

INTERIM REPORT
UNAUDITED RESULTS
FOR THE SIX MONTHS ENDED
31 DECEMBER 2020

AND CASH DIVIDEND DECLARATION

SALIENT FEATURES

Headline earnings per share from continuing operations	down by 52.7%
Total headline earnings per share	down by 67.1%
Interim dividend per share	30 cents
Intrinsic net asset value per share	R161.98

Remgro
Limited

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

CONTENTS

INTRODUCTION	2
GROUP FINANCIAL REVIEW	3
CHANGES TO DIRECTORATE	10
DECLARATION OF CASH DIVIDEND	11
COMPOSITION OF TOTAL HEADLINE EARNINGS	12
COMPOSITION OF INTRINSIC NET ASSET VALUE	13
GROUP FINANCIAL STATEMENTS	14
INFORMATION ON UNLISTED INVESTMENTS	26
DIRECTORATE	30
CORPORATE INFORMATION	30

INTRODUCTION

COVID-19

The second wave of Covid-19 in the second half of 2020 hit South Africa harder than expected, bringing with it a new variant with higher infection rates and greater severity of symptoms. This led to the imposition of further lockdown measures in order to slow down the spread of the disease and ease pressure on the healthcare system. All this has had a devastating effect on millions of South Africans with lives and livelihoods being lost, household finances decimated and many going hungry in large parts of the country. The pandemic has led to the worst unemployment crisis in modern time and consequently, as lives are inevitably linked to livelihoods, a humanitarian disaster.

Managing within this crisis continues to be Remgro and its investee companies' single biggest priority. Remgro's focus is on the factors within its control, the health and well-being of its people, ensuring that its investments have the most robust financial positions to support business continuity and ensuring that the underlying investee companies that are in a position to offer help to the country, are empowered to do so.

Whilst the pandemic and lockdown measures have had a widespread direct and indirect impact on most of Remgro's underlying investee companies, its portfolio has shown resilience and has given it confidence that it is well positioned to weather this storm and overcome the unique challenges that this crisis presents.

As a response to the call for the support of all social partners in finding effective solutions for a vaccination programme, Remgro, together with its investee companies in the medical and logistics sectors have been actively assisting Government in its efforts to urgently establish and execute an effective vaccination programme for all South Africans.

RESULTS IN CONTEXT

The results for the six months to 31 December 2020 are not directly comparable with the six months to 31 December 2019, related to a pre-Covid-19 period. Headline earnings for the period under review was significantly affected by the decreased contribution of Mediclinic International plc (Mediclinic) (down by 80.2%), which includes the full impact of the Covid-19-related lockdown measures on its results for the six months to 30 September 2020. Furthermore, due to the accounting reclassification of FirstRand Limited (FirstRand) from an equity accounted investment to an investment at fair value through other comprehensive income, no earnings from FirstRand were accounted for in the period under review, whereas R548 million was included in the comparative period. As a result of the Covid-19 pandemic, FirstRand did not pay any dividends during the period under review. Excluding Mediclinic and FirstRand, the rest of Remgro's investment portfolio had a resilient performance during the Covid-19 pandemic with their contribution to Remgro's headline earnings decreasing by only 7.7%.

INTRODUCTION (continued)

GROUP PROFILE

Originally established in the 1940s by the late Dr Anton Rupert, Remgro's investment portfolio has evolved substantially and currently includes investee companies across nine platforms. The Company is listed on the Johannesburg Stock Exchange (JSE), operated by the JSE Limited in South Africa under the "Financials – Financial Services – Investment Banking and Brokerage Services – Diversified Financial Services" sector, with the share code "REM". Remgro's interests consist mainly of investments in the healthcare, consumer products, financial services, infrastructure, industrial and media industries. Remgro's most significant investments are Mediclinic (44.6% interest), Rand Merchant Investment Holdings Limited (RMI) (30.6% interest), Community Investment Ventures Holdings Proprietary Limited (CIVH) (54.7% interest), FirstRand (4.0% interest), Distell Group Holdings Limited (Distell) (31.8% interest), RCL Foods Limited (RCL Foods) (80.4% interest), Siqalo Foods Proprietary Limited (Siqalo Foods) (100.0% interest), Air Products South Africa Proprietary Limited (Air Products) (50.0% interest), Total South Africa Proprietary Limited (Total) (24.9% interest) and Kagiso Tiso Holdings Proprietary Limited (KTH) (43.0% interest). These investments contribute approximately 88% to Remgro's intrinsic net asset value (INAV after tax).

GROUP REPORTING

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

From time to time, corporate actions may lead to significant items being recognised in the income statement that may not be excluded from the calculation of headline earnings. In these instances, the Group may elect to disclose alternative earnings measures excluding these items in order to promote comparability between reporting periods.

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

GROUP FINANCIAL REVIEW

SALIENT FEATURES

	31 Dec 2020	% Change	31 Dec 2019
Total headline earnings (R million)	1 398	(67.0)	4 242
- per share (cents)	247.4	(67.1)	750.9
Headline earnings from continuing operations (R million)	1 398	(52.6)	2 952
- per share (cents)	247.4	(52.7)	522.5
Ordinary interim dividends per share (cents)	30	(86.0)	215
	31 Dec 2020	% Change	30 Jun 2020
Intrinsic net asset value per share (R)	161.98	4.9	154.47
Remgro share price (R)	96.20	(3.7)	99.90
Percentage discount to intrinsic net asset value (%)	40.6		35.3

COMPARISON WITH PRIOR PERIOD

RMB Holdings Limited (RMH) and FirstRand

During June 2020 Remgro unbundled its 28.2% interest in RMH (RMH Unbundling) and, consequently, the investment in RMH was treated as a discontinued operation for the year ended 30 June 2020. For the period under review, earnings and headline earnings measures are presented for continuing operations and discontinued operations and, accordingly, discontinued operations for the comparative six months to 31 December 2019 include the equity accounted income of RMH.

GROUP FINANCIAL REVIEW (continued)

COMPARISON WITH PRIOR PERIOD (continued)

It should also be noted that with effect from 8 June 2020, Remgro ceased to have significant influence over FirstRand due to, amongst other factors, the RMH Unbundling and therefore the investment was reclassified from an equity accounted investment to an investment at fair value through other comprehensive income (FirstRand Reclassification). For the comparative six months to 31 December 2019 the investment in FirstRand was equity accounted whereas, from the date of the FirstRand Reclassification, only dividend income will be accounted for FirstRand in the income statement. No dividends were received from FirstRand during the period under review (2019: cash dividends of R334 million).

Reporting platforms

Each significant investment is classified as an operating segment. Operating segments are presented in platforms. Platforms consist of investments with similar economic characteristics. In an attempt to more accurately classify Remgro's investments, the platforms under which the results of investee companies are being reported were changed and certain investments reallocated in line with internal reporting to enhance stakeholder communication. The *Media and sport* and *Other investments* platforms that were reported under up to the 2020 financial year, were replaced by the following new platforms:

- *Media* (consisting mainly of eMedia Investments Proprietary Limited (eMedia Investments));
- *Portfolio investments* (non-strategic investments consisting mainly of FirstRand and British American Tobacco plc (BAT));
- *Diversified investment vehicles* (entities whose main business is to make investments consisting mainly of KTH, the Chinese funds, Invenfin Proprietary Limited (Invenfin) and Pembani Remgro Infrastructure Fund (PRIF)); and
- *Social impact investments* (consisting mainly of the Blue Bulls rugby franchise and Stellenbosch Academy of Sport Proprietary Limited (SAS)).

Comparative figures have been presented accordingly.

HEADLINE EARNINGS

Overview

For the period under review, total headline earnings decreased by 67.0% from R4 242 million to R1 398 million, while total headline earnings per share (HEPS) decreased by 67.1% from 750.9 cents to 247.4 cents. Headline earnings from continuing operations decreased by 52.6% from R2 952 million to R1 398 million, while HEPS from continuing operations decreased by 52.7% from 522.5 cents to 247.4 cents.

The decrease in headline earnings from continuing operations is mainly due to lower contributions by Mediclinic and FirstRand as well as lower interest income, due to the 300 basis points reduction in interest rates since January 2020.

GROUP FINANCIAL REVIEW (continued)

Contribution to headline earnings by reporting platform

R million	Six months ended		Year ended	
	31 Dec 2020	% Change	31 Dec 2019	30 June 2020
Healthcare	170	(80.2)	858	1 655
Consumer products	1 018	4.2	977	545
Financial services	506	(4.2)	528	624
Infrastructure	(218)	(28.2)	(170)	(716)
Industrial	385	(0.3)	386	267
Diversified investment vehicles	(12)	(116.0)	75	(255)
Media	10	(77.8)	45	78
Portfolio investments	42	(92.7)	573	695
Social impact investments	(14)	-	-	19
Central treasury				
- finance income	114	(58.7)	276	479
- finance costs	(483)	(1.0)	(478)	(951)
- option remeasurement	-	(100.0)	1	2
Other net corporate costs	(120)	(0.8)	(119)	(705)
Headline earnings from continuing operations	1 398	(52.6)	2 952	1 737
Discontinued operations	-	(100.0)	1 290	1 430
Total headline earnings	1 398	(67.0)	4 242	3 167

Refer to pages 12 and 13 for the segmental information.

Commentary on reporting platforms' performance

Healthcare

Mediclinic's contribution to Remgro's headline earnings amounted to R170 million (2019: R858 million), representing a decrease of 80.2%. Mediclinic uses adjusted earnings, which removes volatility associated with certain types of exceptional income and charges, in evaluating performance and as a method to provide its shareholders with clear and consistent reporting. The main difference between adjusted earnings and headline earnings related to a tax credit in the comparative period of £32 million in respect of a reduction in Swiss statutory tax rates. Remgro's portion of Mediclinic's adjusted earnings amounted to R160 million (2019: R597 million), representing a decrease of 73.2%.

Mediclinic's revenue and profitability were significantly impacted in April 2020 by the sudden onset of Covid-19-related lockdown measures. From May 2020 onwards, the moderation of restrictions resulted in a strong rebound in operating performance in Switzerland and the Middle East. During the summer months, the Middle East and, to a lesser extent Hirslanden, benefited from counter-seasonal trends from imposed travel restrictions and delayed procedures during the lockdown period. Southern Africa experienced a more gradual recovery through the initial peak of the Covid-19 pandemic.

In British pound terms, Mediclinic reported a decrease in adjusted earnings of 76.7%, reflecting the weakening of the average SA rand exchange rate against the British pound. This decrease is mainly due to the sudden revenue decline (down 7%) exacerbated by the mostly fixed employee cost base, depreciation and amortisation, as well as salary increases to nursing employees, staffing requirements due to isolation and quarantine regulations and an increase in demand for critical care employees. Within consumable and supply costs, the use and cost of PPE surged during the initial peak of the pandemic before stabilising. Incremental Covid-19-related expenses amounted to £17 million.

Remgro equity accounted the results of Mediclinic for its six months to 30 September 2020. On 22 January 2021 Mediclinic reported an increase of 2.5% in revenue for its third quarter to 31 December 2020, mainly due to unseasonably high inpatient activity in December 2020 in Southern Africa and the Middle East. During this period, Mediclinic continued to adapt and address the operational challenges posed by the more severe wave of the pandemic. Mediclinic is working with health authorities to support government-led Covid-19 vaccination programmes at the Hirslanden and the Middle East facilities.

GROUP FINANCIAL REVIEW (continued)

Consumer products

The contribution from consumer products to Remgro's headline earnings amounted to R1 018 million (2019: R977 million), representing an increase of 4.2%.

RCL Foods' contribution to Remgro's headline earnings increased by 14.5% to R411 million (2019: R359 million). RCL Foods discloses underlying headline earnings, adjusted for Covid-19 direct costs incurred and IFRS 9 fair value adjustments relating to commodity contracts entered into as part of the raw material procurement strategy, to provide its shareholders with a "like for like" comparison of the results. Covid-19 specific costs for the period amounted to R120 million. RCL Foods reported an increase in underlying headline earnings of 30.6%, mainly due to improved results from the Sugar, Baking and Vector Logistic business units. Sugar's improved performance was driven by higher sugar sales volumes, increased prices and a successful shift in sales mix towards higher-priced local market sales. Sugar imports remained substantially below the comparative period, which supported a healthier supply-demand balance. Baking delivered a substantial improvement, underpinned by strong demand and a turnaround at the Gauteng bakeries. Vector Logistics generated pleasing revenue and underlying EBITDA growth despite the continued impact of Covid-19. Chicken delivered a disappointing result due to poor COBB genetics at a grandparent level, which have manifested in sub-standard egg production numbers as well as poor hatchability at a parent level.

Distell's contribution to headline earnings amounted to R428 million (2019: R384 million), representing an increase of 11.5%. Distell discloses normalised earnings, adjusted for abnormal transactions and currency movements, to indicate its businesses' performance. These abnormal transactions included retrenchment and restructuring costs. Distell reported an increase in normalised earnings of 24.0%, mainly due to an increase of 3.8% in revenue to R15.4 billion on 0.8% higher volumes and the containment of operating costs, which rose by 3.2%, in line with inflation. Although 41 trading days were lost due to the second and third sale of alcohol bans, domestic revenue decreased by only 0.5%, while volumes declined by 1.4%. Revenue in the African markets, outside South Africa, increased by 12.7%, while volumes increased by 11.7% and in the international markets outside Africa revenue increased by 15.4%, while volumes declined by 9.1% due to the cessation of sales of less profitable wine brands, bulk whisky and the exit of the RTD business. In addition to Distell's contribution, Remgro also accounted for amortisation and depreciation charges of R23 million (2019: R23 million) relating to the additional assets identified when Remgro obtained control over Distell on 11 May 2018.

The headline earnings contribution from Siquo Foods amounted to R242 million (2019: R297 million), representing a decrease of 18.5%. In terms of the transition agreement with Unilever, Siquo Foods received an after tax finalisation amount of R31 million from Unilever in the comparative period. Excluding the finalisation amount, Siquo Foods' contribution to headline earnings decreased from R266 million to R242 million (or 9.0%). This decrease is mainly due to lower interest income, resulting from lower interest rates and a lower average cash balance due to dividends paid, partly offset by a 6.2% increase in volumes and a 5% increase in operational EBITDA. In addition to Siquo Foods' contribution, Remgro also accounted for amortisation and depreciation charges of R40 million (2019: R40 million) relating to the additional assets identified when Remgro obtained control over Siquo Foods on 2 July 2018.

Financial services

The contribution from financial services to Remgro's headline earnings amounted to R506 million (2019: R528 million), representing a decrease of 4.2%.

RMI's contribution to Remgro's headline earnings decreased by 3.2% to R488 million (2019: R504 million). On a normalised basis, which excludes certain anomalies, RMI reported an increase of 10.5% in earnings. This increase is driven by an increase in OUTsurance Holdings Limited's (OUTsurance) earnings (up by 22.9%) and lower funding costs, due to the decrease in the prime lending rate, partly offset by a decrease in Momentum Metropolitan Holdings Limited's (Momentum Metropolitan) earnings (down by 42.9%).

Excluding OUTsurance's share in Hastings Group Holdings plc (Hastings), OUTsurance's earnings increased by 22.5% mainly due to lower claims frequencies coupled with reduced natural peril losses in Australia and South Africa, as well as a significant increase in investment income as equity markets recovered, despite the lower interest rate environment. The decrease in Momentum Metropolitan's earnings is mainly due to an additional Covid-19 provision relating to *inter alia*, potential increased mortality claims, increases in terminations and business interruption claims. Despite the Covid-19 provision, Momentum Metropolitan delivered good operating results and new business growth. The earnings of Discovery Holdings Limited decreased by 1.2%, whereas the earnings of Hastings increased by 9.4%.

GROUP FINANCIAL REVIEW (continued)

Financial services (continued)

Business Partners' contribution to Remgro's headline earnings decreased by 25.0% to R18 million (2019: R24 million). This decrease is mainly due to lower net interest income, resulting from the decrease in the prime interest rate, and lower property revenue, resulting from rental relief provided to clients as well as a marked increase in vacancy rates.

Infrastructure

CIVH's contribution to Remgro's headline earnings amounted to a loss of R209 million (2019: a loss of R197 million). Dark Fibre Africa Proprietary Limited's (DFA) revenue remained flat at R1 188 million (2019: R1 190 million). The annuity income increased to R187 million per month at 30 September 2020 (30 September 2019: R174 million per month), which was offset by lower construction services revenue and reduced income from network assets transferred to Vumatel Proprietary Limited (Vumatel) at the end of the comparative period. Vumatel's revenue increased by 43% to R1 092 million, driven by accumulated subscriber uptake growth and the acquisition of additional networks from a DFA subsidiary. Covid-19 accelerated the requirements for data and in turn assisted in the performance of the FTTH business.

Grindrod Limited's (Grindrod) and SEACOM Capital Limited's (SEACOM) contributions to Remgro's headline earnings amounted to R15 million and R35 million (2019: R41 million and R9 million), respectively, while other infrastructure investments include Grindrod Shipping Holdings Limited's (Grindrod Shipping) contribution, which amounted to a loss of R58 million (2019: a loss of R22 million). The increased loss from Grindrod Shipping is mainly due to a decrease in drybulk spot rates, which were affected by lower drybulk demand resulting from the Covid-19 pandemic.

Industrial

Air Products' contribution to Remgro's headline earnings decreased by 10.0% to R153 million (2019: R170 million). This decrease is mainly due to difficult trading conditions, largely due to the impact of Covid-19, with depressed demand in most sectors of the business.

Total's contribution to Remgro's headline earnings decreased by 41.0% to R98 million (2019: R166 million). Included in the contribution to headline earnings for the period under review are favourable stock revaluations amounting to R36 million (2019: R3 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 62.0% from R163 million to R62 million. This decrease is mainly due to the impact of the Covid-19 lockdown, which resulted in a significant drop in volumes, as well as a decrease in the basic fuel price and negative refining margins experienced by Natref.

Wispeco Holdings Proprietary Limited's (Wispeco) contribution to Remgro's headline earnings increased by 120.9% to R148 million (2019: R67 million) mainly due to higher sales volumes. Wispeco benefitted from a reduction in the Southern African extrusion capacity and lower extrusion imports that were impeded by Covid-19 restrictions.

Other industrial investments consist of PGSI Limited's (PGSI) contribution to Remgro's headline earnings, which amounted to a loss of R14 million (2019: a loss of R17 million).

Diversified investment vehicles

KTH's contribution to headline earnings amounted to R11 million (2019: R102 million). The decrease in KTH's headline earnings was mainly driven by lower equity accounted income from its investments in Fidelity Bank (Ghana) Limited (due to its disposal) and Momentum Metropolitan, negative fair value adjustments from its investments in Actom Investment Holdings Proprietary Limited and Momentum Metropolitan and decreased revenue from Kagiso Media Proprietary Limited (Kagiso Media) due to the impact of Covid-19.

The contribution from other diversified investment vehicles to headline earnings amounted to a loss of R23 million (2019: loss of R27 million). This loss mainly relates to the equity accounted loss of Bos Brands Proprietary Limited (Bos Brands) amounting to R53 million (2019: a loss of R41 million).

GROUP FINANCIAL REVIEW (continued)

Media

eMedia Investments' contribution to Remgro's headline earnings decreased to R7 million (2019: R36 million). This decrease is mainly due to lower advertising revenue, being the major source of revenue for eMedia Investments. Both television and radio advertising revenue have been severely impacted by the various lockdowns both internationally and locally. Year-on-year the television advertising market has shown a decrease in excess of 30% while eMedia Investments' advertising revenue decreased by only 20%. Advertising revenue has begun to show a resurgence and eMedia Investments is confident that the worst impact on revenue through Covid-19 has already been absorbed. The overall market share for the eMedia Group in prime time as at December 2020 amounted to 29.6% up from 24.7% a year ago, an increase of 19.8%.

Portfolio investments

The contribution from portfolio investments to headline earnings amounted to R42 million (2019: R573 million). This decrease is mainly due to no dividends received from FirstRand, as opposed to equity accounted earnings of R548 million in the comparative period. The period under review includes the dividends received from BAT and Reinet Investments SCA amounting to R42 million (2019: R25 million).

Social impact investments

Social impact investments primarily consist of various sport interests, including an interest in the Blue Bulls rugby franchise and SAS.

Central treasury and other net corporate costs

Finance income amounted to R114 million (2019: R276 million). This decrease is mainly due to lower local interest earned, resulting from the 300 basis points reduction in the South African repo rate, announced since January 2020, as well as a lower local average cash balance.

Finance costs amounted to R483 million (2019: R478 million), while other net corporate costs amounted to R120 million (2019: R119 million).

EARNINGS

Total earnings decreased by 71.1% to R1 250 million (2019: R4 329 million), mainly due to the decrease in the headline earnings from continuing operations discussed above (down by R1 554 million) and the equity accounted earnings of RMH in the comparative period amounting to R1 322 million.

INTRINSIC NET ASSET VALUE

Remgro's intrinsic net asset value per share increased by 4.9% from R154.47 at 30 June 2020 to R161.98 at 31 December 2020. The closing share price at 31 December 2020 was R96.20 (30 June 2020: R99.90) representing a discount of 40.6% (30 June 2020: 35.3%) to the intrinsic net asset value. Refer to page 13 for full details.

INVESTMENT ACTIVITIES

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

RCL Foods

During the period under review Remgro acquired a further 28 940 412 RCL Foods shares for a total amount of R234 million. At 31 December 2020 Remgro's effective interest in RCL Foods was 80.4% (30 June 2020: 77.1%).

Milestone China Funds

As at 31 December 2020 Remgro's total investment in Milestone China Opportunities Fund III (Milestone III) amounted to \$100 million. During September 2020 Remgro received a distribution of \$12 million from Milestone III, thereby increasing its cumulative distributions received to \$83 million. As at 31 December 2020 the fair value of Remgro's investment in Milestone III amounted to \$65 million.

GROUP FINANCIAL REVIEW (continued)

INVESTMENT ACTIVITIES (continued)

PRIF

During the period under review Remgro invested a further R43 million in PRIF and received distributions of R6 million, thereby increasing its cumulative investment to R415 million and cumulative distributions received to R263 million. As at 31 December 2020 the fair value of Remgro's investment in PRIF amounted to R359 million and remaining commitment to PRIF amounted to R235 million.

Subsequent to 31 December 2020 Remgro invested a further R46 million in PRIF and received distributions of R74 million.

KTH

During November 2020 Tiso Blackstar Group Proprietary Limited exited its 20.0% investment in KTH through multiple inter-connected steps, which increased Remgro's interest in KTH to 43.0% (30 June 2020: 36.3%).

Other

Other smaller investments amounted to R178 million.

Events after 31 December 2020

CIVH

On 20 January 2021, Remgro subscribed for an additional 54 738 shares in CIVH for a total amount of R1 636 million in terms of a CIVH rights issue. The rights issue proceeds were mainly used to reduce the CIVH group's debt and to unlock capital expenditure facilities for further growth. As a result of the share subscription, Remgro's interest in CIVH increased marginally to 55.2% (31 December 2020: 54.7%).

Asia Partners I LP (Asia Partners)

During the period under review, Remgro committed to invest \$25 million in Asia Partners. Asia Partners had an initial target fund size of \$300 million and makes private equity and private equity-related investments in technology or technology-enabled companies focused primarily on the Southeast Asia region. On 3 February 2021, Remgro invested \$10 million, which included \$1 million relating to fund closing costs, leaving the remaining commitment to Asia Partners at \$16 million. On 3 March 2021, Asia Partners announced its final close at \$384 million in commitments.

Distell

On 28 December 2020, the South African government announced an immediate further ban on the sale of alcohol as part of measures to curb the further spread of Covid-19. The ban was lifted from 2 February 2021. Distell was still allowed to manufacture products in South Africa and to continue with its normal export activities during the ban. Other major territories in which Distell operates have not been impacted to this extent and Distell was able to trade mostly normally in line with general economic constraints in the various territories. Distell has evaluated the adverse consequences of the alcohol ban on its liquidity forecast and concluded that it remains a going concern.

Other than the above-mentioned events, there were no other significant events subsequent to 31 December 2020.

FINANCING ACTIVITIES

During the 2016 financial year, Remgro issued exchangeable bonds (through its wholly owned subsidiary, Remgro Jersey GBP Limited) amounting to £350.0 million. The exchangeable bonds had a tenure of five years and a fixed coupon rate of 2.625%, payable semi-annually. The exchangeable bonds were exchangeable into approximately 30.9 million Mediclinic shares and/or cash, and the exchange price for the bonds was £11.3086 per Mediclinic share, representing a 30% premium to the weighted average price on the London Stock Exchange (LSE) between launch and pricing of the bond offering. Upon exchange or redemption of the bonds, Remgro had the discretionary right to deliver an amount in cash or shares or a combination of cash and shares. The bonds were included for trading on the open market (Freiverkehr) segment of the Frankfurt Stock Exchange on 23 March 2016. On 22 March 2021, Remgro redeemed the exchangeable bonds in cash.

GROUP FINANCIAL REVIEW (continued)

TREASURY SHARES

At 30 June 2020, 3 297 213 Remgro ordinary shares (0.6%) were held as treasury shares by a wholly owned subsidiary of Remgro. As previously reported, these shares were acquired for the purpose of hedging Remgro's share incentive schemes.

During the period under review, 11 829 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants.

At 31 December 2020, 3 285 384 Remgro ordinary shares (0.6%) were held as treasury shares.

CASH RESOURCES AT THE CENTRE

The Company's cash resources at 31 December 2020 were as follows:

R million	31 December 2020			30 June 2020
	Local	Offshore	Total	
Per consolidated statement of financial position	4 855	10 826	15 681	15 631
Investment in money market funds	5 745	-	5 745	4 945
Less: Cash of operating subsidiaries	(3 633)	(1 293)	(4 926)	(3 503)
Cash at the centre	6 967	9 533	16 500	17 073

On 31 December 2020, approximately 27% (R4 470 million) of the available cash at the centre was invested in money market funds which are not classified as cash and cash equivalents on the statement of financial position.

CHANGES TO DIRECTORATE

The following changes were effective 30 November 2020:

- Ms S E N De Bruyn was appointed as member of the Remuneration and Nomination Committee;
- Mr P K Harris retired as independent non-executive director from the Board;
- Mr J Malherbe resigned as co-deputy Chairman; and
- Mr K M S Rantloane was appointed as an independent non-executive director of the Board and member of the Investment Committee, which director's appointment will in terms of the Company's Memorandum of Incorporation have to be confirmed by the shareholders at the next Annual General Meeting.

The Board wishes to thank Mr P K Harris for his valuable contributions over many years.

DECLARATION OF CASH DIVIDEND

Declaration of Dividend No. 41

Notice is hereby given that an interim gross dividend of 30 cents (2019: 215 cents) per share has been declared out of income reserves in respect of both the ordinary shares of no par value and the unlisted B ordinary shares of no par value, for the six months ended 31 December 2020. The interim dividend was adjusted downwards to take into account the RMH Unbundling and the impact of the Covid-19 pandemic.

A dividend withholding tax of 20% or 6 cents per share will be applicable, resulting in a net dividend of 24 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, 20 April 2021
Shares trade ex dividend	Wednesday, 21 April 2021
Record date	Friday, 23 April 2021
Payment date	Monday, 26 April 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 21 April 2021, and Friday, 23 April 2021, both days inclusive.

In terms of the Company's Memorandum of Incorporation, dividends will only be transferred electronically to the bank accounts of shareholders. 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
Approved by the Board: 24 March 2021
SENS release date: 25 March 2021

COMPOSITION OF TOTAL HEADLINE EARNINGS¹

R million	Six months ended 31 December 2020	% Change	Six months ended 31 December 2019
Healthcare			
Mediclinic	170	(80.2)	858
Consumer products			
RCL Foods	411	14.5	359
Distell	428	11.5	384
- entity contribution	(23)	-	(23)
- IFRS 3 charge ²			
Siqalo Foods	242	(18.5)	297
- entity contribution	(40)	-	(40)
- IFRS 3 charge ²			
Financial services			
RMI	488	(3.2)	504
Business Partners	18	(25.0)	24
Infrastructure			
CIVH	(209)	(6.1)	(197)
Grindrod	15	(63.4)	41
SEACOM	35	288.9	9
Other infrastructure investments	(59)	(156.5)	(23)
Industrial			
Air Products	153	(10.0)	170
Total	98	(41.0)	166
Wispeco	148	120.9	67
Other industrial investments	(14)	17.6	(17)
Diversified investment vehicles			
KTH	11	(89.2)	102
Other diversified investment vehicles	(23)	14.8	(27)
Media			
eMedia Investments	7	(80.6)	36
Other media investments	3	(66.7)	9
Portfolio investments			
FirstRand	-	(100.0)	548
Other portfolio investments	42	68.0	25
Social impact investments	(14)	-	-
Central treasury			
Finance income	114	(58.7)	276
Finance costs	(483)	(1.0)	(478)
Option remeasurement	-	(100.0)	1
Other net corporate costs	(120)	(0.8)	(119)
Headline earnings from continuing operations	1 398	(52.6)	2 952
Discontinued operations	-	(100.0)	1 290
Total headline earnings	1 398	(67.0)	4 242
Weighted number of shares (million)	565.0	-	565.0
Total headline earnings per share (cents)	247.4	(67.1)	750.9

1. Refer to the change in reporting platforms on page 4.

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

COMPOSITION OF INTRINSIC NET ASSET VALUE¹

R million	31 December 2020		30 June 2020	
	Book value	Intrinsic value ²	Book value	Intrinsic value ²
Healthcare				
Mediclinic ³	25 518	18 678	27 443	18 769
Consumer products				
RCL Foods ³	7 980	6 034	7 189	6 029
Distell ³	7 453	6 639	7 128	5 330
Siqalo Foods	6 159	6 439	6 285	6 145
Financial services				
RMI	9 959	15 046	9 736	13 708
Business Partners ³	1 276	1 257	1 244	1 232
Infrastructure				
CIVH	3 780	10 326	4 458	10 584
Grindrod	482	875	532	532
SEACOM	50	874	8	909
Other infrastructure investments	34	254	226	226
Industrial				
Air Products	1 144	4 107	1 264	3 979
Total	2 050	2 427	2 029	2 515
Wispeco	1 135	1 145	1 008	810
Other industrial investments	181	314	205	309
Diversified investment vehicles				
KTH	1 540	1 890	1 601	1 961
Milestone III	958	958	1 251	1 251
Prescient China Equity Fund	1 189	1 189	1 156	1 156
Other diversified investment vehicles	1 159	1 113	1 050	1 107
Media				
eMedia Investments ³	803	736	805	947
Other media investments	59	67	41	41
Portfolio investments				
FirstRand ⁴	9 027	9 027	7 068	7 068
Other portfolio investments	652	652	782	782
Social impact investments	318	318	331	331
Central treasury				
Cash at the centre ⁵	16 500	16 500	17 073	17 073
Debt at the centre	(14 866)	(14 866)	(15 288)	(15 288)
Other net corporate assets	2 197	2 859	2 148	2 817
Intrinsic net asset value (INAV)	86 737	94 858	86 773	90 323
Potential CGT liability⁶		(3 340)		(3 050)
INAV after tax	86 737	91 518	86 773	87 273
Issued shares after deduction of shares repurchased (million)	565.0	565.0	565.0	565.0
INAV after tax per share (Rand)	153.52	161.98	153.59	154.47
Remgro share price (Rand)		96.20		99.90
Percentage discount to INAV		40.6		35.3

1. Refer to the change in reporting platforms on page 4.

2. For purposes of determining the intrinsic net asset value, the unlisted investments are shown at IFRS 13: Fair value measurement valuations and the listed investments are shown at closing stock exchange prices.

3. Remgro determined the recoverable amounts for Mediclinic, RCL Foods, Distell, Business Partners and eMedia Investments which are in excess of the investments' carrying values.

4. The intrinsic value for FirstRand includes the investment at market value less deferred capital gains tax (CGT) on the investment, as well as the after tax zero cost collar hedge on 60 000 000 FirstRand shares amounting to a liability of R334 million (30 June 2020: an asset of R78 million).

5. Cash at the centre excludes cash held by subsidiaries that are separately valued above (mainly RCL Foods, Distell, Siqalo Foods and Wispeco).

6. The potential 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. In addition to FirstRand, the deferred CGT on other investments at fair value through other comprehensive income is included in the investee line item above.

GROUP FINANCIAL STATEMENTS

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R million	31 December 2020	31 December 2019	30 June 2020
ASSETS			
Non-current assets			
Property, plant and equipment	16 777	17 196	16 845
Investment properties	117	117	109
Intangible assets	20 759	23 854	21 067
Investments - Equity accounted	48 927	74 818	50 991
- Financial assets at fair value through other comprehensive income (FVOCI) ¹	15 236	3 406	12 505
Financial assets at fair value through profit and loss (FVPL)	137	153	309
Hedge derivatives	-	-	101
Retirement benefits	995	783	868
Long-term loans and debtors	163	293	181
Deferred taxation	198	199	190
	103 309	120 819	103 166
Current assets			
Inventories	12 184	11 889	12 032
Biological agricultural assets	815	744	805
Debtors and short-term loans	12 867	12 294	9 958
Financial assets at FVPL	192	157	11
Taxation	94	107	258
Investment in money market funds	5 745	5 095	4 945
Cash and cash equivalents	15 681	13 933	15 631
	47 578	44 219	43 640
Assets held for sale	98	1	293
Total assets	150 985	165 039	147 099
EQUITY AND LIABILITIES			
Stated capital	13 416	13 416	13 416
Reserves	73 883	92 620	73 921
Treasury shares	(562)	(565)	(564)
Shareholders' equity	86 737	105 471	86 773
Non-controlling interest	15 072	15 554	14 670
Total equity	101 809	121 025	101 443
Non-current liabilities			
Retirement benefits	152	196	141
Long-term loans	15 296	21 307	15 167
Lease liabilities	1 621	1 830	1 725
Deferred taxation	6 710	5 698	6 106
Hedge derivatives	430	-	-
Financial liability at FVPL	-	1	-
Current liabilities	24 967	14 982	22 517
Trade and other payables	15 600	13 050	11 616
Short-term loans ²	8 492	1 289	10 158
Lease liabilities	315	236	310
Financial liabilities at FVPL	225	63	279
Taxation	335	344	154
Total equity and liabilities	150 985	165 039	147 099
Net asset value per share (Rand)³			
- At book value	153.52	R186.69	R153.59
- At intrinsic value	161.98	R240.93	R154.47

1. With effect from 8 June 2020 Remgro ceased to have significant influence over FirstRand, due to among others the RMH Unbundling, and the investment was reclassified from an equity accounted investment to an investment at FVOCI.
2. As the exchangeable bonds of £350 million has a maturity date of 22 March 2021, they were classified as short-term loans during the 2020 financial year.
3. Decrease subsequent to 31 December 2019 reflects the RMH Unbundling and negative impact of Covid-19 on market values (listeds) and fair values (unlisteds) of underlying investee companies.

GROUP FINANCIAL STATEMENTS (continued)

SUMMARY CONSOLIDATED INCOME STATEMENT

R million	Six months ended		Year ended
	31 December 2020	31 December 2019	30 June 2020
CONTINUING OPERATIONS			
Revenue	34 060	31 564	54 732
Inventory expenses	(19 857)	(18 635)	(32 291)
Staff costs	(4 324)	(4 346)	(8 451)
Depreciation	(837)	(818)	(1 682)
Other net operating expenses	(6 077)	(5 128)	(10 763)
Trading profit	2 965	2 637	1 545
Dividend income	50	27	45
Interest received	220	463	862
Fair value adjustment on exchangeable bonds' option	-	1	2
Finance costs	(846)	(876)	(1 876)
Net impairment of investments, assets and goodwill	1	129	(4 234)
Loss allowances on loans	19	(16)	(290)
Bargain purchase gain	-	110	278
Profit/(loss) on sale and dilution of investments	-	(10)	4 220
Consolidated profit before tax	2 409	2 465	552
Taxation	(885)	(827)	(452)
Consolidated profit after tax	1 524	1 638	100
Share of after-tax profit/(loss) of equity accounted investments	753	2 250	(2 272)
Net profit/(loss) for the period from continuing operations	2 277	3 888	(2 172)
DISCONTINUED OPERATIONS¹			
Profit for the period from discontinued operations	-	1 322	8 755
Net profit for the period	2 277	5 210	6 583
Attributable to:			
Equity holders	1 250	4 329	6 646
Continuing operations	1 250	3 007	(2 109)
Discontinued operations	-	1 322	8 755
Non-controlling interest	1 027	881	(63)
	2 277	5 210	6 583
EQUITY ACCOUNTED INVESTMENTS			
Share of after-tax profit/(loss) of equity accounted investments			
Profit before taking into account impairments and non-recurring items	1 462	4 379	5 176
Net impairment of investments, assets and goodwill	(227)	(177)	(4 810)
Profit on the sale of investments	3	42	87
Other headline earnings adjustable items	3	10	(21)
Profit before tax and non-controlling interest	1 241	4 254	432
Taxation	(406)	(468)	(952)
Non-controlling interest	(82)	(214)	(358)
	753	3 572	(878)
Continuing operations	753	2 250	(2 272)
Discontinued operations	-	1 322	1 394

1. On 31 March 2020 the investment in RMH was transferred from "investment - equity accounted" to "assets held for distribution". Profit from discontinued operations include the equity accounted income of RMH for all periods presented, as well as the profit realised on the RMH Unbundling for the year ended 30 June 2020.

GROUP FINANCIAL STATEMENTS (continued)

HEADLINE EARNINGS RECONCILIATION

R million	Six months ended		Year ended
	31 December 2020	31 December 2019	30 June 2020
CONTINUING OPERATIONS			
Net loss for the period attributable to equity holders (earnings)	1 250	3 007	(2 109)
Impairment of equity accounted investments ¹	-	(133)	930
Reversal of impairment of equity accounted investments	-	-	(73)
Impairment of property, plant and equipment	2	4	639
Reversal of impairment of property, plant and equipment	(3)	-	(2)
Impairment of investment properties	-	-	10
Impairment of intangible and other assets ²	-	-	2 730
Bargain purchase gain	-	(110)	(278)
Profit on sale and dilution of equity accounted investments ³	-	(2)	(4 241)
Loss on sale and dilution of equity accounted investments	-	12	21
Profit on disposal of property, plant and equipment	(134)	(18)	(56)
Loss on disposal of property, plant and equipment	8	-	18
Non-headline earnings items included in equity accounted earnings of equity accounted investments	195	135	4 725
- (Profit)/loss on disposal of property, plant and equipment	(26)	(22)	16
- Profit on sale of investments	(16)	(21)	(130)
- Loss on sale of investments	13	11	8
- Impairment of investments, assets and goodwill ⁴	227	177	4 810
- Other headline earnings adjustable items	(3)	(10)	21
Taxation effect of adjustments	36	36	(204)
Non-controlling interest	44	21	(373)
Headline earnings from continuing operations	1 398	2 952	1 737
DISCONTINUED OPERATIONS			
Net profit for the period attributable to equity holders (earnings)	-	1 322	8 755
Profit on sale of equity accounted investments ⁵	-	-	(7 360)
Non-headline earnings items included in equity accounted earnings of equity accounted investments			
- Loss/(profit) on sale of investments	-	(32)	35
Headline earnings from discontinued operations	-	1 290	1 430
Total headline earnings from continuing and discontinued operations	1 398	4 242	3 167

1. Refer to "Net impairments of equity accounted investments" under "Additional information" for further detail.
2. Refer to "Intangible assets" under "Additional information" for further detail.
3. "Profit on sale and dilution of equity accounted investments" for the year ended 30 June 2020 includes the profit realised on the FirstRand Reclassification of R4 228 million.
4. "Impairment of investments, assets and goodwill" from equity accounted investments for the year ended 30 June 2020 includes Remgro's portion of the impairments of Mediclinic's assets in Switzerland and the Middle East, as well as its investment in Spire of R4 330 million.
5. "Profit on sale of equity accounted investments" for the year ended 30 June 2020 consists of the profit realised on the RMH Unbundling.

GROUP FINANCIAL STATEMENTS (continued)

EARNINGS AND DIVIDENDS

Cents	Six months ended 31 December 2020	31 December 2019	Year ended 30 June 2020
Total headline earnings per share			
– Basic	247.4	750.9	560.6
Continuing operations	247.4	522.5	307.5
Discontinued operations	-	228.4	253.1
– Diluted	245.6	747.4	558.4
Continuing operations	245.6	519.5	305.6
Discontinued operations	-	227.9	252.8
Earnings per share			
– Basic	221.2	766.3	1 176.4
Continuing operations	221.2	532.3	(373.3)
Discontinued operations	-	234.0	1 549.7
– Diluted	219.7	762.7	1 173.6
Continuing operations	219.7	529.2	(373.9)
Discontinued operations	-	233.5	1 547.5
Dividends per share			
Ordinary	30.00	215.00	265.00
– Interim	30.00	215.00	215.00
– Final	-	-	50.00

NUMBER OF SHARES

	31 December 2020	31 December 2019	30 June 2020
Ordinary shares of no par value	529 217 007	529 217 007	529 217 007
Unlisted B ordinary shares of no par value	39 056 987	39 056 987	39 056 987
Total number of shares in issue	568 273 994	568 273 994	568 273 994
Number of shares held in treasury			
Ordinary shares repurchased and held in treasury	(3 285 384)	(3 307 147)	(3 297 213)
	564 988 610	564 966 847	564 976 781
Weighted number of shares	564 978 399	564 952 110	564 961 299

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

GROUP FINANCIAL STATEMENTS (continued)

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R million	Six months ended		Year ended
	31 December 2020	31 December 2019	30 June 2020
Net profit for the period	2 277	5 210	6 583
Other comprehensive income, net of tax	(1 503)	2 226	6 554
Items that may be reclassified subsequently to the income statement:			
Exchange rate adjustments	(3 480)	891	6 880
Fair value adjustments for the period	(504)	(3)	(3)
Deferred taxation on fair value adjustments	119	-	6
Reclassification of other comprehensive income to the income statement	-	-	(1 073)
Other comprehensive income of equity accounted investments	(502)	1 380	2 671
Items that will not be reclassified to the income statement:			
Fair value adjustments for the period	3 190	227	(1 210)
Deferred taxation on fair value adjustments	(626)	(31)	(668)
Remeasurement of post-employment benefit obligations	83	29	133
Deferred taxation on remeasurement of post-employment benefit obligations	(23)	(8)	(37)
Change in reserves of equity accounted investments	240	(259)	(145)
Total comprehensive income for the period	774	7 436	13 137
Total comprehensive income attributable to:			
Equity holders	(10)	6 579	12 900
Non-controlling interest	784	857	237
	774	7 436	13 137

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R million	Six months ended		Year ended
	31 December 2020	31 December 2019	30 June 2020
Balance at the beginning of the period	101 443	115 866	115 866
Total comprehensive income for the period	774	7 436	13 137
Dividends paid	(309)	(2 375)	(3 883)
Dividends <i>in specie</i> ¹	-	-	(23 716)
Transactions with non-controlling shareholders	(233)	(3)	58
Other movements	9	(32)	(25)
Long-term share incentive scheme reserve	125	133	6
Balance at the end of the period	101 809	121 025	101 443

1. RMH Unbundling

GROUP FINANCIAL STATEMENTS (continued)

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

R million	Six months ended 31 December 2020	31 December 2019	Year ended 30 June 2020
Cash flows – operating activities			
Cash generated from operations	4 763	3 029	4 340
Interest received	220	420	777
Taxation paid	(445)	(455)	(772)
Dividends received	383	2 260	2 984
Finance costs	(838)	(722)	(1 592)
Cash available from operating activities	4 083	4 532	5 737
Dividends paid	(309)	(2 375)	(3 883)
Cash inflow from operating activities	3 774	2 157	1 854
Cash flows – investing activities			
Investment in property, plant and equipment and other assets	(1 009)	(1 464)	(2 467)
Proceeds on disposal of property, plant and equipment and intangible assets	134	48	131
Proceeds on disposal of assets held for sale	287	6	10
Businesses acquired	-	-	110
Proceeds on disposal of investments and loans	202	620	925
Additions to investments and loans	(203)	(122)	(417)
Investment in money market funds	(800)	-	(2 275)
Withdrawal of money market funds	-	80	2 505
Cash outflow from investing activities	(1 389)	(832)	(1 478)
Cash flows – financing activities			
Loans repaid	-	(62)	(11)
Lease payments	(226)	(192)	(406)
Other movements	233	228	166
Cash inflow/(outflow) from financing activities	7	(26)	(251)
Net increase in cash and cash equivalents	2 392	1 299	125
Exchange rate profit/(loss) on foreign cash	(905)	84	1 549
Cash and cash equivalents at the beginning of the period	13 219	11 545	11 545
Cash and cash equivalents at the end of the period	14 706	12 928	13 219
Cash and cash equivalents – per statement of financial position			
Bank overdraft	(975)	(1 005)	(2 412)

GROUP FINANCIAL STATEMENTS (continued)

ADDITIONAL INFORMATION

1. ACCOUNTING POLICIES

The interim report is prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), including *IAS 34: Interim Financial Reporting*, and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and in accordance with the requirements of the Companies Act (No. 71 of 2008), as amended, and the Listings Requirements of the JSE Limited. The financial statements have been prepared under the supervision of the Chief Financial Officer, Neville Williams CA(SA). The interim report has not been audited or reviewed.

These financial statements incorporate accounting policies that are consistent with those of the previous financial periods. During the period under review various other interpretations and amendments became effective, but their implementation had no impact on the results of either the current or prior periods.

2. INTANGIBLE ASSETS

	31 December 2020	31 December 2019	30 June 2020
Carrying value at the beginning of the period	21 067	24 024	24 024
Additions	39	62	149
Businesses acquired	-	-	8
Impairments ¹	-	-	(2 730)
Amortisation	(269)	(258)	(523)
Foreign exchange translation	(81)	14	132
Disposals	(15)	-	-
Transfers and other	18	12	7
Carrying value at the end of the period	20 759	23 854	21 067

1. As a result of the negative impact of the Covid-19 lockdown, the Group recognised impairments on goodwill allocated to Distell (R1 809 million), as well as impairments on RCL Foods' goodwill (R598 million) and indefinite life intangible assets (R315 million) on 30 June 2020. Subsequent to 30 June 2020, these business units' cash flows recovered and their recoverable amounts exceeded their carrying values on 31 December 2020.

GROUP FINANCIAL STATEMENTS (continued)

3. EQUITY ACCOUNTED INVESTMENTS

R million	31 December 2020	31 December 2019	30 June 2020
Associates	44 460	69 207	46 347
Joint ventures	4 467	5 611	4 644
	48 927	74 818	50 991
Equity accounted investments reconciliation			
Carrying value at the beginning of the period	50 991	70 860	70 860
Share of net attributable profit/(loss)	753	3 572	(878)
Dividends received	(397)	(1 955)	(2 620)
Exchange rate differences	(2 227)	1 022	5 527
Investments made	39	8	254
RMH Unbundling ¹	-	-	(17 182)
FirstRand Reclassification ²	-	-	(6 061)
Dark Fibre Africa loans reclassified to short-term loans	-	-	(468)
Net loans	31	-	-
Net impairments	-	133	(885)
Equity accounted movements on reserves	(263)	1 121	2 526
Other movements	-	57	(82)
Carrying value at the end of the period	48 927	74 818	50 991

1. On 31 March 2020 the investment in RMH was transferred from "investment - equity accounted" to "assets held for distribution".
2. With effect from 8 June 2020 Remgro ceased to have significant influence over FirstRand, due to among others the RMH Unbundling, and the investment was reclassified from an equity accounted investment to an investment at FVOCI.

R million	31 December 2020	31 December 2019	30 June 2020
Net impairments of equity accounted investments and loss allowances on loans			
Reversal of impairments/(impairments) were recognised for the following investments:			
Best Global Brands Limited (BGB) ¹	-	-	(144)
Grindrod ²	-	-	(596)
Grindrod Shipping ²	-	-	(112)
Other reversals/(impairments)	-	133	(33)
	-	133	(885)

1. The significant devaluation of the Angolan kwanza during the year ended 30 June 2020 negatively affected the earnings of BGB. The recoverable amount was based on a fair value less cost to sell calculation.
2. These investments were impaired to their listed market prices following a significant decline in the share price.

The listed market value of the investment in Mediclinic was R18 678 million on 31 December 2020 (30 June 2020: R18 769 million), which is significantly lower than the carrying value of R25 518 million (30 June 2020: R27 443 million). Accordingly, management assessed for impairment by means of a value in use calculation. The value in use calculation is based on a discounted cash flow model. The calculation requires the use of estimates in respect of cash flows, growth and discount rates and it assumes a stable regulatory environment. These estimates are based on publicly available information such as analysts' consensus forecast and guidance provided by Mediclinic in its annual results. Given that Mediclinic, in terms of London Stock Exchange listing requirements and its Disclosure Guidance and Transparency Rules, must monitor such publicly available information for reasonability against its internal budgets and forecast and publish guidance should there be a significant deviance, management has comfort that the estimates used in the discounted cash flow calculation are reasonable.

GROUP FINANCIAL STATEMENTS (continued)

Net impairments of equity accounted investments and loss allowances on loans (continued)

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

	Discount rate (%)	Terminal growth rate (%)
South Africa	12.7	5.5
Switzerland	5.0	1.6
Middle East	8.8	3.0

Any increase in the discount rate or decreases in the short-term cash flow projections or terminal growth rate could give rise to further impairment charges in future. The value in use of the investment was R29 419 million on 31 December 2020 (30 June 2020: R28 776 million) and, as a result, no further impairment was recognised.

4. LONG-TERM LOANS

R million	31 December 2020	31 December 2019	30 June 2020
20 000 Class A 7.5% cumulative redeemable preference shares	3 508	3 505	3 507
10 000 Class B 8.3% cumulative redeemable preference shares	4 311	4 315	4 313
Exchangeable bonds with an effective interest rate of 4.5% (maturity at 22 March 2021)	7 819	6 401	7 468
Various other loans	6 735	7 209	7 456
	22 373	21 430	22 744
Short-term portion of long-term loans	(7 077)	(123)	(7 577)
	15 296	21 307	15 167
5. ADDITIONS TO AND REPLACEMENT OF PROPERTY, PLANT AND EQUIPMENT	1 049	1 401	2 976
6. CAPITAL AND INVESTMENT COMMITMENTS¹ (Including amounts authorised, but not yet contracted for)	4 155	2 875	2 299
7. GUARANTEES AND CONTINGENT LIABILITIES²	3 694	3 337	3 353
8. DIVIDENDS RECEIVED FROM EQUITY ACCOUNTED INVESTMENTS SET OFF AGAINST INVESTMENTS	397	1 955	2 620
9. REFER TO "INVESTMENT ACTIVITIES" UNDER "GROUP FINANCIAL REVIEW" FOR MORE DETAIL ON RELATED PARTY TRANSACTIONS.			

1. The period under review includes an investment commitment of R1.6 billion to CIVH.
2. Remgro issued a guarantee to Rand Merchant Bank for a loan facility, which was granted to CIVH to fund the Vumatel acquisition. Remgro's exposure at 31 December 2020 amounted to R3 460 million.

GROUP FINANCIAL STATEMENTS (continued)

10. FAIR VALUE REMEASUREMENTS

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

- Financial instruments at fair value 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 or actual net asset value of the investment.
- Derivative instruments: The fair values of derivative instruments, which are included in financial instruments at FVPL, are determined by using appropriate valuation methodologies and mark-to-market valuations.

Financial instruments measured at fair value, are disclosed by level of the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

R million	Level 1	Level 2	Level 3	Total
31 December 2020				
ASSETS				
Non-current assets				
Financial assets at FVOCI	13 443	-	1 793	15 236
Financial assets at FVPL	-	137	-	137
Current assets				
Financial assets at FVPL	-	25	167	192
Investment in money market funds	5 745	-	-	5 745
	19 188	162	1 960	21 310
LIABILITIES				
Current instruments at FVPL	-	225	-	225
	-	225	-	225
31 December 2019				
ASSETS				
Non-current assets				
Financial assets at FVOCI	1 724	14	1 668	3 406
Financial assets at FVPL	-	-	153	153
Current assets				
Financial assets at FVPL	-	17	140	157
Investment in money market funds	5 095	-	-	5 095
	6 819	31	1 961	8 811
LIABILITIES				
Non-current instruments at FVPL	-	1	-	1
Current instruments at FVPL	-	63	-	63
	-	64	-	64

GROUP FINANCIAL STATEMENTS (continued)

FAIR VALUE REMEASUREMENTS (continued)

R million	Level 1	Level 2	Level 3	Total
30 June 2020				
ASSETS				
Non-current assets				
Financial assets at FVOCI	10 542	101	1 963	12 606
Financial assets at FVPL	-	-	309	309
Current assets				
Financial assets at FVPL	-	11	-	11
Investment in money market funds	4 945	-	-	4 945
	15 487	112	2 272	17 871
LIABILITIES				
Current instruments at FVPL	-	279	-	279
	-	279	-	279

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

R million	Financial assets at FVOCI	Financial assets at FVPL	Total
ASSETS			
Balances on 1 July 2020	1 963	309	2 272
Additions	145	-	145
Disposals	(191)	(131)	(322)
Exchange rate adjustment	68	-	68
Fair value adjustments through other comprehensive income	(192)	-	(192)
Fair value adjustments through profit and loss	-	(11)	(11)
Balances on 31 December 2020	1 793	167	1 960

Level 3 financial assets consist mainly of investments in the Milestone China entities (Milestone) and the Pembani Remgro Infrastructure Fund (PRIF) amounting to R1 003 million and R359 million, respectively. These investments are all valued based on the fair value of each investment's underlying assets, which are valued using a variety of valuation methodologies. Listed entities are valued at the last quoted share price on the reporting date, whereas unlisted entities' valuation methods include discounted cash flow valuations, appropriate earnings and revenue multiples. Remgro also has investments in LifeQ Global Limited (LifeQ) (R170 million) and Bolt Technology OÜ (Bolt) (R142 million), which are housed in Invenfin.

Milestone's fair value consists of listed investments (39%), cash and cash equivalents (2%), and unlisted investments (59%). Unlisted investments included at transaction prices in Milestone's fair value amounted to R451 million, while its remaining three unlisted investments were valued at R140 million. PRIF's main assets are the investments in ETG Group, Lumos Global, Solar Saver, Icolo, Zimborders and GridX. ETG Group was valued using a market based approach, specifically the comparable company method (Enterprise value/EBITDA), while the other investments were valued using the discounted cash flow method. The two new investments, i.e. Zimborders and GridX, are measured at cost. The investments in LifeQ and Bolt are measured at cost.

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

GROUP FINANCIAL STATEMENTS (continued)

11. SEGMENT REVENUE

R million	Six months ended 31 December 2020	31 December 2019	Year ended 30 June 2020
Consumer products			
Distell	15 374	14 815	22 370
RCL Foods	15 627	14 138	27 659
Siqalo Foods	1 605	1 448	2 712
Industrial			
Wispeco	1 454	1 163	1 991
Total revenue	34 060	31 564	54 732

Disaggregated revenue information

R million	Six months ended 31 December 2020	31 December 2019	Year ended 30 June 2020
Distell			
Spirits	6 146	5 482	8 942
Wine	3 903	3 693	5 656
Cider and RTDs	5 309	5 629	7 725
Other	16	11	47
	15 374	14 815	22 370
RCL Foods			
Groceries	2 762	2 638	4 984
Baking	2 917	2 546	5 195
Chicken	4 875	4 700	8 814
Sugar	4 378	3 778	7 622
Vector	1 520	1 274	2 589
Sales between RCL Foods' business units	(845)	(798)	(1 566)
Group	94	73	166
	15 701	14 211	27 804
Siqalo Foods			
Spreads	1 605	1 448	2 712
Wispeco			
Extrusions and related products	1 247	1 021	1 721
Other	207	142	270
	1 454	1 163	1 991
Elimination of intersegment revenue	(74)	(73)	(145)
Total revenue	34 060	31 564	54 732

INFORMATION ON UNLISTED INVESTMENTS

CIVH

CIVH is active in the telecommunications and information technology sectors and is the holding company of a group of companies of which DFA and Vumatel are its largest operating subsidiaries.

DFA is the premier open-access fibre infrastructure and connectivity provider in South Africa. It builds, installs, manages and maintains a fibre network to transmit metro and long haul telecommunications traffic, which is leased to its customers (Telecommunication Companies and Internet Service Providers (ISPs)) using an open-access wholesale commercial model. DFA has in excess of 13 000 km of fibre assets in the ground and owns fibre networks in Johannesburg, Cape Town, Durban, Midrand, Centurion and Pretoria, as well as other smaller metros, such as East London, Polokwane, Tlokwe, Emalahleni and George, to name a few.

Vumatel is an open-access fibre-to-the-home (FTTH) provider. Vumatel provides FTTH in residential suburbs and has in excess of 19 000 km of fibre assets. Vumatel leases its infrastructure to ISPs, who in turn provide broadband retail internet services to the end customers.

CIVH has a March year-end and its results for the six months ended 30 September 2020 have been included in Remgro's results for the period under review. CIVH's contribution to Remgro's headline earnings for the period under review amounted to a loss of R209 million (2019: a loss of R197 million). Excluding interest paid to Remgro, CIVH's contribution to Remgro's headline earnings for the comparative period amounted to a loss of R219 million. The underlying performance of the business improved due to a 17% increase in revenue coupled with cost reductions in the current year.

The group is operationally cash generative and reinvested in excess of R500 million of operating cash flow during the period into expanding its operations and network footprint.

Vumatel is the FTTH market leader in homes passed and active subscribers in South Africa, achieving approximately 40.0% market share in both verticals. Infrastructure initiatives allowed the business to successfully commercialise fibre into the lower Living Standards Measure (LSM) areas under its "Reach" product offering. Key focus areas for the business remain the extension of its Active Ethernet and GPON networks, and into the Secondary Cities market while creating expansion capability into "Reach" areas such as Mitchells Plain, Vosloorus and Soweto.

The Vumatel group's revenue for the period increased by 43% to R1 092 million compared to the prior period, driven by accumulated subscriber uptake growth for the period and the acquisition of additional networks from a DFA subsidiary. Covid-19 accelerated the requirements for data and in turn assisted in the performance of the FTTH business during the period. Underlying operating earnings increased by 25% to R297 million.

DFA's current book value of the fibre optic network is in excess of R10 billion. The network uptime for the year under review was 99.985%, and the mean time to repair was less than 2.5 hours, well above industry standards. The DFA revenue model adapts to the customers' needs, and DFA offers flexible payment profiles, with a mix of an upfront amount and a monthly annuity, or solely annuity based with multi-year contracts of mostly up to 15 years. The future value of the current annuity contracts (excluding open orders) is in excess of R10 billion.

The DFA group's revenue for the six months ended 30 September 2020 remained flat at R1 188 million (2019: R1 190 million). The underlying performance of DFA's core business increased by 8% with annuity income increasing to R187 million per month at 30 September 2020 (30 September 2019: R174 million per month). This was offset by reduced income following the acquisition of DFA's FTTH network by Vumatel and lower construction services revenue. Underlying operating earnings increased by 47% to R232 million.

The Vumatel independent CSI Foundation, with the objective of creating sustainable eco-systems in the communities in which the business operates, is progressing well. The goal is to contribute meaningfully and sustainably to these communities leading to strong ties that talk to the essence of the Vuma brand, a distinction that will set Vuma apart from the competition in a manner not easily replicated. Focus areas include education, safety, environment and healthcare. The business continued with the Vuma Schools project which provides every school that Vumatel passes with a free 1Gbps internet service offering.

DFA's ongoing CSI focus is filling gaps in infrastructure development e.g. bridging the digital divide in high poverty areas. One of the positive impacts is on providing student access to e-learning and ultimately, new job creation and access to the economy.

INFORMATION ON UNLISTED INVESTMENTS (continued)

Siqalo Foods

Siqalo Foods manufactures spreads, which are sold under market-leading trade marks such as *Rama*, *Flora*, *Stork* and *Rondo* within the Southern African Customs Union territories.

Siqalo Foods' contribution to Remgro's headline earnings for the six months under review amounted to R242 million (2019: R297 million), excluding additional *IFRS 3* amortisation of R40 million (2019: R40 million).

The prior period includes an after tax finalisation amount of R31 million from Unilever. Excluding the finalisation amount Siqalo Foods' contribution to headline earnings decreased from R266 million to R242 million (or 9.0%). During a challenging, turbulent period impacted by the Covid-19 pandemic, as well as the weak South African rand adding price pressure on imported raw materials, Siqalo Foods has experienced increased demand since the first lockdown. This resulted in a 6.2% increase in volumes and a 5% increase in its operational EBITDA compared to the prior period. Interest income decreased by 54% due to lower cash balances after dividend and royalty payments and the decrease in interest rates. The business continues to deliver strong results in line with prior periods driven by its market leading brands. On 30 November 2020, Siqalo Foods had a combined 12-month moving average value market share of 69.9%. Siqalo Foods remains committed to grow its brands and volumes in 2021 while maintaining its profit margins during the subdued economic conditions.

Two contracts are in place with RCL Foods. Vector Logistics provides the distribution, sales and merchandising, while a management services contract governs certain services that RCL Foods Shared Services platform provide to Siqalo Foods on an arm's length basis. The result is an innovative, alternative business model, leveraging the capabilities within the wider Remgro Group of companies.

Air Products

Air Products has a September year-end and its results for the six months ended 30 September 2020 have been included in Remgro's results for the period under review. Air Products' contribution to Remgro's headline earnings for the period under review decreased by 10.0% to R153 million (2019: R170 million).

Turnover for Air Products' six months ended 30 September 2020 decreased by 6.4% to R1 569 million (2019: R1 677 million), while the company's operating profit for the same period decreased by 13.7% to R408 million (2019: R473 million).

The period under review saw difficult trading conditions, largely due to the impact of Covid-19, with depressed demand for the company's products in most sectors of the business with some cost containment measures introduced reducing the negative impact on earnings.

Total

Total has a December year-end and its results for the six months to 31 December 2020 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 2020 amounted to R98 million (2019: R166 million).

Total's turnover for the six months ended 31 December 2020 decreased by 27.4% to R28 092 million (2019: R38 679 million), as a result of a decrease in volumes sold due to the government-imposed lockdown and decreases in the basic fuel price due to the Covid-19 lockdown. Stock revaluation amounted to a gain of R198 million (2019: gain of R16 million).

Total experienced negative refining margins for the six months ended 31 December 2020 due to severely depressed economic environment resulting from the pandemic. NATREF's average refining margin indicator for the period under review decreased from \$34/ton (for the six months ended 31 December 2019) to -\$0.4/ton mainly due to the decrease in product cracks.

INFORMATION ON UNLISTED INVESTMENTS (continued)

KTH

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

KTH's contribution to Remgro's headline earnings for the period under review amounted to R11 million (2019: R102 million). The decrease in KTH's headline earnings was mainly driven by lower equity accounted income, negative fair value adjustments and decreased revenue from Kagiso Media due to the impact of Covid-19. Income from equity accounted investments decreased to R52 million (2019: R169 million), largely driven by the disposal of Fidelity Bank (Ghana) Limited and reduced earnings from Momentum Metropolitan due to the effect of Covid-19. Negative fair value adjustments amounted to R44 million (2019: positive fair value adjustments of R41 million) mainly due to its investments in Actom Investment Holdings Proprietary Limited (R25 million) and Momentum Metropolitan (R14 million). Net finance costs for the period decreased to R17 million (2019: R31 million) due to lower debt levels and cost of debt at the centre following the repayment of the listed Bond instrument of R800 million during August 2020.

KTH's loss attributable to ordinary shareholders amounted to R188 million (2019: profit of R230 million). In addition to the decrease in headline earnings, KTH also recognised impairment losses on its investments in Momentum Metropolitan (R167 million) and Servest Group Proprietary Limited (R27 million).

Business Partners

Business Partners has a March year-end and its results for the six months ended 30 September 2020 have been included in Remgro's results for the period under review. Business Partners' contribution to Remgro's headline earnings for the period under review amounted to R18 million (2019: R24 million).

Business Partners is a specialist financial services group offering risk finance, mentorship and business premises to small and medium enterprises (SMEs). In addition to operating in South Africa, the group manages SME investment funds on behalf of international investors in East Africa and Southern Africa. The group's investment property portfolio, consisting of retail and industrial properties, is managed by a dedicated property management team that also offers property management services to the market.

The decline in economic activity in South Africa during the second quarter of the 2020 calendar year has materially impacted a number of Business Partners' business investment clients as well as tenants. Relief was extended to assist clients during the reporting period by providing additional financial assistance, repayment and rental holidays and reductions.

The net profit attributable to equity holders amounted to R53 million, a decrease of 44.4% from 30 September 2019. Net interest income declined by 12.4%, mainly due to the prime interest rate decreasing from an average of 10.2% in the corresponding period to an average of 7.5% for the period ended 30 September 2020. Net property revenue decreased by 22.7%, due to rental relief provided to clients in the reporting period as well as a marked increase in vacancy rates. Vacancies increased from 5.5% in September 2019 to 9.3% in September 2020. The provision for expected credit losses recognised amounted to R432 million at 30 September 2020 (13.1% of the portfolio), a marked increase from the R330 million (10.3% of the portfolio) recognised at 30 September 2019.

Business Partners approved 173 investments amounting to R206 million during the period, down from the R547 million approved in the prior period.

Business Partners also administers the Sukuma Fund, a R1 billion SME relief initiative funded by donations from the Rupert Family, Remgro and other donors. The Sukuma Fund provides financial assistance through grants and low-interest loans to qualifying SMEs and Formal Sole Proprietors (FSPs). The Sukuma Fund was launched on 3 April 2020, just a few days after the national lockdown was announced. As at 31 December 2020, more than 6 000 completed applications have been assessed and relief funding to the value of R807 million has been provided to 1 303 SMEs and a further R65 million in grants has been awarded to 2 611 FSPs.

INFORMATION ON UNLISTED INVESTMENTS (continued)

Wispeco

Wispeco's turnover for the six months ended 31 December 2020 increased by 25.0% to R1 454 million (2019: R1 163 million). With the average sales margin above aluminium raw material cost remaining stable, the benefit can largely be attributed to higher sales volumes. Wispeco's results were positively impacted by lower extrusion imports that were impeded by Covid-19 restrictions, as well as the Southern African extrusion capacity that had been reduced at the end of the 2019 calendar year following some plant closures. Wispeco's consolidation of its operations in Alrode included the commissioning of two new state-of-the-art extrusion lines, which created the capacity to absorb higher demand and support economies of scale and manufacturing efficiencies. Headline earnings for the period under review increased to R148 million (2019: R67 million).

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

SEACOM

Remgro has an effective economic interest of 30% in SEACOM, which operates and markets fibre-optic based telecommunication systems through metropolitan, regional and international route networks in Southern and East Africa.

SEACOM has a December year-end and its results for the six months to 31 December 2020 have been included in Remgro's results for the period under review. SEACOM contributed a profit of R35 million (2019: R9 million) to Remgro's headline earnings for the period under review. There was a marginal reduction in turnover due to once off items included in turnover. These have been offset by continued cost containment, as well as a reduction of interest and *IFRS 16* related costs.

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

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

DIRECTORATE

Non-executive directors

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

Executive directors

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

CORPORATE INFORMATION

Secretary

D I Dreyer

Listing

JSE Limited

Sector: Financials – Financial Services – Investment Banking and
Brokerage Services – Diversified Financial Services

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Transfer Secretaries

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Rosebank Towers, 15 Biermann Avenue, Rosebank 2196
(Private Bag X9000, Saxonwold 2132)

Auditors

PricewaterhouseCoopers Inc.
Stellenbosch

Sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)

Website

www.remgro.com