REMGRO LIMITED

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

INTERIM REPORT

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2016 AND CASH DIVIDEND DECLARATION

SALIENT FEATURES

• **Headline earnings per share**	**+25.9%**
• **Headline earnings per share, excluding once-off costs and option remeasurement**	**+4.3%**
• **Interim dividend per share**	**+4.9%**
• **Intrinsic net asset value per share at 31 December 2016**	**R257.79**

REMGRO LIMITED

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R million	**31 December 2016**	31 December 2015 Restated	30 June 2016 Restated
ASSETS			
Non-current assets			
Property, plant and equipment	**6 767**	6 375	6 500
Investment properties	**119**	56	107
Intangible assets	**4 936**	5 658	4 993
Investments - Equity accounted	**78 072**	67 014	78 565
- Other	**3 152**	3 499	3 408
Retirement benefits	**152**	225	163
Loans	**616**	1 240	880
Deferred taxation	**40**	35	42
	93 854	84 102	94 658
Current assets	**22 937**	13 918	14 442
Inventories	**3 621**	3 210	3 274
Biological agricultural assets	**709**	732	968
Debtors and short-term loans	**5 493**	4 546	5 503
Investments in money market funds	**3 569**	1 119	1 050
Cash and cash equivalents	**9 458**	3 875	3 569
Other current assets	**32**	396	49
	22 882	13 878	14 413
Assets held for sale	**55**	40	29
Total assets	**116 791**	98 020	109 100
EQUITY AND LIABILITIES			
Stated capital	**13 418**	3 605	3 605
Reserves	**76 171**	77 258	75 456
Treasury shares	**(231)**	(248)	(217)
Shareholders' equity	**89 358**	80 615	78 844
Non-controlling interest	**2 812**	2 945	2 813
Total equity	**92 170**	83 560	81 657
Non-current liabilities	**18 935**	5 583	20 821
Retirement benefits	**182**	231	202
Long-term loans	**16 882**	3 672	17 799
Deferred taxation	**1 471**	1 680	1 623
Derivative instruments	**400**	-	1 197
Current liabilities	**5 686**	8 877	6 622
Trade and other payables	**4 671**	4 369	4 833
Short-term loans	**826**	4 411	1 660
Other current liabilities	**189**	97	129
Total equity and liabilities	**116 791**	98 020	109 100
Net asset value per share (Rand)			
- At book value	**R157.73**	R156.64	R153.13
- At intrinsic value	**R257.79**	R286.96	R306.44

The audited 30 June 2016 annual results and unaudited 31 December 2015 interim results were restated due to a change in accounting policy, as well as the rights issue. Refer to "Restatement of comparative numbers" and notes 1 and 2 under "Comments".

ABRIDGED CONSOLIDATED INCOME STATEMENT

R million	Six months ended 31 December 2016	Six months ended 31 December 2015 Restated	Year ended 30 June 2016 Restated
Sales	**14 511**	14 255	27 697
Inventory expenses	**(7 917)**	(8 795)	(16 959)
Staff costs	**(2 456)**	(2 225)	(4 578)
Depreciation	**(379)**	(353)	(727)
Other net operating expenses	**(2 684)**	(2 298)	(5 651)
Trading profit/(loss)	**1 075**	584	(218)
Dividend income	**19**	30	77
Interest received	**238**	130	287
Finance costs	**(648)**	(297)	(903)
Net impairment of investments, loans, assets and goodwill	**593**	(3)	(2 556)
Profit on sale and dilution of investments	**3**	234	2 451
Consolidated profit/(loss) before tax	**1 280**	678	(862)
Taxation	**(118)**	(69)	21
Consolidated profit/(loss) after tax	**1 162**	609	(841)
Share of after-tax profit of equity accounted investments	**4 075**	2 864	6 250
Net profit for the period	**5 237**	3 473	5 409
Attributable to:			
Equity holders	**5 219**	3 334	5 364
Non-controlling interest	**18**	139	45
	5 237	3 473	5 409

EQUITY ACCOUNTED INVESTMENTS

Share of after-tax profit of equity accounted investments			
Profit before taking into account impairments, non-recurring and capital items	**5 466**	4 310	8 875
Net impairment of investments, assets and goodwill	**(308)**	(631)	(809)
Profit on the sale of investments	**154**	96	216
Other non-recurring and capital items	**33**	(79)	(67)
Profit before tax and non-controlling interest	**5 345**	3 696	8 215
Taxation	**(1 079)**	(778)	(1 709)
Non-controlling interest	**(191)**	(54)	(256)
	4 075	2 864	6 250

HEADLINE EARNINGS RECONCILIATION

R million	Six months ended 31 December 2016	Six months ended 31 December 2015 Restated	Year ended 30 June 2016 Restated
Net profit for the period attributable to equity holders (earnings)	**5 219**	3 334	5 364
Plus/(minus):			
- Net impairment of equity accounted investments	**(738)**	(9)	1 862
- Impairment of property, plant and equipment	**145**	12	37
- Impairment of intangible assets	**-**	-	644
- Impairment of assets held for sale	**-**	-	7
- (Profit)/loss on sale and dilution of equity accounted investments	**5**	(82)	(2 349)
- Profit on sale of other investments	**(8)**	(153)	(153)
- Recycling of foreign currency translation reserves	**-**	-	51
- Net (surplus)/loss on disposal of property, plant and equipment	**(18)**	(18)	10
- Loss on disposal of biological agricultural assets	**-**	9	9
- Non-headline earnings items included in equity accounted earnings of equity accounted investments	**128**	524	633
- Net (surplus)/loss on disposal of property, plant and equipment	**7**	(90)	(27)
- Profit on the sale of investments	**(154)**	(96)	(216)
- Net impairment of investments, assets and goodwill	**308**	631	809
- Other non-recurring and capital items	**(33)**	79	67
- Taxation effect of adjustments	**(22)**	1	(92)
- Non-controlling interest	**(21)**	(2)	(149)
Headline earnings	**4 690**	3 616	5 874
Once-off costs	**-**	128	788
Option remeasurement	**(667)**	-	730
Headline earnings, excluding once-off costs and option remeasurement	**4 023**	3 744	7 392

EARNINGS AND DIVIDENDS

Cents	Six months ended 31 December 2016	Six months ended 31 December 2015 Restated	Year ended 30 June 2016 Restated
Headline earnings per share			
– Basic	**867.7**	689.4	1 119.6
– Diluted	**863.9**	684.6	1 115.0
Headline earnings per share, excluding once-off costs and option remeasurement			
– Basic	**744.3**	713.8	1 409.0
– Diluted	**740.7**	709.0	1 404.4
Earnings per share			
– Basic	**965.6**	635.6	1 022.4
– Diluted	**960.8**	630.9	1 018.5
Dividends per share			
Ordinary	**194.00**	185.00	460.00
– Interim	**194.00**	185.00	185.00
– Final	**-**	-	275.00

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R million	Six months ended **31 December 2016**	Six months ended 31 December 2015 Restated	Year ended 30 June 2016 Restated
Net profit for the period	**5 237**	3 473	5 409
Other comprehensive income, net of tax	**(2 976)**	5 476	2 579
Items that may be reclassified subsequently to the income statement:			
Exchange rate adjustments	**(4 570)**	2 175	1 745
Fair value adjustments for the period	**(117)**	608	534
Deferred taxation on fair value adjustments	**53**	(57)	(112)
Reclassification of other comprehensive income to the income statement	**(9)**	(635)	(951)
Other comprehensive income of equity accounted investments	**1 801**	3 579	1 652
Items that will not be reclassified to the income statement:			
Remeasurement of post-employment benefit obligations	**-**	7	19
Deferred taxation on remeasurement of post-employment benefit obligations	**-**	(2)	(6)
Change in reserves of equity accounted investments	**(134)**	(199)	(302)
Total comprehensive income for the period	**2 261**	8 949	7 988
Total comprehensive income attributable to:			
Equity holders	**2 244**	8 811	7 943
Non-controlling interest	**17**	138	45
	2 261	8 949	7 988

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R million	Six months ended **31 December 2016**	Six months ended 31 December 2015 Restated	Year ended 30 June 2016 Restated
Balance at the beginning of the period	**81 657**	75 917	75 917
Total comprehensive income for the period	**2 261**	8 949	7 988
Dividends paid	**(1 589)**	(1 377)	(2 358)
Shares issued	**9 813**	-	-
Capital invested by minorities	**5**	31	31
Purchase of treasury shares by wholly owned subsidiary	**(32)**	-	-
Other movements	**7**	30	15
Long-term share incentive scheme reserve	**48**	10	64
Balance at the end of the period	**92 170**	83 560	81 657

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

R million	Six months ended 31 December 2016	Six months ended 31 December 2015 Restated	Year ended 30 June 2016 Restated
Cash generated from operations	**465**	473	1 413
Taxation paid	**(120)**	(192)	(328)
Dividends received	**2 509**	2 032	3 547
Finance costs	**(611)**	(325)	(795)
Cash available from operating activities	**2 243**	1 988	3 837
Dividends paid	**(1 589)**	(1 377)	(2 358)
Net cash inflow from operating activities	**654**	611	1 479
Investing activities*	**(3 569)**	(5 240)	(18 767)
Financing activities**	**8 997**	3 572	16 365
Net increase/(decrease) in cash and cash equivalents	**6 082**	(1 057)	(923)
Exchange rate profit/(loss) on foreign cash	**(231)**	391	222
Cash and cash equivalents at the beginning of the period	**3 128**	3 829	3 829
Cash and cash equivalents at the end of the period	**8 979**	3 163	3 128
Cash and cash equivalents – per statement of financial position	**9 458**	3 875	3 569
Bank overdraft	**(479)**	(712)	(441)

* "Investment activities" primarily consists of an increase in money market funds of R2 519 million, while the comparative period included an investment in Mediclinic of R4 621 million in terms of a Mediclinic rights issue.

** "Financing activities" primarily consists of the Remgro rights issue of R9 813 million, while the comparative period included the bridge financing of R3 500 million, which was obtained to participate in the above-mentioned Mediclinic rights issue.

ADDITIONAL INFORMATION

	31 December 2016	31 December 2015 Restated	30 June 2016 Restated
Number of shares in issue			
- Ordinary shares of no par value	**529 217 007**	481 106 370	481 106 370
- Unlisted B ordinary shares of no par value	**39 056 987**	35 506 352	35 506 352
Total number of shares in issue	**568 273 994**	516 612 722	516 612 722
Number of shares held in treasury			
- Ordinary shares repurchased and held in treasury	**(1 756 218)**	(1 973 153)	(1 725 393)
	566 517 776	514 639 569	514 887 329
Weighted number of shares	**540 505 301**	524 510 265	524 628 257

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

ADDITIONAL INFORMATION (continued)

R million	**31 December 2016**	31 December 2015 Restated	30 June 2016 Restated
Equity accounted investments			
Associated companies	**72 536**	61 587	73 418
Joint ventures	**5 536**	5 427	5 147
	78 072	67 014	78 565
Equity accounted investment reconciliation			
Carrying value at the beginning of the period	**78 565**	57 831	57 831
Share of net attributable profit	**4 075**	2 864	6 250
Dividends received	**(2 109)**	(2 027)	(3 900)
Investment in Mediclinic	**-**	4 621	18 246
Dilutionary effects	**(6)**	(14)	1 886
Exchange rate differences	**(5 372)**	200	(1 274)
Grindrod reversal of impairment/(impairment)	**724**	-	(1 861)
Movements on reserves	**1 667**	3 380	1 350
Other movements	**528**	159	37
Carrying value at the end of the period	**78 072**	67 014	78 565
Long-term loans			
20 000 Class A 7.7% cumulative redeemable preference shares	**3 513**	-	3 512
10 000 Class B 8.3% cumulative redeemable preference shares	**4 383**	-	4 382
Exchangeable bonds with an effective interest rate of 4.5%	**5 530**	-	6 380
Various other loans	**3 597**	3 679	3 672
	17 023	3 679	17 946
Short-term portion of long-term loans	**(141)**	(7)	(147)
	16 882	3 672	17 799
Additions to and replacement of property, plant and equipment	**802**	587	1 295
Capital and investment commitments	**1 433**	15 231	1 999
Al Noor acquisition	**-**	13 656	-
Various other commitments	**1 433**	1 575	1 999
(Including amounts authorised, but not yet contracted for)			
Guarantees and contingent liabilities	**239**	238	241
Dividends received from equity accounted investments set off against investments	**2 109**	2 027	3 900
Dividends received from associate classified as asset held for sale	**-**	149	149

Refer to the section dealing with "Investment activities" for more detail on related party transactions.

ADDITIONAL INFORMATION (continued)

Fair value remeasurements

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

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

R million	***Level 1***	***Level 2***	***Level 3***	**Total**
31 December 2016				
Assets				
Available-for-sale	**1 040**	**-**	**2 112**	**3 152**
Derivative instruments	**-**	**2**	**-**	**2**
Investments in money market funds	**3 569**	**-**	**-**	**3 569**
	4 609	**2**	**2 112**	**6 723**
Liabilities				
Non-current derivative instruments	**-**	**400**	**-**	**400**
Current derivative instruments	**-**	**39**	**54**	**93**
	-	**439**	**54**	**493**
31 December 2015				
Assets				
Available-for-sale	1 187	-	2 312	3 499
Derivative instruments	-	395	-	395
Investments in money market funds	1 119	-	-	1 119
	2 306	395	2 312	5 013
Liabilities				
Current derivative instruments	-	14	-	14
30 June 2016				
Assets				
Available-for-sale	1 260	-	2 148	3 408
Derivative instruments	-	8	-	8
Investments in money market funds	1 050	-	-	1 050
	2 310	8	2 148	4 466
Liabilities				
Non-current derivative instruments	-	1 197	-	1 197
Current derivative instruments	-	63	54	117
	-	1 260	54	1 314

ADDITIONAL INFORMATION (continued)

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

R million	**31 December 2016**	31 December 2015	30 June 2016
Assets: Available-for-sale			
Balances at the beginning of the period	**2 148**	1 591	1 591
Additions	**26**	59	174
Disposals	**(57)**	(29)	(53)
Exchange rate adjustments	**(109)**	348	236
Fair value adjustments through comprehensive income	**104**	343	200
Balances at the end of the period	**2 112**	2 312	2 148

R million			
Liabilities: Derivative instruments			
Balances at the beginning of the period	**54**	-	-
Additions	**-**	-	54
Balances at the end of the period	**54**	-	54

There were no transfers between the different levels.

Level 3 financial assets consist mainly of investments in the Milestone China entities (Milestone), the Kagiso Infrastructure Empowerment Fund (KIEF) and the Pembani Remgro Infrastructure Fund (PRIF) amounting to R1 551 million, R283 million and R193 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' methods include discounted cash flow valuations and appropriate earnings and revenue multiples.

Milestone's fair value consists of listed investments (38%), cash and cash equivalents (4%) and unlisted investments (58%). 68% of the unlisted investments were valued at cost (or the price at which additional investments were made) as Milestone's management considers the transaction price to be the fair value of the investments, while the remaining 32% was valued at approximately R279 million. KIEF's investments were valued using the discounted cash flow method. PRIF's main asset is the investment in ETG Group and it was valued using appropriate revenue and earnings multiples based on peer group companies to determine a price-to-book valuation.

Changes in the valuation assumptions of the above unlisted investments will not have a significant impact on Remgro's financial statements.

RESTATEMENT OF COMPARATIVE NUMBERS

Refer to notes 1 and 2 under "Comments" for further detail

Restatement of comparative numbers for the six months ended 31 December 2015

R million	For the period ended 31 Dec 2015 as previously reported	Adjustments	For the period ended 31 Dec 2015 Restated
Impact on income statement			
Depreciation	(325)	(28)	**(353)**
Other net operating expenses	(2 304)	6	**(2 298)**
Taxation	(75)	6	**(69)**
Net profit for the period	3 489	(16)	**3 473**
Attributable to:			
Equity holders (earnings)	3 342	(8)	**3 334**
Non-controlling interest	147	(8)	**139**
		(16)	
Impact on headline earnings			
Headline earnings	3 624	(8)	**3 616**
Headline earnings, excluding once-off costs and option remeasurement	3 752	(8)	**3 744**
Impact on earnings per share (cents)			
Headline earnings	704.4	(15.0)	**689.4**
Headline earnings, excluding once-off costs and option remeasurement	729.2	(15.4)	**713.8**
Earnings	649.5	(13.9)	**635.6**
Impact on statement of comprehensive income			
Net profit for the period	3 489	(16)	**3 473**
Total comprehensive income for the period	8 965	(16)	**8 949**
Total comprehensive attributable to:			
Equity holders	8 819	(8)	**8 811**
Non-controlling interest	146	(8)	**138**
		(16)	
Impact on statement of cash flows			
Cash flows from operating activities	599	12	**611**
Cash flows from investing activities	(5 228)	(12)	**(5 240)**

R million	As at 31 Dec 2015 as previously reported	Adjustments	As at 31 Dec 2015 Restated
Impact on statement of financial position			
ASSETS			
Property, plant and equipment	6 131	244	**6 375**
Non-current assets – Biological agricultural assets	458	(458)	**-**
Current assets – Biological agricultural assets	540	192	**732**
Total assets	98 042	(22)	**98 020**
LIABILITIES			
Deferred taxation	1 686	(6)	**1 680**
Total liabilities	14 466	(6)	**14 460**
EQUITY			
Distributable reserves	47 010	(8)	**47 002**
Non-controlling interest	2 953	(8)	**2 945**
Total equity	83 576	(16)	**83 560**

RESTATEMENT OF COMPARATIVE NUMBERS (continued)

Restatement of comparative numbers for the 2016 financial year

R million	For the year ended 30 Jun 2016 as previously reported	Adjustments	**For the year ended 30 Jun 2016 Restated**
Impact on income statement			
Depreciation	(670)	(57)	**(727)**
Other net operating expenses	(5 647)	(4)	**(5 651)**
Taxation	4	17	**21**
Net profit for the period	5 453	(44)	**5 409**
Attributable to:			
Equity holders (earnings)	5 386	(22)	**5 364**
Non-controlling interest	67	(22)	**45**
		(44)	
Impact on headline earnings			
Headline earnings	5 887	(13)	**5 874**
Headline earnings, excluding once-off costs and option remeasurement	7 405	(13)	**7 392**
Impact on earnings per share (cents)			
Headline earnings	1 143.9	(24.3)	**1 119.6**
Headline earnings, excluding once-off costs and option remeasurement	1 438.9	(29.9)	**1 409.0**
Earnings	1 046.6	(24.2)	**1 022.4**
Impact on statement of comprehensive income			
Net profit for the period	5 453	(44)	**5 409**
Total comprehensive income for the period	8 032	(44)	**7 988**
Total comprehensive attributable to:			
Equity holders	7 965	(22)	**7 943**
Non-controlling interest	67	(22)	**45**
		(44)	
Impact on statement of cash flows			
Cash flows from operating activities	1 457	22	**1 479**
Cash flows from investing activities	(18 745)	(22)	**(18 767)**

R million	As at 30 Jun 2016 as previously reported	Adjustments	**As at 30 Jun 2016 Restated**
Impact on statement of financial position			
ASSETS			
Property, plant and equipment	6 292	208	**6 500**
Non-current assets – Biological agricultural assets	625	(625)	**-**
Current assets – Biological agricultural assets	612	356	**968**
Total assets	109 161	(61)	**109 100**
LIABILITIES			
Deferred taxation	1 640	(17)	**1 623**
Total liabilities	27 460	(17)	**27 443**
EQUITY			
Distributable reserves	44 324	(22)	**44 302**
Non-controlling interest	2 835	(22)	**2 813**
Total equity	81 701	(44)	**81 657**

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 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 adoption of the amendments to *IAS 16: Property, Plant and Equipment* and *IAS 41: Agriculture*. These amendments have to be applied retrospectively and accordingly the reported results of both comparative periods were restated. The restatements pertain to the reclassification of bearer plants from biological assets to property, plant and equipment, the transfer of the remaining non-current biological assets (being the produce) to current biological assets and the measurement of the reclassified assets under the appropriate accounting treatment. Refer to the section “Restatement of comparative numbers” for further detail.

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. RIGHTS ISSUE

During October 2016 Remgro completed a rights issue whereby 48 110 637 new Remgro ordinary shares and 3 550 635 B ordinary shares were issued at a subscription price of R192.50 per share for a total consideration of R9 944.8 million. In terms of *IAS 33* paragraph 26, an adjustment to the weighted average number of shares in issue for the comparative periods is required as the shares were issued at a discount to the Remgro share price on the day before the announcement (being R243.29 per share). Consequently, the comparable weighted number of shares in issue was adjusted by 9 994 195 shares to account for the deemed dilutive effect of the rights issue. Refer to the section “Restatement of comparative numbers” for further detail.

3. RESULTS

Headline earnings

For the period under review headline earnings increased by 29.7% from R3 616 million to R4 690 million, while headline earnings per share (HEPS) increased by 25.9% from 689.4 cents to 867.7 cents. The difference in the increase between headline earnings and HEPS is attributed to the impact of the rights issue during the period under review.

Included in headline earnings for the comparative period are once-off transaction costs incurred with the Mediclinic rights issue and Al Noor Hospitals Group plc (Al Noor) transaction amounting to R128 million (“once-off costs”). The period under review includes a positive fair value adjustment of R667 million, relating to the decrease in value of the bondholders’ exchange option (accounted for as a derivative liability) of the bonds (“option remeasurement”) that were issued during March 2016 to partially refinance the foreign bridge funding that was raised for the Al Noor transaction. The bonds are exchangeable into Mediclinic plc shares and/or cash and fair value adjustments on the option (reflecting *inter alia* the movement in the underlying Mediclinic plc share price) are expected to cause volatility in headline earnings during its five-year term. Excluding these items, headline earnings increased by 7.5% from R3 744 million to R4 023 million, whereas HEPS increased by 4.3% from 713.8 cents to 744.3 cents. The increase in headline earnings, excluding once-off costs and option remeasurement, is mainly due to higher contributions from the healthcare and banking platforms and KTH, partly offset by lower earnings from RCL Foods and higher finance costs.

Contribution to headline earnings by reporting platform

R million	31 Dec 2016	% Change	31 Dec 2015 Restated	Year ended 30 June 2016 Restated
	Six months ended			
Food, liquor and home care	**945**	*(23.9)*	1 242	1 605
Banking	**1 580**	*14.0*	1 386	2 989
Healthcare	**983**	*24.9*	787	1 952
Insurance	**492**	*8.1*	455	888
Industrial	**426**	*8 420.0*	5	517
Infrastructure	**15**	*(79.7)*	74	6
Media and sport	**(25)**	*10.7*	(28)	(36)
Other investments	**39**	*25.8*	31	67
Central treasury				
- finance income	**105**	*36.4*	77	125
- finance costs	**(462)**	*(407.7)*	(91)	(470)
Other net corporate costs	**(75)**	*61.3*	(194)	(251)
Headline earnings, excluding once-off costs and option remeasurement	**4 023**	*7.5*	3 744	7 392
Once-off costs	**-**	*100.0*	(128)	(788)
Option remeasurement	**667**	-	-	(730)
Headline earnings	**4 690**	*29.7*	3 616	5 874

Refer to Annexures A and B for segmental information.

Commentary on reporting platforms' performance

Food, liquor and home care

The contribution from food, liquor and homecare to Remgro's headline earnings amounted to R945 million (2015: R1 242 million), representing a decrease of 23.9%. RCL Foods' contribution to Remgro's headline earnings decreased by 44.6% to R318 million (2015: R574 million). During the comparative period RCL Foods' results were positively impacted by the release of a R163 million provision raised for uncertain tax disputes as part of the Foodcorp acquisition. Excluding the above, RCL Foods' contribution to Remgro's headline earnings would have decreased by 29.0% from R448 million. This decrease is mainly due to a lower contribution from the Chicken business, partly offset by a strong Sugar business performance. The Chicken business was impacted by a massive oversupply in the local market caused by local production and dumping of imported chicken, while the Sugar business benefitted from price increases which helped offset reduced volumes. Unilever's contribution to Remgro's headline earnings decreased by 14.3% to R263 million (2015: R307 million). This decrease is mainly the result of lower tax allowances following the completion of manufacturing investments, as well as a weakening trade environment. Distell's contribution to headline earnings, which includes the investment in Capevin Holdings, amounted to R364 million (2015: R361 million). Distell's results were negatively impacted by a stronger rand, particularly against the British pound, as well as intense competition and pressure on consumers.

Banking

The headline earnings contribution from the banking division amounted to R1 580 million (2015: R1 386 million), representing an increase of 14.0%. Both FirstRand and RMBH reported headline earnings growth of 14.0%. On a normalised basis, which excludes certain non-operational and accounting anomalies, mainly adjustments relating to the share based payment obligation, FirstRand and RMBH reported earnings growth of 6.7% and 6.4% respectively. These increases are mainly due to growth in both net interest income and non-interest revenue from FNB, RMB and WesBank, partly offset by an increase in credit impairment charges.

Healthcare

Mediclinic's contribution to Remgro's headline earnings amounted to R983 million (2015: R787 million). This increase is mainly due to Remgro's increased interest in Mediclinic (42.1% to 44.6%), the inclusion of the results of Al Noor and Spire Healthcare Group plc (Spire) and a strong performance in Switzerland, as well as good organic growth in Southern Africa. The increase is partly offset by the underperforming Middle East business, which was impacted by a number of operational and regulatory factors, including the new insurance co-payment requirements, doctor vacancies and delayed facility openings.

Insurance

RMI Holdings' contribution to headline earnings increased by 8.1% to R492 million. On a normalised basis, RMI Holdings reported an increase of 11.2% in earnings, with OUTsurance and Discovery achieving earnings growth of 24.1% and 2.4% respectively, offset by lower earnings from MMI Holdings (lower by 3.8%). The strong result by OUTsurance was driven by a significant improvement in the cost-to-income ratio, particularly at Youi due to scale benefits and cost efficiencies.

Industrial

Total's contribution to Remgro's headline earnings amounted to R102 million (2015: R51 million). Included in the contribution to headline earnings for the period under review is unfavourable stock revaluations amounting to R28 million (2015: unfavourable stock revaluations of R144 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 33.3% from R195 million to R130 million mainly due to a lower refining margin and lower volumes. Remgro's share of the results of KTH amounted to a profit of R58 million (2015: loss of R260 million). In the comparative period, KTH's results were negatively impacted by unfavourable fair value adjustments relating to its investments in Exxaro Resources Limited and MMI Holdings Limited preference shares. Air Products' and Wispeco's contribution to headline earnings amounted to R151 million and R90 million respectively (2015: R142 million and R54 million), while PGSI contributed R25 million to Remgro's headline earnings (2015: R18 million).

Infrastructure

Grindrod's contribution to Remgro's headline earnings amounted to a loss of R18 million (2015: a profit of R43 million). This loss is mainly the result of the continuation of weak commodity markets and low dry-bulk shipping rates during the period. For the period under review the CIV group contributed R44 million to headline earnings (2015: R35 million). Remgro's share of SEACOM's loss amounted to R18 million (2015: loss of R28 million).

Media and sport

Media and sport primarily consist of the interests in eMedia and various sport interests, including interests in rugby franchises, as well as the Stellenbosch Academy of Sport. eMedia's contribution to Remgro's headline earnings amounted to R33 million (2015: R11 million), mainly due to higher advertising revenue as a result of an improvement in market share. The increase is partly offset by higher business development costs, as well as continued investment into the multi-channel business. Other media and sport interests' contribution to headline earnings amounted to a loss of R58 million (2015: loss of R39 million).

Other investments

The contribution from other investments to headline earnings amounted to R39 million (2015: R31 million), of which Business Partners' contribution was R23 million (2015: R21 million).

Central treasury and other net corporate costs

Finance income amounted to R105 million (2015: R77 million). This increase is mainly due to higher average cash balances as a result of the Remgro rights issue. Finance costs mainly consist of funding costs amounting to R458 million (2015: R91 million) and once-off transaction costs in the comparative period amounting to R128 million, which relate to the Mediclinic rights issue and Al Noor transaction, as well as a positive fair value adjustment for the period under review of R667 million, relating to the decrease in the value of the exchange option of the exchangeable bonds. Other net corporate costs amounted to R75 million (2015: R194 million). The comparative period includes transaction and funding costs amounting to R115 million relating to Remgro's acquisition of Spire. These costs were recouped from Mediclinic as part of the Spire disposal consideration, outside headline earnings.

Earnings

Earnings increased by 56.5% to R5 219 million (2015: R3 334 million). This increase is mainly the result of the positive fair value adjustment relating to the decrease in value of the exchange option of the exchangeable bonds amounting to R667 million, as well as a reversal of impairment of the investment in Grindrod amounting to R724 million.

4. INTRINSIC NET ASSET VALUE

Remgro's intrinsic net asset value per share decreased by 15.9% from R306.44 at 30 June 2016 to R257.79 at 31 December 2016 mainly due to a 38.7% drop in the market value of the Mediclinic investment, as well as the dilutive effect of the rights issue. The closing share price at 31 December 2016 was R223.05 (30 June 2016: R254.66) representing a discount of 13.5% (30 June 2016: 16.9%) to the intrinsic net asset value. Refer to Annexure B for full details.

5. INVESTMENT ACTIVITIES

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

Community Investment Ventures Holdings Proprietary Limited (CIVH)
During September 2016 Remgro subscribed for an additional 12 353 shares in CIVH for a total amount of R329.3 million in terms of a CIVH rights issue. As a result of the share subscription, Remgro's interest in CIVH increased marginally from 50.9% on 30 June 2016 to 51.0% on 31 December 2016.

Invenfin Proprietary Limited (Invenfin)
On 27 July 2016 Remgro (through its wholly owned subsidiary, Invenfin) acquired a 30% stake in Dynamic Commodities Proprietary Limited (Dynamic Commodities) for R80.0 million. Dynamic Commodities is an export-focused company that produces high quality frozen desserts, snacks and value-added "fresh frozen" fruit.

During August 2016, Invenfin also acquired a 30% stake in Joya Brands Proprietary Limited, a sweets manufacturer, for R50.2 million.

Pembani Remgro Infrastructure Fund (PRIF)
On 15 August 2016 PRIF had its final close, which resulted in Remgro receiving a capital distribution of R14.6 million, as well as an income distribution of R3.8 million. During the period under review Remgro also invested a further R5.6 million in PRIF, thereby increasing its cumulative investment to R202.9 million. As at 31 December 2016 the remaining commitment to PRIF amounted to R447.1 million.

Other
Other smaller investments amounted to R152 million.

Events after 31 December 2016
There were no significant transactions subsequent to 31 December 2016.

6. INFORMATION REGARDING UNLISTED INVESTMENTS

Unilever South Africa Holdings Proprietary Limited (Unilever)
Unilever has a 31 December year-end and its results for the six months to 31 December 2016 have been equity accounted in Remgro's results for the period under review. Unilever's contribution to Remgro's headline earnings for the six months under review decreased by 14.3% to R263 million (2015: R307 million). The lower headline earnings contribution was mainly due to a higher effective tax rate resulting from lower tax allowances following the completion of manufacturing investments, as well as a tough competitive environment experienced in this consumer market.

Air Products South Africa Proprietary Limited (Air Products)
Air Products has a September year-end and its results for the six months ended 30 September 2016 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 6.3% to R151 million (2015: R142 million).

Turnover for Air Products' six months ended 30 September 2016 increased by 6.2% to R1 447 million (2015: R1 363 million), while the company's operating profit for the same period increased by 2.3% to R436 million (2015: R426 million).

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

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, services, media, financial services and healthcare sectors.

KTH's contribution to Remgro's headline earnings for the period under review amounted to R58 million (2015: headline loss of R260 million). The increase in earnings was mainly due to KTH's net attributable share of positive fair value adjustments on its equity investment in Exxaro Resources Limited (R320 million), AECI Limited (R64 million) and Aveng Limited (R43 million).

Income from equity accounted investments decreased to R57 million (2015: R245 million) partly due to the disposal of Idwala Holdings Limited, as well as significantly lower contributions from other associates due to the difficult macro-economic conditions.

Net finance costs amounted to R219 million (2015: R209 million).

Total South Africa Proprietary Limited (Total)
Total has a December year-end and its results for the six months to 31 December 2016 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 2016 amounted to R102 million (2015: R51 million).

Total's turnover for the six months ended 31 December 2016 increased by 2.1% to R26 747 million (2015: R26 195 million), mainly due sales to other oil companies that were affected by the transporter strike during the period under review. There was no increase in the wholesale margin during the period.

The results were positively impacted by lower stock revaluation losses of R156 million (2015: loss of R802 million) due to a decrease in the average basic fuel price during the period under review.

NATREF (in which Total has an interest of 36.4%) experienced lower refining margins during the period under review as compared to 2015, due to the impact of a less favourable economic environment and a major planned shutdown during October and November 2016.

PGSI Limited (PGSI)
PGSI's contribution to Remgro's headline earnings for the six months to 31 December 2016 amounted to R25 million (2015: R18 million). PGSI's turnover for the period under review increased from R1 975 million to R2 105 million. The group's normalised operating profit, which excludes the impact of asset impairments, increased from R135 million to R159 million.

The group's main operating subsidiary in South Africa, PG Group, manufactures and supplies glass for the building and automotive industries. In spite of the difficult economic climate, the Group has reported reasonable growth in both industries.

The group has shown positive growth in the building division's results in 2016, driven by market share gains in the domestic market coupled with profitable growth in the "Rest of Africa" markets.

The Group's automotive division has reported significant improvements in 2016 over the prior periods results. This sector has been negatively impacted by the economic climate, with pressure on consumers, lower volumes of claims from the Insurance sector, weak demand in export markets and competition from low priced imported products. The Group responded with a low priced product offering for the local aftermarket called Safevue. New local vehicle sales have been declining for the past ten months, so whilst the company expect to secure some new supply contracts with the Original Equipment Manufacturing assembly operations, PGSI does not foresee significant growth in this area.

Wispeco Holdings Proprietary Limited (Wispeco)
Wispeco's turnover for the six months to 31 December 2016 increased by 9.2% to R1 162 million (2015: R1 064 million). This increase came on the back of slightly higher selling prices as well as higher sales volumes for the period. Headline earnings for the period under review increased to R90 million (2015: R54 million). Sales margins were higher than expected due to volatility in raw material costs, although this situation was recently reversed as world-wide primary aluminium prices rose.

Wispeco continues to drive productivity and cost efficiency improvements through capital investment into leading edge technologies to support the company's future sustainability and growth. Its PDC subsidiary benefitted from growing exports.

Wispeco actively supports the local downstream aluminium fabrication industry through continuous product innovation, best-in-industry lead times and ongoing investment in the development of design software widely used by fabricators and architects. Technical capabilities are nourished to produce ever more challenging products for industrial (non-architectural) markets.

Community Investment Ventures Holdings Proprietary Limited (CIV group)
Remgro has an effective interest of 51.0% in the CIV group, which is active in the telecommunications and information technology (ICT) sector. The key operating company of the group is Dark Fibre Africa Proprietary Limited (DFA), which constructs and owns fibre-optic networks.

The CIV group has a March year-end and therefore its results for the six months ended 30 September 2016 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 R44 million (2015: R35 million) driven by increased revenue and operating performance from DFA.

DFA's revenue for the six months ended 30 September 2016 increased by 38.8% to R734 million (2015: R529 million) mainly as a result of solid growth of 29.0% in annuity revenue. DFA's earnings before interest, tax, depreciation and amortisation for the period under review increased by 42.7% to R495 million. The current book value of the fibre-optic network is in excess of R7.4 billion. DFA has thus far secured a healthy annuity income of R101 million per month, with the majority thereof being on long-term contracts with customers.

DFA owns fibre network rings in Johannesburg, Cape Town, Durban, Midrand, Centurion and Pretoria. The network has been expanded to a further 21 smaller metros, including East London, Polokwane, Tlokwe, Emalahleni, George and Pietermaritzburg, to name a few. At 30 September 2016, a total distance of 9 503km (September 2015: 8 839km) of fibre network had been completed in the major metropolitan areas and on long-haul routes. The network uptime for the period under review was 99.9921%.

The DFA revenue model is flexible to adapt to 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. The future value of the current annuity contract base is in excess of R18 billion.

SEACOM Capital Limited (SEACOM)
Remgro has an effective interest of 30% 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 2016 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 R18 million (2015: loss of R28 million). The decreased loss is mainly due to a change in the estimated useful life of the network assets in 2015 and the resulting normalisation of the depreciation charge in 2016. The change did not have any impact on operating cash flow. In 2016, SEACOM continued its growth strategy in the corporate market under "SEACOM Business".

SEACOM provides high-capacity low-latency international data connectivity services to customers in the form of private data transmission and public IP-based services. These services are generally sold under 12- to 36-month lease contracts and as long-term indefeasible right of use (IRU) contracts, which include upfront cash payment and then annual maintenance charges over the term. Upfront revenue from IRUs is accounted for over the full term of 15 or 20 years.

SEACOM's core sales and revenue streams continue to come from its established base of Service Provider (wholesale) customers that also provide the basis for network scale, cost reductions and service innovation. SEACOM Business provides the platform for future growth and improved profitability as the number and size of corporate customers increases. SEACOM Business added over 1 000 corporate customers in 2016, and has a healthy pipeline to continue to grow sales and revenue in 2017. Simultaneously, SEACOM is working with partners to ensure that connectivity to corporates is done over fibre-optic solutions, allowing for future upgrades as data demand continues to accelerate and cloud-based IT solutions become the norm.

7. TREASURY SHARES

At 30 June 2016, 1 725 393 Remgro ordinary shares (0.4%) were held as treasury shares by a wholly owned subsidiary company of Remgro. As previously reported, these shares were acquired for the purpose of hedging Remgro's share incentive scheme.

During the period under review 134 962 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants who exercised the rights granted to them. Remgro also followed its rights with respect to treasury shares it held when it completed the rights issue during October 2016 and subscribed for 165 787 Remgro ordinary shares for a total amount of R32 million.

At 31 December 2016, 1 756 218 (0.3%) Remgro ordinary shares were held as treasury shares.

DIRECTORATE AND COMPANY SECRETARY

Mrs Mariza Lubbe has been appointed by the Board as executive director on 20 September 2016 and her appointment has been ratified by the Board on 1 December 2016. Following Mrs Lubbe's appointment as a director, she resigned as Remgro's company secretary. Ms Danielle Heynes has been appointed as company secretary in her place with effect from the close of business on 20 September 2016.

Mr Herman Wessels retired as an independent non-executive director on 1 December 2016.

DECLARATION OF CASH DIVIDEND

Declaration of Dividend No. 33
Notice is hereby given that an interim gross dividend of 194 cents (2015: 185 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 2016.

A dividend withholding tax of 20% or 38.8 cents per share will be applicable, resulting in a net dividend of 155.2 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.

Dates of importance:

Last day to trade in order to participate in the dividend	Tuesday, 18 April 2017
Shares trade ex dividend	Wednesday, 19 April 2017
Record date	Friday, 21 April 2017
Payment date	Monday, 24 April 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 19 April 2017, and Friday, 21 April 2017, 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
16 March 2017

DIRECTORATE

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

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

CORPORATE INFORMATION

Secretary
D I Heynes

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,
Rosebank Towers, 15 Biermann Avenue, Rosebank 2196
(PO Box 61051, Marshalltown 2107)

Auditors
PricewaterhouseCoopers Inc.
Stellenbosch

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

Website
www.remgro.com

ANNEXURE A

COMPOSITION OF HEADLINE EARNINGS

R million	Six months ended 31 December 2016	31 December 2015 Restated
Food, liquor and home care		
Unilever	**263**	307
Distell[1]	**364**	361
RCL Foods	**318**	574
Banking		
RMBH	**1 115**	979
FirstRand	**465**	407
Healthcare		
Mediclinic	**983**	787
Insurance		
RMI Holdings	**492**	455
Industrial		
Air Products	**151**	142
KTH	**58**	(260)
Total	**102**	51
PGSI	**25**	18
Wispeco	**90**	54
Infrastructure		
Grindrod	**(18)**	43
CIV group	**44**	35
SEACOM	**(18)**	(28)
Other infrastructure interests	**7**	24
Media and sport		
eMedia	**33**	11
Other media and sport interests	**(58)**	(39)
Other investments	**39**	31
Central treasury		
Finance income	**105**	77
Finance costs[2]	**205**	(219)
Other net corporate costs	**(75)**	(194)
Headline earnings	**4 690**	3 616
Weighted number of shares (million)	**540.5**	524.5
Headline earnings per share (cents)	**867.7**	689.4

Notes

1. Includes the investment in Capevin Holdings Limited.
2. Finance costs include the positive option remeasurement (R667 million) for the period under review and the once-off costs (R128 million) in the comparative period.

ANNEXURE B

COMPOSITION OF INTRINSIC NET ASSET VALUE

R million	31 December 2016 Book value	31 December 2016 Intrinsic value	30 June 2016 Book value Restated	30 June 2016 Intrinsic value
Food, liquor and home care				
Unilever	**3 542**	**10 232**	3 589	10 650
Distell[1]	**3 484**	**9 782**	3 500	10 723
RCL Foods	**7 446**	**8 477**	7 272	9 278
Banking				
RMBH	**13 481**	**26 391**	13 132	22 356
FirstRand	**4 796**	**11 688**	4 652	9 857
Healthcare				
Mediclinic	**31 869**	**42 690**	33 629	69 691
Insurance				
RMI Holdings	**7 050**	**17 897**	7 157	18 526
Industrial				
Air Products	**959**	**4 445**	933	4 241
KTH	**1 754**	**2 576**	1 631	2 723
Total	**1 598**	**1 956**	1 575	1 879
PGSI	**732**	**681**	734	734
Wispeco	**792**	**1 138**	702	1 055
Infrastructure				
Grindrod	**2 329**	**2 329**	1 986	1 986
CIV group	**2 250**	**3 895**	1 871	3 166
SEACOM	**406**	**1 050**	655	1 043
Other infrastructure interests	**483**	**483**	540	540
Media and sport				
eMedia	**1 142**	**1 573**	1 116	1 342
Other media and sport interests	**341**	**341**	328	328
Other investments	**3 886**	**3 869**	3 737	3 717
Central treasury				
Cash at the centre[2]	**12 293**	**12 293**	3 778	3 778
Debt at the centre	**(13 826)**	**(13 826)**	(16 452)	(16 452)
Other net corporate assets	**2 551**	**2 909**	2 779	3 149
Net asset value (NAV)	**89 358**	**152 869**	78 844	164 310
Potential CGT liability[3]		**(6 828)**		(6 526)
NAV after tax	**89 358**	**146 041**	78 844	157 784
Issued shares after deduction of shares repurchased (million)	**566.5**	**566.5**	514.9	514.9
NAV after tax per share (Rand)	**157.73**	**257.79**	153.13	306.44
Remgro share price (Rand)		**223.05**		254.66
Percentage discount to NAV		**13.5**		16.9

Notes

1. Includes the investment in Capevin Holdings Limited.
2. Cash at the centre excludes cash held by subsidiaries that are separately valued above (mainly RCL Foods and Wispeco).
3. The potential capital gains tax (CGT) liability is calculated on the specific identification method using the most favourable calculation for investments acquired before 1 October 2001 and also taking into account the corporate relief provisions. Deferred CGT on investments "available-for-sale" is included in "other net corporate assets" above.
4. For purposes of determining the intrinsic net asset value, the unlisted investments are shown at directors' valuation and the listed investments are shown at stock exchange prices.