Remgro Limited

INTERIM REPORT

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2011 AND CASH DIVIDEND DECLARATION

SALIENT FEATURES

> Comparative growth in headline earnings is not meaningful due to change in financial year-end from 31 March to 30 June

> Interim dividend per share: **+24.8%**

> Headline earnings per share: **+19.8%**

> Intrinsic value per share at 31 December: **R142.99**

www.remgro.com / Registration number 1968/006415/06 / ISIN ZAE000026480 / Share code REM

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2011 R'm	30 September 2010 R'm	30 June 2011 R'm
ASSETS			
Non-current assets			
Property, plant and equipment	**3 169**	3 105	3 098
Biological agricultural assets	**131**	177	131
Investment properties	**40**	40	41
Intangible assets	**327**	359	327
Investments – Associated companies	**37 112**	28 659	34 920
– Joint ventures	**267**	198	252
– Other	**5 886**	5 835	6 059
Retirement benefits	**154**	119	149
Loans	**112**	106	139
Deferred taxation	**7**	4	7
	47 205	38 602	45 123
Current assets	**13 036**	9 568	10 864
Inventories	**1 984**	1 867	1 476
Biological agricultural assets	**431**	423	445
Debtors and short-term loans	**2 596**	1 816	1 968
Investments in money market funds	**2 335**	1 739	1 725
Cash and cash equivalents	**5 367**	3 392	4 315
Other current assets	**146**	164	171
	12 859	9 401	10 100
Assets held for sale	**177**	167	764
Total assets	**60 241**	48 170	55 987
EQUITY AND LIABILITIES			
Issued capital	**3 605**	3 605	3 605
Reserves	**52 318**	40 256	48 170
Treasury shares	**(176)**	(248)	(216)
Shareholders' equity	**55 747**	43 613	51 559
Non-controlling interest	**784**	774	771
Total equity	**56 531**	44 387	52 330
Non-current liabilities	**1 339**	1 356	1 481
Retirement benefits	**187**	186	238
Long-term loans	**155**	188	154
Deferred taxation	**997**	982	1 089
Current liabilities	**2 371**	2 427	2 176
Trade and other payables	**1 956**	2 223	2 160
Short-term loans	**211**	101	3
Other current liabilities	**204**	103	13
Total equity and liabilities	**60 241**	48 170	55 987
Net asset value per share (Rand)			
– At book value	**R108.41**	R84.97	R100.37
– At intrinsic value	**R142.99**	R125.95	R135.97

ABRIDGED CONSOLIDATED INCOME STATEMENT

	Six months ended 31 December 2011 R'm	Six months ended 30 September 2010 R'm	Fifteen months ended 30 June 2011 R'm
Sales	**6 883**	6 118	14 955
Inventory expenses	**(4 221)**	(3 642)	(9 015)
Personnel costs	**(1 126)**	(1 061)	(2 729)
Depreciation	**(166)**	(149)	(387)
Other net operating expenses	**(817)**	(898)	(2 160)
Trading profit	**553**	368	664
Dividend income	**123**	94	155
Interest received	**99**	75	205
Finance costs	**(7)**	(20)	(35)
Negative goodwill	**–**	112	112
Net impairment of investments, loans, assets and goodwill	**(28)**	(2)	(68)
Profit on sale of investments	**1 247**	157	2 283
Consolidated profit before tax	**1 987**	784	3 316
Taxation	**(373)**	(234)	(480)
Consolidated profit after tax	**1 614**	550	2 836
Share of after-tax profit of associated companies and joint ventures	**2 385**	1 880	8 112
Net profit for the period	**3 999**	2 430	10 948
Attributable to:			
Equity holders	**3 944**	2 405	10 841
Non-controlling interest	**55**	25	107
	3 999	2 430	10 948

ASSOCIATED COMPANIES AND JOINT VENTURES

	Six months ended 31 December 2011 R'm	Six months ended 30 September 2010 R'm	Fifteen months ended 30 June 2011 R'm
Share of after-tax profit of associated companies and joint ventures			
Profit before taking into account impairments, non-recurring and capital items	**3 012**	2 655	7 624
Net impairment of investments, assets and goodwill	**(9)**	(69)	(102)
Profit on the sale of investments	**307**	52	2 759
Other non-recurring and capital items	**1**	31	389
Profit before tax and non-controlling interest	**3 311**	2 669	10 670
Taxation	**(744)**	(590)	(2 010)
Non-controlling interest	**(182)**	(199)	(548)
	2 385	1 880	8 112

RECONCILIATION OF HEADLINE EARNINGS

	Six months ended 31 December 2011 R'm	Six months ended 30 September 2010 R'm	Fifteen months ended 30 June 2011 R'm
Net profit for the period attributable to equity holders	**3 944**	2 405	10 841
Plus/(minus):			
– Negative goodwill	**–**	(112)	(112)
– Net impairment of associates and joint ventures	**11**	–	(14)
– Impairment of property, plant and equipment	**–**	–	40
– Recycling of foreign currency translation reserves	**59**	–	–
– Profit on sale of associates and joint ventures	**(1 305)**	(161)	(2 312)
– (Profit)/loss on sale of other investments	**(1)**	4	54
– Profit on sale of subsidiary company	**–**	–	(25)
– Net (surplus)/loss on disposal of property, plant and equipment	**(2)**	–	1
– Non-headline earnings items included in equity accounted earnings of associated companies and joint ventures	**(299)**	(13)	(3 122)
– Net (surplus)/loss on disposal of property, plant and equipment	**–**	1	(76)
– Profit on the sale of investments	**(307)**	(52)	(2 759)
– Net impairment of investments, assets and goodwill	**9**	69	102
– Other non-recurring and capital items	**(1)**	(31)	(389)
– Taxation effect of adjustments	**180**	83	165
– Non-controlling interest	**62**	1	39
Headline earnings	**2 649**	2 207	5 555

EARNINGS AND DIVIDENDS

	Six months ended 31 December 2011 Cents	Six months ended 30 September 2010 Cents	Fifteen months ended 30 June 2011 Cents
Headline earnings per share			
– Basic	**515.5**	430.2	1 082.4
– Diluted	**508.2**	413.5	1 050.4
Earnings per share			
– Basic	**767.5**	468.8	2 112.4
– Diluted	**758.6**	451.8	2 072.3
Dividends per share			
Ordinary	**126.00**	101.00	314.00
– Interim	**126.00**	101.00	101.00
– Final			213.00

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 31 December 2011 R'm	Six months ended 30 September 2010 R'm	Fifteen months ended 30 June 2011 R'm
Net profit for the period	**3 999**	2 430	10 948
Other comprehensive income, net of tax	**1 318**	(1 362)	(1 361)
Exchange rate adjustments	**762**	(151)	(244)
Fair value adjustments for the period	**(350)**	(897)	(807)
Deferred taxation on fair value adjustments	**47**	161	145
Realisation of reserves previously deferred in equity	**(6)**	28	(14)
Change in reserves of associated companies and joint ventures	**865**	(503)	(441)
Total comprehensive income for the period	**5 317**	1 068	9 587
Total comprehensive income attributable to:			
Equity holders	**5 262**	1 043	9 480
Non-controlling interest	**55**	25	107
	5 317	1 068	9 587

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended 31 December 2011 R'm	Six months ended 30 September 2010 R'm	Fifteen months ended 30 June 2011 R'm
Balance at the beginning of the period	**52 330**	44 083	44 083
Total comprehensive income for the period	**5 317**	1 068	9 587
Dividends paid	**(1 139)**	(680)	(1 220)
Capital invested by minorities	**1**	4	14
Other movements	**(1)**	8	(81)
Long-term share incentive scheme reserve	**23**	21	64
Unbundling of investment	**–**	(117)	(117)
Balance at the end of the period	**56 531**	44 387	52 330

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 31 December 2011 R'm	Six months ended 30 September 2010 R'm	Fifteen months ended 30 June 2011 R'm
Cash generated/(utilised) from/(by) operations	**(515)**	(460)	381
Taxation paid	**(213)**	(143)	(407)
Dividends received	**1 719**	795	2 563
Cash available from operating activities	**991**	192	2 537
Dividends paid	**(1 139)**	(680)	(1 220)
Net cash inflow/(outflow) from operating activities	**(148)**	(488)	1 317
Investing activities	**1 032**	167	(758)
Financing activities	**16**	38	87
Net increase/(decrease) in cash and cash equivalents	**900**	(283)	646
(Increase)/decrease in money market funds	**(610)**	73	87
Exchange rate profit/(loss) on foreign cash	**567**	(159)	(159)
Cash and cash equivalents at the beginning of the period	**4 315**	3 741	3 741
Cash and cash equivalents at the end of the period	**5 172**	3 372	4 315
Cash and cash equivalents – per statement of financial position	**5 367**	3 392	4 315
Bank overdraft	**(195)**	(20)	–

ADDITIONAL INFORMATION

	31 December 2011	30 September 2010	30 June 2011
Number of shares in issue			
– Ordinary shares of 1 cent each	**481 106 370**	481 106 370	481 106 370
– Unlisted B ordinary shares of 10 cents each	**35 506 352**	35 506 352	35 506 352
Total number of shares in issue	**516 612 722**	516 612 722	516 612 722
Number of shares held in treasury			
– Ordinary shares repurchased and held in treasury	**(2 378 920)**	(3 336 894)	(2 918 266)
	514 233 802	513 275 828	513 694 456
Weighted number of shares	**513 901 431**	512 983 023	513 209 003

In determining earnings per share and headline earnings per share the weighted number of shares was taken into account.

ADDITIONAL INFORMATION (CONTINUED)

	31 December 2011 R'm	30 September 2010 R'm	30 June 2011 R'm
Listed investments			
Associated			
– Book value	**24 474**	17 235	23 380
– Market value	**33 335**	29 973	32 086
Other			
– Book value	**5 172**	5 437	5 482
– Market value	**5 172**	5 437	5 482
Unlisted investments			
Associated			
– Book value	**12 638**	11 424	11 540
– Directors' valuation	**21 116**	18 896	19 695
Joint ventures			
– Book value	**267**	198	252
– Directors' valuation	**264**	216	250
Other			
– Book value	**714**	398	577
– Directors' valuation	**714**	398	577
Additions to and replacement of property, plant and equipment	**246**	206	612
Capital and investment commitments	**2 630**	1 215	1 693
(Including amounts authorised, but not yet contracted for)			
Guarantees and contingent liabilities*	**2 313**	1 387	2 472
Dividends received from associated companies and joint ventures set off against investments (the 30 June 2011 amount includes the MMI and RMI Holdings unbundling dividends amounting to R6 174 million)	**1 606**	409	8 305

* *The guarantees and contingent liabilities primarily relate to three material unresolved disputes with SARS. Two of the disputes amounting to R1 304 million relate to the buyback and cancellation of treasury shares, while the third dispute amounting to R718 million is in connection with the disposal of investments (both amounts include interest). Based on legal opinion received, the assessments are being disputed.*

COMMENTS

1. CHANGE IN FINANCIAL YEAR-END AND COMPARISON WITH PRIOR PERIOD

As previously reported, the financial year-end of the Company was changed from 31 March to 30 June with effect from 30 June 2011. As a result of the change in year-end, the results for the six months to December 2011 being reported on are not directly comparable to those of the six months to 30 September 2010 which were published as interim results during the previous financial year. The main reason for this is that different accounting periods of certain investee companies are accounted for in the comparative periods presented.

The most significant of the investee companies referred to above, are the following:

- Rainbow, Tsb Sugar, Unilever and Wispeco – accounted for the six months ended 31 December 2011 for the period under review, compared to the six months ended 30 September 2010 in the comparative period
- Distell, FirstRand, Kagiso, PGSI, RMBH and Total – accounted for the six months to 31 December 2011 for the period under review, compared to the six months ended 30 June 2010 in the comparative period

In order to enable shareholders to make a meaningful comparison with the results of the six months under review, we have prepared as additional information an analysis of headline earnings for the comparative six months ended 31 December 2010. A summary of these comparable results is presented in the "Contribution to headline earnings" table below and in the segmental information presented in Annexure A.

2. ACCOUNTING POLICIES

The interim report is prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), including *IAS 34: Interim Financial Reporting*, and in accordance with the requirements of the Companies Act (No. 71 of 2008), as amended, and the Listings Requirements of the JSE Limited. The financial statements have been prepared under the supervision of the Chief Financial Officer, Leon Crouse CA(SA).

These financial statements incorporate accounting policies that are consistent with those of the previous financial periods, with the exception of the implementation of the revised *IAS 24: Related Party Disclosures*. The adoption of the revised accounting standard only affected disclosure and had no impact on the results of either the current or prior periods.

3. RESULTS

Headline earnings

For the period under review headline earnings increased by 20.0% from R2 207 million to R2 649 million when compared to the six months ended 30 September 2010, whereas headline earnings per share increased by 19.8% from 430.2 cents to 515.5 cents.

On a comparable basis, however, when compared to the six months ended 31 December 2010, headline earnings increased by 22.8% from R2 157 million to R2 649 million, whereas headline earnings per share increased by 22.6% from 420.4 cents to 515.5 cents.

Contribution to headline earnings

	Six months ended			
	31 Dec 2011 R'm	*% Change*	31 Dec 2010 R'm	30 Sept 2010 R'm
Financial services	**1 136**	*20.7*	941	930
Industrial interests	**1 334**	*24.9*	1 068	1 110
Media interests	**39**	*18.2*	33	45
Mining interests	**112**	*55.6*	72	72
Technology interests	**31**	*(32.6)*	46	59
Other investments	**13**	*8.3*	12	12
Central treasury	**60**	*66.7*	36	29
Other net corporate costs	**(76)**	*(49.0)*	(51)	(50)
	2 649	*22.8*	2 157	2 207

Refer to Annexures A and B for segmental information.

The following commentary is based on a comparison of the results of the period under review with that of the six months ended 31 December 2010.

Financial services

The contribution from financial services to Remgro's headline earnings amounted to R1 136 million (2010: R941 million), representing an increase of 20.7%. It should be noted that Remgro's effective interests in FirstRand and RMBH changed materially since December 2010 due to various corporate actions at these entities. Both FirstRand and

RMBH reported good results for the six months ended 31 December 2011, mainly due to strong growth in both net interest income and fee and commission income, while margins also increased due to repricing strategies in the retail lending books. RMI also reported good results with strong growth in earnings being recorded by Discovery and OUTsurance.

Industrial interests

The contribution of the industrial interests to headline earnings for the period under review increased by 24.9% to R1 334 million (2010: R1 068 million). Total South Africa's contribution to Remgro's headline earnings amounted to R117 million (2010: R2 million). The improved performance by Total South Africa is mainly due to substantial favourable stock revaluations during the period under review, compared to negative stock revaluations during the six months ended 31 December 2010. Distell's contribution to headline earnings, which includes the investments in Capevin Holdings and Capevin Investments, amounted to R261 million (2010: R210 million). Mediclinic's and Rainbow's contribution to headline earnings amounted to R191 million and R149 million respectively (2010: R170 million and R131 million). Tsb Sugar produced satisfactory results with a contribution to headline earnings amounting to R308 million (2010: R172 million). This increase is mainly due to an improved operational performance from Tsb Sugar's milling activities, resulting from higher sugar production. Unilever's contribution to Remgro's headline earnings increased by 29.8% to R218 million (2010: R168 million). This increase is mainly due to an increase in sales volumes, as well as improved margins. Effective 1 July 2011 Kagiso Trust Investments (KTI) and the Tiso Group merged into a new entity, Kagiso Tiso Holdings (KTH). Remgro's share of the results of KTH for the period under review amounted to a loss of R37 million (2010: Remgro's share of KTI's results – R82 million profit). During the period under review KTH's results were negatively impacted by unfavourable fair value adjustments relating to its interests in Exxaro Resources Limited and Aveng Limited. Grindrod contributed R13 million to headline earnings for the two months since acquisition.

Media interests

Media interests consist of the interests in Sabido, MARC, One Digital Media (ODM) and Premier Team Holdings (PTH). Sabido's contribution to Remgro's headline earnings amounted to R72 million (2010: R54 million), while MARC contributed R1 million (2010: R2 million). PTH's and ODM's contribution to headline earnings amounted to losses of R18 million and R16 million respectively (2010: losses of R22 million and R1 million).

Mining interests

Implats is the only remaining investment being reported under mining interests and dividends received amounted to R112 million (2010: R72 million).

Technology interests

Technology interests primarily represent the interests in the CIV group of companies and the investment in SEACOM. For the period under review the CIV group contributed R37 million to Remgro's headline earnings (2010: R41 million). SEACOM reported a headline loss of R75 million for the period under review (2010: R81 million loss), with Remgro's share of this loss amounting to R19 million (2010: R20 million loss). Before it was sold the investment in Tracker was "held for sale" and therefore no income from Tracker was accounted for during the period under review (2010: R23 million).

Other investments

The contribution of other investments to headline earnings amounted to R13 million (2010: R12 million), of which Business Partners' contribution was R8 million (2010: R8 million).

Central treasury and other net corporate costs

Higher average cash balances resulted in an increase in the contribution from the central treasury division to R60 million (2010: R36 million). Other net corporate costs amounted to R76 million (2010: R51 million).

Total earnings

Total earnings increased by 64.0% to R3 944 million (30 September 2010: R2 405 million), mainly as a result of the earnings growth of the underlying investments, the capital gains amounting to R608 million realised on the disposal of RMBH shares and RMI shares to Royal Bafokeng Holdings (Pty) Limited and the disposal of Tracker, as well as an accounting profit amounting to R491 million realised on the KTI and Tiso merger.

4. INTRINSIC VALUE

Remgro's intrinsic value per share increased by 5.2% from R135.97 at 30 June 2011 to R142.99 at 31 December 2011. Refer to Annexure B for full details.

5. INVESTMENT ACTIVITIES

The most important investment activities during the period under review were as follows:

RMB Holdings Limited (RMBH) and RMI Holdings Limited (RMI)

During December 2011 Remgro sold 50 088 654 RMBH shares and 68 866 361 RMI shares to Royal Bafokeng Holdings (Pty) Limited for a total consideration of R2 091.4 million. The transaction effectively reduced Remgro's interests in RMBH and RMI from 31.5% and 34.9%, to 27.9% and 30.3% respectively.

Grindrod Limited (Grindrod)

During the period under review Remgro acquired 127 662 895 Grindrod ordinary shares for a total consideration of R1 932.8 million. These acquisitions resulted in Remgro obtaining an effective 21.7% interest in Grindrod (21.3% on a fully diluted basis). The results of Grindrod were equity accounted for two months to 31 December 2011.

Tracker Investment Holdings (Pty) Limited (Tracker)

During October 2011 the investment in Tracker was sold for a total consideration of R1 226.5 million.

Kagiso Trust Investments (Pty) Limited (KTI) and Tiso Group (Pty) Limited (Tiso)

Effective 1 July 2011 KTI and Tiso merged into a new entity, Kagiso Tiso Holdings (Pty) Limited, and Remgro's effective interest in the new entity is 25.1%.

Other smaller investments, amounting to R149.6 million, were made during the period under review in, inter alia, the Milestone China Funds, Premier Team Holdings Limited, Kagiso Infrastructure Empowerment Fund and Business Partners Limited.

EVENTS AFTER 31 DECEMBER 2011:

Dark Fibre Africa (Pty) Limited (Dark Fibre)

Since 31 December 2011 Remgro invested a further R150.0 million directly in Dark Fibre. This investment is part of an additional capital commitment amounting to R248.0 million that will increase Remgro's effective interest in Dark Fibre to 49.6% (30 June 2011: 46.5%).

Dorbyl Limited (Dorbyl)

During February 2012 Remgro disposed of 11 839 510 shares in Dorbyl to RECM and Calibre Limited for a nominal amount. The transaction reduced Remgro's interest in Dorbyl to 6.5% (30 June 2011: 41.4%).

6. INFORMATION REGARDING UNLISTED INVESTMENTS

Unilever South Africa Holdings (Pty) Limited (Unilever South Africa)

Unilever South Africa has a December year-end and therefore its results for the six months ended 31 December 2011 have been included in Remgro's results for the period under review. Unilever South Africa's contribution to Remgro's headline earnings for the period under review amounted to R218 million (2010: R168 million). Included in Remgro's share of Unilever's earnings are restructuring costs amounting to R21 million.

Unilever South Africa's turnover for the period under review increased by 15.1% to R7 680 million (2010: R6 672 million), primarily driven by growth in volumes due to the Powders category launch of Omo Liquids and Comfort fabric conditioners, the re-launch of Sunlight Powders and Skip Liquids. The increased focus on complex cooking aids in Savoury & Dressings, launch of Germiguard and the Dove Men's Care range, coupled with the Ice-Cream cabinet footprint expansion, also contributed to this increase in volumes. The price growth of 9%, results from price increases across most categories due to increasing commodity costs. The acquisition of Sara Lee brands also had a positive contribution of R81 million to the increase in turnover.

The company's profit after tax for the period under review increased by 72.0% to R1 108 million (2010: R644 million). This increase was mainly as a result of an after-tax profit on the sale of brands amounting to R267 million, as well as turnover growth and higher margins.

Tsb Sugar Holdings (Pty) Limited (Tsb Sugar)

Tsb Sugar's contribution to Remgro's headline earnings for the period under review amounted to R308 million (2010: R172 million). This increase was mainly due to a better operational performance from Tsb Sugar's milling activities, resulting from higher sugar production as well as a higher contribution from Royal Swaziland Sugar Corporation.

Turnover for the six months ended 31 December 2011 decreased by 5.6% from R2 586 million to R 2 441 million. 14.4% of turnover is represented by exports. The positive impact of high world sugar prices and a weaker rand was negated by lower volumes. Turnover for the six months to 31 December 2010 included revenue from the disposed citrus operations amounting to R160 million.

Tsb Sugar's raw sugar production for the period under review increased by 5.7% to 424 863 tons (2010: 402 060 tons) while the South African sugar industry's production for the milling season decreased by 4.9%. The increase in Tsb Sugar's production is mainly attributed to favourable climatic conditions which enabled the mills to crush more cane and an improvement in cane quality which positively impacted factory efficiencies. The world sugar price remained strong and the weakening of the rand contributed to higher sugar export prices.

The Royal Swaziland Sugar Corporation's contribution to Tsb Sugar's headline earnings for the period was R85 million (2010: R30 million). The increase was mainly due to increased production and better sugar and ethanol prices.

5 662 Hectares of Tsb Sugar's cane land in the Malelane area is in the process of being transferred to the Matsamo Communal Property Association and the process is expected to be completed during March 2012. This is in line with the land claims settlement agreement which was subsequently made an order of court. This transaction will substantially complete the land claims in the Nkomazi area in relation to Tsb Sugar's land. Tsb Sugar is confident that the post-settlement arrangements entered into will ensure continued cane supply.

Air Products South Africa (Pty) Limited (Air Products)

Air Products has a September year-end and therefore its results for the six months ended 30 September 2011 have been included in Remgro's results for the period under review. Air Products' contribution to Remgro's headline earnings for the period under review increased by 39.1% to R96 million (2010: R69 million).

Turnover for Air Products' six months ended 30 September 2011 increased by 6.8% to R787 million (2010: R737 million), while the company's operating profit for the same period increased by 29.0% to R289 million (2010: R224 million). Operating profit during the period was positively impacted by mark to-market profits of R30 million on forward exchange contracts. Volumes in most business segments continued to improve slowly. Further improvement in volumes is anticipated in forthcoming months, together with increasing pressure on input costs.

Sabido Investments (Pty) Limited (Sabido)

Remgro has an effective interest of 31.5% in Sabido which has a range of media interests, the most significant of which is South Africa's only private free-to-air television channel, e.tv, and its sister news service, the eNews channel.

Sabido has a March year-end and therefore its results for the six months ended 30 September 2011 have been included in Remgro's results for the period under review. Sabido's contribution to Remgro's headline earnings for the period under review amounted to R72 million. This amount includes a charge of R5 million relating to the amortisation of intangible assets, identified as part of the acquisition of VenFin.

The latest available All Media Products Survey (AMPS) results indicate that e.tv's audience has grown by a further 2% to 15.5 million viewers. e.tv remains the largest English-medium television channel in South Africa and the second most watched channel overall. However, the aggressive growth in the middle income pay-television market has started to affect e.tv audience share. Continued delays in the rollout of digital terrestrial television mean that e.tv and other terrestrial broadcasters will continue to lose market share to multi-channel pay-television.

Net advertising sales were ahead of target for the period under review, while programming and operating costs have remained stable. An increased investment in local content is likely to enable e.tv to retain its competitiveness.

The sustained growth in pay-television subscribers on DStv continues to benefit the eNews Channel. The Channel remains the top news channel watched by South Africans. Live eNews Africa bulletins are now available to 10 million Sky subscribers in the United Kingdom on The Africa Channel (in which Sabido owns a 47.4% stake).

Kagiso Tiso Holdings (Pty) Limited (KTH)

KTH was formed through the merger of Kagiso Trust Investments (Pty) Limited (KTI) and Tiso Group (Pty) Limited into a new entity. The merger resulted in the creation of a leading black owned investment company with in excess of R14 billion in assets and a net asset value of R9.3 billion. KTH has a strong and diversified asset portfolio covering the resources, industrial, media, financial services, healthcare, property and information technology sectors.

Remgro's 42.3% interest in KTI changed to a fully diluted interest of 25.1% in KTH, as at 1 July 2011, the effective date of the transaction. As KTH is a newly formed company, there are no comparative results.

KTH has a June year-end and therefore its results for the six months ended 31 December 2011 have been included in Remgro's results for the period under review. KTH's contribution to Remgro's headline earnings for the period under review amounted to a loss of R37 million, mainly due to negative fair value adjustments on investments in Exxaro Resources Limited and Aveng Limited. Income from equity accounted investments amounted to R166 million. A profit of R455 million has been realised on the disposal of joint venture, LexisNexis, by subsidiary Kagiso Media Limited, but this profit is accounted for outside of headline earnings.

KTH has a well-defined investment and business strategy, a sound asset and capital base and an experienced and diverse management team which positions the group as a leading black owned and managed investment company.

Total South Africa (Pty) Limited (Total)
Total has a December year-end and therefore its results for the six months ended 31 December 2011 have been included in Remgro's results for the period under review. Total's contribution to Remgro's headline earnings for the period amounted to R117 million (2010: R2 million).

Turnover for the period under review increased from R11 087 million in 2010 to R15 378 million, while operating profit increased to R630 million (2010: R314 million). The good performance is mainly due to the stock revaluation gains of R300 million (2010: revaluation losses of R2 million) resulting from an increase in the international oil price, the impact of a weaker rand and improved marketing margins. Positive adjustments on deferred taxation and decreased financing costs also contributed to the increase in Total's net profit for the period under review to R473 million (2010: R7 million).

Retail sales of petroleum products achieved lower levels than 2010, having decreased by 1% for the six months ended 31 December 2011. The demand for petroleum products in the retail business has decreased due to petrol pump prices above the R10 per litre level and consumer reaction thereto. Market share of Total's main fuels is deemed to have slightly decreased between 2010 and 2011.

Natref (in which Total has an interest of 36%) experienced a relatively disappointing reliability in 2011. Refining margins have reached similar low levels than in 2010, but have slightly exceeded the breakeven point for the activity.

SEACOM Capital Limited (SEACOM)
Remgro has an effective interest of 25% in SEACOM which launched the first undersea fibre-optic cable to connect Southern and Eastern Africa with Europe and Asia in July 2009. The cable connects South Africa, Mozambique, Tanzania, Kenya and Djibouti with the rest of the world via landing points in France (and onwards to London) and India. Landlocked countries (Uganda, Rwanda, Ethiopia, etc.) are connected by terrestrial backhaul.

SEACOM has a December year-end and therefore its results for the six months ended 31 December 2011 have been included in Remgro's results for the period under review. SEACOM's contribution to Remgro's headline earnings for the period under review amounted to a loss of R19 million (2010: R20 million loss).

SEACOM provides high-capacity international fibre-optic bandwidth to customers in the form of IRUs (indefeasible right of use) where most of the revenue is accounted for over 20 years. SEACOM reported a loss of US$10 million for the period under review. Delays with the implementation of the cable through Egypt resulted in additional unforeseen operational costs for SEACOM. SEACOM expects to enhance profitability by implementing various initiatives to cut back on costs and through expected cost savings on capacity purchases due to the cable completion this year.

Whilst increased bandwidth supply is expected by SEACOM's competitors with the likes of EASSy's upgrades and the imminent arrival of WACS (West African Cable System), the company expects stable and profitable pricing, albeit at a heavily discounted rate. Demand is also playing its part positively, driven by ongoing reductions in terrestrial costs (mobile operator deals and other operators such as Dark Fibre Africa) as well as a surge in demand for reliable protected routes around Africa. SEACOM's ability to change with the rapidly evolving market and respond to demand faster than others is augmenting these positive market conditions.

Community Investment Ventures Holdings (Pty) Limited (CIV)
Remgro has an effective interest of 43.8% in the CIV group which is active in the

power, telecommunications and information technology sectors. The main subsidiaries are Dark Fibre Africa (DFA) which constructs and owns fibre-optic networks, CIE Telecom which imports and distributes fibre and specialises in network management and CIV Power which specialises in cabling of power stations.

The CIV group has a March year-end and therefore its results for the six months ended 30 September 2011 have been included in Remgro's results for the period under review. The CIV group's contribution to Remgro's headline earnings for the period under review amounted to R37 million (2010: R41 million).

It is anticipated that CIV group's centre of growth will be DFA. DFA's headline earnings for the six months to 30 September 2011 decreased by 46.8% to R33 million (2010: R62 million), despite additional sections of the company's fibre-optic network having been completed. The decrease in headline earnings was caused by delays in obtaining way leave approvals from municipalities and road authorities which prevents DFA from completing fibre rings on time which in turn delays revenue income generation to offset increasing depreciation and finance charges incurred on network rollout costs.

DFA has fibre network rings in Johannesburg, Cape Town, Durban, Midrand, Centurion and Pretoria. The Johannesburg ring is regarded as one of the most important communication rings in Africa. To date, a total distance of 3 804 km has been completed in the major metropolitan areas. DFA is also rolling out long-haul routes, the first one completed being from Durban Metropolitan to the SEACOM landing station in Mtunzini. This route was extended through Empangeni to Gauteng and was completed in April 2011. DFA also completed the build of a long-route to link Cape Town to the WACS undersea cable landing station in Yzerfontein. In 2010 DFA commenced with the fibre-to-tower project linking mobile phone operators' base stations to the core communication rings, and the project will continue to 2013 and beyond as demand for mobile backhaul increases due to the smart phone applications. Mobile backhaul is a major growth driver for DFA.

DFA has signed commercial lease agreements with 37 telecommunications service providers ranging from the largest incumbents to small niche operators, thereby establishing an annuity income-generating business.

During the next financial year the company aims to extend its presence in the South African telecommunications market by extending its infrastructure footprint to secondary cities including Polokwane, East London, Rustenburg, Potchefstroom, George, Witbank and Middelburg, as well as expanding its sales and marketing activities. The increase in the number of Electronic Communication Network Services licences issued by the Independent Communications Authority of South Africa has increased DFA's potential market for its service, and combined with the high demand for Broadband Services, should lead to sustainable growth in earnings.

PGSI Limited (PGSI)

PGSI has a December year-end and therefore its results for the six months ended 31 December 2011 have been included in Remgro's results for the period under review. PGSI's contribution to Remgro's headline earnings for the period under review amounted to R3 million (2010: R9 million), which includes a negative adjustment of R5 million (2010: positive adjustment of R5 million) on the conversion right attached to PGSI preference shares.

PGSI's turnover for the period under review increased by 2.1% to R1 617 million (2010: R1 584 million), while its operating profit amounted to R43 million (2010: R84 million). The reduction in operating results was primarily due to a much weaker domestic market compared to the prior year. Furthermore the second half of the year was impacted by industry strikes and a slowdown of manufacturing facilities due to weaker demand, partially due to lower automotive Original Equipment production as a result of the Thailand floods. Decreased financing costs have however resulted in PGSI reporting a net profit of R6 million (2010: R9 million loss) for the period under review.

The main operating subsidiary in South Africa, PG Group, has been affected by the global and local recession of the past few years, particularly in the domestic building sector. While the automotive and low-cost housing sectors have emerged from the recession, commercial buildings are lagging and continue to experience slow glass demand. Excess manufacturing capacity has resulted in increased competition. The lower domestic demand also led to increased exports which resulted in an adverse sales mix, mainly due to currency factors.

The difficult market conditions for manufacturing in South Africa have been further exacerbated by a very strong rand which persisted through to September 2011. The PG Group has embarked on a number of initiatives to improve profitability in this difficult trading environment, including the reorganisation of management structures to focus on opportunities as well as efficiency, cost reduction and increasing yields at all manufacturing facilities.

The Group is well invested with two state-of-the-art float lines and capital expenditure over the next five years will be minimal.

The outlook for 2012 has improved with better margins expected in export markets, due to an improvement in the market and an expected more competitive currency, as the Group is a major exporter of high-quality float glass and automotive components.

Wispeco Holdings Limited (Wispeco)
Turnover for the six months ended 31 December 2011 increased by 14.6% from R458 million to R525 million due to higher worldwide aluminium prices and continued growth in Wispeco's sales volumes compared to the previous year. Consequently, headline earnings increased by 26.3% to R24 million (2010: R19 million), despite sustained downward pressure on margins caused by increasing input costs and severe price competition (both local and imported).

Wispeco obtained Competition Commission approval for the acquisition of an 80% shareholding in Xline Aluminium Solutions (Pty) Limited at the end of 2011. The Xline and Sheerline aluminium stockist operations will be consolidated into one business and future prospects are promising.

Although Wispeco continues to import much of its raw material, it also produces a significant amount of in-house billet from recycled aluminium. Re-melting of recycled aluminium requires only 5% of the energy used to produce virgin aluminium. As a result of these recycling activities, Wispeco has been accredited with an Ecospecifier listing – a *green* rating on its aluminium profiles.

Wispeco continues to actively drive the development of energy-efficient window and door systems for the building industry. Its new *Crealco* range of novel, sophisticated and energy-efficient products, which is being launched during 2012, allows for unrivalled creativity in architect design while meeting the latest requirements of the new national building regulations.

Wispeco has successfully mentored and coached more than 20 young previously disadvantaged entrepreneurs running their own aluminium fabrication businesses, through its SpazAL programme. These businesses continue to grow, thereby creating further employment opportunities in local communities. Through its fabrication learnership programme for black disabled school leavers, Wispeco has developed 19 deaf students into employable skilled workers.

MARC Group Limited (MARC)
MARC is a pan-African investment company which focuses on marketing, communication and rights commercialisation in the sport and entertainment industry. This includes various strategic subsidiary and equity investments in activations marketing, sponsorships management, events management, ticketing and rugby. The group operates in 16 different African countries of which South Africa, Nigeria and Kenya are the biggest markets.

MARC has a December year-end and therefore its results for the six months to 31 December 2011 are included in Remgro's results for the period under review. MARC's contribution to Remgro's headline earnings for the period amounted to R1 million, which includes a negative fair value adjustment of R1 million on the conversion option of the preference shares.

MARC's headline earnings for the six months to December 2011 amounted to R3 million (2010: R17 million). The lower earnings can be attributed to once-off FIFA World Cup related earnings during 2010, as well as decreased sponsorship spend by one of MARC's major customers during the current period.

7. TREASURY SHARES

At 30 June 2011, 2 918 266 Remgro ordinary shares (0.6%) were held as treasury shares by a wholly owned subsidiary company of Remgro. As previously reported, these shares were acquired for the purpose of hedging Remgro's share incentive schemes.

During the period under review no Remgro ordinary shares were repurchased, while 539 346 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants who exercised the rights granted to them.

At 31 December 2011, 2 378 920 Remgro ordinary shares (0.5%) were held as treasury shares.

DECLARATION OF CASH DIVIDEND

Declaration of Dividend No 23

Notice is hereby given that an interim dividend of 126 cents (30 September 2010: 101 cents) per share has been declared in respect of both the ordinary shares of one cent each and the unlisted B ordinary shares of ten cents each, for the half year to 31 December 2011.

Dates of importance:

Last day to trade in order to participate in the interim dividend	Friday, 13 April 2012
Shares trade ex dividend	Monday, 16 April 2012
Record date	Friday, 20 April 2012
Payment date	Monday, 23 April 2012

Share certificates may not be dematerialised or rematerialised between Monday, 16 April 2012, and Friday, 20 April 2012, both days inclusive.

Secondary tax on companies (STC) and dividend tax

With effect from 1 April 2012, STC will be replaced with a dividend tax. Although the dividend for the period under review is payable after 1 April 2012 it does not fall into the dividend tax regime due to the fact that it was declared prior to this date. Existing STC credits will thus be applied to the potential STC liability.

In terms of the new legislation, companies will be allowed to apply their available STC credits against future dividends declared for a period of three years from the effective date of dividends tax, as announced by the Minister of Finance in the 2012 Budget Speech.

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Thys Visser
Chief Executive Officer

Stellenbosch
15 March 2012

ANNEXURE A
COMPOSITION OF HEADLINE EARNINGS

	Six months ended		
	31 December 2011 R'm	31 December 2010 R'm	30 September 2010 R'm
Financial services			
RMBH	**594**	484	475
RMI Holdings	**315**	–	–
FirstRand	**227**	457	455
Industrial interests			
Mediclinic	**191**	170	170
Unilever SA Holdings	**218**	168	132
Distell Group[1]	**261**	210	105
Rainbow Chicken	**149**	131	119
Tsb Sugar	**308**	172	177
Air Products South Africa	**96**	69	69
Grindrod	**13**	–	–
Nampak	**–**	33	33
KTH/KTI	**(37)**	82	197
Total South Africa	**117**	2	97
PGSI	**3**	9	(4)
Wispeco	**24**	19	20
Other industrial interests	**(9)**	3	(5)
Media interests			
Sabido	**72**	54	54
MARC	**1**	2	3
Other media interests	**(34)**	(23)	(12)
Mining interests			
Implats	**112**	72	72
Technology interests			
CIV group[2]	**37**	41	39
Tracker	**–**	23	34
SEACOM	**(19)**	(20)	(20)
Other technology interests	**13**	2	6
Other investments	**13**	12	12
Central treasury	**60**	36	29
Other net corporate costs	**(76)**	(51)	(50)
Headline earnings	**2 649**	2 157	2 207
Weighted number of shares (million)	**513.9**	513.1	513.0
Headline earnings per share (cents)	**515.5**	420.4	430.2

Notes

1. Includes the investments in Capevin Investments Limited and Capevin Holdings Limited.
2. Includes the investments in CIV Fibre Network Solutions (Pty) Limited, CIE Telecommunications (Pty) Limited, CIV Power (Pty) Limited, Central Lake Trading No. 77 (Pty) Limited and Dark Fibre Africa (Pty) Limited.

ANNEXURE B
COMPOSITION OF INTRINSIC NET ASSET VALUE

	31 December 2011 Book value R'm	31 December 2011 Intrinsic value R'm	30 June 2011 Book value R'm	30 June 2011 Intrinsic value R'm
Financial services				
RMBH	**8 940**	**10 768**	9 968	11 846
RMI Holdings	**5 082**	**6 025**	5 623	6 404
FirstRand	**3 056**	**4 559**	3 027	4 363
Industrial interests				
Mediclinic	**4 764**	**9 512**	4 216	8 776
Unilever SA Holdings	**3 121**	**6 034**	2 990	5 313
Distell Group[1]	**2 287**	**4 908**	2 100	4 725
Rainbow Chicken	**2 143**	**3 345**	2 108	3 455
Tsb Sugar	**1 801**	**3 005**	1 546	2 804
Air Products South Africa	**557**	**2 392**	521	2 257
Grindrod	**2 022**	**1 787**	–	–
KTH/KTI	**1 961**	**1 667**	1 441	1 667
Total South Africa	**1 073**	**1 414**	972	1 374
PGSI	**576**	**561**	578	582
Wispeco	**407**	**305**	383	343
Other industrial interests	**423**	**424**	458	457
Media interests				
Sabido	**946**	**1 841**	898	1 405
MARC	**171**	**168**	169	168
Other media interests	**–**	**–**	16	16
Mining interests				
Implats	**4 466**	**4 466**	4 862	4 862
Technology interests				
CIV group[2]	**1 068**	**1 167**	1 027	1 236
Tracker	**–**	**–**	587	1 196
SEACOM	**629**	**1 067**	577	1 057
Other technology interests	**221**	**261**	255	278
Other investments	**1 098**	**753**	944	634
Central treasury – cash at the centre[3]	**8 242**	**8 242**	5 852	5 852
Other net corporate assets	**693**	**955**	441	744
Net asset value (NAV)	**55 747**	**75 626**	51 559	71 814
Potential CGT liability[4 & 5]		**(2 095)**		(1 965)
NAV after tax	**55 747**	**73 531**	51 559	69 849
Issued shares after deduction of shares repurchased (million)	**514.2**	**514.2**	513.7	513.7
NAV after tax per share (Rand)	**108.41**	**142.99**	100.37	135.97

Notes

1. Includes the investments in Capevin Investments Limited and Capevin Holdings Limited.
2. Includes the investments in CIV Fibre Network Solutions (Pty) Limited, CIE Telecommunications (Pty) Limited, CIV Power (Pty) Limited, Central Lake Trading No. 77 (Pty) Limited and Dark Fibre Africa (Pty) Limited.
3. Cash at the centre excludes cash held by subsidiaries that are separately valued above.
4. The potential capital gains tax (CGT) liability, which is unaudited, is calculated on the specific identification method using the most favourable calculation for investments acquired before 1 October 2001 and also taking into account the corporate relief provisions. Deferred CGT on investments available-for-sale (mainly Implats and Caxton) is included in "other net corporate assets" above.
5. It was announced in the 2012 Budget Speech that the inclusion rate at which capital gains is taxed, will be increased from 50% to 66.6%, effective from 1 March 2012. This expected amendment will increase the potential capital gains tax payable and effectively decrease the net intrinsic value after CGT by R687 million, or R1.33 per share.
6. For purposes of determining the intrinsic value, the unlisted investments are shown at directors' valuation and the listed investments are shown at stock exchange prices.

DIRECTORATE

Non-executive directors

Johann Rupert (*Chairman*), E de la H Hertzog (*Deputy Chairman*), P E Beyers, G T Ferreira*, P K Harris*, N P Mageza*, J Malherbe, P J Moleketi*, M M Morobe*, M A Ramphele*, F Robertson*, H Wessels* *(*Independent)*

Executive directors

M H Visser (*Chief Executive Officer*), W E Bührmann, L Crouse, J W Dreyer, J J Durand, J A Preller

CORPORATE INFORMATION

Secretary

M Lubbe

Listing

JSE Limited
Sector: Industrials – Diversified Industrials

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Transfer Secretaries

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Auditors

PricewaterhouseCoopers Inc.
Stellenbosch

Sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)

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