INTERIM REPORT

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED

31 DECEMBER 2019

AND CASH DIVIDEND DECLARATION

SALIENT FEATURES

Headline earnings per share	-0.2%
Headline earnings per share, excluding option remeasurement	+2.4%
Interim dividend per share sustained	215 cents
Intrinsic net asset value per share	R240.93

Remgro Limited

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

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INTRODUCTION

Shareholders are reminded that this report is based on the actual results for the six months ended 31 December 2019. Therefore, this report does not reflect the current market conditions and must be read in that context.

GROUP PROFILE

Originally established in the 1940s by the late Dr Anton Rupert, Remgro Limited's (the Company or Group) investment portfolio has evolved substantially and currently includes more than 30 investee companies. The Company is listed on the Johannesburg Securities Exchange (JSE), operated by the JSE Limited in South Africa under the "Financial – Financial Services – Specialty Finance" sector, with the share code "REM". Remgro's interests consist mainly of investments in the banking, healthcare, consumer products, insurance, industrial, infrastructure and media and sport industries. Remgro's most significant investments are FirstRand Limited (FirstRand) and RMB Holdings Limited (RMH) (collectively a 13.5% interest in FirstRand), Mediclinic International plc (Mediclinic) (44.6% interest), Rand Merchant Investment Holdings Limited (RMI) (30.6% interest), Distell Group Holdings Limited (Distell) (31.8% interest), Community Investment Ventures Holdings Proprietary Limited (CIVH) (54.4% interest), RCL Foods Limited (RCL Foods) (77.5% interest), Siqalo Foods Proprietary Limited (Siqalo Foods) (100.0% interest), Air Products South Africa Proprietary Limited (Air Products) (50.0% interest) and Total South Africa Proprietary Limited (Total) (24.9% interest). These investments contribute approximately 88% to Remgro's Intrinsic Net Asset Value (INAV).

GROUP REPORTING

Due to Remgro being an investment holdings company, traditional measurements of performance, such as sales or gross profit, are not meaningful criteria for evaluating the Group's performance. However, management uses "headline earnings", "intrinsic net asset value" and "cash at the centre" to evaluate the performance of the Group on a continuous basis and hence these concepts are used throughout this report to provide shareholders with a better understanding of Remgro's results.

From time to time corporate actions may lead to significant items being recognised in the income statement that may not be excluded from the calculation of headline earnings. In these instances, the Group may elect to disclose alternative earnings measures excluding these items in order to promote comparability between reporting periods. Fair value adjustments on the embedded derivative that relates to the exchangeable bonds which Remgro has issued to finance a portion of the Mediclinic shares acquired during 2016, are added back to determine an alternative earnings measure.

In accordance with paragraph 3.4(b)(v) of the JSE Listings Requirements, the Company again confirms the use of headline earnings per share for trading statement purposes. This is still considered to be an appropriate measure given that, as an investment holding company, the assessment of headline earnings is a key performance measure.

GROUP FINANCIAL REVIEW

SALIENT FEATURES

	31 Dec 2019	% Change	31 Dec 2018
Headline earnings (R million)	**4 242**	*(0.4)*	4 259
- per share (cents)	**750.9**	*(0.2)*	752.1
Headline earnings, excluding option remeasurement (R million)	**4 241**	*2.1*	4 153
- per share (cents)	**750.7**	*2.4*	733.4
Ordinary interim dividends per share (cents)	**215**	-	215

	31 Dec 2019	% Change	30 Jun 2019
Intrinsic net asset value per share (R)	**240.93**	*3.4*	233.03
Remgro share price (R)	**195.00**	*3.8*	187.90
Percentage discount to intrinsic net asset value (%)	**19.1**	*(1.5)*	19.4

HEADLINE EARNINGS

Overview

For the period under review, headline earnings decreased by 0.4% from R4 259 million to R4 242 million, while headline earnings per share (HEPS) decreased by 0.2% from 752.1 cents to 750.9 cents.

Included in headline earnings for the period under review is a positive fair value adjustment amounting to R1 million (2018: R106 million), relating to the decrease in value of the bondholders' exchange option of the exchangeable bonds (option remeasurement). Excluding the option remeasurement, headline earnings increased by 2.1% from R4 153 million to R4 241 million, whereas HEPS increased by 2.4% from 733.4 cents to 750.7 cents. The increase in headline earnings, excluding option remeasurement, is mainly due to higher earnings from Mediclinic, Siqalo Foods, the banking platform and Total. The increase is partly offset by lower contributions from CIVH, RMI and Grindrod Limited (Grindrod), as well as lower interest income.

Contribution to headline earnings by reporting platform

	Six months ended			Year ended
R million	**31 Dec 2019**	*% Change*	31 Dec 2018	30 June 2019
Banking	**1 838**	*3.5*	1 775	3 737
Healthcare	**858**	*37.7*	623	1 693
Consumer products	**977**	*4.8*	932	918
Insurance	**504**	*(13.4)*	582	1 161
Industrial	**488**	*18.4*	412	944
Infrastructure	**(165)**	*(725.0)*	(20)	(174)
Media and sport	**36**	*350.0*	8	20
Other investments	**1**	*(93.3)*	15	39
Central treasury				
- finance income	**276**	*(30.5)*	397	755
- finance costs	**(478)**	*(4.1)*	(459)	(823)
- option remeasurement	**1**	*(99.1)*	106	112
Other net corporate costs	**(94)**	*16.1*	(112)	(187)
Headline earnings	**4 242**	*(0.4)*	4 259	8 195
Option remeasurement	**(1)**		(106)	(112)
Headline earnings, excluding option remeasurement	**4 241**	*2.1*	4 153	8 083

Refer to pages 10 and 11 for the segmental information.

Commentary on reporting platforms' performance

Banking

The headline earnings contribution from the banking platform amounted to R1 838 million (2018: R1 775 million), representing an increase of 3.5%. FirstRand and RMH reported headline earnings growth of 4.8% and 3.0% respectively. RMH reported lower growth due to higher funding costs resulting from further investments into properties.

On a normalised basis, which excludes certain non-operational and accounting anomalies, and is a better reflection of underlying performance, FirstRand and RMH reported earnings growth of 5.0% and 3.2% respectively. These increases are mainly due to growth in net interest income (up 8%), underpinned by growth in deposits (up 7%) and slower growth in advances (up 4%), as well as slower growth in non-interest revenue (up 5%), reflecting relatively lower fee and commission income growth (up 3%) and the non-repeat of private equity realisations compared to the prior period. Cost growth remained above inflation, although the absolute increase of 7% is lower than previous periods. The cost-to-income ratio decreased from 52.3% to 52.1%.

Total non-performing loans (NPLs) increased by 17% since December 2018, reflecting overall book growth as well as the impact of *IFRS 9.* The overall credit impairment charge remains within FirstRand's guided through-the-cycle range at 105bps (95bps including Aldemore), resulting in an 18% increase in the charge.

Healthcare

Mediclinic's contribution to Remgro's headline earnings amounted to R858 million (2018: R623 million), representing an increase of 37.7%. Mediclinic uses adjusted earnings, which removes volatility associated with certain types of exceptional income and charges, in evaluating performance and as a method to provide its shareholders with clear and consistent reporting. For the period under review the main difference between adjusted earnings and headline earnings related to a tax credit of £32 million (Remgro's portion being R261 million) in respect of a reduction in Swiss statutory tax rates. Furthermore, Mediclinic adopted *IFRS 16* during the period under review and, for comparative purposes, also presented its results on a pre-*IFRS 16* basis. Remgro's portion of Mediclinic's pre-*IFRS 16* adjusted earnings amounted to R619 million (2018: R600 million), representing an increase of 3.2%.

In British pound terms, Mediclinic's pre-*IFRS 16* adjusted earnings was flat at £76 million, reflecting the weakening of the average SA rand exchange rate against the British pound. All three divisions (Switzerland, Southern Africa and the Middle East) delivered solid first-half financial performances by growing revenue, EBITDA and patient volumes. Hirslanden has made good progress in growing across the healthcare continuum and adapting the business to the regulatory changes affecting the Swiss healthcare system. It has continued to implement its day case clinic strategy which focuses on a more efficient, lower cost service delivery model; attracted additional clinical professionals and also delivered ongoing cost management and efficiency savings.

Consumer products

The contribution from consumer products to Remgro's headline earnings amounted to R977 million (2018: R932 million), representing an increase of 4.8%.

RCL Foods' contribution to Remgro's headline earnings decreased by 1.9% to R359 million (2018: R366 million). RCL Foods' headline earnings was materially impacted by a negative fair value adjustment amounting to R61 million (2018: positive fair value adjustment of R34 million) on maize procurement positions, as well as the impact of the adoption of *IFRS 16: Leases,* which amounted to an additional cost of R23 million. Excluding the above, RCL Foods' contribution to headline earnings increased from R340 million to R424 million (or 24.7%). The increase is mainly due to an improved Sugar result. Despite the improvement in Sugar's results, lower market demand on the back of the implementation of the Health Promotion Levy (sugar tax) continues to drive sales mix towards the lower margin non-value-added raw export market. Within Chicken, the tough trading conditions were exacerbated by market oversupply due to sustained high levels of dumped imports.

Distell's contribution to headline earnings amounted to R384 million (2018: R399 million), representing a decrease of 3.8%. Distell reported a decrease of 9.0% in normalised headline earnings adjusted for foreign exchange movements, which indicates the business' performance excluding abnormal transactions and foreign currency fluctuations. This decrease is mainly due to lower margins and lower sales volumes resulting from weak economic conditions. In addition to Distell's contribution, Remgro also accounted for amortisation and depreciation charges of R23 million (2018: R24 million) relating to the additional assets identified when Remgro obtained control over Distell on 11 May 2018.

The headline earnings contribution from Siqalo Foods amounted to R297 million (2018: R231 million), representing an increase of 28.6%. This increase is mainly due to higher sales price realisations and lower overheads, partly offset by a decrease in volumes. In terms of a transition agreement with Unilever South Africa Holdings Proprietary Limited (Unilever), Siqalo Foods also received an after tax finalisation amount of R31 million from Unilever. In addition to Siqalo Foods' contribution, Remgro also accounted for amortisation and depreciation charges of R40 million (2018: R40 million) relating to the additional assets identified when Remgro obtained control over Siqalo Foods on 2 July 2018.

Insurance

RMI's contribution to Remgro's headline earnings decreased by 13.4% to R504 million (2018: R582 million). On a normalised basis, RMI reported a decrease of 13.8% in earnings mainly due to lower contributions from Hastings Group Holdings plc (Hastings), Discovery Holdings Limited (Discovery) and OUTsurance Holdings Limited (OUTsurance). The contribution of Hastings decreased by 51.1% due to an overall premium deflation of 2% and a significantly higher claims ratio. The contribution from Discovery decreased by 11.7% mainly due to a lower contribution from VitalityLife and significant spend on new initiatives (mainly to Discovery Bank), partly offset by an increase of 17% in new business annualised premium income. The contribution of OUTsurance decreased by 5.1% mainly due to the devastating bushfires in Australia, which severely impacted the claims ratio performance. The contribution of Momentum Metropolitan Holdings Limited (Momentum Metropolitan) increased by 11.7% due to a resilient performance in the core South African life insurance businesses, underpinned by disciplined expense management and steady underwriting results.

Industrial

Air Products' contribution to Remgro's headline earnings decreased by 2.3% to R170 million (2018: R174 million). This decrease is mainly due to difficult trading conditions with depressed demand in most sectors of the business.

Total's contribution to Remgro's headline earnings amounted to R166 million (2018: R101 million). Included in the contribution to headline earnings for the period under review are favourable stock revaluations amounting to R3 million (2018: unfavourable stock revaluations of R75 million). These revaluations are the result of the volatility in the Brent Crude price and the rand exchange rate. Excluding these revaluations, the contribution decreased by 7.4% from R176 million to R163 million. This decrease is mainly due to a decrease in turnover resulting from a lower basic fuel price, partly offset by higher sales volumes in the mining and reseller sector.

Kagiso Tiso Holdings Proprietary Limited's (KTH) and Wispeco Holdings Proprietary Limited's (Wispeco) contributions to headline earnings amounted to R102 million and R67 million (2018: R77 million and R52 million), respectively, while PGSI Limited (PGSI) contributed a loss of R17 million to Remgro's headline earnings (2018: profit of R8 million).

Infrastructure

CIVH's contribution to Remgro's headline earnings amounted to a loss of R197 million (2018: loss of R104 million). Despite the increase in losses, Dark Fibre Africa Proprietary Limited's (DFA) revenue increased to R1 211 million (2018: R1 065 million) due to strong growth of 17% in annuity revenue, while EBITDA grew by 19%. DFA's contribution was negatively impacted by higher depreciation and finance costs as a result of the expanding network. Included in CIVH's results were higher finance and transaction costs due to the acquisition of a further 65.1% stake in Vumatel Proprietary Limited (Vumatel) during May 2019, as well as an increase in losses accounted for Vumatel due to the additional interest acquired. Vumatel's revenue and EBITDA increased by 74% and 109%, respectively, but its results were also negatively impacted by higher depreciation and finance costs driven by the expanding network.

GROUP FINANCIAL REVIEW (continued)

Grindrod's contribution to Remgro's headline earnings amounted to R41 million (2018: R101 million). The decrease is mainly due to a lower contribution from the Financial Services business and the exclusion of the earnings of certain discontinued operations, partly offset by a better performance from the Freight Services business.

Grindrod Shipping Holdings Limited's (Grindrod Shipping) contribution to Remgro's headline earnings amounted to a loss of R22 million (2018: loss of R18 million). Grindrod Shipping achieved a higher gross margin due to higher rates in the Supramax/Ultramax and Medium Range Tanker segments, but this was offset by higher interest expenses.

As reported previously, SEACOM Capital Limited (SEACOM) has a zero carrying value and therefore, Remgro will only account for SEACOM's profits once these profits exceed the accumulated losses not accounted for in the prior periods. However, a dividend amounting to R22 million was received from SEACOM during the period under review, which caused Remgro to equity account headline earnings of R9 million for SEACOM. Remgro's actual portion of SEACOM's headline earnings amounted to R21 million (2018: a loss of R1 million). This increase is mainly due to positive growth in the traditional business, as well as a stronger performance in the Service Provider segment, due to the inclusion of FibreCo.

Media and sport

Media and sport primarily consist of the interests in eMedia Investments Proprietary Limited (eMedia Investments) and various sport interests, including an interest in the Blue Bulls rugby franchise and Stellenbosch Academy of Sport Properties Proprietary Limited.

eMedia Investments' contribution to Remgro's headline earnings increased to R36 million (2018: R11 million). This increase is mainly due to an increase in revenue despite the tough economic environment and difficult trading conditions in the advertising market. eMedia Investments continues to invest into the multi-channel business (Openview and e.tv multichannel) with Openview set-top box activations growing to approximately 1.8 million at 31 December 2019 (30 June 2019: 1.7 million). The investment into the multi-channel business decreased from R84 million to R81 million mainly due to the reduction in subsidy costs, as well as increased revenue due to increased market share.

Other investments

The contribution from other investments to headline earnings amounted to R1 million (2018: R15 million), of which Business Partners Limited's contribution was R24 million (2018: R29 million).

Central treasury and other net corporate costs

Finance income amounted to R276 million (2018: R397 million). Subsequent to the comparative period, £170 million was transferred offshore, which resulted in lower interest earned. Finance costs amounted to R478 million (2018: R459 million). The positive fair value adjustment of R1 million (2018: R106 million) relates to the decrease in the value of the exchange option of the exchangeable bonds. Other net corporate costs amounted to R94 million (2018: R112 million).

EARNINGS

Earnings decreased by 58.0% to R4 329 million (2018: R10 297 million). This decrease is mainly due to the profit realised on the Unilever disposal of R8 318 million in the comparative period. This decrease is partly offset by Remgro's portion of the impairments of Mediclinic's properties and trade names in Switzerland and its investment in Spire Healthcare Group plc of R1 954 million in the comparative period.

INTRINSIC NET ASSET VALUE

Remgro's intrinsic net asset value per share increased by 3.4% from R233.03 at 30 June 2019 to R240.93 at 31 December 2019. The closing share price at 31 December 2019 was R195.00 (30 June 2019: R187.90) representing a discount of 19.1% (30 June 2019: 19.4%) to the intrinsic net asset value. Refer to page 11 for full details.

GROUP FINANCIAL REVIEW (continued)

INVESTMENT ACTIVITIES

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

FirstRand and RMH

On 19 November 2019 (renewed on 7 January 2020 and 18 February 2020), Remgro announced its intention to pursue the distribution to shareholders, in full or in part, of Remgro's exposure to FirstRand and RMH (the Remgro Distribution). In parallel with this, RMH announced that it had made the strategic decision to restructure the RMH portfolio of assets and liabilities, which will include the distribution of its shareholding in FirstRand to its shareholders (the RMH Distribution).

The mechanism and steps required to effect such distributions are the subject of further evaluation and consideration by the board of Remgro. The boards of RMH and Remgro have further agreed to work together to determine the most practical and effective way to implement the Remgro Distribution and the RMH Distribution. The RMH Distribution and the Remgro Distribution will be subject to customary conditions precedent, including receipt of the regulatory and shareholder approvals, to the extent required. A detailed announcement is expected to be made before the end of the first quarter of 2020.

This proposed transaction does not have an effect on the results for the period under review.

Milestone China Opportunities Fund III (Milestone III)

During the period under review, Remgro invested a further $1 million in Milestone III and received distributions of $40 million, thereby increasing its cumulative investment to $98 million and cumulative distributions received to $65 million. As at 31 December 2019 the fair value of Remgro's investment in Milestone III amounted to $78 million and the remaining commitment amounted to $1 million.

Invenfin Proprietary Limited (Invenfin)

During the period under review Invenfin (a wholly owned subsidiary of Remgro) invested a further R56 million in Bos Brands Proprietary Limited (Bos Brands), thereby increasing its cumulative investment in Bos Brands to R379 million.

Other

Other smaller investments amounted to R63 million.

Events after 31 December 2019

Other than the above-mentioned transactions, there were no other significant transactions subsequent to 31 December 2019.

TREASURY SHARES

At 30 June 2019, 3 334 936 Remgro ordinary shares (0.6%) were held as treasury shares by a wholly owned subsidiary of Remgro. As previously reported, these shares were acquired for the purpose of hedging Remgro's share incentive schemes.

During the period under review 27 789 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants.

At 31 December 2019, 3 307 147 (0.6%) Remgro ordinary shares were held as treasury shares.

GROUP FINANCIAL REVIEW (continued)

CASH RESOURCES AT THE CENTRE

The Company's cash resources at 31 December 2019 were as follows:

R million	31 December 2019 Local	Offshore	Total	30 June 2019
Per consolidated statement of financial position	4 318	9 615	13 933	12 662
Investment in money market funds	5 095	-	5 095	5 175
Less: Cash of operating subsidiaries	(1 397)	(956)	(2 353)	(2 110)
Cash at the centre	8 016	8 659	16 675	15 727

On 31 December 2019, approximately 28% (R4 680 million) of the available cash at the centre was invested in money market funds which are not classified as cash and cash equivalents on the statement of financial position.

CHANGES TO DIRECTORATE

The following changes were effective 28 November 2019:

- Dr E de la H Hertzog retired as co-deputy Chairman and non-executive director from the Board;
- Mr G T Ferreira retired as the lead independent non-executive director from the Board;
- Mr F Robertson was appointed as co-deputy Chairman with Mr J Malherbe;
- Ms S E N De Bruyn was appointed as the lead independent non-executive director of the Board;
- Mr P J Neethling was appointed as a non-executive director;
- Mr G G Nieuwoudt was appointed as an independent non-executive director and member of the Investment Committee;
- Mr K M S Rantloane was appointed as an alternate independent non-executive director to Mr P K Harris; and
- Mr P J Moleketi was appointed as a member of the Remuneration and Nomination Committee.

The Board wishes to thank Dr Hertzog and Mr Ferreira for their valuable contributions over many years.

DECLARATION OF CASH DIVIDEND

Declaration of Dividend No. 39

Notice is hereby given that an interim gross dividend of 215 cents (2018: 215 cents) per share has been declared out of income reserves in respect of both the ordinary shares of no par value and the unlisted B ordinary shares of no par value, for the six months ended 31 December 2019.

A dividend withholding tax of 20% or 43 cents per share will be applicable, resulting in a net dividend of 172 cents per share, unless the shareholder concerned is exempt from paying dividend withholding tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

The issued share capital at the declaration date is 529 217 007 ordinary shares and 39 056 987 B ordinary shares. The income tax number of the Company is 9500-124-71-5.

Remgro Limited

DECLARATION OF CASH DIVIDEND (continued)

Dates of importance:

Last day to trade in order to participate in the dividend	Tuesday, 14 April 2020
Shares trade ex dividend	Wednesday, 15 April 2020
Record date	Friday, 17 April 2020
Payment date	Monday, 20 April 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 15 April 2020, and Friday, 17 April 2020, both days inclusive.

In terms of the Company's Memorandum of Incorporation, dividends will only be transferred electronically to the bank accounts of shareholders, while dividend cheques are no longer issued. In the instance where shareholders do not provide the Transfer Secretaries with their banking details, the dividend will not be forfeited, but will be marked as "unclaimed" in the share register until the shareholder provides the Transfer Secretaries with the relevant banking details for payout.

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
17 March 2020

Remgro Limited

COMPOSITION OF HEADLINE EARNINGS

R million		Six months ended 31 December 2019	Six months ended 31 December 2018
Banking			
RMH		**1 290**	1 252
FirstRand		**548**	523
Healthcare			
Mediclinic		**858**	623
Consumer products			
RCL Foods		**359**	366
Distell	- entity contribution	**384**	399
	- *IFRS 3* charge[1]	**(23)**	(24)
Siqalo Foods	- entity contribution	**297**	231
	- *IFRS 3* charge[1]	**(40)**	(40)
Insurance			
RMI		**504**	582
Industrial			
Air Products		**170**	174
Total		**166**	101
KTH		**102**	77
Wispeco		**67**	52
PGSI		**(17)**	8
Infrastructure			
CIVH		**(197)**	(104)
Grindrod		**41**	101
Grindrod Shipping		**(22)**	(18)
SEACOM		**9**	(1)
Other infrastructure interests		**4**	2
Media and sport			
eMedia Investments		**36**	11
Other media and sport interests		**-**	(3)
Other investments		**1**	15
Central treasury			
Finance income		**276**	397
Finance costs		**(478)**	(459)
Option remeasurement		**1**	106
Other net corporate costs		**(94)**	(112)
Headline earnings		**4 242**	4 259
Weighted number of shares (million)		**565.0**	566.3
Headline earnings per share (cents)		**750.9**	752.1

1. *IFRS 3 charge represents the amortisation and depreciation expenses, net of tax, relating to the additional assets identified when Remgro obtained control over these entities.*

Remgro Limited

COMPOSITION OF INTRINSIC NET ASSET VALUE

R million	31 December 2019 Book value	31 December 2019 Intrinsic value[1]	30 June 2019 Book value	30 June 2019 Intrinsic value[1]
Banking				
RMH	16 732	31 971	16 245	33 545
FirstRand	6 023	13 805	5 825	15 069
Healthcare				
Mediclinic[2]	26 646	25 290	24 019	17 891
Consumer products				
RCL Foods[2]	8 393	7 454	7 968	7 960
Distell	9 224	9 276	9 055	9 060
Siqalo Foods	6 263	6 320	6 164	6 164
Insurance				
RMI	9 543	14 478	9 335	15 947
Industrial				
Air Products	1 100	4 254	1 093	4 264
Total	2 286	2 900	2 174	2 722
KTH	1 897	2 169	1 816	2 127
Wispeco[2]	1 001	741	933	866
PGSI	295	528	302	302
Infrastructure				
CIVH	4 877	8 945	5 064	8 403
Grindrod	1 028	871	1 049	1 049
Grindrod Shipping	235	420	292	292
SEACOM	-	797	-	912
Other infrastructure interests	280	279	259	259
Media and sport				
eMedia Investments	786	1 005	773	773
Other media and sport interests	277	277	269	267
Other investments	4 179	4 386	4 620	4 795
Central treasury				
Cash at the centre[3]	16 675	16 675	15 727	15 727
Debt at the centre	(14 222)	(14 222)	(13 919)	(13 919)
Other net corporate assets	1 953	2 425	2 034	2 499
Intrinsic net asset value (INAV)	105 471	141 044	101 097	136 974
Potential CGT liability[4]		(4 927)		(5 327)
INAV after tax	105 471	136 117	101 097	131 647
Issued shares after deduction of shares repurchased (million)	565.0	565.0	564.9	564.9
INAV after tax per share (Rand)	186.69	240.93	178.95	233.03
Remgro share price (Rand)		195.00		187.90
Percentage discount to INAV		19.1		19.4

1. *For purposes of determining the intrinsic net asset value, the unlisted investments are shown at IFRS 13 valuations and the listed investments are shown at stock exchange prices.*
2. *Remgro determined the recoverable amounts for Mediclinic, RCL Foods and Wispeco which are in excess of the investments' carrying values.*
3. *Cash at the centre excludes cash held by subsidiaries that are separately valued above (mainly RCL Foods, Distell, Siqalo Foods and Wispeco).*
4. *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 at fair value through other comprehensive income is included in "other net corporate assets" above.*

Remgro Limited

GROUP FINANCIAL STATEMENTS

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R million	31 December 2019[1]	31 December 2018	30 June 2019
ASSETS			
Non-current assets			
Property, plant and equipment	17 196	14 648	14 541
Investment properties	117	119	119
Intangible assets	23 854	25 167	24 024
Investments - Equity accounted	74 818	74 878	71 183
- Financial assets at fair value through other comprehensive income (FVOCI)	3 406	3 315	3 727
Financial assets at fair value through profit and loss (FVPL)	153	151	147
Retirement benefits	783	578	748
Long-term loans and debtors	293	395	311
Deferred taxation	199	190	199
	120 819	119 441	114 999
Current assets	44 220	43 710	40 539
Inventories	11 889	11 453	12 034
Biological agricultural assets	744	697	866
Debtors and short-term loans	12 294	10 179	9 543
Financial assets at FVOCI	-	156	-
Financial assets at FVPL	157	149	148
Taxation	107	61	108
Investment in money market funds	5 095	5 494	5 175
Cash and cash equivalents	13 933	15 364	12 662
	44 219	43 553	40 536
Assets held for sale	1	157	3
Total assets	165 039	163 151	155 538
EQUITY AND LIABILITIES			
Stated capital	13 416	13 416	13 416
Reserves	92 620	94 047	88 251
Treasury shares	(565)	(577)	(570)
Shareholders' equity	105 471	106 886	101 097
Non-controlling interest	15 554	15 730	15 092
Total equity	121 025	122 616	116 189
Non-current liabilities	29 032	25 888	26 770
Retirement benefits	196	204	186
Long-term loans	21 307	19 926	21 020
Lease liabilities	1 830	-	-
Deferred taxation	5 698	5 750	5 563
Financial liability at FVPL	1	8	1
Current liabilities	14 982	14 647	12 579
Trade and other payables	13 050	12 116	11 106
Short-term loans	1 289	2 171	1 376
Lease liabilities	236	-	-
Financial liabilities at FVPL	63	50	54
Taxation	344	310	43
Total equity and liabilities	165 039	163 151	155 538
Net asset value per share (Rand)			
- At book value	R186.69	R189.21	R178.95
- At intrinsic value	R240.93	R230.23	R233.03

1. *Refer to "Change in accounting policies" under "Additional information" for the impact of the implementation of new accounting standards.*

Remgro Limited

GROUP FINANCIAL STATEMENTS (continued)

SUMMARY CONSOLIDATED INCOME STATEMENT

R million	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019
CONTINUING OPERATIONS			
Revenue	31 564	30 316	56 968
Inventory expenses	(18 635)	(17 368)	(33 606)
Staff costs	(4 346)	(4 223)	(8 576)
Depreciation	(818)	(639)	(1 303)
Other net operating expenses	(5 128)	(5 386)	(10 205)
Trading profit	2 637	2 700	3 278
Dividend income	27	27	78
Interest received	463	648	1 268
Fair value adjustment on exchangeable bonds' option	1	106	112
Finance costs	(876)	(795)	(1 477)
Net impairment of investments, assets and goodwill	129	(773)	(7 218)
Loss allowances on loans	(16)	(64)	(274)
Bargain purchase gain	110	-	-
Profit/(loss) on sale and dilution of investments	(10)	55	137
Consolidated profit/(loss) before tax	2 465	1 904	(4 096)
Taxation	(827)	(868)	(987)
Consolidated profit/(loss) after tax	1 638	1 036	(5 083)
Share of after-tax profit of equity accounted investments	3 572	1 857	4 517
Net profit/(loss) for the period from continuing operations	5 210	2 893	(566)
DISCONTINUED OPERATIONS[1]			
Profit for the period from discontinued operations	-	8 318	8 318
Net profit for the period	5 210	11 211	7 752
Attributable to:			
Equity holders	4 329	10 297	7 319
Continuing operations	4 329	1 979	(999)
Discontinued operations	-	8 318	8 318
Non-controlling interest	881	914	433
	5 210	11 211	7 752

EQUITY ACCOUNTED INVESTMENTS

R million	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019
Share of after-tax profit of equity accounted investments			
Profit before taking into account impairments and non-recurring items	4 379	4 231	9 228
Net impairment of investments, assets and goodwill	(177)	(2 032)	(3 729)
Profit on the sale of investments	42	453	521
Recycling of foreign currency translation reserves	-	5	6
Other headline earnings adjustable items	10	16	11
Profit before tax and non-controlling interest	4 254	2 673	6 037
Taxation	(468)	(659)	(1 160)
Non-controlling interest	(214)	(157)	(360)
	3 572	1 857	4 517
Continuing operations	3 572	1 857	4 517
Discontinued operations	-	-	-

1. *On 30 June 2018 the investment in Unilever was transferred from "Investments - equity accounted" to "Assets held for sale". Profit from discontinued operations in the comparative period consists of the profit on the sale of the Unilever disposal.*

HEADLINE EARNINGS RECONCILIATION

R million	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019
CONTINUING OPERATIONS			
Net profit/(loss) for the period attributable to equity holders (earnings)	**4 329**	1 979	(999)
Impairment of equity accounted investments[1]	**(133)**	773	5 533
Impairment of property, plant and equipment	**4**	-	757
Reversal of impairment of property, plant and equipment	**-**	-	(3)
Impairment of intangible and other assets	**-**	-	931
Bargain purchase gain	**(110)**	-	-
Profit on sale and dilution of equity accounted investments	**(2)**	(58)	(60)
Loss on sale and dilution of equity accounted investments	**12**	3	16
Profit on disposal of property, plant and equipment	**(18)**	(126)	(208)
Loss on disposal of property, plant and equipment	**-**	-	39
Recycling of foreign currency translation reserves	**-**	-	(90)
Non-headline earnings items included in equity accounted earnings of equity accounted investments	**103**	1 549	3 198
- (Profit)/loss on disposal of property, plant and equipment	**(22)**	(9)	7
- Profit on sale of investments	**(53)**	(475)	(537)
- Loss on sale of investments	**11**	22	16
- Impairment of investments, assets and goodwill[2]	**177**	2 032	3 729
- Recycling of foreign currency translation reserves	**-**	(5)	(6)
- Other headline earnings adjustable items	**(10)**	(16)	(11)
Taxation effect of adjustments	**36**	114	(450)
Non-controlling interest	**21**	25	(469)
Headline earnings from continuing operations	**4 242**	4 259	8 195
DISCONTINUED OPERATIONS			
Net profit for the period attributable to equity holders (earnings)	**-**	8 318	8 318
Profit on sale of equity accounted investments[3]	**-**	(8 318)	(8 318)
Headline earnings from discontinued operations	**-**	-	-
Total headline earnings from continuing and discontinued operations	**4 242**	4 259	8 195
Option remeasurement[4]	**(1)**	(106)	(112)
Headline earnings, excluding option remeasurement	**4 241**	4 153	8 083

1. *Refer to "Net impairments of equity accounted investments" under "Additional information" for further detail.*
2. *"Impairment of investments, assets and goodwill" from equity accounted investments for the comparative period includes Remgro's portion of the impairments of Mediclinic's properties and trade names in Switzerland and its investment in Spire of R1 954 million.*
3. *"Profit on sale of equity accounted investments" for the comparative period consists of the profit realised on the disposal of Unilever.*
4. *Included in headline earnings is a positive fair value adjustment of R1 million (six months ended 31 December 2018: positive fair value adjustment of R106 million, relating to the decrease in value of the bondholders' exchange option (accounted for as a derivative liability) of the exchangeable bonds (option remeasurement) that were issued during March 2016. The bonds are exchangeable into Mediclinic shares and/or cash, and fair value adjustments on the option (reflecting inter alia the movement in the underlying Mediclinic share price) are expected to cause volatility in headline earnings during its five-year term.*

GROUP FINANCIAL STATEMENTS (continued)

EARNINGS AND DIVIDENDS

Cents	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019
Headline earnings per share			
– Basic	750.9	752.1	1 448.9
Continuing operations	750.9	752.1	1 448.9
Discontinued operations	-	-	-
– Diluted	747.4	744.2	1 445.9
Continuing operations	747.4	744.2	1 445.9
Discontinued operations	-	-	-
Headline earnings per share, excluding option remeasurement			
– Basic	750.7	733.4	1 429.1
Continuing operations	750.7	733.4	1 429.1
Discontinued operations	-	-	-
– Diluted	747.2	725.5	1 426.1
Continuing operations	747.2	725.5	1 426.1
Discontinued operations	-	-	-
Earnings per share			
– Basic	766.3	1 818.3	1 294.0
Continuing operations	766.3	349.5	(176.6)
Discontinued operations	-	1 468.8	1 470.6
– Diluted	762.7	1 814.8	1 292.0
Continuing operations	762.7	346.8	(177.5)
Discontinued operations	-	1 468.0	1 469.5
Dividends per share			
Ordinary	215.00	215.00	564.00
– Interim	215.00	215.00	215.00
– Final	-	-	349.00

NUMBER OF SHARES

	31 December 2019	31 December 2018	30 June 2019
Ordinary shares of no par value	529 217 007	529 217 007	529 217 007
Unlisted B ordinary shares of no par value	39 056 987	39 056 987	39 056 987
Total number of shares in issue	568 273 994	568 273 994	568 273 994
Number of shares held in treasury			
Ordinary shares repurchased and held in treasury	(3 307 147)	(3 375 334)	(3 334 936)
	564 966 847	564 898 660	564 939 058
Weighted number of shares	564 952 110	566 303 849	565 619 396

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

Remgro Limited

GROUP FINANCIAL STATEMENTS (continued)

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R million	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019
Net profit for the period	5 210	11 211	7 752
Other comprehensive income, net of tax	2 226	1 687	55
Items that may be reclassified subsequently to the income statement:			
Exchange rate adjustments	891	616	(377)
Fair value adjustments for the period	(3)	-	(25)
Deferred taxation on fair value adjustments	-	-	7
Reclassification of other comprehensive income to the income statement	-	(1)	(90)
Other comprehensive income of equity accounted investments	1 380	1 571	1 232
Items that will not be reclassified to the income statement:			
Fair value adjustments on financial assets for the period	227	(259)	206
Deferred taxation on fair value adjustments	(31)	63	57
Remeasurement of post-employment benefit obligations	29	(147)	23
Deferred taxation on remeasurement of post-employment benefit obligations	(8)	22	(7)
Change in reserves of equity accounted investments	(259)	(178)	(971)
Total comprehensive income for the period	7 436	12 898	7 807
Total comprehensive income attributable to:			
Equity holders	6 579	12 087	7 423
Non-controlling interest	857	811	384
	7 436	12 898	7 807

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R million	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019
Balance at the beginning of the period	116 189	113 446	113 446
Change in accounting policies[1]	(323)	(1 116)	(1 116)
Restated balance at the beginning of the period	115 866	112 330	112 330
Total comprehensive income for the period	7 436	12 898	7 807
Dividends paid	(2 375)	(2 251)	(3 759)
Transactions with non-controlling shareholders	(3)	(58)	(9)
Other movements	(32)	9	11
Long-term share incentive scheme reserve	133	84	205
Purchase of treasury shares by wholly owned subsidiary	-	(396)	(396)
Balance at the end of the period	121 025	122 616	116 189

1. *Refer to "Change in accounting policies" under "Additional information" for the impact of the implementation of new accounting standards.*

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

R million	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019
Cash flows – operating activities			
Cash generated from operations	**3 029**	3 678	4 372
Interest received	**420**	648	1 256
Taxation paid	**(455)**	(578)	(1 217)
Dividends received[1]	**2 260**	1 812	3 381
Finance costs	**(722)**	(744)	(1 492)
Cash available from operating activities	**4 532**	4 816	6 300
Dividends paid	**(2 375)**	(2 251)	(3 759)
Cash inflow from operating activities	**2 157**	2 565	2 541
Cash flows – investing activities			
Investment in property, plant and equipment and other assets	**(1 464)**	(1 165)	(2 636)
Proceeds on disposal of property, plant and equipment and intangible assets	**48**	33	69
Proceeds on disposal of assets held for sale[2]	**6**	5 010	5 084
Businesses acquired	**-**	(61)	(61)
Proceeds on disposal of investments and loans	**620**	88	1 004
Additions to investments and loans[3]	**(122)**	(1 562)	(4 484)
Investment in money market funds	**-**	(1 498)	(1 179)
Withdrawal of money market funds	**80**	-	-
Cash inflow/(outflow) from investing activities	**(832)**	845	(2 203)
Cash flows – financing activities			
Loans repaid	**(62)**	(493)	(600)
Lease payments	**(192)**	-	-
Purchase of treasury shares	**-**	(396)	(396)
Other movements	**228**	(17)	180
Cash outflow from financing activities	**(26)**	(906)	(816)
Net increase/(decrease) in cash and cash equivalents	**1 299**	2 504	(478)
Exchange rate profit on foreign cash	**84**	206	38
Cash and cash equivalents at the beginning of the period	**11 545**	11 985	11 985
Cash and cash equivalents at the end of the period	**12 928**	14 695	11 545
Cash and cash equivalents – per statement of financial position	**13 933**	15 364	12 662
Bank overdraft	**(1 005)**	(669)	(1 117)

1. *The dividend received from RMI in the comparative period in respect of the reinvestment alternative amounting to R300 million was not included in "Dividends received" and "Additions to investments and loans" for cash flow purposes.*
2. *The comparative period includes the R4 900 million cash received on the disposal of the investment in Unilever.*
3. *The comparative period includes the investments in CIVH and Prescient amounting to R1 541 million.*

ADDITIONAL INFORMATION

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 the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, 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, Neville Williams CA(SA). The interim report has 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 *IFRS 16: Leases.* Refer to “Change in accounting policies” for further detail on the implementation of this standard.

During the period under review various other interpretations and amendments became effective, but their implementation had no impact on the results of either the current or prior periods.

2. CHANGE IN ACCOUNTING POLICIES

The Group adopted *IFRS 16: Leases* retrospectively from 1 July 2019, but has not restated comparatives for the 30 June 2019 reporting period as permitted under the specific transition provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 July 2019.

On adoption of *IFRS 16*, the Group recognised lease liabilities in relation to leases that had previously been classified as operating leases under the principles of *IAS 17: Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate at 1 July 2019. The weighted average incremental borrowing rates applied to the lease liabilities on 1 July 2019 were as follows for each major subsidiary:

Distell	**9.6%**
RCL Foods	**8.6%**
Wispeco	**10.0%**

Under *IAS 17*, operating lease payments were expensed on a straight-line basis. Under *IFRS 16*, lease liabilities with corresponding right-of-use assets are recognised. Finance charges are accrued on the lease liabilities and the right-of-use assets are depreciated over their useful lives. Lease repayments are accounted for against the lease liabilities.

A number of transition options are available to lessees under *IFRS 16*. The Group applied the modified retrospective approach where two options are available on a lease-by-lease basis:

- The lease liability is measured at the present value of the remaining lease payments over the period of the lease at the incremental borrowing rate measured at 1 July 2019. The right-of-use asset is measured retrospectively as if *IFRS 16* had always been applied with an adjustment to retained earnings.
- The lease liability is measured at the present value of the remaining lease payments over the period of the lease at the incremental borrowing rate measured at 1 July 2019. The right-of-use asset is measured at an amount equal to the lease liability, adjusted for prepayments.

As allowed under *IFRS 16*, the two options above were applied on a lease-by-lease basis. For the larger leases of the Group, the right-of-use assets were measured retrospectively with an adjustment to retained earnings. For other leases, a more simplistic approach was taken where the right-of-use assets were determined to be equal to their respective lease liabilities.

GROUP FINANCIAL STATEMENTS (continued)

In applying *IFRS 16* for the first time, the Group has used the following practical expedients as permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Accounting for operating leases with a remaining lease term of less than 12 months at 1 July 2019 as short term leases;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying *IAS 17* and *IFRIC 4: Determining whether an Arrangement contains a Lease*.

Significant judgements

- The most significant judgements required for the implementation of *IFRS 16* relates to variable rental payments on RCL Foods' contract grower property and equipment, solar panels and sugarcane farms, as well as accounting for leases with extensions and termination options by that subsidiary. These assessments will be reviewed if significant events or changes in circumstances occur. During the current financial period there were no revisions of lease terms resulting from changes in management's assessment of extension or termination options.

Adjustments recognised on the statement of financial position on 1 July 2019:

The change in accounting policy affected the following items on the statement of financial position on 1 July 2019:

R million	Increase/ (decrease)
Property, plant and equipment	1 474
Debtors and short-term loans	(1)
Trade and other liabilities	(30)
Lease liabilities	1 705
Long-term loans	(181)
Short-term loans	(21)
Net impact on retained earnings	-

The main contributors to Remgro's adoption of *IFRS 16* were RCL Foods and Distell.

The Group's equity accounted investments also implemented *IFRS 16* on the same basis as stated above. The impact of their adoption of *IFRS 16* on the statement of financial position on 1 July 2019 was as follows:

R million	Decrease
Investments – Equity accounted	323
Equity accounted reserves	323

3. EQUITY ACCOUNTED INVESTMENTS

R million	31 December 2019	31 December 2018	30 June 2019
Associates	69 207	71 074	65 417
Joint ventures	5 611	3 804	5 766
	74 818	74 878	71 183
Equity accounted investment reconciliation			
Carrying value at the beginning of the period	71 183	73 722	73 722
Change in accounting policies[1]	(323)	(1 093)	(1 093)
Restated balance at the beginning of the period	70 860	72 629	72 629
Share of net attributable profit	3 572	1 857	4 517
Dividends received	(1 955)	(1 824)	(3 615)
Exchange rate differences	1 022	359	(472)
Investments made	8	1 200	3 252
Net impairments	133	(773)	(5 534)
Equity accounted movements on reserves	1 121	1 393	239
Other movements	57	37	167
Carrying value at the end of the period	74 818	74 878	71 183

1. *Refer to "Change in accounting policies" under "Additional information" for the impact of the implementation of new accounting standards.*

R million	31 December 2019	31 December 2018	30 June 2019
Net impairments of equity accounted investments			
Reversal of impairments/(impairments) were recognised for the following investments:			
Mediclinic	-	-	(3 898)
Best Global Brands Limited	-	-	(524)
PGSI	-	-	(378)
Grindrod	-	(461)	(300)
Other reversals/(impairments)	133	(312)	(434)
	133	(773)	(5 534)

On 31 December 2019 the listed market value of the investment in Mediclinic was R25 290 million, which was significantly lower than the carrying value of R26 646 million. Accordingly, management assessed for impairment by means of a value in use calculation. The value in use calculation was based on a discounted cash flow model. The calculation requires the use of estimates in respect of cash flows, growth and discount rates and it assumes a stable regulatory environment. These estimates were based on publicly available information such as analysts' consensus forecast and guidance provided by Mediclinic in its annual results. Given that Mediclinic, in terms of London Stock Exchange listing requirements and its Disclosure Guidance and Transparency Rules, must monitor such publicly available information for reasonability against its internal budgets and forecast and publish guidance should there be a significant deviance, management has comfort that the estimates used in the discounted cash flow calculation were reasonable.

Net impairments of equity accounted investments (continued)

Cash flow projections for a five-year period were estimated and reflected management's best view of future earnings. The discount and terminal growth rates used for the business segments were as follows:

	Discount rate (%)	Terminal growth rate (%)
South Africa	**12.5**	**4.5**
Switzerland	**5.3**	**1.5**
Middle East	**9.0**	**2.0**

Any increase in the discount rate or decreases in the short-term cash flow projections or terminal growth rate could give rise to further impairment charges in future. The value in use of the investment was R27 844 million on 31 December 2019 and, as a result, no further impairment was recognised.

4. LONG-TERM LOANS

R million	31 December 2019	31 December 2018	30 June 2019
20 000 Class A 7.5% cumulative redeemable preference shares	**3 505**	3 510	3 488
10 000 Class B 8.3% cumulative redeemable preference shares	**4 315**	4 380	4 312
Exchangeable bonds with an effective interest rate of 4.5%	**6 401**	6 216	6 117
Various other loans	**7 209**	7 108	7 205
	21 430	21 214	21 122
Short-term portion of long-term loans	**(123)**	(1 288)	(102)
	21 307	19 926	21 020
5. ADDITIONS TO AND REPLACEMENT OF PROPERTY, PLANT AND EQUIPMENT	**1 401**	1 122	2 543
6. CAPITAL AND INVESTMENT COMMITMENTS[1] (Including amounts authorised, but not yet contracted for)	**2 875**	6 506	5 204
7. GUARANTEES AND CONTINGENT LIABILITIES[2]	**3 337**	8	5
8. DIVIDENDS RECEIVED FROM EQUITY ACCOUNTED INVESTMENTS SET OFF AGAINST INVESTMENTS	**1 955**	1 824	3 615
9. REFER TO "INVESTMENT ACTIVITIES" UNDER "GROUP FINANCIAL REVIEW" FOR MORE DETAIL ON RELATED PARTY TRANSACTIONS.			

1. *The comparative period includes an investment commitment of R1.3 billion to Milestone China Opportunities Fund IV which subsequently lapsed.*
2. *Remgro issued a guarantee to Rand Merchant Bank for a loan facility, which was granted to CIVH to fund the Vumatel acquisition. Remgro's exposure at 31 December 2019 amounted to R3 192 million.*

10. FAIR VALUE REMEASUREMENTS

The following methods and assumptions are used to determine the fair value of each class of financial instruments:

- Financial instruments at fair value through other comprehensive income (FVOCI), at fair value through profit and loss (FVPL) 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 values of derivative instruments, which are included in financial instruments at FVPL, are determined by using appropriate valuation methodologies and 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 (unobservableinputs).

The following table illustrates 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 2019				
ASSETS				
Non-current assets				
Financial assets at FVOCI	**1 724**	**14**	**1 668**	**3 406**
Financial assets at FVPL	**-**	**-**	**153**	**153**
Current assets				
Financial assets at FVPL	**-**	**17**	**140**	**157**
Investment in money market funds	**5 095**	**-**	**-**	**5 095**
	6 819	**31**	**1 961**	**8 811**
LIABILITIES				
Non-current instruments at FVPL	**-**	**1**	**-**	**1**
Current instruments at FVPL	**-**	**63**	**-**	**63**
	-	**64**	**-**	**64**
31 December 2018				
ASSETS				
Non-current assets				
Financial assets at FVOCI	1 333	17	1 965	3 315
Financial assets at FVPL	-	-	151	151
Current assets				
Financial assets at FVOCI	156	-	-	156
Financial assets at FVPL	-	5	144	149
Investment in money market funds	5 494	-	-	5 494
	6 983	22	2 260	9 265
LIABILITIES				
Non-current instruments at FVPL	-	8	-	8
Current instruments at FVPL	-	27	23	50
	-	35	23	58

GROUP FINANCIAL STATEMENTS (continued)

R million	Level 1	Level 2	Level 3	Total
30 June 2019				
ASSETS				
Non-current assets				
Financial assets at FVOCI	1 532	14	2 181	3 727
Financial assets at FVPL	-	-	147	147
Current assets				
Financial assets at FVPL	-	7	141	148
Investment in money market funds	5 175	-	-	5 175
	6 707	21	2 469	9 197
LIABILITIES				
Non-current instruments at FVPL	-	1	-	1
Current instruments at FVPL	-	54	-	54
	-	55	-	55

The following table illustrates the reconciliation of the carrying value of level 3 assets at the beginning and end of the period:

R million	Financial assets at FVOCI	Financial assets at FVPL	Total
ASSETS			
Balances on 1 July 2019	2 181	288	2 469
Additions	33	-	33
Disposals	(592)	-	(592)
Exchange rate adjustment	18	-	18
Fair value adjustments through other comprehensive income	28	(1)	27
Fair value adjustments through profit and loss	-	6	6
Balances on 31 December 2019	1 668	293	1 961

Level 3 financial assets consist mainly of investments in the Milestone China entities (Milestone) and the Pembani Remgro Infrastructure Fund (PRIF) amounting to R1 137 million and R246 million respectively. These investments are all valued based on the fair value of each investment's underlying assets, which are valued using a variety of valuation methodologies. Listed entities are valued at the last quoted share price on the reporting date, whereas unlisted entities' valuation methods include discounted cash flow valuations, appropriate earnings and revenue multiples.

Milestone's fair value consists of listed investments (18%), cash and cash equivalents (2%), and unlisted investments (80%). Unlisted investments included at transaction prices in Milestone's fair value amounted to R696 million, while its remaining six unlisted investments were valued at R202 million. PRIF's main assets are the investments in ETG Group, Octotel, RSAWeb, Lumos Global, Solar Saver and GPR Leasing. ETG Group was valued using a market based approach, specifically the comparable company method (Enterprise value/EBITDA), while the other investments were valued using the discounted cash flow method.

Changes in the valuation assumptions of the above unlisted investments will not have a significant impact on Remgro's financial statements as the underlying assets of the funds in which Remgro made its investments are widely spread.

11. SEGMENT REVENUE

R million	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019
Consumer products			
Distell	**14 815**	14 424	26 180
RCL Foods	**14 138**	13 265	25 786
Siqalo Foods	**1 448**	1 405	2 626
Industrial			
Wispeco	**1 163**	1 222	2 376
	31 564	30 316	56 968

Disaggregated revenue information

R million	Six months ended 31 December 2019	Six months ended 31 December 2018	Year ended 30 June 2019
Distell			
Spirits	**5 482**	5 049	9 272
Wine	**3 693**	3 964	7 186
Cider and RTDs	**5 629**	5 398	9 724
Other	**11**	13	24
Non-distinct and other costs not allocated to categories	**-**	-	(26)
	14 815	14 424	26 180
RCL Foods[1]			
Groceries	**2 638**	2 513	4 832
Baking	**2 546**	2 582	5 061
Chicken	**4 700**	4 487	8 632
Sugar	**3 778**	3 366	6 613
Vector	**1 274**	1 077	2 183
Sales between segments	**(798)**	(760)	(1 535)
Group	**73**	-	102
	14 211	13 265	25 888
Siqalo Foods			
Spreads	**1 448**	1 405	2 626
Wispeco			
Extrusions and related products	**1 021**	1 105	2 135
Other	**142**	117	241
	1 163	1 222	2 376
Elimination of inter-segment revenue	**(73)**	-	(102)
Total revenue	**31 564**	30 316	56 968

1. *RCL Foods restructured their segments in September 2019, resulting in the revision of segments disclosures.*

INFORMATION ON UNLISTED INVESTMENTS

Siqalo Foods

Siqalo Foods manufactures and sells *Rama, Flora, Stork, Rondo* and other spreads related brands in the Southern African Customs Union (SACU) countries. The business was acquired on 2 July 2018 as part of the consideration received on the disposal of Remgro's 25.75% shareholding in Unilever.

Unilever continued to act as principal as part of its obligation under the transition agreement until 31 March 2019. On 4 March 2019, Siqalo Foods successfully took control of the business and has since assumed full operational accountability.

Siqalo Foods' contribution to Remgro's headline earnings for the six months under review amounted to R297 million (2018: R231 million). The business anticipated a decrease in volumes for the 2020 financial year following an input cost driven price increase during August 2019. The impact of the decline in volumes was absorbed by a reduction in overheads compared to the prior year, as well as the higher sales price realisation. All outstanding financial matters regarding the transition period were finalised with Unilever during November 2019 and resulted in a R43 million positive financial impact for the business.

Air Products

Air Products has a September year-end and its results for the six months ended 30 September 2019 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 decreased by 2.3% to R170 million (2018: R174 million).

Turnover for Air Products' six months ended 30 September 2019 increased by 4.2% to R1 677 million (2018: R1 609 million), while the company's operating profit for the same period decreased by 3.5% to R473 million (2018: R490 million).

The period under review saw difficult trading conditions with depressed demand for the company's products in most sectors of the business.

KTH

KTH is a leading black-owned investment company with a strong and diversified asset portfolio covering the industrial, services, media, financial services and healthcare sectors.

KTH's contribution to Remgro's headline earnings for the period under review amounted to R102 million (2018: R77 million). The increase in KTH's headline earnings was mainly driven by the net decrease in finance costs to R31 million (2018: R74 million) as a result of debt repayments made during the previous period, as well as its net attributable share of positive fair value adjustments on its preference share investment in Momentum Metropolitan (R34 million). The group also received a net attributable settlement dividend of R14 million relating to the disposal of Exxaro Resources Limited concluded during the 2018 financial year that contributed positively to the increase in headline earnings.

KTH's profit attributable to ordinary shareholders amounted to R230 million (2018: profit of R101 million). Income from equity accounted investments decreased to R169 million (2018: R220 million), mainly due to the comparative period including the equity accounted profits relating to the investment previously held in XK Platinum Partnership. The current period included positive results from Momentum Metropolitan (R87 million) as well as increased contributions from Fidelity Bank (Ghana) Limited due to improved performance over the period (R54 million).

Total

Total has a December year-end and its results for the six months to 31 December 2019 have been included in Remgro's results for the period under review. Total's contribution to Remgro's headline earnings for the six months to 31 December 2019 amounted to R166 million (2018: R101 million).

Total's turnover for the six months ended 31 December 2019 decreased by 2.1% to R38 679 million (2018: R39 505 million), mainly due to the decrease in the basic fuel price offset by a slight increase in sales volumes in the Retail and Mining sector during the period under review.

INFORMATION ON UNLISTED INVESTMENTS (continued)

The results were positively impacted by stock revaluation gains of R16 million (2018: loss of R420 million) due to the steady increase in the average basic fuel price and crude after the sharp drop experienced last year.

Total experienced lower refining margins in comparison to 2018, due to the impact of the unfavourable market environment. NATREF average refining margin indicator for the period under review decreased from $40 per ton to $34 per ton mainly due to the significant increase in crude premiums and decrease in product cracks.

PGSI

PGSI's contribution to Remgro's headline earnings for the six months to 31 December 2019 amounted to a loss of R17 million (2018: profit of R8 million). PGSI's turnover for the period under review declined from R2 238 million to R2 033 million. The group's normalised operating profit, which excludes the impact of asset impairments and charges for the early adoption of new IFRS standards, decreased from R93 million to R7 million. The result includes R26 million incurred to rationalise operations.

The group's main operating subsidiary in South Africa, PG Group, manufactures and supplies glass for the building and automotive industries. The building glass businesses reported a decline in profits due to weak domestic demand and growing pressure on selling prices in a competitive and oversupplied market.

The automotive businesses faced weak demand due to economic pressures on consumers, lower claims from the insurance sector, a decline in new car sales, low demand in export markets and shipping delays in South African ports where industrial action has delayed supplies into Europe. Supplies to local automotive assembly operations have been challenged by reduced offtake by motor vehicle manufacturers who have right sized stocks following wage negotiations and the slower market demand. The Rest of Africa businesses reported a decline in profitability with many regions impacted by weaker economic activity, as well as political instability in some regions.

While the economic climate remains challenging, the group has made good progress in reducing costs. Initiatives to focus on market requirements and improve the value proposition to its customers are progressing well.

Wispeco

Wispeco's turnover for the six months ended 31 December 2019 decreased by 4.8% to R1 163 million (2018: R1 222 million). This resulted mainly from sales volumes being slightly lower in a Southern African market that is softer than the year before. Price based competition against imports and local competitors remain fierce and exchange rate and commodity price volatility continues to characterise the global competitive landscape. Internal efficiency improvements unlocked significant value leading to higher returns. Headline earnings for the period under review increased to R67 million (2018: R52 million).

At the end of 2019, Wispeco consolidated and expanded capacity at its Alrode premises. The Alrode manufacturing complex is becoming a world-class facility with significant investments in state-of-the-art technology now turning operational. This bodes well for further improvements in cost efficiencies and customer service effectiveness. Exciting export opportunities are being explored by Pressure Die Castings, where plant efficiencies have increased to the extent that significant sales growth is now possible with limited investment.

Wispeco continues to lead the market with product innovation and software solutions to support the sale of its products. The Crealco brand is strong and firmly positioned as the local benchmark for architectural aluminium products.

CIVH

Remgro has an effective interest of 54.4% in CIVH, which is active in the telecommunications and information technology (ICT) sector. CIVH's main operations are DFA and Vumatel. CIVH acquired the remaining 65.1% of Vumatel during May 2019 and, consequently, Vumatel is now a wholly owned subsidiary of CIVH.

DFA owns fibre networks in Johannesburg, Cape Town, Durban, Midrand, Centurion, and Pretoria, as well as in twenty-one smaller metros, such as East London, Polokwane, Tlokwe, Emalahleni, and George, to name a few. On 30 September 2019, a total distance of 12 276 km (30 September 2018: 11 190 km) of fibre network (backhaul, fibre-to-the-tower and fibre-to-the-business) had been completed in the major metropolitan areas and on long-haul routes. The net current book value of the fibre-optic network is more than R9 billion. The network uptime for the period under review was 99.99%.

INFORMATION ON UNLISTED INVESTMENTS (continued)

The DFA commercial model adapts to the customers' needs, as the company offers flexible payment profiles, with a mix of an upfront amount and a monthly annuity, or solely annuity based on multi-year contracts of mostly up to 15 years. DFA provides both dark fibre and lit services to mainly Mobile Network Operators, Service and Content Providers, Media Companies and Public Sector clients. The future value of the current annuity contracts (excluding open orders) is more than R12 billion.

The DFA half-year revenue as of 30 September 2019 increased to R1 211 million (2018: R1 065 million) mainly due to a strong 17% growth in annuity revenue.

Vumatel is a market leader in fibre-to-the-home (FTTH) and one of the fastest-growing broadband providers in South Africa. Since CIVH acquired the balance of the shares in Vumatel during May 2019, Vumatel has expanded its network to 570 000 homes passed on 30 September 2019. The business continues to expand its network in its traditional areas and has recently launched its new "Reach" product into the lower Living Standards Measure ("LSM") areas throughout South Africa.

The lower LSM "Reach" program has allowed Vumatel to connect and uplift communities and in conjunction with the Vuma Schools initiative (over 300 schools already connected), ensured that the company remains committed to impactful corporate social investment in South Africa.

Vumatel's operating returns to September 2019 increased as uptake and cost control on the network improved. Yields on the network are increasing in a steady state as the business drives uptake and efficiencies in its turnkey fibre build programmes.

SEACOM

Remgro has an effective interest of 30.0% in SEACOM, which operates Africa's largest international data network connecting Southern and Eastern Africa with Europe and Asia.

SEACOM has a December year-end and its results for the six months to 31 December 2019 have been included in Remgro's results for the period under review. SEACOM contributed a profit of R9 million (2018: loss of R1 million) to Remgro's headline earnings for the period under review.

SEACOM provides high-capacity international and local bandwidth services to customers in the form of International Private Line, IP Transit, Internet access and cloud services. The company continues to expand and grow business in the Enterprise and Service Provider market offering national long haul, metro and last-mile fibre solutions to customers, providing high capacity Internet, Metro Ethernet and cloud services.

There has been an increased demand in the use of data and cloud services. SEACOM's ability to adapt to the rapidly evolving data market and invest in its submarine and terrestrial network allow it to respond to an ever-increasing demand for faster and more reliable data services, which is critical to maintain its ongoing competitive positioning.

SEACOM maintains a proactive approach to ensuring profitability by expanding its network and products to meet market demand, and introducing a more diversified product range that allows it to capture increased market share by offering a better value proposition. SEACOM continues to grow its market share through a combination of strong organic growth and acquisition

DIRECTORATE

Non-executive directors
Johann Rupert *(Chairman)*, J Malherbe *(Deputy Chairman),*
F Robertson* *(Deputy Chairman)*, S E N De Bruyn*, P K Harris*,
N P Mageza*, P J Moleketi*, M Morobe*, P J Neethling,
G G Nieuwoudt*, K M S Rantloane* *(Alternate)*, A E Rupert
(* *Independent*)

Executive directors
J J Durand (*Chief Executive Officer*),
M Lubbe, N J Williams

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Secretary
D I Dreyer

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Auditors
PricewaterhouseCoopers Inc.
Stellenbosch

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

Website
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