

# Remgro Limited

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

## INTERIM REPORT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2001

*Increase in headline earnings per share: +28.5%*

*Increase in interim dividend per share: +30.4%*

### ABRIDGED CONSOLIDATED BALANCE SHEET

	Unaudited		Audited
	30 September		31 March
	2001	2000	2001
	R million	R million	R million
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2 058	2 035	2 033
Goodwill and trade marks	2 760	62	3 493
Investments – Associated companies	14 336	13 633	12 523
– Other	115	147	115
Loans	24	12	10
Deferred taxation	9	–	9
	19 302	15 889	18 183
<b>Current assets</b>			
Cash and cash equivalents	2 195	1 396	1 810
Other current assets	1 894	1 843	1 585
<b>Total assets</b>	<b>23 391</b>	<b>19 128</b>	<b>21 578</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Ordinary shareholders' interest	21 149	16 233	19 419
Minority interest	839	737	796
<b>Total shareholders' equity</b>	<b>21 988</b>	<b>16 970</b>	<b>20 215</b>
<b>Non-current liabilities</b>			
Long-term interest-bearing loans	159	311	211
Deferred taxation	78	98	52
<b>Current liabilities</b>	<b>1 166</b>	<b>1 749</b>	<b>1 100</b>
Short-term interest-bearing loans	113	102	89
Other current liabilities	1 053	1 647	1 011
<b>Total equity and liabilities</b>	<b>23 391</b>	<b>19 128</b>	<b>21 578</b>
<b>Net asset value – per share (Rand)</b>			
At book value	R40.52	R31.10	R37.20
Adjusted for market value/directors' valuation* of investments and listed subsidiary companies	R76.66	R56.56	R64.32

(\*Refer to note under investments in additional information)

### ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited		Audited
	Six months ended		Year ended
	30 September		31 March
	2001	2000	2001
	R million	R million	R million
Balance at 1 April	19 536	12 635	12 635
Prior year adjustments	(117)	(196)	(196)
Adjusted balance at 1 April	19 419	12 439	12 439
Net profit	1 631	3 718	6 590
Dividends paid	(553)	–	(292)
Exchange rate adjustments	774	174	892
Other	(122)	(98)	(210)
Interest of own members	21 149	16 233	19 419

### ABRIDGED CONSOLIDATED INCOME STATEMENT

	Unaudited		Audited
	Six months ended		Year ended
	30 September		31 March
	2001	2000	2001
	R million	R million	R million
Revenue	4 262	3 316	7 358
Operating profit before depreciation	359	316	741
Depreciation	(93)	(90)	(173)
Finance costs	(27)	(55)	(67)
Profit from operations	239	171	501
Share of after-tax profit of associated companies	1 781	1 384	2 919
Amortisation of goodwill	(191)	(72)	(159)
Exceptional items	(138)	2 252	3 422
	1 691	3 735	6 683
Taxation	(13)	–	14
Profit after taxation	1 678	3 735	6 697
Minority interest	(47)	(17)	(107)
<b>Net profit</b>	<b>1 631</b>	<b>3 718</b>	<b>6 590</b>

#### Reconciliation of headline earnings:

	2001	2000	2001
<b>Basic earnings – Net profit</b>	<b>1 631</b>	<b>3 718</b>	<b>6 590</b>
Plus/(minus) – attributable to own members:			
– Exceptional items	94	(2 303)	(3 541)
– Amortisation of goodwill	191	72	159
– Net surplus, after taxation, on disposal of property, plant and equipment	(8)	(2)	(6)
– Impairment of assets	–	–	9
<b>Headline earnings</b>	<b>1 908</b>	<b>1 485</b>	<b>3 211</b>

#### Segmental analysis – Headline earnings

	2001	2000	2001
Trade mark interests	966	767	1 599
Mining interests	137	429	823
Industrial interests	203	98	380
Financial services	484	109	238
Corporate finance and other interests	118	82	171
	1 908	1 485	3 211

### EARNINGS AND DIVIDENDS PER SHARE

	30 September		31 March
	2001	2000	2001
	Cents	Cents	Cents
<b>Headline earnings</b>	<b>365.5</b>	<b>284.5</b>	<b>615.1</b>
– Diluted	364.9	284.5	614.7
<b>Basic earnings</b>	<b>312.5</b>	<b>712.3</b>	<b>1 262.5</b>
– Diluted	312.0	712.3	1 261.5
<b>Dividends</b>	<b>73.00</b>	<b>56.00</b>	<b>162.00</b>
– Interim	73.00	56.00	56.00
– Final			106.00

### ABRIDGED CASH FLOW STATEMENT

	Unaudited		Audited
	Six months ended		Year ended
	30 September		31 March
	2001	2000	2001
	R million	R million	R million
Cash generated from/(utilised in) operations	(60)	(496)	442
Dividends received	1 161	626	1 155
Dividends paid	(564)	(10)	(303)
Taxation paid	(59)	(48)	(116)
Net cash inflow from operating activities	478	72	1 178
Investing activities	(52)	223	356
Financing and other activities	(138)	102	(631)
Net increase in cash and cash equivalents	288	397	903
Cash and cash equivalents at the beginning of the period	1 800	897	897
Cash and cash equivalents at the end of the period	2 088	1 294	1 800
Cash and cash equivalents – per balance sheet	2 195	1 396	1 810
Bank overdraft	(107)	(102)	(10)

### ADDITIONAL INFORMATION

	30 September		31 March
	2001	2000	2001
<b>Shares in issue</b>			
– Ordinary shares of 1 cent each	486 493 650	486 493 650	486 493 650
– B shares of 10 cents each	35 506 352	35 506 352	35 506 352
<b>Total</b>	<b>522 000 002</b>	<b>522 000 002</b>	<b>522 000 002</b>

– In determining headline and basic earnings per share the total number of shares in issue was taken into account.  
– In determining diluted headline and basic earnings per share the total number of shares in issue was adjusted for the dilutive effect of the Company's long-term share incentive scheme.

	30 September		31 March
	2001	2000	2001
	R million	R million	R million

#### Listed investments

<b>Associated</b>			
– Book value	6 283	5 520	5 123
– Market value	10 575	8 150	9 943
<b>Other</b>			
– Book value	50	51	50
– Market value	145	128	131

#### Unlisted investments

<b>Associated</b>			
– Book value	8 053	8 113	7 400
– Directors' valuation	23 118	16 762	18 442
<b>Other</b>			
– Book value	65	95	65
– Directors' valuation	73	97	75

#### Note:

As in previous years, the directors' valuations of investments were done on a conservative basis and to comply with statutory requirements and will therefore not correspond with valuations as at 1 October 2001 for the purpose of capital gains tax. Valuations for the purpose of capital gains tax will be done in due course.

## ADDITIONAL INFORMATION (CONTINUED)

	30 September		31 March
	2001	2000	2001
	R million	R million	R million
<b>Additions to and replacement of property, plant and equipment</b>	95	154	176
<b>Capital commitments</b>	85	78	100
(Including amounts authorised, but not yet contracted for)			
<b>Dividends received</b>			
Dividends included in operating profit	7	29	33
Dividends from associated companies set-off against investments	1 003	580	1 482
<b>Interest received</b>			
From unlisted investments and deposits (Included in operating profit)	97	41	108
<b>Exceptional items</b>			
Exceptional items of subsidiary companies consist of the following:			
Net capital surplus on the sale of investments and businesses	(3)	155	1 518
Other	(3)	(7)	5
	(6)	148	1 523
Share of exceptional items of associated companies	(132)	2 104	1 899
Restructuring costs and discontinuance of operations	(136)	(91)	(273)
Capital surplus on redemption of convertible preference shares in British American Tobacco Plc (BAT)	-	2 202	2 202
Other	4	(7)	(30)
Total before taxation	(138)	2 252	3 422
Taxation	43	41	120
Total after taxation	(95)	2 293	3 542
Attributable to minorities	(1)	(10)	1
Attributable to own members	(94)	2 303	3 541
<b>Taxation</b>			
Profit from operations	(56)	(41)	(106)
Exceptional items	43	41	120
	(13)	-	14

## COMMENTS

### 1. ACCOUNTING POLICIES

The interim report is prepared mainly on the historical cost basis, is in accordance with South African Statements of Generally Accepted Accounting Practice and incorporates accounting policies which, with the exception of accounting for investment properties, are consistent in all material respects with those of the previous financial periods.

### 2. RESTATEMENT OF COMPARATIVE FIGURES

Rainbow Chicken Limited (Rainbow) has changed its accounting policy in respect of investment properties to comply with Accounting Statement AC 135. Effective 1 April 2001, land and buildings are accounted for on the historical cost basis whereas previously they were revalued.

Remgro's comparative figures have been restated as follows:

	Six months ended	Year ended
	30 September 2001	31 March 2001
	R million	R million
<b>Balance sheet</b>		
Reduction in property, plant and equipment	211	209
Reduction in ordinary shareholders' interest	118	117
Reduction in minority interest	93	92
<b>Income statement</b>		
The effect on headline earnings was not material, therefore the comparative income statements have not been restated.		

### 3. RESULTS

#### - Headline earnings per share

Headline earnings per share increased by 28.5% from 284.5 cents to 365.5 cents.

The contribution of the tobacco interests, which represented 49.7% (2000: 50.7%) of total headline earnings for the period under review, increased by 25.5% of which 14.2% was contributed by the weaker rand.

Mining interests' total contribution declined mainly as a result of the exchange of the interests in Billiton Plc and Gold Fields Limited for interests in FirstRand Limited (FirstRand) and RMB Holdings Limited (RMBH) earlier this year. The contribution of Gencor Limited and Trans Hex Group Limited (Trans Hex) respectively increased by 67.8% and decreased by 41.5%.

The contribution of industrial interests increased by 106.9% mainly as a result of the good performance by Rainbow as well as better results from, amongst others, Malbak Limited (Malbak) and Total South Africa (Proprietary) Limited.

FirstRand's and RMBH's joint contribution to Remgro's headline earnings amounted to R354.4 million. ABSA Group Limited and Medi-Clinic Corporation Limited also continued their steady earnings growth with increases of approximately 20%.

#### - Basic earnings per share

Basic earnings, after exceptional items and amortisation of goodwill, decreased from 712.3 cents to 312.5 cents per share. This decrease was mainly a result of the inclusion of an amount of R2 202 million in the comparative half-year, which was Remgro's share of the non-recurring capital surplus that arose on the redemption by R&R Holdings of one-half of the BAT preference shares.

### 4. REVENUE

	30 September		31 March
	2001	2000	2001
	R million	R million	R million
Revenue, excluding dividends and interest	3 147	2 645	5 735
Dividends and interest	1 115	671	1 623
Total revenue	4 262	3 316	7 358

Due to the nature and composition of the Group, segmental information in respect of revenue is not meaningful.

### 5. TOBACCO

Remgro's tobacco interests are represented by a one-third shareholding in R&R Holdings, Luxembourg, (R&R). The other two-thirds are held by Compagnie Financière Richemont AG (Richemont).

In June 2000, R&R exercised its put option over one half of its holding of BAT preference shares, reducing its effective interest in that company from 35.0% to 31.58% at that time. However, in terms of the Rembrandt Group Limited restructuring during 2000, the non-tobacco assets of R&R, including the proceeds of the aforementioned redemption, were transferred to R&V Holdings Limited, Jersey (R&V) of which VenFin Limited (VenFin) holds one-third and Richemont two-thirds. In R&R's results for the comparative six months, the income attributable to the redeemed BAT preference shares and other non-tobacco assets was allocated to R&V. In the period under review, R&R has equity accounted its effective 31.53% interest in BAT for the full six month period.

In line with the practice adopted in the prior year, R&R's share of BAT's earnings for the six months to 30 September 2001 is based on BAT's results for the nine month period to 30 September 2001, adjusted to eliminate the results for the quarter to 31 March 2001, taking into account the differences in accounting policies applied by the two companies. After elimination of exceptional items and goodwill amortisation, R&R's contribution to Remgro's headline earnings is as follows:

	Six months to September	
	2001	2000
	£ million	£ million
R&R's headline earnings for the six months ended 30 September	243	230
Less: Portion allocated to R&V Holdings during the comparative period		(11)
	243	219
Remgro's 33.33%-share thereof	81	73
	R million	R million
Converted at the average £/R rate of 11.7415 (2000 : 10.4140)	949	756

BAT performed well in the nine months to the end of September, which is the period it has most recently reported on. Its adjusted earnings per share on a fully diluted basis, after elimination of exceptional items and goodwill amortisation, increased by 8%. Sales volumes, at 602 billion cigarettes, were slightly above that of the comparative period, with international brands increasing by more than 2%. BAT's key global brands achieved an overall volume growth of 9% in the nine month period to 30 September 2001.

Each of BAT's operating regions contributed to the good overall performance. Profits were well ahead in all the main America-Pacific markets and, although market share in the US domestic business was down on the comparative nine months, there are now some encouraging trends in the market place.

In Asia-Pacific, profit increased despite deteriorating overall economic conditions in South-East Asia, while in Latin America profit benefited from good performances in several markets, where market shares were generally higher. In the Africa, Middle East and Central Asia region, excellent profit growth was combined with slightly higher volumes.

The profit in Europe was also driven by volume growth, as the region continues to build on the benefits of the merger with Rothmans International. Volume increases reflected excellent growth in Eastern Europe, offset by market size reductions in the Netherlands, Belgium and the UK.

The Chairman of BAT, Martin Broughton, in the report to 30 September 2001, commented "The terrorist attacks in the United States have had little immediate impact on our businesses but they have added a further dimension to the economic uncertainties that were already apparent. Looking to the future, the Board is confident of British American Tobacco's continuing ability to progress in bad times as well as good."

### 6. INVESTMENTS

The most important changes subsequent to the previous reporting date were as follows:

#### Lenco Holdings Limited (Lenco)

On 28 May 2001, the shareholders of Lenco approved the unbundling of its shareholding in Malbak. In terms of the unbundling, Lenco distributed 99.3% of its shares in Malbak to its shareholders by way of a distribution in specie.

Immediately thereafter Lenco (Proprietary) Limited, in which Remgro has a 75% interest, made an offer of 15 cents per share to all Lenco shareholders. The listing of Lenco was terminated on 15 June 2001.

#### Malbak

As a result of the aforementioned Lenco transactions, Remgro's direct interest in Malbak increased by 2.3% to 51.2%. Due to the negotiations between Malbak and Nampak Limited (Nampak) referred to below and a possible dilution of Remgro's effective interest, Malbak was not consolidated but, as in the past, equity accounted for the period under review.

On 2 November 2001, Malbak and Nampak issued a joint cautionary statement in which it was announced that the two companies have entered into negotiations regarding a possible merger.

#### Trans Hex

On 13 November 2001, the shareholders of Trans Hex approved the issue of 16 million unsecured 13.5% participating compulsory convertible debentures to Mvelaphanda Diamonds (Proprietary) Limited (Mvelaphanda). After converting these debentures Mvelaphanda will have an interest of approximately 19.4% in Trans Hex while Remgro's interest will be diluted from 42.2% to 35.4%.

Furthermore, Mvelaphanda has an option to acquire from Remgro 5 million shares in Trans Hex, which will further dilute Remgro's interest to 30.4%.

#### Robertsons Holdings (Proprietary) Limited (Robertsons)

On 12 September 2001 it was announced that Robertsons and Unilever Plc (Unilever) had agreed in principle to restructure their interests in the existing joint venture between Robertsons and Bestfoods Europe. This proposal is a direct result of Unilever's acquisition of Bestfoods' global interests. The envisaged transaction is subject to a final agreement as well as certain suspensive conditions of which the following are the most important:

- approval of the transaction at a meeting of shareholders of Hunt Leuchars & Hepburn Holdings Limited;
- approval by the relevant regulatory authorities, amongst which are the JSE Securities Exchange South Africa, the South African Reserve Bank and the competition authorities.

## DIRECTORATE

Mr P K Harris was appointed as a non-executive director on 28 November 2001.

## SECRETARY

On 28 November 2001, Mrs M Lubbe was appointed as Company Secretary in the place of Mr JC Engelbrecht who has retired.

## STRATE

As fully explained in a circular to shareholders, dated 14 September 2001, the listed ordinary shares of the Company were transferred to the STRATE system on Monday, 12 November 2001.

## DIVIDENDS

Notice is hereby given that an interim dividend of 73 cents per share has been declared in respect of both the ordinary shares of one cent each and the B shares of ten cents each, for the half year to 30 September 2001.

#### Dates of importance:

Last day to trade and to register transfers of certificated securities in order to participate in the interim dividend	Friday, 11 January 2002
Trading on or after this date will be ex the interim dividend	Monday, 14 January 2002
Record date	Friday, 18 January 2002
Payment date	Monday, 21 January 2002

On payment date, if so mandated, dividends due to holders of certificated securities will either be transferred electronically to bank accounts, or alternatively, cheques will be posted to their registered addresses.

Dividends in respect of dematerialised shareholdings will be paid through the STRATE system.

Shareholders may not dematerialise or rematerialise their holdings of ordinary shares between Monday, 7 January 2002 and Friday, 18 January 2002, both days inclusive.

Signed on behalf of the Board of Directors.

**Johann Rupert**  
Chairman

**Thys Visser**  
Chief Executive Officer/  
Deputy Chairman

Stellenbosch  
28 November 2001

## DIRECTORATE AND ADMINISTRATION

**Directors:** Johann Rupert\* (Chairman), M H Visser (Deputy Chairman/Chief Executive Officer), P E Beyers\*, W E Bührmann, G D de Jager\*, J W Dreyer\*, P J Erasmus\*, D M Falck, E de la H Hertzog\*, E Molobi\*, J F Mouton\*, J A Preller (Mrs), F Robertson\*, P G Steyn\*, T van Wyk, P K Harris\* (\*Non-executive)

**Secretary:** M Lubbe (Mrs)

**Listing:** JSE Securities Exchange South Africa **Sector:** Diversified Industrial

**American Depository Receipt (ADR) Program:**

Cusip number 75956M107  
ADR to ordinary share 1:1

**Depository:**

The Bank of New York, 620 Avenue of the Americas, New York NY 10011

**Business address and registered office:**

Carpe Diem Offices, Quantum Street, Techno Park, Stellenbosch 7600 (PO Box 456, Stellenbosch 7599)

**Transfer Secretaries:**

Computershare Services Limited, 41 Fox Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107)

**Auditors:** PricewaterhouseCoopers Inc.

**Sponsor:** Rand Merchant Bank Corporate Finance

**Website:** [www.remgro.com](http://www.remgro.com)