REMGRO LIMITED

Registration number 1968/006415/06
ISIN ZAE000026480   Share code REM

INTERIM REPORT

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

SALIENT FEATURES

• **Intrinsic net asset value per share at 31 December 2014, when compared to 30 June 2014**	**+15.7%**
• **Earnings per share**	**+11.5%**
• **Headline earnings per share**	**-0.1%**
• **Interim dividend per share**	**+8.3%**

REMGRO LIMITED

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R million	**31 December 2014**	31 December 2013	30 June 2014
ASSETS			
Non-current assets			
Property, plant and equipment	**5 677**	5 416	5 616
Biological agricultural assets	**425**	316	499
Investment properties	**47**	42	42
Intangible assets	**5 759**	5 778	5 811
Investments - Equity accounted	**54 718**	48 925	52 169
- Other	**2 811**	2 773	2 642
Retirement benefits	**216**	192	210
Loans	**935**	406	629
Deferred taxation	**15**	12	14
	70 603	63 860	67 632
Current assets	**12 212**	13 396	11 876
Inventories	**3 066**	3 046	2 408
Biological agricultural assets	**528**	496	539
Debtors and short-term loans	**3 654**	3 319	3 330
Investments in money market funds	**782**	569	1 171
Cash and cash equivalents	**3 628**	4 596	3 657
Other current assets	**8**	767	17
	11 666	12 793	11 122
Assets held for sale	**546**	603	754
Total assets	**82 815**	77 256	79 508
EQUITY AND LIABILITIES			
Stated capital	**3 605**	3 605	3 605
Reserves	**65 564**	59 800	62 802
Treasury shares	**(281)**	(398)	(372)
Shareholders' equity	**68 888**	63 007	66 035
Non-controlling interest	**2 695**	1 643	2 599
Total equity	**71 583**	64 650	68 634
Non-current liabilities	**2 236**	7 939	2 199
Retirement benefits	**268**	270	258
Long-term loans	**376**	5 962	436
Deferred taxation	**1 592**	1 707	1 505
Current liabilities	**8 996**	4 667	8 675
Trade and other payables	**4 043**	4 181	3 791
Short-term loans	**4 710**	314	4 661
Other current liabilities	**72**	46	37
	8 825	4 541	8 489
Liabilities held for sale	**171**	126	186
Total equity and liabilities	**82 815**	77 256	79 508
Net asset value per share (Rand)			
- At book value	**R133.93**	R122.71	R128.56
- At intrinsic value	**R284.48**	R231.41	R245.96

ABRIDGED CONSOLIDATED INCOME STATEMENT

R million	Six months ended 31 December 2014	31 December 2013	Year ended 30 June 2014
Sales	**13 110**	12 662	24 621
Inventory expenses*	**(8 537)**	(8 348)	(15 374)
Staff costs	**(2 153)**	(1 803)	(3 747)
Depreciation	**(299)**	(281)	(592)
Other net operating expenses*	**(1 303)**	(1 657)	(4 238)
Trading profit	**818**	573	670
Dividend income	**15**	15	43
Interest received	**135**	114	326
Finance costs	**(198)**	(459)	(1 057)
Net impairment of investments, loans, assets and goodwill	**(49)**	50	22
Profit on sale of investments	**722**	36	51
Consolidated profit before tax	**1 443**	329	55
Taxation	**(248)**	(92)	(57)
Consolidated profit/(loss) after tax	**1 195**	237	(2)
Share of after-tax profit of equity accounted investments	**3 241**	3 599	6 853
Net profit for the period	**4 436**	3 836	6 851
Attributable to:			
Equity holders	**4 310**	3 860	6 917
Non-controlling interest	**126**	(24)	(66)
	4 436	3 836	6 851

EQUITY ACCOUNTED INVESTMENTS

Share of after-tax profit of equity accounted investments			
Profit before taking into account impairments, non-recurring and capital items	**4 081**	4 419	8 584
Net impairment of investments, assets and goodwill	**(158)**	(118)	(262)
Profit on the sale of investments	**35**	63	174
Other non-recurring and capital items	**28**	181	201
Profit before tax and non-controlling interest	**3 986**	4 545	8 697
Taxation	**(690)**	(805)	(1 558)
Non-controlling interest	**(55)**	(141)	(286)
	3 241	3 599	6 853

* *The amounts previously reported in the 31 December 2013 Income Statement for "inventory expenses" and "other net operating expenses" were restated. Previously "inventory expenses" were understated and "other net operating expenses" overstated by R433 million. The restatement had no impact on trading profit, earnings or headline earnings.*

RECONCILIATION OF HEADLINE EARNINGS

R million	Six months ended 31 December 2014	Six months ended 31 December 2013	Year ended 30 June 2014
Net profit for the period attributable to equity holders	**4 310**	3 860	6 917
Plus/(minus):			
- Net impairment of equity accounted investments	**-**	(101)	(92)
- Impairment of other investments	**44**	51	80
- Impairment of property, plant and equipment	**5**	-	(5)
- Recycling of foreign currency translation reserves	**-**	(51)	(32)
- (Profit)/loss on sale of equity accounted investments	**(944)**	20	83
- (Profit)/loss on sale of other investments	**222**	-	(98)
- Net surplus on disposal of property, plant and equipment	**(10)**	-	(12)
- Non-headline earnings items included in equity accounted earnings of equity accounted investments	**27**	(125)	(244)
- Net (surplus)/loss on disposal of property, plant and equipment	**(68)**	1	(131)
- Profit on the sale of investments	**(35)**	(63)	(174)
- Net impairment of investments, assets and goodwill	**158**	118	262
- Other non-recurring and capital items	**(28)**	(181)	(201)
- Taxation effect of adjustments	**-**	3	33
- Non-controlling interest	**4**	-	5
Headline earnings	**3 658**	3 657	6 635

EARNINGS AND DIVIDENDS

Cents	Six months ended 31 December 2014	Six months ended 31 December 2013	Year ended 30 June 2014
Headline earnings per share			
– Basic	**711.7**	712.5	1 292.4
– Diluted	**704.2**	700.2	1 270.3
Earnings per share			
– Basic	**838.5**	752.0	1 347.3
– Diluted	**830.5**	739.8	1 325.7
Dividends per share			
Ordinary	**169.00**	156.00	389.00
– Interim	**169.00**	156.00	156.00
– Final			233.00

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R million	Six months ended **31 December 2014**	Six months ended 31 December 2013	Year ended 30 June 2014
Net profit for the period	**4 436**	3 836	6 851
Other comprehensive income, net of tax	**(302)**	1 687	2 444
Items that may be reclassified subsequently to the income statement:			
Exchange rate adjustments	**231**	240	298
Fair value adjustments for the period	**(145)**	323	346
Deferred taxation on fair value adjustments	**(6)**	(14)	(43)
Reclassification of other comprehensive income to the income statement	**26**	(60)	(176)
Other comprehensive income of equity accounted investments	**34**	1 470	2 015
Items that will not be reclassified to the income statement:			
Actuarial gains and losses	**10**	-	23
Deferred taxation on actuarial gains and losses	**(3)**	-	(6)
Change in reserves of equity accounted investments	**(449)**	(272)	(13)
Total comprehensive income for the period	**4 134**	5 523	9 295
Total comprehensive income attributable to:			
Equity holders	**4 008**	5 546	9 357
Non-controlling interest	**126**	(23)	(62)
	4 134	5 523	9 295

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R million	Six months ended **31 December 2014**	Six months ended 31 December 2013	Year ended 30 June 2014
Balance at the beginning of the period	**68 634**	60 645	60 645
Total comprehensive income for the period	**4 134**	5 523	9 295
Dividends paid	**(1 237)**	(1 033)	(1 834)
Capital invested by minorities	**2**	5	876
Investment in subsidiaries	**-**	(521)	(529)
Other movements	**10**	3	114
Long-term share incentive scheme reserve	**40**	28	67
Balance at the end of the period	**71 583**	64 650	68 634

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

R million	Six months ended 31 December 2014	Six months ended 31 December 2013	Year ended 30 June 2014
Cash generated from operations	**645**	842	898
Taxation paid	**(132)**	(84)	(135)
Dividends received	**1 382**	1 495	3 372
Cash available from operating activities	**1 895**	2 253	4 135
Dividends paid	**(1 237)**	(1 033)	(1 834)
Net cash inflow from operating activities	**658**	1 220	2 301
Investing activities	**(744)**	103	(2 121)
Financing activities	**(58)**	(991)	(818)
Net increase/(decrease) in cash and cash equivalents	**(144)**	332	(638)
Exchange rate profit on foreign cash	**71**	89	110
Cash and cash equivalents at the beginning of the period	**3 636**	4 164	4 164
Cash and cash equivalents at the end of the period	**3 563**	4 585	3 636
Cash and cash equivalents – per statement of financial position	**3 628**	4 596	3 657
Bank overdraft	**(65)**	(11)	(21)

ADDITIONAL INFORMATION

	31 December 2014	31 December 2013	30 June 2014
Number of shares in issue			
- Ordinary shares of no par value	**481 106 370**	481 106 370	481 106 370
- Unlisted B ordinary shares of no par value	**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	**(2 241 656)**	(3 167 845)	(2 960 766)
	514 371 066	513 444 877	513 651 956
Weighted number of shares	**513 998 313**	513 271 776	513 404 676

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

ADDITIONAL INFORMATION (continued)

R million	**31 December 2014**	31 December 2013	30 June 2014
Listed investments			
Associated			
- Book value	**38 633**	33 498	36 601
- Market value	**96 351**	72 205	79 734
Other			
- Book value	**863**	932	880
- Market value	**863**	932	880
Unlisted investments			
Associated			
- Book value	**11 315**	12 761	11 090
- Directors' valuation	**23 703**	24 143	22 497
Joint ventures			
- Book value	**4 770**	2 666	4 478
- Directors' valuation	**11 173**	8 905	11 603
Other			
- Book value	**1 948**	1 841	1 762
- Directors' valuation	**1 948**	1 841	1 762
Additions to and replacement of property, plant and equipment	**372**	322	852
Capital and investment commitments (Including amounts authorised, but not yet contracted for)	**798**	1 291	1 105
Guarantees and contingent liabilities	**306**	347	306
Dividends received from equity accounted investments set off against investments	**1 404**	1 526	3 568

ADDITIONAL INFORMATION (continued)

Fair value remeasurements

The following methods and assumptions are used to determine the fair value of each class of financial instruments:
- Financial instruments available-for-sale and investment in money market funds: Fair value is based on quoted market prices or, in the case of unlisted instruments, appropriate valuation methodologies, being discounted cash flow, liquidation valuation and actual net asset value of the investment.
- Derivative instruments: The fair value of derivative instruments is determined by using mark-to-market valuations.

Financial instruments measured at fair value, are disclosed by level of the following fair value hierarchy:
Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – Inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables illustrate the fair values of financial assets and liabilities that are measured at fair value, by hierarchy level:

R million	***Level 1***	***Level 2***	***Level 3***	**Total**
31 December 2014				
Assets				
Available-for-sale	**863**	**-**	**1 948**	**2 811**
Derivative instruments	**-**	**6**	**-**	**6**
Investment in money market funds	**782**	**-**	**-**	**782**
	1 645	**6**	**1 948**	**3 599**
Liabilities				
Derivative instruments	**-**	**19**	**-**	**19**
31 December 2013				
Assets				
Available-for-sale	932	-	1 760	2 692
Assets at fair value through profit and loss	-	-	81	81
Derivative instruments	-	623	111	734
Investment in money market funds	569	-	-	569
	1 501	623	1 952	4 076
Liabilities				
Derivative instruments	-	13	-	13
30 June 2014				
Assets				
Available-for-sale	880	-	1 762	2 642
Derivative instruments	-	3	-	3
Investment in money market funds	1 171	-	-	1 171
	2 051	3	1 762	3 816
Liabilities				
Derivative instruments	-	10	-	10

ADDITIONAL INFORMATION (continued)

The following tables illustrate the reconciliation of the carrying value of level 3 assets from the beginning to the end of the period:

R million	***Available-for-sale***	***Assets at fair value through profit and loss***	***Derivative instruments***	**Total**
31 December 2014				
Balances at the beginning of the period	**1 762**	**-**	**-**	**1 762**
Additions	**287**	**-**	**-**	**287**
Disposals	**(57)**	**-**	**-**	**(57)**
Exchange rate adjustments	**80**	**-**	**-**	**80**
Fair value adjustments through comprehensive income	**(124)**	**-**	**-**	**(124)**
Balances at the end of the period	**1 948**	**-**	**-**	**1 948**
31 December 2013				
Balances at the beginning of the period	1 285	60	73	1 418
Additions	223	21	-	244
Disposals	(4)	-	-	(4)
Exchange rate adjustments	50	-	-	50
Fair value adjustments through profit and loss	-	-	38	38
Fair value adjustments through comprehensive income	206	-	-	206
Balances at the end of the period	1 760	81	111	1 952
30 June 2014				
Balances at the beginning of the year	1 285	60	73	1 418
Additions	277	23	-	300
Disposals	(3)	-	(111)	(114)
Exchange rate adjustments	64	-	-	64
Transfer to equity accounted investments	-	(83)	-	(83)
Fair value adjustments through profit and loss	-	-	38	38
Fair value adjustments through comprehensive income	139	-	-	139
Balances at the end of the year	1 762	-	-	1 762

There were no transfers between the different levels.

Level 3 investments consist of various investments, mainly held through third party administered funds. Various valuation techniques were used to determine the fair value of these investments. While some of the investment techniques require the use of unobservable inputs, changing these inputs would not have a significant impact on the value of the investments.

COMMENTS

1. 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). The financial statements have not been audited or reviewed.

These financial statements incorporate accounting policies that are consistent with those of the previous financial periods, with the exception of the implementation of *IFRIC 21: Levies* and the amendments to *IAS 19: Employee Benefits, IAS 32: Financial Instruments – Presentation, IAS 36: Impairment of Assets* and *IAS 39: Financial Instruments – Novation of derivatives and continuation of hedge accounting*.

The implementation of these interpretations and amendments had no impact on the results of either the current or prior periods.

2. RESULTS

Headline earnings
For the period under review headline earnings was flat at R3 658 million (2013: R3 657 million), while headline earnings per share decreased by 0.1% from 712.5 cents to 711.7 cents, as presented in the table below.

Contribution to headline earnings by reporting platforms

	Six months ended			
R million	**31 Dec 2014**	*% Change*	31 Dec 2013	Year ended 30 June 2014
Food, liquor and home care	**974**	*16.1*	839	795
Banking	**1 347**	*12.3*	1 200	2 542
Healthcare	**670**	*7.7*	622	1 489
Insurance	**549**	*28.9*	426	871
Industrial	**7**	*(98.4)*	446	700
Infrastructure	**91**	*31.9*	69	166
Media and sport	**11**	*(80.0)*	55	64
Other investments	**39**	*11.4*	35	59
Central treasury	**57**	*58.3*	36	83
Other net corporate costs	**(87)**	*(22.5)*	(71)	(134)
Headline earnings	**3 658**	-	3 657	6 635

Refer to Annexures A and B for segmental information.

Commentary on reporting platforms' performance

Food, liquor and home care
The contribution from food, liquor and homecare to Remgro's headline earnings amounted to R974 million (2013: R839 million), representing an increase of 16.1%. This increase is mainly the result of a higher contribution from RCL Foods, which contributed R473 million to headline earnings (2013: R10 million). It should however be noted that the results of RCL Foods for the period under review now includes the results of TSB, while TSB was still reported separately in the comparative period. TSB's headline earnings for the period under review amounted to R250 million (2013: R192 million). During the period under review RCL Foods' results were positively affected by Rainbow's new business model whereby reliance on pure commodity lines was reduced, as well as the restructuring of its debt during the previous financial year whereby the Euro bonds were replaced by a rand based debt package which eliminated the unfavourable foreign exchange adjustments. Unilever's contribution to Remgro's headline earnings decreased by 30.4% to R195 million (2013: R280 million). This decrease is mainly the result of increased brand and marketing investments. Distell's contribution to headline earnings, which includes the investment in Capevin Holdings, amounted to R306 million (2013: R357 million). This decrease is mainly the result of a favourable remeasurement of R159 million to the contingent consideration payable on the acquisition of Burn Stewart Distillers Limited accounted for in the comparative period. Excluding this remeasurement, Distell's

contribution to Remgro's headline earnings would have increased by 0.7% from R304 million. It should be noted that Remgro's effective interest in Distell decreased from 33.4% to 31.1% due to Distell issuing 15.0 million ordinary shares to BEE shareholders during January 2014.

Banking

The headline earnings contribution from the banking division amounted to R1 347 million (2013: R1 200 million), representing an increase of 12.3%. Both FirstRand and RMBH reported good headline earnings growth of 12.4% and 12.3% respectively, mainly due to growth in both interest income and non-interest income from FNB, RMB and WesBank, partly offset by a slight increase in year-on-year credit impairment charges.

Healthcare

Mediclinic's contribution to Remgro's headline earnings amounted to R670 million (2013: R622 million). It should be noted that Mediclinic's results for the comparative period included a once-off past service cost credit of R172 million. Excluding this once-off item Mediclinic's contribution to Remgro's headline earnings would have increased by 22.7% from R546 million. This increase is mainly due to solid performances by all three operating platforms, partly offset by the dilution of Remgro's effective interest in Mediclinic from 44.3% to 42.1% due to the bookbuild exercise undertaken by Mediclinic in June 2014.

Insurance

RMI Holdings' contribution to headline earnings increased by 28.9% to R549 million. RMI Holdings reported an increase of 13.6% in normalised earnings, with all three operating platforms, Discovery, MMI Holdings and OUTsurance achieving good earnings growth of 20.1%, 10.0% and 14.2% respectively.

Industrial

Total South Africa's contribution to Remgro's headline earnings amounted to a loss of R112 million (2013: R123 million profit). This decrease is mainly the result of substantial unfavourable stock revaluations in the period under review compared to favourable stock revaluations in the comparative period. These revaluations are the result of the volatility in the Brent Crude price and the rand exchange rate. Remgro's share of the results of KTH amounted to a loss of R62 million (2013: profit of R93 million). During the period under review KTH's results were negatively impacted by unfavourable fair value adjustments relating to its investment in Exxaro Resources Limited. Air Products' and Wispeco's contribution to headline earnings amounted to R108 million and R48 million respectively (2013: R114 million and R53 million), while PGSI contributed R25 million to Remgro's headline earnings (2013: R63 million).

Infrastructure

Grindrod's contribution to Remgro's headline earnings amounted to R76 million (2013: R45 million). This increase is mainly the result of the closure of Grindrod's commodity trading division which produced poor results in the comparative period. It should also be noted that Remgro's effective interest in Grindrod diluted from 25.0% on 31 December 2013 to 22.6% due to the issue by Grindrod of 64 million shares to a consortium of strategic black investors during June 2014. For the period under review the CIV group contributed R5 million to headline earnings (2013: R28 million). SEACOM reported a headline earnings of R40 million for the period under review (2013: headline loss of R32 million), with Remgro's share of this earnings amounting to R8 million (2013: loss of R8 million).

Media and sport

Media and sport interests primarily consist of the interest in Sabido. Sabido's contribution to Remgro's headline earnings amounted to R44 million (2013: R79 million), while other media and sport interests' contribution to headline earnings amounted to a loss of R33 million (2013: R24 million loss).

Other investments

The contribution from other investments to headline earnings amounted to R39 million (2013: R35 million), of which Business Partners' contribution was R20 million (2013: R17 million).

Central treasury and other net corporate costs

The contribution from the central treasury division amounted to R57 million (2013: R36 million). This increase is mainly the result of higher average cash balances, as well as higher interest rates than in the comparative period. Other net corporate costs amounted to R87 million (2013: R71 million).

Total earnings

Total earnings increased by 11.7% to R4 310 million (2013: R3 860 million). This increase is mainly the result of a profit of R958 million realised on the dilution of Remgro's interest in Mediclinic, partly offset by the loss of R223 million realised on the sale of the investment in Lashou.

3. INTRINSIC NET ASSET VALUE

Remgro's intrinsic net asset value per share increased by 15.7% from R245.96 at 30 June 2014 to R284.48 at 31 December 2014. Refer to Annexure B for full details.

4. INVESTMENT ACTIVITIES

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

Community Investments Ventures Holdings Proprietary Limited (CIVH)
Remgro's interest in Dark Fibre Africa Proprietary Limited (Dark Fibre Africa) is held through its investment in CIVH. Dark Fibre Africa is a wholly-owned subsidiary of CIVH. During August 2014 Remgro invested a further R56.6 million in CIVH, thereby increasing its interest marginally from 50.7% on 30 June 2014 to 50.9% on 31 December 2014.

Grindrod Limited (Grindrod)
During the period under review Remgro acquired a further 141 624 Grindrod shares in the open market for a total amount of R3.0 million. Remgro's effective interest in Grindrod remained unchanged at 22.6%.

Kagiso Tiso Holdings Limited (KTH)
During July 2014 Remgro acquired an additional 3 000 ordinary shares in KTH for a total amount of R22.5 million. This transaction increased Remgro's effective interest in KTH to 34.9% (30 June 2014: 34.7%).

Lashou Group Inc (Lashou)
During the period under review Remgro disposed of its investment in Lashou. A loss of $19.9 million was realised on this transaction. This loss is excluded from headline earnings.

Milestone China Opportunities Fund III (Milestone III)
During the period under review Remgro invested a further $25.9 million in Milestone III, thereby increasing its cumulative investment to $79.3 million. As at 31 December 2014 the remaining commitment to Milestone III amounted to $20.7 million.

Other smaller investments amounted to R55.4 million.

There were no significant transactions subsequent to 31 December 2014.

5. INFORMATION REGARDING UNLISTED INVESTMENTS

Unilever South Africa Holdings Proprietary Limited (Unilever South Africa)
Unilever South Africa's contribution to Remgro's headline earnings for the six months ended 31 December 2014 decreased to R195 million (2013: R280 million) due to the weak economic environment, an increase in supply chain costs, as well as the brand and marketing investment in Home Care products.

For the period under review, restructuring costs amounted to R79 million (2013: R76 million) due to the restructuring of the Boksburg Liquid factory, the construction of the Ice Cream Factory in order to drive cost efficiencies, as well as the continued spend on its Savoury factory.

Unilever South Africa's net profit for the six months ended 31 December 2014 decreased to R751 million (2013: R1 029 million).

Air Products South Africa Proprietary Limited (Air Products South Africa)
Air Products South Africa has a September year-end and therefore its results for the six months ended 30 September 2014 have been included in Remgro's results for the period under review. Air Products South Africa's contribution to Remgro's headline earnings for the period under review decreased by 5% to R108 million (2013: R114 million).

Turnover for Air Products South Africa's six months ended 30 September 2014 increased by 5.7% to R1 043 million (2013: R987 million), while the company's operating profit for the same period was unchanged at R321 million (2013: R321 million). The results for the period have been negatively impacted by a claims settlement of R10 million in the chemicals business and the non-recovery of costs during the platinum and metalworkers strike action.

Air Products South Africa is the largest manufacturer of industrial gases in Southern Africa. Air Products South Africa also imports and distributes a variety of specialty gases and chemical products that are supplied to a wide range of industries, including steel, chemicals, oil refining, resource minerals, glass, pulp and paper, food packaging as well as general manufacturing, fabrication and welding.

Demand for large tonnage gas volumes was below expectations and is showing little sign of recovery. Subdued demand from the steel and chemical industries and disrupted production in the resources sector continue to negatively impact volumes.

Volumes in the bulk liquid and packaged gases markets have also been below expectations, impacted negatively by labour unrest in several market sectors and low manufacturing growth.

Kagiso Tiso Holdings Proprietary Limited (KTH)
KTH is a leading black-owned investment company with a strong and diversified asset portfolio covering the resources, industrial, media, financial services, healthcare, property and information technology sectors.

KTH's contribution to Remgro's headline earnings for the period under review amounted to a loss of R62 million (2013: headline earnings of R93 million). The decrease in earnings was mainly driven by KTH's net attributable share of negative fair value adjustments on equity investments in Exxaro Resources Limited (R275 million), Adcock Ingram Holdings Limited (R49 million) and Aveng Limited (R45 million) partly offset by positive fair value adjustments on preference shares in MMI Holdings Limited (R98 million).

Income from equity accounted investments decreased to R219 million (2013: R310 million), with lower contributions mainly from its investments in MMI Holdings Limited, Emira Property Fund and Actom Investment Holdings Proprietary Limited. Net finance costs increased to R176 million (2013: R111 million) mainly as result of the incurring of debt to partially finance the buyout of minorities of Kagiso Media at the end of the comparative period.

Total South Africa Proprietary Limited (Total South Africa)
Total South Africa has a December year-end and therefore its results for the six months ended 31 December 2014 have been included in Remgro's results for the period under review. Total South Africa's contribution to Remgro's headline earnings for the period under review amounted to a loss of R112 million (2013: headline earnings of R123 million).

The results were negatively impacted by stock revaluation losses of R1 534 million (2013: gains of R344 million), as the international oil price decreased from US$114 per barrel, at 30 June 2014, to US$55 per barrel at 31 December 2014.

Total South Africa's turnover for the six months ended 31 December 2014 increased by 9.0% to R25 292 million (2013: R23 213 million). The increase in turnover is mainly due to a marketing strategy to increase volumes to the mining sector and to distributors.

The roll out of RAS (split of regulated margin between retail and wholesale) had no impact on Total South Africa's operating profit, as expected, following dealer contract renegotiations.

The company is intensifying its investments regarding the health, safety, environment and quality constraints, at its depots as well as at its service stations. In particular, Total South Africa has continued its project to make sure all its service stations are fully compliant with Total Group norms, which are more onerous than those for the South African industry.

Natref (in which Total South Africa has an interest of 36.4%) experienced an improvement in refining margins during the period under review, when compared to the six months ended 31 December 2013, due to the combined impact of a better economic environment and an improved refinery performance, despite the inspection shutdown at its alkylation and fluid catalytic cracking units.

PGSI Limited (PGSI)
PGSI's contribution to Remgro's headline earnings for the six months to 31 December 2014 amounted to R25 million (2013: R63 million). It should be noted that the comparative headline earnings included a non-recurring positive fair value adjustment of R38 million on the conversion right attached to PGSI preference shares.

PGSI's turnover for the period under review increased by 10% from R1 793 million to R1 974 million, while its operating profit before depreciation and amortisation amounted to R225 million (2013: R239 million).

During the period under review PGSI sold a 10% equity stake in its main operating subsidiary in South Africa, PG Group, to Saint Gobain, a leading global glass and building products supplier. It is anticipated that this association will strengthen PG Group's manufacturing expertise.

PG Group manufactures and supplies glass for the building and automotive industries. The automotive businesses supply glass to the Original Equipment Manufacturers (OEM), export markets and the domestic aftermarket. The weaker performance in the PG Group automotive sector is attributable to mixed result in these markets. New car sales declined slightly during the period whilst growth in export vehicle build was marginal. The lacklustre demand from OEM markets was offset by increased export earnings which were assisted by the weaker rand exchange rate. Sales in the domestic automotive aftermarket in the period were negatively affected by a combination of tough economic pressures on consumers, lower volumes of claims from the Insurance sector, and market share loss to low priced imported products. Manufacturing operations made significant gains with improving efficiencies, driving cost reductions and increasing yields, aided by the strategic and technical input from Saint Gobain. A new *Safevue* windscreen offering was launched in January 2015 to enable the Group to meet aftermarket requirements for a low priced value proposition. This product offering will supplement the premium OEM quality *Shatterprufe* offering.

The building products divisions reported positive growth in volumes and profitability, in spite of the subdued domestic market particularly in the residential sector. Growth in the Group's African businesses positively contributed to the results.

PG Group anticipates that the Group Building Products sector will continue to grow ahead of slow national GDP projections, whilst the impact of the new Safevue product line to the automotive stream will take some time to bear results. It is expected that 2015 will be a challenging year as the group establishes a sound strategic base for future growth.

Wispeco Holdings Proprietary Limited (Wispeco)
Turnover for the six months ending 31 December 2014 increased by 11% to R838 million (2013: R758 million). The growth in turnover resulted mainly from higher selling prices following on increased raw material costs in rand terms. Headline earnings for the period under review decreased by 9% to R48 million (Dec 2013: R53 million) mainly due to the month long metals industry strike during July 2014. Despite of excellent worker relations, Wispeco was not spared the negative effects of the strike, but the commitment of employees to recover service levels after the strike was commendable.

Processing of recycled aluminium plays an important role to ensure continuous availability of raw material. Purchases of post-consumer scrap were increased to reduce reliance on foreign primary billet suppliers. This practice enhances the green status of Wispeco's aluminium products as recycling of aluminium requires only 5% of the energy to produce virgin billet.

Wispeco aspires to world class standards in all its operating divisions through continuous improvement of work practices and investment in cutting edge technologies. The 9th extrusion press is being installed at the new Alrode premises. This additional capacity will assist in meeting the growing need for heavier and larger industrial extrusions. Emphasis is also placed on people development both internally and externally, as special effort goes into the training of deaf and otherwise disabled learners.

The roll-out of Wispeco's latest product innovations under the Crealco brand continues to create excitement amongst architects and product specifiers. Recent developments include the new *Façade 60* curtain wall system and the Wrap, a new low cost window system. The new *Crealcofpd*-website allows architects to go online and verify conformance, in terms of the new building regulations, of custom designed Crealco products.

Community Investment Ventures Holdings Proprietary Limited (CIV group)
Remgro has an effective interest of 50.9% in the CIV group, which is active in the telecommunications and information technology sectors. The key operating company of the group is Dark Fibre Africa Proprietary Limited (DFA), which constructs and owns fibre-optic networks.

The CIV group has a March year-end and therefore its results for the six months ended 30 September 2014 have been included in Remgro's results for the period under review. The CIV group's contribution to Remgro's headline earnings for the six months under review amounted to R5 million (2013: R28 million).

DFA's revenue for the six months ended 30 September 2014 increased by 15% year on year to R468 million (2013: R409 million) mainly as a result of solid growth of 31% in annuity revenue. DFA's earnings before interest, tax, depreciation and amortisation for the period under review increased by 16% to R344 million. The current book value of the fibre-optic network is in excess of R4.7 billion. DFA has thus far secured a healthy annuity income in excess of R65 million per month with the majority thereof being on long-term contracts with customers. The company lowered its average cost of funding through the refinancing of its debt of R3.5 billion with a consortium of lenders from a project finance structure to a more corporate debt-type structure consisting of R2.5 billion of long-term debt and R1 billion of short-term debt, effective June 2014. One of the main operating challenges that DFA faces is the slower than anticipated site build/last mile by customers that affects DFA 's ability to link mobile operator base station sites or enterprise customers to the fibre network, which causes a delay in annuity revenue generation to offset increasing depreciation and finance charges incurred on network rollout costs. DFA experienced delays in wayleave approvals by the local councils planning their own fibre network. To reduce the risk of the slow last mile roll out DFA acquired Conduct Telecommunication on 1 April 2014. Conduct specialises on the last mile build and has completed dark fibre infrastructure access to more than 1 718 buildings and 4 500 end users. Most of DFA's customers extended their initial contract periods of five years to either 10 or 15 years. The network uptime for the period under review was an excellent 99.99%.

DFA owns fibre network rings in Johannesburg, Cape Town, Durban (expanding to Pietermaritzburg), Midrand, Centurion and Pretoria. During the past twelve months, the network has been expanded to a further 17 smaller metros, including East London, Polokwane, Tlokwe, Emalahleni and George to name a few. The Johannesburg ring is regarded as one of the most important communication rings in Africa. At 30 September 2014, a total distance of 7 910 km (March 2014: 7 759) of fibre network has been completed in the major metropolitan areas and on long-haul routes. Long-haul routes include Durban to the SEACOM landing station in Mtunzini, which route was extended through Empangeni to Gauteng. DFA also completed building a long-haul route to link Cape Town to the West African Cable System (WACS) undersea cable landing station at Yzerfontein and built a route to link the North West province to Gauteng during the year.

In 2010 DFA commenced with the fibre-to-tower project linking mobile operators' base stations to the core communication rings, and the project will continue through 2014 and beyond as demand for mobile backhaul increases due to, amongst others, a strong growth in data demand by smartphones and Long Term Evolution technology. Mobile backhaul is a major growth driver for DFA due to the increased demand for mobile broadband. DFA has 6 290 (March 2014: 5 618) base transceiver station sites on the network that cover three of the four mobile operators. DFA monitors and maintains a total of 8 339 (March 2014: 7 348) customer circuits.

The next growth drivers for DFA will be the enterprise market and the public sector which have shown a definite increase in demand in the last twelve months. DFA has over 1700 enterprise market links and developed new products to meet the demand of the enterprise market.

DFA is also part of a consortium that will provide fibre connectivity to the Gauteng Provincial government and the surrounding schools as part of a separate project and is in the process to connect the first 100 schools. The company also initiated the deployment of proof of concepts Fibre to the Home (FTTH) projects in selected suburbs in Johannesburg.

DFA has signed commercial lease agreements with 64 (March 2014: 56) customers that have Electronic Communication Network Licences ranging from the largest incumbents, to banks, to small niche operators. The revenue model is flexible to adapt to the customers' needs, and DFA either sells an indefeasible right of use agreement which is a lump sum in advance, or on an annuity basis with multi-year contracts of mostly up to 15 years. Presently, approximately 78% of total revenue is annuity revenue. The future value of the current annuity contract base is in excess of R8.5 billion.

SEACOM Capital Limited (SEACOM)

Remgro has an effective interest of 25% in SEACOM which operates an undersea fibre-optic cable to connect Southern and Eastern Africa with Europe and Asia. 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 to 31 December 2014 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 R8 million (2013: headline loss of R8 million).

SEACOM provides high-capacity international bandwidth services to customers in the form of International Private Line and IP Transit Services. These services are sold under 12- to 36-month lease contracts and as 15- to 20-year indefeasible right of use (IRU) contracts, which generally include annual maintenance charges over the term. Upfront revenue from IRUs is accounted for over the full term of 15 or 20 years.

SEACOM maintains a proactive approach to ensuring profitability, by continually implementing cost-saving initiatives and by introducing a more diversified product range that allows it to capture increased market share by offering a better value proposition against competition from competing cable systems.

Fortunately, increasing demand for faster and better data network services is playing its part in positively ensuring that demand grows above expectations. Furthermore, ongoing reductions in terrestrial costs and increased demand for reliable protected routes around Africa are also leading to increased demand for SEACOM's services. SEACOM's ability to adapt to the rapidly evolving market and respond to demand faster than its competition is critical to maintain its ongoing competitive positioning.

Sabido Investments Proprietary Limited (Sabido)
Remgro has an effective interest of 31.9% in Sabido which has a range of media interests, which include South Africa's only private free-to-air television channel, e.tv, its sister news service, eNews Channel Africa (eNCA), free-to-air satellite platform Platco Digital, Gauteng-based radio station, Yfm, and various studio facilities and production businesses.

Sabido has a March year-end and therefore its results for the six months to 30 September 2014 have been included in Remgro's results for the six months under review. Sabido's contribution to Remgro's headline earnings for the six months under review amounted to R 44 million (2013: R79 million).

The decrease in Sabido's results was mainly attributable to increased pressure on advertising revenues, counter-scheduling from Sabido's competitors and costs relating to the ongoing operations of three recently launched businesses – a free-to-air direct-to-home (DTH) satellite platform under the brand name Openview HD, five new e.tv channels and the online news business enca.com. All three initiatives are in line with the group's multi-channel, multiplatform and multi-territory strategy.

The period under review saw revenues coming under increased pressure, however costs were closely managed. The ongoing delay in the launch of digital terrestrial television (DTT) has resulted in a significant shift in audiences and advertising revenue to pay-TV as audiences seek out multi-channel offerings beyond the current four-channel analogue terrestrial offering. The launch of Openview HD in October 2013 was aimed at providing a multi-channel free-to-air alternative to pay-TV in an attempt to stem the losses of audiences and revenue to pay-TV.

eNCA, Sabido's 24-hour news channel, continued to benefit from subscriber growth in the DStv Compact platform. Despite the launch of two new South African 24-hour news channels, eNCA retained its position as the premier news service on DStv and performed better than budget. enca.com, the group's online news offering, achieved record highs during the Oscar Pistorius trial, with over 866 000 unique browsers during September 2014.

Among the Sabido subsidiaries Sasani continued to perform beyond expectation apart from a fire at their premises which resulted in the loss of the Big Brother series, but revenues were still above budget. Yfm achieved 84% of targeted revenues despite a number of advertisers reducing spend. Cape Town Film Studios continued to show good occupancy levels and the performance of the post-production and equipment rental business, Silverline 360, also continued to improve.

6. TREASURY SHARES

At 30 June 2014, 2 960 766 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 scheme.

During the period under review no Remgro ordinary shares were repurchased, while 719 110 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants who exercised the rights granted to them.

At 31 December 2014, 2 241 656 Remgro ordinary shares (0.5%) were held as treasury shares.

DIRECTORATE

On 25 November 2014 the Remgro Board of Directors appointed Mr J Malherbe as co-deputy chairman with Dr E de la H Hertzog. Ms Sonja De Bruyn Sebotsa has been appointed as an independent non-executive director of Remgro with effect from the close of business on 16 March 2015. She has considerable experience in the areas of finance, business and the empowerment of women in South Africa.

INTERIM DIVIDEND

An interim gross dividend of 169 cents (2013: 156 cents) per share has been declared out of income reserves, representing an increase of 8.3% in respect of both the ordinary shares of no par value and the unlisted B ordinary shares of no par value, for the half-year ended 31 December 2014. Refer to the Company's website at www.remgro.com for the declaration of the cash dividend on 19 February 2015.

Following changes to the JSE Listings Requirements, hard copies of both the interim report and full-year provisional results will no longer be mailed to shareholders. These reports will however be available on the Company's website at www.remgro.com. A copy of the Integrated Annual Report will still be mailed to those shareholders who requested to receive a hard copy.

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
16 March 2015

DIRECTORATE

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

Executive directors
J J Durand *(Chief Executive Officer)*,
W E Bührmann, L Crouse

CORPORATE INFORMATION

Secretary
M Lubbe

Listing
JSE Limited
Sector: Industrials – Diversified Industrials

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Transfer Secretaries
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70 Marshall Street, Johannesburg 2001
(PO Box 61051, Marshalltown 2107)

Auditors
PricewaterhouseCoopers Inc.,
Stellenbosch

Sponsor
Rand Merchant Bank (A division of FirstRand Bank Limited)

Website
www.remgro.com

ANNEXURE A

COMPOSITION OF HEADLINE EARNINGS

R million	Six months ended **31 December 2014**	 31 December 2013
Food, liquor and home care		
Unilever South Africa	**195**	280
Distell[1]	**306**	357
RCL Foods[2]	**473**	10
TSB[2]	**-**	192
Banking		
RMBH	**950**	846
FirstRand	**397**	354
Healthcare		
Mediclinic	**670**	622
Insurance		
RMI Holdings	**549**	426
Industrial		
Air Products South Africa	**108**	114
KTH	**(62)**	93
Total South Africa	**(112)**	123
PGSI	**25**	63
Wispeco	**48**	53
Infrastructure		
Grindrod	**76**	45
CIV group	**5**	28
SEACOM	**8**	(8)
Other infrastructure interests	**2**	4
Media and sport		
Sabido	**44**	79
Other media and sport interests	**(33)**	(24)
Other investments	**39**	35
Central treasury	**57**	36
Other net corporate costs	**(87)**	(71)
Headline earnings	**3 658**	3 657
Weighted number of shares (million)	**514.0**	513.3
Headline earnings per share (cents)	**711.7**	712.5

Notes

1. Includes the investment in Capevin Holdings Limited.
2. Remgro disposed of its 100% interest in TSB to RCL Foods during January 2014. TSB's results for the six months ended 31 December 2014 were accounted for by RCL Foods.

ANNEXURE B

COMPOSITION OF INTRINSIC NET ASSET VALUE

	31 December 2014		30 June 2014	
R million	**Book value**	**Intrinsic value**	Book value	Intrinsic value
Food, liquor and home care				
Unilever South Africa	**3 279**	**8 916**	3 086	9 037
Distell[1]	**3 051**	**9 192**	2 864	9 336
RCL Foods	**7 231**	**12 950**	6 862	10 547
Banking				
RMBH	**11 418**	**25 378**	11 225	20 743
FirstRand	**4 040**	**11 116**	3 969	8 957
Healthcare				
Mediclinic	**11 843**	**36 120**	10 597	29 316
Insurance				
RMI Holdings	**6 477**	**18 372**	6 224	14 739
Industrial				
Air Products South Africa	**904**	**3 839**	839	3 610
KTH	**1 928**	**2 640**	2 061	2 481
Total South Africa	**1 184**	**1 657**	1 329	1 596
PGSI	**749**	**748**	760	760
Wispeco	**589**	**862**	540	778
Infrastructure				
Grindrod	**3 824**	**3 807**	3 667	4 513
CIV group	**1 723**	**2 576**	1 657	2 282
SEACOM	**625**	**1 049**	569	991
Other infrastructure interests	**869**	**869**	829	829
Media and sport				
Sabido	**1 149**	**3 259**	974	2 528
Other media and sport interests	**421**	**417**	534	533
Other investments	**2 898**	**3 040**	2 699	2 767
Central treasury – cash at the centre[2]	**2 924**	**2 924**	3 264	3 264
Other net corporate assets	**1 762**	**2 133**	1 486	1 860
Net asset value (NAV)	**68 888**	**151 864**	66 035	131 467
Potential CGT liability[3]		**(5 538)**		(5 130)
NAV after tax	**68 888**	**146 326**	66 035	126 337
Issued shares after deduction of shares repurchased (million)	**514.4**	**514.4**	513.7	513.7
NAV after tax per share (Rand)	**133.93**	**284.48**	128.56	245.96

Notes

1. Includes the investment in Capevin Holdings Limited.
2. Cash at the centre excludes cash held by subsidiaries that are separately valued above (mainly RCL Foods and Wispeco).
3. The potential capital gains tax (CGT) liability 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" is included in "other net corporate assets" above.
4. For purposes of determining the intrinsic net asset value, the unlisted investments are shown at directors' valuation and the listed investments are shown at stock exchange prices.