Remgro Limited

INTERIM REPORT

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED
31 DECEMBER 2013 AND CASH DIVIDEND DECLARATION

SALIENT FEATURES

- HEADLINE EARNINGS PER SHARE +126.6%
- HEADLINE EARNINGS PER SHARE EXCLUDING MEDICLINIC REFINANCING COST +20.5%
- INTERIM DIVIDEND PER SHARE +7.6%
- INTRINSIC NET ASSET VALUE PER SHARE AT 31 DECEMBER 2013, WHEN COMPARED TO 30 JUNE 2013 +13.0%

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

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2013 R'm	31 December 2012 Restated R'm	30 June 2013 Restated R'm
ASSETS			
Non-current assets			
Property, plant and equipment	**5 416**	3 667	5 390
Biological agricultural assets	**316**	368	407
Investment properties	**42**	38	42
Intangible assets	**5 778**	363	5 831
Investments – Associated companies	**46 259**	40 082	43 100
– Joint ventures	**2 666**	2 065	2 308
– Other	**2 773**	1 996	2 168
Retirement benefits	**192**	171	184
Loans	**406**	199	497
Deferred taxation	**12**	7	4
	63 860	48 956	59 931
Current assets	**13 396**	10 955	12 575
Inventories	**3 046**	2 151	2 533
Biological agricultural assets	**496**	497	537
Debtors and short-term loans	**3 319**	2 680	2 929
Investments in money market funds	**569**	2 448	1 140
Cash and cash equivalents	**4 596**	2 765	4 188
Other current assets	**767**	174	472
	12 793	10 715	11 799
Assets held for sale	**603**	240	776
Total assets	**77 256**	59 911	72 506
EQUITY AND LIABILITIES			
Stated capital	**3 605**	3 605	3 605
Reserves	**59 800**	51 620	55 456
Treasury shares	**(398)**	(485)	(431)
Shareholders' equity	**63 007**	54 740	58 630
Non-controlling interest	**1 643**	850	2 015
Total equity	**64 650**	55 590	60 645
Non-current liabilities	**7 939**	1 170	7 827
Retirement benefits	**270**	231	265
Long-term loans	**5 962**	218	5 849
Deferred taxation	**1 707**	721	1 713
Current liabilities	**4 667**	3 151	4 034
Trade and other payables	**4 181**	2 554	3 429
Short-term loans	**314**	519	399
Other current liabilities	**46**	78	27
	4 541	3 151	3 855
Liabilities held for sale	**126**	–	179
Total equity and liabilities	**77 256**	59 911	72 506
Net asset value per share (Rand)			
– At book value	**R122.71**	R106.76	R114.25
– At intrinsic value	**R231.41**	R182.54	R204.83

The audited 30 June 2013 annual results and the unaudited 31 December 2012 interim results were restated due to a change in accounting policy that is disclosed in note 2 to these interim financial statements. Restatements to the 30 June 2013 results have not been audited.

ABRIDGED CONSOLIDATED INCOME STATEMENT

	Six months ended 31 December 2013 R'm	Six months ended 31 December 2012 Restated R'm	Year ended 30 June 2013 Restated R'm
Sales	**12 662**	7 872	16 466
Inventory expenses	**(7 915)**	(5 174)	(10 887)
Staff costs	**(1 803)**	(1 227)	(2 707)
Depreciation	**(281)**	(188)	(428)
Other net operating expenses	**(2 090)**	(878)	(2 029)
Trading profit	**573**	405	415
Dividend income	**15**	14	34
Interest received	**114**	105	252
Finance costs	**(459)**	(16)	(181)
Negative goodwill	**–**	196	196
Net impairment of investments, loans, assets and goodwill	**50**	–	(158)
Profit/(loss) on sale of investments	**36**	14	(150)
Consolidated profit before tax	**329**	718	408
Taxation	**(92)**	(150)	(261)
Consolidated profit after tax	**237**	568	147
Share of after-tax profit of associated companies and joint ventures	**3 599**	1 251	4 035
Net profit for the period	**3 836**	1 819	4 182
Attributable to:			
Equity holders	**3 860**	1 787	4 179
Non-controlling interest	**(24)**	32	3
	3 836	1 819	4 182
ASSOCIATED COMPANIES AND JOINT VENTURES			
Share of after-tax profit of associated companies and joint ventures			
Profit before taking into account impairments, non-recurring and capital items	**4 419**	2 124	5 405
Net impairment of investments, assets and goodwill	**(118)**	(94)	(162)
Profit on the sale of investments	**63**	45	117
Other non-recurring and capital items	**181**	(5)	66
Profit before tax and non-controlling interest	**4 545**	2 070	5 426
Taxation	**(805)**	(712)	(1 199)
Non-controlling interest	**(141)**	(107)	(192)
	3 599	1 251	4 035

RECONCILIATION OF HEADLINE EARNINGS

	Six months ended 31 December 2013 R'm	Six months ended 31 December 2012 Restated R'm	Year ended 30 June 2013 Restated R'm
Net profit for the period attributable to equity holders	**3 860**	1 787	4 179
Plus/(minus):			
– Negative goodwill	**–**	(196)	(196)
– Net impairment of associates and joint ventures	**(101)**	–	29
– Impairment of other investments	**51**	–	112
– Impairment of property, plant and equipment	**–**	–	10
– Recycling of foreign currency translation reserves	**(51)**	–	154
– (Profit)/loss on sale of associates and joint ventures	**20**	(1)	20
– Profit on sale of other investments	**–**	(13)	(24)
– Net surplus on disposal of property, plant and equipment	**–**	–	(12)
– Non-headline earnings items included in equity accounted earnings of associated companies and joint ventures	**(125)**	49	(13)
– Net (surplus)/loss on disposal of property, plant and equipment	**1**	(5)	8
– Profit on the sale of investments	**(63)**	(45)	(117)
– Net impairment of investments, assets and goodwill	**118**	94	162
– Other non-recurring and capital items	**(181)**	5	(66)
– Taxation effect of adjustments	**3**	(9)	(63)
– Non-controlling interest	**–**	–	–
Headline earnings	**3 657**	1 617	4 196
Mediclinic refinancing cost	**–**	1 423	1 312
Headline earnings, excluding Mediclinic refinancing cost	**3 657**	3 040	5 508

EARNINGS AND DIVIDENDS

	Six months ended 31 December 2013 Cents	Six months ended 31 December 2012 Restated Cents	Year ended 30 June 2013 Restated Cents
Headline earnings per share			
– Basic	**712.5**	314.5	817.1
– Diluted	**700.2**	308.7	805.0
Headline earnings per share, excluding Mediclinic refinancing cost			
– Basic	**712.5**	591.3	1 072.6
– Diluted	**700.2**	582.8	1 055.5
Earnings per share			
– Basic	**752.0**	347.6	813.8
– Diluted	**739.8**	342.0	800.6
Dividends per share			
Ordinary	**156.00**	145.00	346.00
– Interim	**156.00**	145.00	145.00
– Final			201.00

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 31 December 2013 R'm	Six months ended 31 December 2012 Restated R'm	Year ended 30 June 2013 Restated R'm
Net profit for the period	**3 836**	1 819	4 182
Other comprehensive income, net of tax	**1 687**	1 121	3 372
Items that may be reclassified subsequently to the income statement:			
Exchange rate adjustments	**240**	233	889
Fair value adjustments for the period	**323**	(162)	(189)
Deferred taxation on fair value adjustments	**(14)**	(5)	(6)
Reclassification of other comprehensive income to the income statement	**(60)**	(25)	223
Other comprehensive income of associated companies and joint ventures	**1 470**	1 808	2 904
Items that will not be reclassified to the income statement:			
Actuarial gains and losses	**–**	(11)	8
Deferred taxation on actuarial gains and losses	**–**	3	(2)
Change in reserves of associated companies and joint ventures	**(272)**	(720)	(455)
Total comprehensive income for the period	**5 523**	2 940	7 554
Total comprehensive income attributable to:			
Equity holders	**5 546**	2 910	7 553
Non-controlling interest	**(23)**	30	1
	5 523	2 940	7 554

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months ended 31 December 2013 R'm	Six months ended 31 December 2012 Restated R'm	Year ended 30 June 2013 Restated R'm
Balance at the beginning of the period	**60 645**	54 020	54 020
Total comprehensive income for the period	**5 523**	2 940	7 554
Dividends paid	**(1 033)**	(999)	(1 745)
Business acquired	**–**	–	331
Capital invested by minorities	**5**	–	822
Investment in subsidiaries	**(521)**	–	–
Other movements	**3**	2	1
Purchase of treasury shares by wholly owned subsidiary	**–**	(405)	(405)
Long-term share incentive scheme reserve	**28**	32	67
Balance at the end of the period	**64 650**	55 590	60 645

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended		Year ended
	31 December 2013 R'm	31 December 2012 Restated R'm	30 June 2013 Restated R'm
Cash generated/(utilised) from/(by) operations	**842**	(88)	1 040
Taxation paid	**(84)**	(103)	(236)
Dividends received	**1 495**	1 526	2 917
Cash available from operating activities	**2 253**	1 335	3 721
Dividends paid	**(1 033)**	(999)	(1 745)
Net cash inflow from operating activities	**1 220**	336	1 976
Investing activities	**103**	(4 551)	(4 635)
Financing activities	**(991)**	95	(170)
Net increase/(decrease) in cash and cash equivalents	**332**	(4 120)	(2 829)
Exchange rate profit on foreign cash	**89**	188	598
Cash and cash equivalents at the beginning of the period	**4 164**	6 395	6 395
Cash and cash equivalents at the end of the period	**4 585**	2 463	4 164
Cash and cash equivalents – per statement of financial position	**4 596**	2 765	4 188
Bank overdraft	**(11)**	(302)	(24)

ADDITIONAL INFORMATION

	31 December 2013	31 December 2012	30 June 2013
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	**(3 167 845)**	(3 862 662)	(3 433 101)
	513 444 877	512 750 060	513 179 621
Weighted number of shares	**513 271 776**	514 106 204	513 526 699

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

ADDITIONAL INFORMATION (continued)

	31 December 2013 R'm	31 December 2012 Restated R'm	30 June 2013 Restated R'm
Listed investments			
Associated			
– Book value	**33 498**	28 205	30 758
– Market value	**72 205**	55 358	62 232
Other			
– Book value	**932**	710	823
– Market value	**932**	710	823
Unlisted investments			
Associated			
– Book value	**12 761**	11 877	12 342
– Directors' valuation	**24 143**	20 300	23 032
Joint ventures			
– Book value	**2 666**	2 065	2 308
– Directors' valuation	**8 905**	6 302	7 368
Other			
– Book value	**1 841**	1 286	1 345
– Directors' valuation	**1 841**	1 286	1 345
Additions to and replacement of property, plant and equipment	**322**	356	730
Capital and investment commitments (Including amounts authorised, but not yet contracted for)	**1 291**	4 715	1 439
Guarantees and contingent liabilities*	**347**	2 232	348
Dividends received from associated companies and joint ventures set off against investments	**1 526**	1 495	2 891

** As at 31 December 2012 Remgro had three material unresolved disputes with the South African Revenue Service totalling R2 073 million. Two of these disputes, totalling R1 337 million, related to a potential secondary tax on companies (STC) liability involving previous cancellations of treasury shares, while the third matter amounting to R736 million, related to the disposal of investments. All three disputes have since been resolved in Remgro's favour.*

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.
- Cash and cash equivalents: Due to the expected short-term maturity of these financial instruments their carrying values approximate their fair value.
- 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:

31 December 2013	*Level 1* R'm	*Level 2* R'm	*Level 3* R'm	Total R'm
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**
Cash and cash equivalents	**4 596**	**–**	**–**	**4 596**
	6 097	**623**	**1 952**	**8 672**
Liabilities				
Derivative instruments	**–**	**13**	**–**	**13**
31 December 2012 (restated)				
Assets				
Available-for-sale	710	–	1 236	1 946
Assets at fair value through profit and loss	–	–	50	50
Derivative instruments	–	62	75	137
Investment in money market funds	2 448	–	–	2 448
Cash and cash equivalents	2 765	–	–	2 765
	5 923	62	1 361	7 346
Liabilities				
Derivative instruments	–	20	–	20
30 June 2013 (restated)				
Assets				
Available-for-sale	823	–	1 285	2 108
Assets at fair value through profit and loss	–	–	60	60
Derivative instruments	–	364	73	437
Investment in money market funds	1 140	–	–	1 140
Cash and cash equivalents	4 188	–	–	4 188
	6 151	364	1 418	7 933
Liabilities				
Derivative instruments	–	26	–	26

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:

31 December 2013	*Available-for-sale* R'm	*Assets at fair value through profit and loss* R'm	*Derivative instruments* R'm	Total R'm
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**

31 December 2012 (restated)				
Balances at the beginning of the period	779	40	80	899
Additions	607	10	–	617
Disposals	(3)	–	–	(3)
Exchange rate adjustments	18	–	–	18
Fair value adjustments through profit and loss	–	–	(5)	(5)
Fair value adjustments through comprehensive income	(165)	–	–	(165)
Balances at the end of the period	1 236	50	75	1 361

30 June 2013 (restated)				
Balances at the beginning of the period	779	40	80	899
Additions	711	20	–	731
Disposals	(20)	–	–	(20)
Exchange rate adjustments	101	–	–	101
Fair value adjustments through profit and loss	–	–	(7)	(7)
Fair value adjustments through comprehensive income	(286)	–	–	(286)
Balances at the end of the year	1 285	60	73	1 418

There were no transfers between the different levels.

RESTATEMENT OF COMPARATIVE NUMBERS

Refer to note regarding "Changes in accounting policy" for further detail.

	For the period ended 31/12/2012 as previously reported R'm	IFRS 10 adjustments R'm	IAS 19 adjustments R'm	**For the period ended 31/12/2012 Restated R'm**
Impact on income statement				
Sales	7 860	12	–	**7 872**
Inventory expenses	(5 209)	35	–	**(5 174)**
Staff costs	(1 214)	(13)	–	**(1 227)**
Depreciation	(187)	(1)	–	**(188)**
Other net operating expenses	(890)	12	–	**(878)**
Finance costs	(15)	(1)	–	**(16)**
Profit on sale of investments	12	–	2	**14**
Taxation	(138)	(12)	–	**(150)**
Share of after-tax profit of associated companies and joint ventures	1 373	(105)	(17)	**1 251**
Net profit for the period	1 907	(73)	(15)	**1 819**
Attributable to:				
Equity holders	1 891	(89)	(15)	**1 787**
Non-controlling interest	16	16	–	**32**
		(73)	(15)	
Impact on headline earnings				
Headline earnings	1 719	(84)	(18)	**1 617**
Headline earnings, excluding Mediclinic refinancing cost	3 142	(84)	(18)	**3 040**
Impact on statement of comprehensive income				
Net profit for the period	1 907	(73)	(15)	**1 819**
Items that may be reclassified subsequently to the income statement:				
Other comprehensive income of associated companies and joint ventures	1 769	6	33	**1 808**
Items that will not be reclassified to the income statement:				
Actuarial gains and losses	–	–	(11)	**(11)**
Deferred taxation on actuarial gains and losses	–	–	3	**3**
Change in reserves of associated companies and joint ventures	(633)	(14)	(73)	**(720)**
Total comprehensive income for the period	3 084	(81)	(63)	**2 940**
Total comprehensive income attributable to:				
Equity holders	3 068	(97)	(61)	**2 910**
Non-controlling interest	16	16	(2)	**30**
		(81)	(63)	

RESTATEMENT OF COMPARATIVE NUMBERS (continued)

	As at 31/12/2012 as previously reported R'm	IFRS 10 adjustments R'm	IAS 19 adjustments R'm	**As at 31/12/2012 Restated R'm**
Impact on statement of financial position				
ASSETS				
Property, plant and equipment	3 646	21	–	**3 667**
Biological agricultural assets	99	269	–	**368**
Investments – Associated companies	42 490	(2 049)	(359)	**40 082**
– Joint ventures	153	1 895	17	**2 065**
Deferred taxation	6	–	1	**7**
Inventories	2 147	4	–	**2 151**
Debtors and short-term loans	2 682	(2)	–	**2 680**
Cash and cash equivalents	2 767	(2)	–	**2 765**
Total assets	60 116	136	(341)	**59 911**
LIABILITIES				
Retirement benefits	210	2	19	**231**
Long-term loans	137	81	–	**218**
Deferred taxation	680	45	(4)	**721**
Trade and other payables	2 550	4	–	**2 554**
Short-term loans	505	14	–	**519**
Taxation	48	11	–	**59**
Total liabilities	4 149	157	15	**4 321**
EQUITY				
Equity reserves				
Opening balance	9 367	10	(287)	**9 090**
Adjustments for the period	990	(97)	(54)	**839**
Distributable reserves				
Opening balance	39 725	–	(7)	**39 718**
Adjustments for the period	1 160	–	(6)	**1 154**
Non-controlling interest				
Opening balance	799	50	–	**849**
Adjustment for the period	(13)	16	(2)	**1**
Total equity	55 967	(21)	(356)	**55 590**
Impact on statement of cash flows				
Cash flows from operating activities	335	1	–	**336**
Cash flows from investing activities	(4 498)	(53)	–	**(4 551)**
Cash flows from financing activities	47	48	–	**95**
Cash and cash equivalents at the beginning of the period	6 394	1	–	**6 395**
Cash and cash equivalents at the end of the period	2 466	(3)	–	**2 463**

RESTATEMENT OF COMPARATIVE NUMBERS (continued)

	For the year ended 30/06/2013 as previously reported R'm	IFRS 10 adjustments R'm	IAS 19 adjustments R'm	**For the year ended 30/06/2013 Restated R'm**
Impact on income statement				
Sales	16 446	20	–	**16 466**
Inventory expenses	(10 796)	(91)	–	**(10 887)**
Staff costs	(2 681)	(29)	3	**(2 707)**
Depreciation	(424)	(4)	–	**(428)**
Other net operating expenses	(2 183)	154	–	**2 029**
Interest received	250	2	–	**252**
Finance costs	(173)	(8)	–	**(181)**
Net impairment of investments, loans, assets and goodwill	(152)	(6)	–	**(158)**
Loss on sale of investments	(154)	–	4	**(150)**
Taxation	(249)	(10)	(2)	**(261)**
Share of after-tax profit of associated companies and joint ventures	4 313	(197)	(81)	**4 035**
Net profit for the year	4 427	(169)	(76)	**4 182**
Attributable to:				
Equity holders	4 438	(183)	(76)	**4 179**
Non-controlling interest	(11)	14	–	**3**
		(169)	(76)	
Impact on headline earnings				
Headline earnings	4 387	(108)	(83)	**4 196**
Headline earnings, excluding Mediclinic refinancing cost	5 699	(108)	(83)	**5 508**
Impact on statement of comprehensive income				
Net profit for the year	4 427	(169)	(76)	**4 182**
Items that may be reclassified subsequently to the income statement:				
Other comprehensive income of associated companies and joint ventures	2 938	(25)	(9)	**2 904**
Items that will not be reclassified to the income statement:				
Actuarial gains and losses	–	–	8	**8**
Deferred taxation on actuarial gains and losses	–	–	(2)	**(2)**
Change in reserves of associated companies and joint ventures	(543)	27	61	**(455)**
Total comprehensive income for the year	7 739	(167)	(18)	**7 554**
Total comprehensive income attributable to:				
Equity holders	7 750	(181)	(16)	**7 553**
Non-controlling interest	(11)	14	(2)	**1**
		(167)	(18)	

RESTATEMENT OF COMPARATIVE NUMBERS (continued)

	As at 30/06/2013 as previously reported R'm	IFRS 10 adjustments R'm	IAS 19 adjustments R'm	**As at 30/06/2013 Restated R'm**
Impact on statement of financial position				
ASSETS				
Property, plant and equipment	5 354	36	–	**5 390**
Biological agricultural assets	107	300	–	**407**
Investments – Associated companies	45 678	(2 189)	(389)	**43 100**
– Joint ventures	276	1 955	77	**2 308**
Deferred taxation	9	–	(5)	**4**
Inventories	2 528	5	–	**2 533**
Debtors and short-term loans	2 939	(10)	–	**2 929**
Cash and cash equivalents	4 221	(33)	–	**4 188**
Total assets	72 759	64	(317)	**72 506**
LIABILITIES				
Retirement benefits	266	1	(2)	**265**
Long-term loans	5 774	75	–	**5 849**
Deferred taxation	1 661	56	(4)	**1 713**
Trade and other payables	3 424	5	–	**3 429**
Short-term loans	361	38	–	**399**
Taxation	3	(2)	–	**1**
Total liabilities	11 694	173	(6)	**11 861**
EQUITY				
Equity reserves				
Opening balance	9 367	10	(287)	**9 090**
Adjustments for the year	3 689	(194)	(26)	**3 469**
Distributable reserves				
Opening balance	39 725	–	(7)	**39 718**
Adjustments for the year	2 162	13	11	**2 186**
Non-controlling interest				
Opening balance	799	50	–	**849**
Adjustment for the year	1 156	12	(2)	**1 166**
Total equity	61 065	(109)	(311)	**60 645**
Impact on statement of cash flows				
Cash flows from operating activities	1 999	(23)	–	**1 976**
Cash flows from investing activities	(4 558)	(77)	–	**(4 635)**
Cash flows from financing activities	(236)	66	–	**(170)**
Cash and cash equivalents at the beginning of the year	6 394	1	–	**6 395**
Cash and cash equivalents at the end of the year	4 197	(33)	–	**4 164**

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 *IFRS 10: Consolidated Financial Statements* and the amendments to *IAS 19: Employee Benefits*. The adoption of IFRS 10 and the revised IAS 19 required a restatement of the comparative results as set out in the "Changes in accounting policy" note below, as well as the section "Restatement of comparative numbers".

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

2. CHANGES IN ACCOUNTING POLICY

With effect from 1 July 2013 Remgro adopted *IFRS 10: Consolidated Financial Statements* and the revised *IAS 19: Employee Benefits*. Both these accounting standards have to be applied retrospectively in terms of their transitional provisions and accordingly the reported results of both comparative periods presented were restated, with the cumulative effect as at 1 July 2012 being accounted for as an adjustment to opening equity.

IFRS 10

This new accounting standard broadens the definition of "control" and accordingly all rights in relation to investee companies must be considered in order to determine whether the investment should be classified as a subsidiary, associate or joint venture.

Remgro reclassified its investment in Distell Group Limited as a joint venture, while previously it was accounted for as an associate. The change in classification had no impact on the Group's measurement of the investment as the equity method is used to account for both associates and joint ventures. In the case of TSB Sugar Holdings Proprietary Limited (TSB) certain of its investee companies that were previously classified as joint ventures (and accordingly equity accounted) were reclassified as subsidiaries. Kagiso Tiso Holdings Proprietary Limited also reclassified certain of its investments previously accounted for at fair value, as associates. These include the investment in MMI Holdings Limited that was previously accounted for at fair value through profit and loss.

IAS 19

The revised IAS 19 introduced significant changes in the accounting treatment for defined benefit post retirement plans. The most significant change of the amended IAS 19 relates to the elimination of the option to defer the recognition of past service costs and actuarial gains and losses. These remeasurements are now required to be accounted for in full in the income statement and in other comprehensive income, respectively, in the period in which they arise. The accounting standard also replaced interest cost and expected return on plan assets with a net interest amount that is equal to the discount rate used for determining retirement benefit obligations.

The application of the revised IAS 19 affected Remgro and its subsidiaries, RCL Foods Limited and TSB, as well as certain significant associates like FirstRand Limited, RMB Holdings Limited and Mediclinic International Limited (Mediclinic).

Refer to the section "Restatement of comparative numbers" for further detail.

3. COMPARISON WITH PRIOR PERIOD

During the previous financial year Mediclinic incurred material once-off charges relating to the comprehensive refinancing of its Swiss and South African debt. Remgro's share of these once-off items included in its results for the six months ended 31 December 2012 and year ended 30 June 2013 amounted to a loss of R1 423 million and R1 312 million respectively.

Due to the materiality of the amounts involved, headline earnings and headline earnings per share are also presented by excluding Remgro's share of Mediclinic's refinancing costs referred to above.

4. RESULTS

Reporting platforms

During the previous period the platforms under which the results of investee companies are being reported, were changed. This change aligns public reporting with internal reporting to the Remgro Board. Comparative figures have been presented accordingly.

Previously investee companies were classified under the following reporting platforms – Financial services, Industrial interests, Media interests, Mining interests, Technology interests, Other investments, as well as Central treasury and Other net corporate assets. As from 30 June 2013 investee companies are reported under the following reporting platforms – Food, liquor and home care, Banking, Healthcare, Insurance, Industrial, Infrastructure, Media and sport, Other investments, as well as Central treasury and Other net corporate assets.

Headline earnings

For the period under review headline earnings increased by 126.2% from R1 617 million to R3 657 million, while headline earnings per share increased by 126.6% from 314.5 cents to 712.5 cents.

However, excluding the effect of the once-off items relating to Mediclinic's refinancing transaction referred to earlier, headline earnings increased by 20.3% from R3 040 million to R3 657 million, whereas headline earnings per share increased by 20.5% from 591.3 cents to 712.5 cents, as presented in the table below.

Contribution to headline earnings

	Six months ended			Year ended
	31 December 2013 R'm	*% Change*	31 December 2012 Restated R'm	30 June 2013 Restated R'm
Food, liquor and home care	**839**	*(3.6)*	870	1 123
Banking	**1 200**	*22.0*	984	2 077
Healthcare	**622**	*154.9*	(1 132)	(491)
Insurance	**426**	*25.3*	340	666
Industrial	**446**	*43.9*	310	548
Infrastructure	**69**	*(14.8)*	81	196
Media and sport	**55**	*5.8*	52	119
Other investments	**35**	*34.6*	26	57
Central treasury	**36**	*(70.0)*	120	3
Other net corporate costs	**(71)**	*(108.8)*	(34)	(102)
Headline earnings	**3 657**	*126.2*	1 617	4 196
Mediclinic refinancing cost	**–**	–	1 423	1 312
Headline earnings, excluding Mediclinic refinancing cost	**3 657**	*20.3*	3 040	5 508

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 home care to Remgro's headline earnings amounted to R839 million (2012: R870 million), representing a decrease of 3.6%. This decrease is mainly the result of lower contributions from RCL Foods and TSB. In the case of RCL Foods, which contributed R10 million to headline earnings (2012: R39 million), cheap competitive chicken imports and high input costs are continuing to impact its results negatively. Foodcorp's contribution to RCL Foods' operating profit for the period under review amounted to R249 million, but its earnings were, however, materially affected by a corresponding R249 million adjustment to the value of its euro-denominated debt and related hedges resulting from the weakening of the rand. TSB's contribution to headline earnings amounted to R192 million (2012: R263 million). TSB's results were negatively influenced by lower domestic sales volumes and lower margins realised due to the negative impact of increased sugar imports. Unilever's contribution to Remgro's headline earnings increased by 1.1% to R280 million (2012: R277 million). Distell's contribution to headline earnings, which includes the investment in Capevin Holdings, amounted to R357 million (2012: R291 million). During April 2013, Distell acquired Burn Stewart Distillers Limited and its results for the six months to December 2013 include a favourable remeasurement of R159 million to the contingent consideration payable on the acquisition. Excluding this remeasurement, Distell's contribution to Remgro's headline earnings would have increased by 4.5% to R304 million.

Banking

The contribution from the banking division amounted to R1 200 million (2012: R984 million), representing an increase of 22.0%. Both FirstRand and RMBH reported good headline earnings growth of 21.0% and 22.4% respectively, mainly due to strong operational performances in FNB and RMB.

Healthcare

Mediclinic's contribution to Remgro's headline earnings amounted to a profit of R622 million (2012: R1 132 million loss). This increase in profit was mainly due to the effect of the once-off items relating to Mediclinic's refinancing transaction in the comparative period referred to earlier. Excluding these once-off items, Mediclinic's contribution to Remgro's headline earnings would have increased by 113.7% from R291 million, mainly due to the positive effect of its refinancing transaction, as well as a once-off past service cost credit of R172 million relating to its retirement benefit obligations.

Insurance

RMI Holdings is the only investment being reported under insurance interests. RMI Holdings reported an increase of 25.3% in headline earnings, with all three operating platforms, Discovery, MMI Holdings and OUTsurance achieving good earnings growth of 35.2%, 28.3% and 20.0% respectively.

Industrial

Total South Africa's contribution to Remgro's headline earnings amounted to R123 million (2012: R146 million). The decrease in Total South Africa's contribution to Remgro's headline earnings is mainly attributable to an increase in its site rehabilitation provision, as well as lower favourable stock revaluations than in the comparative period. Remgro's share of the results of KTH amounted to R93 million (2012: R34 million). In the comparative period, 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 R114 million and R53 million respectively (2012: R91 million and R29 million), while PGSI contributed R63 million to Remgro's headline earnings (2012: R10 million).

Infrastructure

Grindrod's contribution to Remgro's headline earnings amounted to R45 million (2012: R57 million). This decrease is mainly due to its trading division's performance that was negatively affected by poor results in the agricultural sector. For the period under review, the CIV group contributed R28 million to headline earnings (2012: R34 million). SEACOM reported a headline loss of R32 million for the period under review (2012: R30 million loss), with Remgro's share of this loss amounting to R8 million (2012: R7 million).

Media and sport

Media and sport interests primarily consist of the interests in Sabido and Premier Team Holdings (PTH). Sabido's contribution to Remgro's headline earnings amounted to R79 million (2012: R78 million), while PTH's contribution to headline earnings amounted to a loss of R23 million (2012: R20 million loss).

Other investments

The contribution from other investments to headline earnings amounted to R35 million (2012: R26 million), of which Business Partners' contribution was R17 million (2012: R13 million).

Central treasury and other net corporate costs
The contribution from the central treasury division amounted to R36 million (2012: R120 million). This decrease mainly resulted from foreign exchange profits of R59 million accounted for in the comparative period on the hedging of the repatriation of a portion of Remgro's offshore cash. Other net corporate costs amounted to R71 million (2012: R34 million). This increase is mainly the result of the net after-tax underwriting fee of R46 million received on the Mediclinic rights offer in the comparative period.

Total earnings
Total earnings increased by 116.0% to R3 860 million (2012: R1 787 million), mainly as a result of the costs associated with the Mediclinic refinancing transaction amounting to R1 423 million accounted for in the comparative period.

5. INTRINSIC NET ASSET VALUE

Remgro's intrinsic net asset value per share increased by 13.0% from R204.83 at 30 June 2013 to R231.41 at 31 December 2013. Refer to Annexure B for full details.

6. INVESTMENT ACTIVITIES

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

RCL Foods Limited (RCL Foods)
During the previous financial year RCL Foods acquired an effective 64.2% interest in New Foodcorp Holdings Proprietary Limited (Foodcorp). During the six months under review RCL Foods acquired the remaining 35.8% interest in Foodcorp in two separate transactions from Foodcorp management and Capitau Investment Advisors Proprietary Limited for a total cash consideration of R520.7 million.

On 21 November 2013 RCL Foods announced that it had entered into an agreement with TSB Sugar Holdings Proprietary Limited (TSB Holdings, a wholly owned subsidiary of Remgro) to acquire 100% of the shares in its two operating subsidiaries, TSB Sugar RSA Proprietary Limited and TSB International Proprietary Limited (collectively referred to as TSB) from TSB Holdings for a total purchase consideration of R4.0 billion. The purchase consideration was settled on 17 January 2014 through the issue of 230.9 million new RCL Foods shares to TSB Holdings at a price of R17.32 per share.

As part of the announcement referred to above RCL Foods also announced its intention to restructure its existing BEE notional vendor financed shareholding, as well as implement TSB's BEE scheme at the RCL Foods shareholding level. RCL Foods further also proposed a capital raising in the amount of R2.5 billion through a combination of a pro rata offer to existing minority shareholders (excluding Remgro and RCL Foods' existing BEE parties) and a specific issue of new shares via a placement to qualifying investors.

RCL Foods shareholders approved the BEE transactions and capital raising referred to above on 16 January 2014. The results of the pro rata offer was announced on 5 February 2014, indicating that R790 million was raised. On 19 February 2014 RCL Foods announced that the placement of new shares to raise the balance of the R2.5 billion referred to above has been delayed, subject to market conditions, its cash/gearing situation as well as the anticipated timing of investment cash flows.

On 31 December 2013, Remgro's effective interest in RCL Foods was 76.0% (30 June 2013: 75.9%). After the completion of the above transactions, Remgro's effective interest in RCL Foods will increase to 78.2%.

ElementOne Limited (ElementOne)
On 29 November 2013, a consortium led by Rand Merchant Bank and Remgro, through a new special purpose vehicle (Main Street 1132 Proprietary Limited, or Bidco) made a firm offer to acquire 100% of ElementOne. As consideration for their shares in the company, ElementOne shareholders were offered R22.507 per ElementOne share, to be settled through the payment of a combination of cash and shares in Caxton and CTP Publishers and Printers Limited (Caxton).

On 7 February 2014 it was announced that all conditions precedent applicable to the transaction were fulfilled and on 25 February 2014 the transaction was implemented. Remgro did not provide any funding for the transaction, but following the transaction and the broader restructuring of the Caxton control structure, it has effectively exchanged its 1.8% direct interest in Caxton for a 6.1% indirect interest through its minority shareholding in the Bidco structure.

Milestone China Opportunities Fund III (Milestone III)

During the period under review Remgro invested a further $20.3 million in Milestone III, thereby increasing its cumulative investment to $48.4 million. As at 31 December 2013 the remaining commitment to Milestone III amounted to $51.6 million.

PG Group of Companies (PGSI)

PGSI is the foreign holding company of the Plate Glass group. During the period under review, in participation of a rights offer, Remgro invested a further R19.1 million in PGSI. On 31 December 2013 Remgro's interest in PGSI, on a fully diluted basis, was 25.6% (30 June 2013: 25.3%).

Subsequent to 31 December 2013 a further R28.0 million was invested in PGSI, thereby increasing Remgro's interest to 25.9%.

Other smaller investments, amounting to R81.9 million, were made during the period under review in, inter alia, Milestone China Opportunities Fund II and Premier Team Holdings Limited.

7. INFORMATION REGARDING UNLISTED INVESTMENTS

Unilever South Africa Holdings Proprietary Limited (Unilever South Africa)

Unilever South Africa has a December year-end and therefore its results for the six months ended 31 December 2013 have been included in Remgro's results for the period under review.

Unilever South Africa's contribution to Remgro's headline earnings for the period under review increased slightly to R280 million (2012: R277 million), as turnover growth was offset by increased advertising spend and restructuring costs incurred on the streamlining of its Home Care and Personal Care factories in order to drive cost efficiencies.

Unilever South Africa's turnover for the six months to 31 December 2013 increased by 4% to R8 871 million (2012: R8 563 million), primarily driven by increased volumes in Home Care, Ice Cream and Savoury & Dressings.

TSB Sugar Holdings Proprietary Limited (TSB)

TSB's contribution to Remgro's headline earnings for the six months ended 31 December 2013 amounted to R192 million (2012: R263 million). This decrease was mainly due to the lower domestic sales volumes and lower margins realised due to the negative impact of the increased sugar imports. TSB's local market sugar sales decreased to 306 580 tons (2012: 311 046 tons) while the sugar exports increased to 177 280 tons (2012: 122 227 tons). This resulted in a lower average price realised for sugar.

Turnover increased by 6.4% for the period under review from R2 761 million to R2 939 million. The increase is mainly attributable to an increase in export volumes. 15.6% of turnover is represented by exports.

TSB's sugar production for the period under review increased by 20.2% to 408 635 tons (2012: 339 975 tons) while the South African Sugar industry's production for the same period increased by 22.7%. The increase in TSB's production is mainly attributed to increased cane supply due to favourable climatic conditions and an increased area of cane available, while in the previous year production was negatively impacted by a countrywide transport strike.

The Royal Swaziland Sugar Corporation's contribution to TSB's headline earnings for the period amounted to R102 million (2012: R107 million).

Air Products South Africa Proprietary Limited (Air Products)

Air Products has a September year-end and therefore its results for the six months ended 30 September 2013 have been included in Remgro's results for the period under review. Air Products' contribution to Remgro's headline earnings for the period under review increased by 25% to R114 million (2012: R91 million).

Turnover for Air Products' six months ended 30 September 2013 increased by 13% to R987 million (2012: R875 million), while the company's operating profit for the same period increased by 16% to R321 million (2012: R277 million).

Air Products is the largest manufacturer of industrial gases in Southern Africa. Air Products also imports and distributes a variety of speciality 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 is below expectations and shows 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 have been slightly below expectations, impacted negatively by labour unrest in several market sectors and low manufacturing growth.

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), Gauteng-based radio station, Yfm, and various studio and facilities businesses.

Sabido has a March year-end and therefore its results for the six months ended 30 September 2013 have been included in Remgro's results for the period under review. Sabido's contribution to Remgro's headline earnings for the period under review amounted to R79 million (2012: R78 million).

The All Media Products Survey (AMPS) of June 2013 indicated an increase in e.tv audience to 17.8% of total viewers, a growth of 4.3% since the last survey. While advertising revenue was under pressure in the period under review, September sales showed a significant improvement.

eNCA, Sabido's 24-hour news channel, continues to benefit from subscriber growth in the DStv Compact platform and retained its position as the premier news service on DStv. In April 2013, eNCA launched enca.com, an online news offering. In September 2013 the site achieved record traffic with 538 000 unique browsers (increasing from 278 000 in June 2013), 395 000 of which came from South Africa. This placed the online news service in the top ten Effective Measure listed news sites after only six months of operation.

At the end of the period under review, e.tv was in the final stages of planning the launch of its multichannel offering. The new channels were subsequently launched on Sabido's new free-to-view direct-to-home satellite platform, Openview HD, during October 2013.

On the facilities side of the business, Sasani saw significant year-on-year growth and Cape Town Film Studios was ahead of budget with an almost 90% occupancy of the studios. Last year's restructuring of the Memar (now known as Silverline 360) group was starting to show results and the outlook for the post-production and equipment rental business was positive.

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 has a June year-end and therefore its results for its six months ended 31 December 2013 have been included in Remgro's results for the period under review. KTH's contribution to Remgro's headline earnings for the period under review amounted to R93 million (2012: R34 million).

The increase in earnings was mainly driven by an increase in KTH's net attributable share of fair value adjustments amounting to R74 million (2012: negative fair value adjustments of R220 million). Results for the year under review were impacted by positive fair value adjustments on investments in Exxaro Resources Limited (Exxaro) and AECI Limited. The results of the comparative period included an attributable negative fair value adjustment of R226 million on the investment in Exxaro.

Income from equity accounted investments increased slightly to R347 million (2012: R344 million), with major contributions from its investments in MMI Holdings Limited and the XK Platinum Partnership. Net finance costs increased to R111 million (2012: R79 million) due to the full impact on finance costs for the current period related to the raising of bonds in the previous year.

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

Total South Africa Proprietary Limited (Total)

Total has a December year-end and therefore its results for the six months ended 31 December 2013 have been included in Remgro's results for the period under review. Total's contribution to Remgro's headline earnings for the period under review amounted to R123 million (2012: R146 million).

Total's turnover for the six months to 31 December 2013 increased by 34% from R17 365 million to R23 213 million, while operating profit decreased to R641 million (2012: R780 million). The results have mainly been impacted by an increase of R200 million in the site rehabilitation provision during the current period. Lower stock revaluation gains of R344 million (2012: R463 million), despite the international oil price increasing from US$103 per barrel, at 30 June 2013, to US$112 per barrel at 31 December 2013 have also contributed to the decrease in operating profit.

Retail sales of petroleum products achieved slightly higher levels than during the corresponding prior period. The increased turnover is attributable mainly to the increase in the retail petrol and diesel prices at the pump and partly due to the increase in the wholesale margin of 5.5 cents per litre and a retail margin increase of 3.9 cents per litre, announced by the Department of Energy during December 2012.

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 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 has an interest of 36.4%) experienced a reduction in refining margins during the period under review, when compared to the six months to 30 June 2013, due to certain capacity constraints. This has however been partially offset by favourable market prices for gasoline and jet fuel.

SEACOM Capital Limited (SEACOM)

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

SEACOM has a December year-end and therefore its results for the six months ended 31 December 2013 have been included in Remgro's results for the period under review. SEACOM's contribution to Remgro's headline earnings for the period under review amounted to a loss of R8 million (2012: loss of R7 million). SEACOM is, however, cash flow positive and as at 31 December 2013 Remgro has received dividends of R280 million from SEACOM since the acquisition of VenFin Limited. SEACOM maintains a proactive approach to ensuring profitability, by implementing various cost-saving initiatives and more diversified product offerings.

SEACOM provides high-capacity international bandwidth services to customers in the form of International Private Line circuits and IP Transit Services. These services are sold as leases and as 15 to 20-year IRUs including maintenance charges, whereby the revenue is accounted for over the full term of 15 or 20 years.

With the arrival of WACS during May 2012, a consortium cable system linking Southern Africa to Europe via the West Coast, competition for services out of Southern Africa has increased significantly. Recent upgrades to the EASSy system, its East Coast competitor, has also increased supply and continues to drive more aggressive price declines into the market. The increased competition and the resulting market price uncertainty is limiting increase in IRU sales.

Fortunately, with affordability improving, demand elasticity is playing its part positively ensuring that demand grows above expectations. Furthermore, ongoing reductions in terrestrial costs (mobile operator deals and other operators such as Dark Fibre Africa and FibreCo) and increased demand for reliable protected routes around Africa are also leading to increased demand. SEACOM's ability to change with the rapidly evolving market and respond to demand faster than others is critical to maintain its ongoing competitive positioning.

Community Investment Ventures Holdings Proprietary Limited (CIV group)

Remgro has an effective interest of 43.8% in the CIV group which is active in the telecommunications and information technology sectors. Taking into account Remgro's direct interest of 23% in Dark Fibre Africa (DFA), Remgro has an economic interest of 49.7% in the net asset value of the group. The group has decided to focus on the telecommunications infrastructure market and as a consequence the company is in the process of disposing of companies that are not directly aligned with this vision. All of the power industry investments have already been sold. The balance of the non-core operating assets in the telecommunications portfolio is at various stages in the disposal process. The key operating company to remain is 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 2013 have been included in Remgro's results for the period under review. The CIV group's contribution to Remgro's headline earnings for the period under review amounted to R28 million (2012: R34 million), of which the major contributors were CIE Telecommunications (R11 million) and DFA (R14 million).

DFA's revenue for the six months ending 30 September 2013 increased by 35% to R409 million from R302 million in the prior year underpinned by solid growth of 42% in annuity revenue. DFA has thus far secured a healthy annuity income in excess of R50 million per month. DFA increased the funding package with its consortium of lenders from R2.6 billion to R3.5 billion during the course of the year. 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. Most of DFA's customers extended their initial contract periods of five years to either ten or fifteen years. The network uptime for the period under review was 99.99%.

Once a section of network is completed, the asset is recognised and then depreciated on the full infrastructure cost and finance charges incurred. The current value of the fibre-optic network is in excess of R4.3 billion.

DFA owns fibre network rings in Johannesburg, Cape Town, Durban (expanding to Pietermaritzburg), Midrand, Centurion and Pretoria. During the past year, the network has been expanded to a further 17 smaller metros, including East London, Polokwane, Tlokwe, Emalahleni to name a few, of which most are complete. The Johannesburg ring is regarded as one of the most important communication rings in Africa. At 30 September 2013, a total distance of 7 513 km 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. DFA 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 phone 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 4 953 base transceiver station sites on the network that cover three of the four mobile operators. DFA monitors and maintains a total of 5 760 customer circuits. The next growth drivers for DFA will be the enterprise market and the public sector and DFA has experienced a definite increase in demand from these sectors in the last six months.

DFA has signed commercial lease agreements with 51 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 69% of total revenue is annuity revenue. The future value of the current annuity contract base is in excess of R8 billion.

PGSI Limited (PGSI)

PGSI has a December year-end and therefore its results for the six months ended 31 December 2013 have been included in Remgro's results for the period under review. PGSI's contribution to Remgro's headline earnings for the six months to December 2013 amounted to R63 million (2012: R10 million) which includes a positive fair value adjustment of R38 million (2012: negative adjustment of R5 million) on the conversion right attached to PGSI preference shares.

PGSI's turnover for the period under review increased by 7% from R1 681 million to R1 793 million, while its operating profits before depreciation and amortisation amounted to R239 million (2012: R114 million). This improvement in operating profit was driven by an increase in gross margins, assisted by a more competitive rand, and manufacturing improvements. Containment of overhead costs assisted in offsetting pricing pressures and cost increases.

The main operating subsidiary in South Africa, PG Group, has been affected by the global and local recession of the past few years, particularly in the domestic building sector. The six months under review showed encouraging improvements in sales volumes and rand weakness assisted the overall performance supported by strong growth in commercial construction. The outlook remains subdued particularly in the residential building market. Exports remain under stress in the global glass market, where there is still overcapacity in spite of some modest recovery. Imported glass continues to be a feature of the South African landscape although the rand weakness and the reduction in global capacity have lessened the impact thereof.

Growth in new car sales was positive which, together with stronger export demand on local Original Equipment Manufacturers, assisted sales from the Shatterprufe division. Export vehicle build is up on the prior period, but the automotive division was severely impacted by the strike in the automotive sector from late

August until the middle of October 2013. In addition sales in the automotive aftermarket were impacted by some low-cost imports and economic pressures on consumers which reduced replacement volumes.

The difficult market conditions for manufacturing in South Africa over the past few years have been further exacerbated by continued increases in energy costs, but a more competitive rand has assisted the group's margins. The current weaker levels of the rand will continue to have a positive impact on the business due to increased export earnings and expected reduced import volumes in 2014. Overall the result is pleasing with a much improved performance assisted by a number of initiatives to improve profitability in this challenging trading environment, including focus on opportunities as well as efficiency, cost reduction and increasing yields at all manufacturing facilities aided by a technical agreement signed with Saint Gobain of France.

Wispeco Holdings Limited (Wispeco)

Turnover for the six months ended 31 December 2013 increased by 27% to R758 million (2012: R598 million). This growth in turnover was driven by increased sales volumes and higher sales prices resulting from input cost increases and a weaker local currency. Headline earnings for the period under review increased by 83% to R53 million (2012: 29 million). This improvement was achieved as a result of the higher turnover, improved production efficiencies and the improvement in profitability of previously marginal operations.

Processing of recycled aluminium plays an ever-increasing role in Wispeco's raw material input to the extrusion plants. Recent legislation, to control the export of valuable aluminium scrap, allowed Wispeco to procure greater volumes of both post-industrial and post-consumer aluminium extrusion scrap than in previous years. More than half of Wispeco's extrusion output is now produced from recycled aluminium. Recycling of aluminium into extrusion billet requires only a fraction of the energy to produce new aluminium. The resulting energy savings resulted in Wispeco's aluminium products being accredited with the EcoSpecifier green rating.

Wispeco continues to strive for world-class standards in all of its operating divisions. Notable improvements were recorded in most of its operating units during 2013. After being awarded the gold medal in the corporate sector for productivity improvement on a national basis by Productivity SA in 2012, the national award of Energy Patron of the year was bestowed upon Wispeco by the SAEE (The South Africa Energy Efficiency Association) during 2013. The past year also saw the launch of a new software package (U-Solve) aimed at assisting architects in complying with energy efficiency requirements of the new building regulations. The *Crealco* brand and product range continues to gain recognition as the premium range of architectural aluminium products in Southern Africa.

8. TREASURY SHARES

At 30 June 2013, 3 433 101 Remgro ordinary shares (0.7%) were held as treasury shares by a wholly owned subsidiary company of Remgro. As previously reported, these shares were acquired for the purpose of hedging Remgro's share incentive schemes.

During the period under review no Remgro ordinary shares were repurchased, while 265 256 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants who exercised the rights granted to them.

At 31 December 2013, 3 167 845 Remgro ordinary shares (0.6%) were held as treasury shares.

DIRECTORATE

Mr J W Dreyer has retired as an executive director from the Board of Remgro with effect from 31 December 2013.

The Board wishes to thank him for his valuable contribution over many years.

DECLARATION OF CASH DIVIDEND

Secondary tax on companies (STC) and dividend tax

With effect from 1 April 2012, STC was replaced with a dividend tax. In terms of the new legislation, companies will be allowed to apply their available STC credits against future dividends declared for a period of three years from the effective date of dividend tax.

Declaration of Dividend No. 27

Notice is hereby given that an interim gross dividend of 156 cents (2012: 145 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 half-year ended 31 December 2013.

The Company will be utilising STC credits amounting to 156 cents per ordinary share and 156 cents per unlisted B ordinary share. As a result there will be no dividend tax deducted from the interim gross dividend for any Remgro shareholder.

The issued share capital at the declaration date is 481 106 370 ordinary shares and 35 506 352 B ordinary shares. The income tax number of the Company is 9500-124-71-5.

Dates of importance:

Last day to trade in order to participate in the dividend	Friday, 4 April 2014
Shares trade ex dividend	Monday, 7 April 2014
Record date	Friday, 11 April 2014
Payment date	Monday, 14 April 2014

Share certificates may not be dematerialised or rematerialised between Monday, 7 April 2014, and Friday, 11 April 2014, 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 will no longer be mailed. If you have in the past received dividend cheques, please contact the Transfer Secretaries to provide them with confirmation of your banking details. 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
18 March 2014

ANNEXURE A
COMPOSITION OF HEADLINE EARNINGS

	Six months ended	
	31 December 2013 R'm	31 December 2012 Restated R'm
Food, liquor and home care		
Unilever South Africa	**280**	277
Distell[1]	**357**	291
RCL Foods	**10**	39
TSB	**192**	263
Banking		
RMBH	**846**	691
FirstRand	**354**	293
Healthcare		
Mediclinic	**622**	(1 132)
Insurance		
RMI Holdings	**426**	340
Industrial		
Air Products South Africa	**114**	91
KTH	**93**	34
Total South Africa	**123**	146
PGSI	**63**	10
Wispeco	**53**	29
Infrastructure		
Grindrod	**45**	57
CIV group[2]	**28**	34
SEACOM	**(8)**	(7)
Other infrastructure interests	**4**	(3)
Media and sport		
Sabido	**79**	78
Other media and sport interests	**(24)**	(26)
Other investments	**35**	26
Central treasury	**36**	120
Other net corporate costs	**(71)**	(34)
Headline earnings	**3 657**	1 617
Weighted number of shares (million)	**513.3**	514.1
Headline earnings per share (cents)	**712.5**	314.5

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

ANNEXURE B
COMPOSITION OF INTRINSIC NET ASSET VALUE

	31 December 2013		30 June 2013	
	Book value	**Intrinsic value**	Book value Restated	Intrinsic value
	R'm	**R'm**	R'm	R'm
Food, liquor and home care				
Unilever South Africa	**3 188**	**8 919**	3 099	8 676
Distell[1]	**3 028**	**9 828**	2 623	8 073
RCL Foods	**4 999**	**7 640**	5 121	6 759
TSB	**2 080**	**4 000**	1 877	3 964
Banking				
RMBH	**10 658**	**19 071**	10 346	15 541
FirstRand	**3 737**	**7 889**	3 622	6 359
Healthcare				
Mediclinic	**9 304**	**27 274**	7 429	24 640
Insurance				
RMI Holdings	**5 903**	**12 343**	5 645	11 331
Industrial				
Air Products South Africa	**736**	**3 310**	691	3 126
KTH	**2 182**	**2 517**	2 304	2 425
Total South Africa	**1 252**	**1 472**	1 192	1 275
PGSI	**768**	**774**	568	571
Wispeco	**511**	**584**	458	414
Infrastructure				
Grindrod	**2 924**	**4 142**	2 868	3 103
CIV group[2]	**1 682**	**2 321**	1 650	2 305
SEACOM	**646**	**1 082**	617	1 069
Other infrastructure interests	**799**	**799**	776	776
Media and sport				
Sabido	**976**	**2 404**	929	2 279
Other media and sport interests	**558**	**563**	608	605
Other investments	**2 747**	**2 756**	2 185	2 204
Central treasury – cash at the centre[3]	**2 916**	**2 916**	2 733	2 733
Other net corporate assets	**1 413**	**1 701**	1 289	1 516
Net asset value (NAV)	**63 007**	**124 305**	58 630	109 744
Potential CGT liability[4]		**(5 488)**		(4 628)
NAV after tax	**63 007**	**118 817**	58 630	105 116
Issued shares after deduction of shares repurchased (million)	**513.4**	**513.4**	513.2	513.2
NAV after tax per share (Rand)	**122.71**	**231.41**	114.25	204.83

Notes
1. Includes the investment in Capevin Holdings Limited.
2. Includes the investments in CIV Fibre Network Solutions Proprietary Limited, CIE Telecommunications Proprietary Limited, CIV Power Proprietary Limited, Central Lake Trading No. 77 Proprietary Limited and Dark Fibre Africa Proprietary Limited.
3. Cash at the centre excludes cash held by subsidiaries that are separately valued above (mainly RCL Foods, TSB 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 "available-for-sale" is included in "other net corporate assets" above.
5. For purposes of determining the intrinsic value, the unlisted investments are shown at directors' valuation and the listed investments are shown at stock exchange prices.

DIRECTORATE

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

Business address and registered office
Millennia Park
16 Stellentia Avenue
Stellenbosch 7600
(PO Box 456, Stellenbosch 7599)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
70 Marshall Street
Johannesburg 2001
(PO Box 61051, Marshalltown 2107)

Auditors
PricewaterhouseCoopers Inc.
Stellenbosch

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

www.remgro.com