 661**

(1) As detailed in note 3.2.1, certain subsidiaries are reflected in the financial statements at 31 March 2012 as 'Financial assets at fair value through profit or loss'.

The notes on pages 36 to 61 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31 March 2012 € m	Year ended 31 March 2011 € m
Cash flows from operating activities			
Purchase of non-current financial assets	*7*	(256)	(266)
Redemption of current financial assets	*7*	64	17
Proceeds from sale of financial assets	*7*	19	18
Dividends and investment income received	*19*	115	104
Carried interest received	*19*	7	–
Interest paid		(3)	–
Taxes paid	*21*	(4)	(1)
Performance fee paid	*23*	(86)	–
Operating expenses paid		(32)	(27)
Net cash used in operating activities		(176)	(155)
Cash flow from financing activities			
Funding from minority partners	*16*	11	21
Proceeds from bank borrowings	*17*	358	46
Net cash from financing activities		369	67
Net increase/(decrease) in cash and cash equivalents		193	(88)
Cash and cash equivalents at beginning of the year		53	143
Effect of exchange rate changes on cash balances		3	(2)
Cash and cash equivalents at end of the year	*11*	249	53

The notes on pages 36 to 61 are an integral part of these consolidated financial statements.

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, 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 10 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 10 May 2012 and by the Board of Directors of the General Partner on 15 May 2012.

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. There are no IFRS or amendments that are effective for the first time for the financial year under review that have had a material impact on the financial statements. The IASB has also issued additional IFRS and interpretations thereof which will become effective in due course.

Certain new accounting standards issued by the IASB and new interpretations issued by the International Financial Reporting Interpretations Committee are not yet effective for the year ended 31 March 2012 and have not been applied in preparing these consolidated financial statements.

– IAS 1 (amendment), *Financial statement presentation* – effective for financial reporting periods commencing on or after 1 July 2012.

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

– IAS 19 (amendment), *Employee benefits* – effective for financial reporting periods commencing on or after 1 January 2013.

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS CONTINUED

– IAS 27 (revised 2011), *Separate financial statements* – effective for financial reporting periods commencing on or after 1 January 2013.

– IAS 28 (revised 2011), *Associates and joint ventures* – effective for financial reporting periods commencing on or after 1 January 2013.

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

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

– IFRS 10, *Consolidated financial statements* – effective for financial reporting periods commencing on or after 1 January 2013.

– IFRS 11, *Joint arrangements* – effective for financial reporting periods commencing on or after 1 January 2013.

– IFRS 12, *Disclosures of interests in other entities* – effective for financial reporting periods commencing on or after 1 January 2013.

– IFRS 13, *Fair value measurement* – effective for financial reporting periods commencing on or after 1 January 2013.

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 ongoing 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 and liabilities 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.

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.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

In respect of entities where Reinet holds more than 50 per cent of the voting rights but does not control the day-to-day activities or investment decisions of the entity, the investment is recorded at fair value and included in ‘Financial assets at fair value through profit or loss’ rather than consolidated on a line by line basis as done in previous years. Prior year figures have not been restated due to the immaterial impact of the change. Reconciling amounts are included in note disclosures, where relevant.

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.

3.3.2 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 SEGMENT REPORTING

Segments are reported in a manner consistent with the internal reporting provided in respect of the Fund to the Fund Manager. The Fund Manager is the key decision maker and is responsible for allocating resources and assessing performance of the segments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

3.5 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.

3.6 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 3/2009 'Headline Earnings' issued by the South African Institute of Chartered Accountants. This is shown on page 57.

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

3.7.1 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 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 and liabilities designated at fair value through profit or loss at inception*

  Financial assets and liabilities 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 and liabilities on a fair value basis together with other related financial information.

  Current assets 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.

3.7.2 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

3.7.3 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 in accordance with European Private Equity and Venture Capital Association guidelines. 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 3 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 August 2010).

3.8 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at economic fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

All derivative financial instruments are considered to be economic fair value hedges. Changes in the fair value of the hedge are recorded in the statement of comprehensive income, together with any changes in the economic fair value of the hedged asset or liability that are attributable to the hedged risk.

The fair value of derivative financial instruments are disclosed in note 8.

3.9 NON-CURRENT ASSETS – HELD FOR SALE

Non-current assets are classified as assets held for sale when their carrying value is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

3.10 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.

3.11 RECEIVABLES

Receivables are carried at fair value.

3.12 ACCRUED EXPENSES

Accrued expenses are recognised at fair value.

3.13 BORROWINGS

All borrowing costs are expensed as incurred including facility fees, interest and foreign exchange fluctuations. Borrowings are recognised initially at fair value and are designated as financial liabilities at fair value through profit or loss. Fair value is calculated using discounted cash flow analyses at market interest rates, converted into euro at the year-end rate.

3.14 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

3.15 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.

3.16 INTEREST EXPENSE

Interest expense is recognised on a time-proportionate basis.

3.17 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.

3.18 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. as detailed in the Reinet Prospectus published on 10 October 2008.

3.19 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 not 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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 2012	Total €m	Price risk €m	Foreign exchange risk €m	Interest rate risk €m
Assets				
Listed equity securities	3 192	3 192	3 192	–
Unlisted equity securities and funds	544	544	389	–
Loans and interest receivable	74	–	64	74
Derivative financial instruments	30	30	30	30
	3 840	3 766	3 675	104
Assets held for trading – Euro bond fund and sterling liquidity fund	119	–	101	119
Cash and cash equivalents	249	–	231	–
Liabilities				
Funding from minority partners	(32)	–	(32)	–
Borrowings	(445)	–	(445)	(445)

31 March 2011	Total €m	Price risk €m	Foreign exchange risk €m	Interest rate risk €m
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
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 diversification policy will be implemented on a measured basis, over a period of time.

4. FINANCIAL RISKS CONTINUED

At 31 March 2012, Reinet's exposure to price risk in respect of long-term assets was as follows:

	31 March 2012 € m	31 March 2011 € m
Listed equity securities	3 192	2 394
Unlisted equity securities and funds	544	216
Unlisted bonds	–	23
	3 736	2 633
Derivative financial instruments	30	–
Total exposure to price risk	3 766	2 633

During the years ended 31 March 2012 and 31 March 2011, Reinet's exposure to various industry sectors was principally in respect of its investment in BAT. This represented some 87 per cent of the net asset value of Reinet as at 31 March 2012 (2011: 86 per cent).

The table below summarises the sensitivity of Reinet's assets to price movements as at 31 March 2012 and 31 March 2011.

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 2012 and 31 March 2011.

	31 March 2012 € m	31 March 2011 € m
Effect on equity securities, funds and bonds	374	263
Effect on derivative financial instruments	(25)	–
Effect on net assets attributable to shareholders	349	263

The above analysis indicates that a 10 per cent change in the value of the BAT shares underlying the derivative financial instruments will have a significant impact on the value of the derivative asset. The fair value of the derivative asset will generally move in the opposite direction to the movement in the underlying BAT shares.

4.1.1.2 Foreign exchange risk

Reinet operates internationally and holds both monetary and non-monetary assets denominated in currencies other than the euro, primarily the US dollar, sterling and South African rand. 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 euro or sterling, where there are corresponding sterling liabilities. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. FINANCIAL RISKS CONTINUED

Reinet has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Where appropriate, borrowings in foreign currencies may be used as a natural hedge of foreign currency assets. Currency exposure arising from the net assets of the foreign operations is managed where considered necessary through borrowings denominated in the relevant foreign currencies.

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

Concentration of assets and liabilities by currency:

	GBP		EURO		USD		ZAR	
	2012 € m	2011 € m	2012 € m	2011 € m	2012 € m	2011 € m	2012 € m	2011 € m
Assets								
Monetary assets	**3 563**	2 389	**204**	370	**360**	149	**83**	50
Liabilities								
Monetary liabilities	**402**	1	**62**	103	**40**	20	**44**	46

The Fund Manager monitors Reinet's 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 assets and liabilities to changes in foreign exchange movements at 31 March 2012 and 31 March 2011. 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 2012 Increase or decrease € m	31 March 2011 Increase or decrease € m
Pounds sterling		
Monetary	**157**	119
US dollar		
Monetary	**17**	6

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 holds fixed interest bonds and loans and has long-term borrowings that expose it to fair value interest rate risk.

As at 31 March 2012 Reinet held financial assets with fixed interest rates amounting to € 20 million (2011: € 62 million) and with variable interest rates amounting to € 54 million (2011: € 49 million) together with the euro-denominated bond fund of € 18 million (2011: € 183 million) and the sterling liquidity fund of € 101 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 (2011: € 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 € 43 million at 31 March 2012 (2011: € 46 million).

4. FINANCIAL RISKS CONTINUED

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 € 0.4 million (2011: € 0.5 million).

Changes in interest rates affect the carrying value of fixed interest financial assets and liabilities. A change in interest rates of 100 basis points would increase/decrease the fair value by € 16 million (2011: € nil).

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

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, loans to third parties and borrowings where Reinet's assets are pledged in favour of a third-party. Reinet is also exposed to counterparty credit risk on 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 2012		31 March 2011	
	€ m	%	€ m	%
Aa1	6	2	1	2
Aa2	130	52	10	19
Aa3	1	1	1	2
A2	112	45	41	77
Total	249	100	53	100

Reinet has the following investments in bonds and loans receivable:

	31 March 2012		31 March 2011	
	€ m	%	€ m	%
Bonds at fair value	–	–	23	21
Loans to private equity interests at fair value	74	100	88	79
Total	74	100	111	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 own resources at Reinet's option.

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4. FINANCIAL RISKS CONTINUED

In February 2012 a loan of £ 300 million was obtained from Deutsche Bank, London. The loan is for a five-year period and secured by a pledge over a part of Reinet's holding of BAT shares. In conjunction with the loan, a collar transaction was entered into with Deutsche Bank. The collar involved Reinet purchasing a put option and selling a call option over BAT shares. The put option has an exercise price set at a level which will ensure the provision of funds to repay the borrowing. The net outstanding premium of € 52 million at 31 March 2012 in respect of the collar is also due to Deutsche Bank.

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 its shares are traded with significant daily volumes on the London Stock Exchange.

The table below shows the contractual undiscounted cash flows in respect of borrowings and interest thereon.

Payments due in year ended:

	31 March 2012 € m	31 March 2013 € m	31 March 2014 € m	31 March 2015 € m	31 March 2016 € m	31 March 2017 € m	31 March 2018 € m
As at 31 March 2012							
Borrowings ZAR 443.4 million	–	2	3	3	3	4	46
Borrowings GBP 300 million	–	17	17	17	17	377	–
As at 31 March 2011							
Borrowings ZAR 443.4 million	4	3	3	3	3	4	49

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 € 3 653 million as at 31 March 2012 (2011: € 2 786 million).

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.

4. FINANCIAL RISKS CONTINUED

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.

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 2012:

Assets	Level 1 € m	Level 2 € m	Level 3 € m	Total € m
Financial assets held for trading:				
– Liquidity funds	119	–	–	119
Financial assets designated at fair value through profit or loss:				
– Equity securities and funds	3 192	–	544	3 736
– Loans	–	–	74	74
Derivative financial instruments	–	–	30	30
Total financial assets	3 311	–	648	3 959

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:				
– Liquidity funds	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

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.

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4. FINANCIAL RISKS CONTINUED

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include unlisted equities, private equity funds, derivative financial instruments, 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, valuations obtained from third-party experts using the Black-Scholes model and other appropriate valuation methods to derive fair values.

Certain level 3 investments are valued using the latest available valuation at 31 December 2011 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	Other valuation* € m	External valuation € m	Management valuation € m	Total € m
31 March 2012				
Financial assets designated at fair value through profit or loss:				
– equity securities and funds	57	459	28	544
– loans	12	8	54	74
Derivative financial instrument	–	30	–	30
Total level 3 assets	69	497	82	648
31 March 2011				
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

* 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 market interest rates.

The following table presents the movement in level 3 investments for the year ended 31 March 2012:

	31 March 2012 € m	31 March 2011 € m
Opening balance	327	87
Reallocation due to non-consolidation of subsidiaries	(1)	–
Purchases	296	265
Sales	(19)	(18)
Transfers into level 3	–	–
Interest earned	10	–
Gains and losses recognised in profit or loss	35	(7)
Closing balance	648	327
Total gains or losses for the year included in the statement of comprehensive income for assets held at the end of the year	35	(5)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

5.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The General Partner, Reinet Investments Manager, must make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Income taxes

Reinet is subject to income taxes in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. Reinet recognises liabilities for anticipated tax payments using estimates of the amount of taxes due. Where the final outcome is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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 and derivative financial instruments

The fair value of investments that are not quoted in an active market is determined by using valuation techniques, primarily earning multiples, recent comparable transactions, option pricing models and discounted cash flows. 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. The inputs to option pricing models, such as Black-Scholes, include the risk free interest rate, market price of the underlying assets and observed volatility in the market. 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.

Control

The General Partner has assessed the level of control and influence it has over certain subsidiaries. In respect of entities where Reinet holds more than 50 per cent of the voting rights but does not control the day-to-day activities or investment decisions of an entity, the investment is recorded at fair value and included in 'Financial assets at fair value through profit or loss'. The materiality of subsidiaries and control is re-assessed each year.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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, (i) listed investments, (ii) cash and liquid funds and (iii) unlisted investments.

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 2012		31 March 2011	
	€ m	€ m	€ m	€ m
Assets				
(i) Listed investments				
– BAT		3 190		2 387
– Other		2		7
(ii) Cash and liquid funds		368		236
(iii) Unlisted investments				
– long-term	604		319	
– held for sale	14		8	
– derivative asset	30	648	–	327
Total segment assets		4 208		2 957
Liabilities				
(ii) Cash and liquid funds				
– borrowings		402		–
(iii) Unlisted investments				
– funding from minority partners		32		21
– borrowings		43		46
Total segment liabilities		477		67

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

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 2012 € m	31 March 2011 € m
Total segment assets	4 208	2 957
Other assets	2	1
Total assets	4 210	2 958
Total segment liabilities	477	67
Other liabilities	72	103
Total liabilities	549	170

6. SEGMENT INFORMATION CONTINUED

Income per segment is as follows:

	31 March 2012		31 March 2011	
	€ m	€ m	€ m	€ m
(i) Listed investments				
– dividend	114		103	
– fair value adjustment	797	911	228	331
(ii) Cash and liquid funds				
– interest income		1		1
(iii) Unlisted investments				
– interest income	10		3	
– realised gains/(losses)	9		4	
– carried interest	7		–	
– fair value adjustment	30	56	(11)	(4)
Total income		968		328

Expenses and taxes cannot be allocated over the above segments.

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

	31 March 2012 € m	31 March 2011 € m
Financial assets held at fair value through profit or loss – non-current:		
– Listed investments	3 192	2 394
– Unlisted investments	604	319
Total financial assets held at fair value through profit or loss – non-current	3 796	2 713
Financial assets held at fair value through profit or loss – current		
– Investment in euro-denominated government bond fund	119	183
Total financial assets at fair value through profit or loss	3 915	2 896
Net changes in fair value on financial assets at fair value through profit or loss:		
– Realised	9	4
– Unrealised	834	217
	843	221
Unrealised loss on derivative asset	(10)	–
Unrealised foreign exchange gain on borrowings	3	–
Total gains	836	221

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

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 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
Reclassification in respect of non-consolidated subsidiaries	**(1)**
Investments in non-current assets – Unlisted investments	**256**
Sales proceeds	**(19)**
Interest income	**10**
Transfer to non-current assets – held for sale	**(6)**
Fair value movements	**843**
Balance at 31 March 2012	**3 796**

Current financial assets	€ m
Balance at 31 March 2010	200
Redemption of euro-denominated government bond fund	(17)
Balance at 31 March 2011	183
Redemption of euro-denominated government bond fund	**(165)**
Investment in sterling liquidity fund	**101**
Balance at 31 March 2012	**119**

The portfolio of the euro-denominated government bond fund consists of short-term (ie with maturities of less than one year) euro-denominated fixed and floating rate debt securities issued by western European governments. The sterling liquidity fund holds highly rated short-term commercial paper. Distributions from these funds 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 investments corresponds to the net asset value of the instruments held by the funds as it is the best indicator of the fair value at the balance sheet date.

8. DERIVATIVE FINANCIAL INSTRUMENTS

As part of the £ 300 million financing facility, Reinet has purchased put options which provide protection should the value of the BAT shares used to secure the borrowings fall below a certain amount. Proceeds received as a result of the put option being exercised would be used to repay the amounts borrowed. Reinet has also sold call options over an equal number of BAT shares. Both the put options and the call options are carried at their respective fair values at the balance sheet date.

The derivative financial instrument comprises:

	31 March 2012 € m	31 March 2011 € m
Net value of put and call options	**30**	–

The derivative financial instruments are classified as non-current assets, the maturity being after more than 12 months. Changes in fair value are included in the statement of comprehensive income.

9. NON-CURRENT ASSETS – HELD FOR SALE

As at 31 March 2012, Reinet's investment in Jagersfontein and other diamond interests consisted of ordinary shares, loans and preferred shares with an aggregate value of ZAR 839 million (€ 82 million). As anticipated at the time of making the investment, subsequent to the end of the financial year under review, Reinet has entered into agreements with third parties to sell a substantial part of its holdings in these projects. The contracts are subject to certain regulatory approvals being obtained and conditions precedent being met. The value of the assets held for sale is ZAR 140 million (€ 14 million).

10. RECEIVABLES

The balance receivable at 31 March 2012 represented the balance due from the Fund Manager and minority partners.

11. CASH AND CASH EQUIVALENTS

	31 March 2012 € m	31 March 2011 € m
Short-term deposits	249	53

12. SHARE CAPITAL

Ordinary share capital	31 March 2012 € m	31 March 2011 € 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 2012 € 000's	31 March 2011 € 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.

13. NON-DISTRIBUTABLE RESERVES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

14. 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); 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 decreased by € 1 million in respect of the adjustment required on the non-consolidation of certain US dollar denominated subsidiaries.

15. DEFERRED TAX LIABILITY

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

Deferred tax liabilities arise as a result of timing differences in respect of unrealised gains on financial assets held by foreign subsidiaries. Realised gains are expected to arise at some point in the future, which will result in corporate taxes being paid. Distributions of income from foreign subsidiaries are also anticipated to attract withholding taxes. The estimated combined corporate and state tax rate is assumed to be 40 per cent together with withholding tax on distributions of 30 per cent.

The movement in the deferred tax liability is as follows:

	31 March 2012 **€ m**	31 March 2011 € m
Opening balance	1	–
Charge to statement of comprehensive income	15	1
Closing balance	**16**	1

16. 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 € 32 million at 31 March 2012 (2011: € 21 million) and is repayable as distributions of capital and profit are received from the underlying investments.

17. 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.

In February 2012 a loan of GBP 300 million (€ 358 million) was obtained from Deutsche Bank, London. The loan is for a five-year period and secured by a pledge over a part of Reinet's holding of BAT shares. The transaction incorporates put and call options over approximately 13.7 million BAT shares. The net premium cost of some £ 44 million in respect of the options is payable to the counterparty over the life of the transactions, which run to 2017. The outstanding premium is carried as a liability. BAT shares have also been pledged to guarantee the balance of the premium and a portion of interest payments.

	31 March 2012 € m	31 March 2011 € m
Non-current		
Bank borrowings	425	43
Current		
Bank borrowings	20	3
	445	46

The face value and fair value of the borrowings are as follows:

	Face value		Fair value	
	Market interest rate		31 March 2012 € m	31 March 2011 € m
Variable interest rate loans	7.35%	ZAR 443.4 m	43	46
Fixed interest rate loans	2.32-2.42%	GBP 343.7 m	402	–
			445	46

Fair values are based on cash flows discounted at market interest rates.

18. PAYABLES

The balance payable includes the performance fee and management fee payable to the Investment Advisor of € 38 million and € 13 million respectively as at 31 March 2012 (2011: € 86 million and € 11 million).

19. FINANCIAL INCOME

	31 March 2012 € m	31 March 2011 € m
Dividend and other investment income	114	103
Interest income on loans receivable	10	3
Interest income arising from cash and cash equivalents	1	1
Carried interest earned	7	–
	132	107

During the year ended 31 March 2012, Reinet Fund received a final dividend in respect of the 2010 financial year of € 77 million (£ 68 million) and an interim dividend for 2011 of € 37 million (£ 32 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.

Carried interest of € 7 million was received in respect of the investment in Trilantic.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

20. MANAGEMENT FEE, ADMINISTRATION FEE AND REIMBURSEMENT OF EXPENSES

The Company is managed by its General Partner. As detailed in note 23, the Company reimburses expenses incurred by the General Partner together with an annual administration fee equal to 10 per cent of such expenses. During the year ended 31 March 2012, the Company paid € 0.8 million (2011: € 0.6 million) to the General Partner in respect of the costs incurred and the related administration fee.

The Company's wholly-owned subsidiary, Reinet Fund, is managed by the Fund Manager. As set out in note 23, 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.

The management fee is payable to the Investment Advisor. As detailed in note 23, the management fee is calculated semi-annually based on the closing NAV at the end of the previous six-month period.

Management fee payable	31 March 2012 € m	31 March 2011 € m
Investment Advisor	22	20
Fund Manager	4	3
Total management fee	26	23

21. TAX EXPENSE

	31 March 2012 € m	31 March 2011 € m
Foreign corporate and withholding taxes paid on US based income	4.1	1.1
Luxembourg corporate taxes	(0.3)	0.3
Luxembourg tax on Reinet Fund	0.3	0.3
Total current tax	4.1	1.7
Deferred tax charge (note 15)	14.8	0.8
Tax expense	18.9	2.5

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 Luxembourg and are subject to taxes on profits at rates enacted in other such domiciles.

Tax rate reconciliation	31 March 2012 € m	31 March 2011 € m
Profit before tax	891	252
Tax on profit calculated at statutory rate of 28.80% (2011: 28.80%)	257	73
Non-taxable net income	(271)	(95)
Non-deductible expenses	13	21
Withholding and other taxes	19	2
Non-recognition of current year tax losses	1	2
Taxation charge	19	3

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.

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 2012 € m	31 March 2011 € m
Profit for the year (after tax)	38	827	865	249
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)	0.19	4.22	4.41	1.27

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 2012.

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 3/2009 'Headline Earnings', as issued by the South African Institute of Chartered Accountants.

Headline earnings per share:	31 March 2012	31 March 2011
Unadjusted earnings per share	€ 4.41	€ 1.27
Headline earnings per share	€ 4.41	€ 1.27

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 – COMPAGNIE FINANCIÈRE RICHEMONT S.A. ('CFR SA')

Although the management of Reinet is quite distinct from Richemont, a number of executives who have management responsibilities for Reinet through contracts with the General Partner and Fund Manager, continue to have executive roles in and are also employed by Richemont. CFR SA is not responsible in any way for the services provided by the executives concerned to Reinet.

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 2011	Acquired during the year	Sold during the year	31 March 2012
Number of shares	48 312 176	3 500	–	48 315 676

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

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.

The Company is not aware of any other holdings in excess of 5 per cent of its issued capital.

MANAGEMENT AND ADVISORY COMPANIES

The Company is a partnership limited by shares ('société en commandite par actions') which is managed by the 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.

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' fee 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 Investment Advisor owns 834 900 shares of the Company as at 31 March 2012. These shares have been acquired to hedge share appreciation rights and related awards to key executives.

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 performance fee in any period is calculated as 10 per cent of the Cumulative Total Shareholder Return at the end of the Performance Measurement Period (both terms being defined in the Reinet Prospectus, published on 10 October 2008), adjusted for all dividends and returns of capital to Reinet shareholders, less the sum of all performance fees paid in previous Performance Measurement Periods.

A performance fee of € 86 million was paid in May 2011, reflecting the appreciation in the Reinet share price over the period from 2008 to 31 March 2011. A performance fee will only be payable in respect of the current financial year if the volume weighted average closing price of the Reinet share on the Luxembourg Stock Exchange over the last 20 trading days of the current financial year exceeds that calculated on the same basis in the respect of the financial year ended 31 March 2011 of € 11.6064.

As indicated in note 18 the performance fee payable at 31 March 2012 amounts to € 38 million (2011: € 86 million).

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

23. RELATED PARTY TRANSACTIONS CONTINUED

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 17 to 19 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 2011	Acquired during the year	Sold during the year(1)	**31 March 2012**
Number of shares	78 809	1 111 103	(6 365)	**1 183 547**

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

(1) The shares sold in the year represent the holdings of Mr Schwenke when he retired from the Board.

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 2012, such fees to be split equally between the Company and Reinet Fund S.C.A., F.I.S. (2011: € 40 000).

Aggregate shareholdings of the members of the Board of Overseers.

	31 March 2011	Acquired during the year	Sold during the year	**31 March 2012**
Number of shares	44 307	–	–	**44 307**

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

OTHER RELATED PARTIES

Reinet has also identified Remgro Limited, a public company incorporated in South Africa, as a related party. Mr Johann Rupert is the chairman of Remgro Limited.

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Compagnie Financière Richemont SA ('CFR SA')

There were no fees paid during the year and no balances payable to or receivable from CFR SA at 31 March 2012.

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

	31 March 2012 € m	31 March 2011 € m
Expenses charged by the General Partner to the Company during the year	**0.7**	0.5
Administration fee for the year	**0.1**	0.1
Balance payable by the Company to the General Partner	**1.7**	1.2

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

23. RELATED PARTY TRANSACTIONS CONTINUED

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

	31 March 2012 € m	31 March 2011 € m
Expenses charged to the Fund during the year	3.8	2.7
Balance receivable by the Fund from the Fund Manager	(1.1)	(0.7)

Reinet Investment Advisors Limited (the Investment Advisor)

	31 March 2012 € m	31 March 2011 € m
Management fee charged during the year	22.7	20.0
Performance fee charged during the year	38.0	86.4
Balance payable by the Fund to the Investment Advisor	50.8	97.0

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 2012.

There are no commitments between the Company and its related parties as at 31 March 2012.

24. AUDIT AND OTHER FEES PAID TO PRICEWATERHOUSECOOPERS

Fees for the year ended 31 March 2012 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 (2011: € 0.4 million).

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

25. CAPITAL COMMITMENTS

At 31 March 2012, Reinet had committed to invest a further € 318 million (2011: € 288 million) in unlisted investments. See table on page 10.

26. CONTINGENT LIABILITIES

Reinet has a fixed term bank deposit in the amount of € 6 million which has been pledged to JPMorgan Chase Bank N.A. (London) as security for a guarantee issued.

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 in April 2011; a guarantee of ZAR 60 million (€ 6 million) remains in respect of the contribution to be made to the local community.

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 £ 75 million from its investment in BAT. The dividend was approved by the shareholders of BAT on 26 April 2012 and paid on 3 May 2012.

Subsequent to the end of the financial year under review, Reinet has entered into agreements to sell a substantial part of its holdings in Jagersfontein and other diamond interests to third parties, including local Black Empowerment organisations. The contracts are subject to certain regulatory approvals being obtained and conditions precedent being met. Upon completion of the transactions, Reinet will have an equity interest of between 45 to 49 per cent in each of the ventures. The carrying value of the assets to be sold is ZAR 140 million (€ 14 million).

During April and May 2012, Reinet made payments in the amount of € 18 million in respect of its commitments referenced in note 25 above.

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 %
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(1)	United States of America	80 %
Tideridge Holdings Corp.(1)	United States of America	80 %
Arendale Holdings Corp.(1)	United States of America	80 %
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(2)	South Africa	100 %
Rooipoort Holdings (Pty) Limited(2)	South Africa	100 %
Reinet CET, LLC	United States of America	100 %
Associates:		
Vanterra Reinet Holdings Ltd.	British Virgin Islands	49 %
Reinet 36 South Holdings Limited	Jersey, Channel Islands	49 %
Renshaw Bay Limited	Guernsey, Channel Islands	25 %
Mosmart International S.A.	Luxembourg	42 %

(1) These subsidiaries are reflected in the financial statements at 31 March 2012 as 'Financial assets at fair value through profit or loss'.

(2) Contracts signed to sell majority interests, subject to regulatory approvals being obtained and conditions precedent being met.

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 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flow 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 about 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 2012, and of its financial performance and its cash flows 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 report to the Shareholders, including the Corporate governance statement, which is the responsibility of the Manager is consistent with the consolidated financial statements and includes the information required by the law with respect to the Corporate governance statement.

PricewaterhouseCoopers S.à r.l.
Luxembourg, 23 May 2012

Represented by

Véronique Lefebvre

COMPANY FINANCIAL STATEMENTS

BALANCE SHEET

as at 31 March 2012

	Notes	31 March 2012 € 000's	31 March 2011 € 000's
ASSETS			
Fixed assets			
Financial assets			
Shares in affiliated undertakings	*3*	1 929 289	1 929 289
Current assets			
Cash at bank and in hand		1	11
Prepayments and accrued income		20	19
Total assets		1 929 310	1 929 319
LIABILITIES			
Capital and reserves			
Subscribed capital	*4*	220 103	220 103
Share premium and similar premiums	*5*	770 310	770 310
Reserves			
– Legal reserve	*6*	22 100	22 100
Profit or loss brought forward	*7*	914 569	916 445
Result for the financial year		(2 220)	(1 876)
		1 924 862	1 927 082
Provisions			
Other provisions		259	378
Non subordinated debts			
Amounts owed to affiliated undertakings			
– becoming due and payable after less than one year	*8*	4 118	1 859
Other creditors			
– becoming due and payable after less than one year		71	–
		4 189	1 859
Total liabilities		1 929 310	1 929 319

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

COMPANY FINANCIAL STATEMENTS

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2012

	Notes	**Year ended 31 March 2012 € 000's**	Year ended 31 March 2011 € 000's
Charges			
Other operating charges		2 198	1 885
Value adjustments and fair value adjustments on financial current assets/loss on disposal of transferable securities		5	–
Interest payable and similar charges:			
– concerning affiliated undertakings		18	–
Total charges		2 221	1 885
Income			
Other interest and other financial income			
– other interest receivable and similar income		1	9
Loss for the financial year		2 220	1 876
Total income		2 221	1 885

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Reinet Investments S.C.A. (the 'Company'), incorporated on 5 March 1979, 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's financial year starts on 1 April and ends on 31 March of each year.

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

2.1 BASIS OF PREPARATION

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention, as well as with generally accepted accounting principles in Luxembourg.

Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002, determined and applied by the General Partner.

As a result of the law dated 10 December 2010, modifying the law of 19 December 2002, the layout of the balance sheet and the profit and loss account has been modified and the previous year's figures reclassified where necessary.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the General Partner to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The General Partner believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.2 FORMATION EXPENSES

The formation expenses of the Company are directly charged to the profit and loss account of the year in which they are incurred.

2.3 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, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.4 DEBTORS AND CREDITORS

Debtors and creditors are valued at their nominal value. The debtors are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.5 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 year.

COMPANY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

2.6 PREPAYMENTS AND ACCRUED INCOME

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

2.7 PROVISIONS

Provisions are created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount at the date on which they will arise.

3. SHARES IN AFFILIATED UNDERTAKINGS

	Year ended 31 March 2012 € 000's	Year ended 31 March 2011 € 000's
Book value – opening and 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 2012, the net asset value of Reinet Fund was € 3 653 million and it recorded a profit for the year then ended of € 867 million.

4. SUBSCRIBED CAPITAL

	31 March 2012 € 000's	31 March 2011 € 000's
Ordinary shares		
The subscribed capital at 31 March 2012 amounts to € 220 102 100 (2011: € 220 102 100) and is divided into 195 941 286 ordinary shares (2011: 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 2012 amounts to € 1 000 (2011: € 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 the 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.

5. SHARE PREMIUM AND SIMILAR PREMIUMS

The share premium relates to a reserve amounting to € 770 310 429 (31 March 2011: € 770 310 429), available for distribution subject to the approval of the shareholders.

6. 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 2011: € 22 100 000) is not available for distribution.

7. PROFIT OR LOSS BROUGHT FORWARD

	31 March 2012 € 000's	31 March 2011 € 000's
Opening balance	916 445	918 997
Result from the prior year	(1 876)	(2 552)
Balance at end of the year	914 569	916 445

8. AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

	31 March 2012 € 000's	31 March 2011 € 000's
Becoming due and payable after less than one year	4 118	1 859

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

	Year ended 31 March 2012 € 000's	Year ended 31 March 2011 € 000's
Board of Overseers	80	80
General Partner	809	614
	889	694

10. RELATED PARTY TRANSACTIONS

During the financial year under review, all transactions with related parties have been conducted on an arm's length basis.

11. CONTINGENT LIABILITIES

At 31 March 2012, the Company has no contingent liabilities.

12. TAXATION

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

13. SUBSEQUENT EVENTS

There have been no events subsequent to 31 March 2012 which would have any material impact on these financial statements.

COMPANY FINANCIAL STATEMENTS

PROPOSED APPROPRIATION OF RETAINED EARNINGS

as at 31 March 2012

	€ 000's
Available retained earnings	
Profit and loss brought forward	914 569
Net loss for the financial year	(2 220)
	912 349
Proposed appropriation	
Balance to be carried forward	912 349
	912 349

Reinet Investments Manager S.A.

General Partner
Luxembourg, 15 May 2012

AUDIT REPORT

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

Report on the annual accounts
We have audited the accompanying annual accounts of Reinet Investments S.C.A., which comprise the balance sheet as at 31 March 2012, the profit and loss account for the year then ended 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 about 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 2012, 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.

Report on other legal and regulatory requirements
The report to the Shareholders, which is the responsibility of the Manager, is consistent with the annual accounts.

PricewaterhouseCoopers S.à r.l.
Luxembourg, 23 May 2012

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 11 September 2012.

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, 11 September 2012 at 2:30 pm at Hotel Le Royal, 12, boulevard Royal, Luxembourg.

AGENDA

Business reports for the accounting year ended 31 March 2012

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 2012;

Financial statements

2. To approve the statutory financial statements of the Company for the accounting year ended 31 March 2012;
3. To approve the consolidated financial statements of the Company for the accounting year ended 31 March 2012;

Appropriations

4. To approve the proposed appropriation of the retained earnings of the Company at 31 March 2012 as follows:

Balance to be carried forward	€ 912 349 030

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 2012 and to discharge the members of the Board of Overseers who held office in respect of the accounting year ended 31 March 2012 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.

The statutory financial statements of the Company and the consolidated financial statements for the accounting year ended 31 March 2012, together with the reports of the Réviseur d'entreprises agréé, of the Board of Overseers and of the General Partner and the draft resolutions, 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 who together hold at least 5 per cent of the share capital may place items on the agenda of the meeting and submit draft resolutions for all the items on the agenda. Any such request must reach the Company no later than 20 August 2012.

Every shareholder who attends the meeting shall have the right to ask questions related to the items on the agenda of the Annual General Meeting.

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 4 September 2012. 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.

The meeting may be attended by all persons (or their proxy) who were shareholders of record of the Company at midnight on 28 August 2012 Luxembourg time.

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 send a certificate (the 'Shareholding Certificate') to European Fund Administration S.A. to be received no later than 4 September 2012 indicating clearly the precise identity of the shareholder and confirming the number of shares being held by the shareholder as at midnight on 28 August 2012 Luxembourg time.

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. The signed proxy must be sent by mail, telefax or email to either the Company or the European Fund Administration S.A. (register.bi@efa.eu). 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 4 September 2012. A Shareholding Certificate in respect of the shares must be provided to the Company or to European Fund Administration S.A. by that date by mail, telefax, or email (register.bi@efa.eu). Failure to provide the Shareholding 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 Shareholding Certificates must be delivered to European Fund Administration S.A. on 4 September 2012 at the latest. No admission cards will be issued after that day and shareholders or proxyholders not registered to attend the meeting will not be allowed to participate.

Reinet Investments Manager S.A.

General Partner
For and on behalf of
REINET INVESTMENTS S.C.A.

Luxembourg, 15 May 2012

EXCHANGE RATES AND SHARE PRICES

EXCHANGE RATES AGAINST THE EURO

	Year ended 31 March 2012	Year ended 31 March 2011
Average for the year		
pound sterling	**0.8630**	0.8500
US dollar	**1.3781**	1.3231
Swiss franc	**1.2132**	1.3381
South African rand	**10.2374**	9.4991
Closing – as at the end of the year		
pound sterling	**0.8327**	0.8836
US dollar	**1.3344**	1.4167
Swiss franc	**1.2042**	1.3014
South African rand	**10.2282**	9.5936

SHARE INFORMATION

PRIMARY LISTING

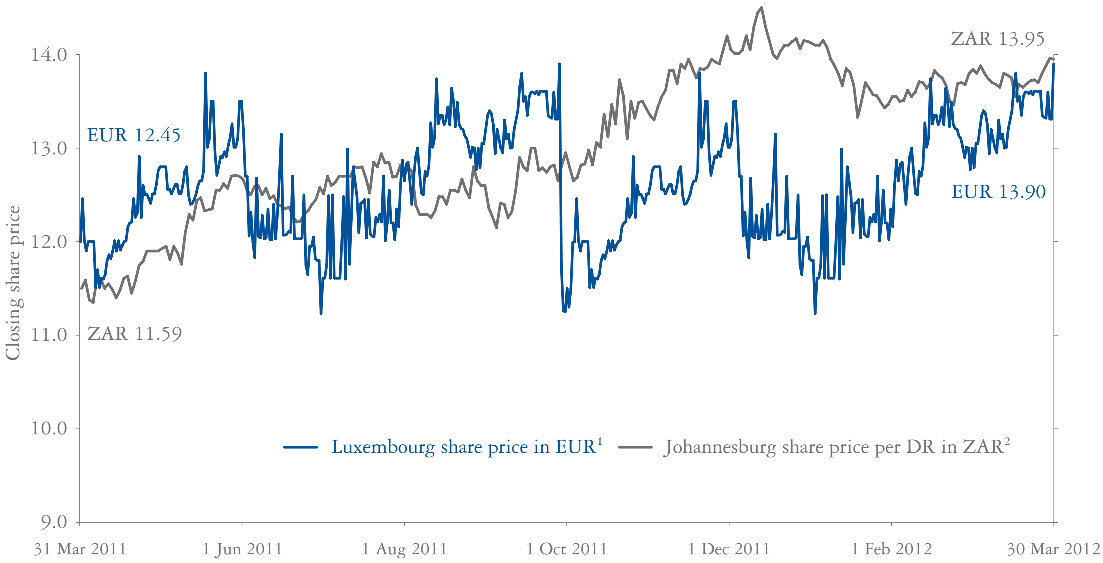
Reinet Investments S.C.A. shares are listed on the Luxembourg Stock Exchange with the ISIN number LU0383812293. Thomson Reuters code REIT.LU and Bloomberg code REIN.LX. Reinet shares are included in the 'LuxX' index of the principal shares traded on the Luxembourg exchange.

SECONDARY LISTING

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.

As at 31 March 2012 and 31 March 2011 there were 195 942 286 shares in issue.

DAILY CLOSING PRICES FROM 31 MARCH 2011 TO 31 MARCH 2012[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 : 9.5936 on 31 March 2011 and 1 : 10.2282 on 31 March 2012.

Source: Bloomberg

STATUTORY INFORMATION

Reinet Investments S.C.A.

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35, boulevard Prince Henri
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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.
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Telephone: +352 22 42 10

Company Secretary: Mr S H Grundmann

CUSTODIAN

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Grand Duchy of Luxembourg

RÉVISEUR D'ENTREPRISES AGRÉÉ

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FURTHER INFORMATION

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