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Remgro Limited

AUDIT AND RISK COMMITTEE REPORT

TO THE SHAREHOLDERS OF REMGRO LIMITED

This report by the Audit and Risk Committee (the committee), as appointed by the shareholders in respect of the year under review, is prepared in accordance with the principles of the King IV Report on Corporate Governance for South Africa (2016) (King IV) and the requirements of the Companies Act (No. 71 of 2008), as amended (Companies Act), and describes how the committee has discharged its statutory duties in terms of the Companies Act and its additional duties assigned to it by the Board in respect of the financial year ended 30 June 2018.

COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

The committee comprises four independent, non-executive directors (as set out in the table below) and is chaired by Ms S E N De Bruyn. All the committee members are suitably skilled and experienced. In terms of the committee's mandate, at least four meetings should be held annually.

COMPOSITION OF THE COMMITTEE

Committee member*	Number of meetings held	Number of meetings attended
S E N De Bruyn (chairman)	4	4
N P Mageza	4	4
P J Moleketi	4	4
F Robertson	4	4

* *Abridged curriculum vitae of all the directors of the Company are set out on pages 14 and 15 of the Integrated Annual Report.*

The Chief Executive Officer (CEO), Chief Financial Officer (CFO), head of internal audit, other members of senior management and representatives of the external auditors of the Company attend the committee meetings by invitation. Committee agendas provide for confidential meetings between committee members and the internal and external auditors, as well as management.

ROLE AND RESPONSIBILITIES

The committee's role and responsibilities include its statutory duties as per the Companies Act, as well as the responsibilities assigned to it by the Board. The responsibilities of the Audit and Risk Committee are codified in a formal terms of reference, which is reviewed at least annually and which is available on Remgro's website. During the year under review, the Board reviewed and amended the terms of reference of the Audit and Risk Committee, in light of the principles and recommended practices of King IV.

The committee is satisfied that it has fulfilled all of its duties during the financial year under review, as further detailed below.

The committee has also satisfied itself that there are effective audit committees functioning at Wispeco Holdings Proprietary Limited (Wispeco), Remgro's principal wholly owned operating subsidiary, and the Company's significant non-wholly owned subsidiaries, associates and joint ventures, whose minutes of meetings held are also included in the committee's agenda.

More information about the functioning of the committee and the matters dealt with in this report can be found in the Corporate Governance Report and Risk and Opportunities Management Report.

STATUTORY DUTIES

In the conduct of its duties, the committee has performed the following statutory duties:

- Nominated PricewaterhouseCoopers Inc. (PwC) (with Mr Anton Wentzel as designated partner), who, in the opinion of the committee, is independent of the Company, to the shareholders for appointment as the external auditor for the financial year ended 30 June 2018
- Determined the fees to be paid to the external auditor and their terms of engagement
- Ensured that the appointment of the external auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors
- Determined the nature and extent of any non-audit services that the external auditor may provide to the Company and its wholly owned subsidiaries administered by Remgro Management Services Limited (RMS)
- Pre-approved any proposed agreement with the external auditor for the provision of non-audit services to the Company and its wholly owned subsidiaries administered by RMS

EXTERNAL AUDIT

The committee is satisfied that the Company's external auditor, PwC, is independent of the Company and is therefore able to conduct its audit functions without any influence from the Company. The designated external audit partner rotates every five years.

PwC has been the auditor of the Company for 50 years. The business of the Company was previously transacted through Rembrandt Group Limited of which, based on available statutory records, PwC and its predecessor firms have been the external auditor for 70 years. The committee is satisfied with PwC's independence from the Company, notwithstanding its tenure as external auditor.

PwC has confirmed its compliance with the ethical requirements regarding independence and is considered independent with respect to the Group as required by the codes endorsed and administered by the Independent Regulatory Board for Auditors, the South African Institute of Chartered Accountants and the International Federation of Accountants. The committee nominated, for approval at the Annual General Meeting on 29 November 2018, PwC as external auditor for the 2019 financial year. The committee is also satisfied that PwC is accredited to appear on the JSE List of Accredited Auditors.

A formal policy governs the process whereby the external auditor of the Company is considered for non-audit services. In terms of the policy, the committee is responsible for determining the nature and extent of any non-audit services that the external auditor may provide and to pre-approve any proposed contract with the external auditor for the provision of non-audit services. For the year under review, non-audit services related mainly to normal tax services. The extent of these services was within the committee's pre-approved amount.

INTERNAL FINANCIAL CONTROL AND ACCOUNTING SYSTEMS

The committee is responsible for assessing the systems of internal financial controls and accounting systems of the Company and its wholly owned subsidiaries administered by RMS. In this regard the committee has evaluated reports on the effectiveness of the systems of internal financial controls conducted by the internal audit function, considered information provided by management and held discussions with the external auditor on the results of their audit. The committee is of the opinion that the systems of internal financial controls are effective and form a basis for the preparation of reliable financial statements. In support of the aforementioned, the committee also received reports from the internal audit function regarding the effectiveness of the combined assurance process and anti-corruption, fraud prevention and detection measures in place.

The Remgro executives serving on the boards of investee companies RCL Foods Limited (RCL Foods), Distell Group Holdings Limited (Distell), Wispeco Holdings Proprietary Limited (Wispeco) and associates and joint ventures are responsible for executing the Company's significant influence to ensure that effective internal controls are implemented and complied with.

EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

The committee has considered and satisfied itself of the appropriateness of the expertise and experience of the CFO, Mr Neville Williams, whose *curriculum vitae* appears on page 14 of the Integrated Annual Report.

The committee has furthermore considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the Company's finance function, and the experience of the senior members of management responsible for the financial function.

FINANCIAL STATEMENTS AND GOING CONCERN

The committee has reviewed the standalone and consolidated financial statements of the Company, and is satisfied that they comply with International Financial Reporting Standards (IFRS) and the Companies Act, and that the accounting policies used are appropriate. In particular, the committee considered the following significant issues, identified by the management team and the external auditors, and is satisfied that these issues have been appropriately accounted for in the Annual Financial Statements:

- **Accuracy of accounting for Distell's ownership restructuring**
  With effect from 11 May 2018 the previously listed Distell restructured its multi-tiered ownership structure. Remgro retained its 31.8% economic interest in Distell, but increased its voting rights to 56.0%, thereby resulting in the investment in Distell now being classified as a subsidiary and consolidated at 31.8%. Management applied *IFRS 3: Business Combinations* to account for the acquisition. The committee considered the key judgements made by management in accounting for this business combination, as well as the fair value of the underlying assets acquired and liabilities assumed. The committee is further satisfied with the accounting treatment thereof as detailed in note 15 to the annual financial statements that is published on the Company's website at www.remgro.com.

- **Accounting for equity accounted investments**
  Management exercises judgement when investments are classified as associates rather than subsidiaries or financial instruments at fair value. Remgro may have *de facto* control over certain associates, with specific reference to the investment in Mediclinic International plc, in which Remgro holds less than 50% of the voting rights. The committee considered these judgements and is satisfied with these classifications. Refer to note 4.1 to the annual financial statements that is published on the Company's website at www.remgro.com for further detail.

- **Valuation of investments and consideration of possible impairments**
  The intrinsic net asset value is one of the measures used to assess shareholder value created. Investee companies, which represent operating segments, are valued and included in the intrinsic net asset value. The committee considered the methodologies, assumptions and judgements applied by management in determining the intrinsic value of assets and is satisfied that the approach taken was appropriate. Refer to note 2 to the annual financial statements that is published on the Company's website at www.remgro.com for further detail.

The committee has also reviewed a documented assessment by management of the going concern premise of the Company before recommending to the Board that the Company will be a going concern in the foreseeable future.

RISK AND OPPORTUNITIES MANAGEMENT

The committee has assigned oversight of the risk and opportunities management function to the Risk, Opportunities, Technology and Information Governance Committee (the ROTIG Committee), which is a subcommittee of the committee. The mandate of the ROTIG Committee includes the maintenance of the Risk Management and Opportunities Policy and plan, establishment of an operational Risk and Opportunities Register, technology and information risk management, legal compliance and occupational health and safety. The ROTIG Committee is chaired by the CFO and the 15 other members are all senior managers of the Company. The chairman of the committee attends the ROTIG Committee meetings as an *ex officio* member to ensure the effective functioning of the ROTIG Committee and that appropriate risk information is shared with the committee.

INTERNAL AUDIT

The Company's internal audit division is an effective, independent appraisal function and forms an integral part of the Enterprise-wide Risk and Opportunities Management system that provides assurance on the effectiveness of the Company's system of internal control. The committee has appointed Mr Deon Annandale as Remgro's Chief Audit Executive (CAE). The committee is satisfied with the attributes, objectivity and independence of the CAE, and that the CAE has the necessary gravitas and competence. The internal audit division of the Company is staffed by qualified and experienced personnel and services all of Remgro's wholly owned subsidiaries administered by RMS, as well as Wispeco. In addition, the internal audit division also performs independent, internal audit work for other investee companies such as Dark Fibre Africa Proprietary Limited, Mediclinic International plc, RMB Holdings Limited, RMI Holdings Limited, SEACOM Capital Limited and Business Partners Limited.

During the year under review the committee considered and recommended the internal audit charter for approval by the Board. The committee further considered the internal audit quality assurance plan and the performance of the internal audit function, and is satisfied that the internal audit function conforms to a recognised industry code of ethics. Further details on the Group's internal audit functions are provided in the Risk and Opportunities Management Report.

COMPLIANCE

The committee is responsible for reviewing any major breach of relevant legal and regulatory requirements. The committee is satisfied that there has been no material non-compliance with laws and regulations during the year under review.

The committee is also satisfied that it has complied with all its legal, regulatory and other responsibilities during the year under review.

RECOMMENDATION TO THE BOARD

The committee has reviewed and considered the Integrated Annual Report, including the comprehensive Annual Financial Statements and Sustainable Development Report published on the Company's website at www.remgro.com, and has recommended it for approval by the Board.

Sonja De Bruyn
Chairman of the Audit and Risk Committee

Stellenbosch
19 September 2018

REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2018

Dear Shareholder

The Board has pleasure in reporting on the activities and financial results for the year under review.

NATURE OF ACTIVITIES

The Company is an investment holding company. Cash income is derived mainly from dividends and interest. The consolidated annual financial statements of the Company and its subsidiaries also incorporate the equity accounted attributable income of associates and joint ventures.

The Group's interests consist mainly of investments in banking; healthcare; consumer products; insurance; industrial; infrastructure as well as media and sport.

RESULTS

Year ended	30 June 2018	30 June 2017
Headline earnings (R million)	**8 573**	8 221
– per share (cents)	**1 512.6**	1 485.5
– diluted (cents)	**1 504.5**	1 479.5
Headline earnings, excluding option remeasurement (R million)	**8 312**	7 534
– per share (cents)	**1 466.5**	1 361.3
– diluted (cents)	**1 458.4**	1 355.5
Earnings – net profit for the year (R million)	**8 943**	8 431
– per share (cents)	**1 577.9**	1 523.4
– diluted (cents)	**1 567.5**	1 517.2
Dividends (R million)	**3 023**	2 813
– ordinary – per share (cents)	**532.00**	495.00

A final dividend of 328 cents (2017: 301 cents) per share was declared after the year-end and was therefore not provided for in the annual financial statements. The final dividend is subject to dividend tax.

INVESTMENT ACTIVITIES

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

DISTELL GROUP HOLDINGS LIMITED (DISTELL)

On 30 June 2017 Remgro had an indirect economic interest of 31.8% in Distell Group Limited (previously listed Distell). This interest was held through its 50.0% shareholding in Remgro-Capevin Investments Proprietary Limited (RCI) and 19.0% shareholding in Capevin Holdings Limited (Capevin). Capevin held the other 50.0% shareholding in RCI and RCI had a 53.5% economic interest (or 52.8% voting interest) in the previously listed Distell.

On 11 May 2018 the competition authorities approved the restructuring of the previously listed Distell's multi-tiered ownership structure. In terms of the restructuring, Remgro exchanged its 50.0% shareholding in RCI for additional ordinary shares in Capevin (the RCI Exchange). The RCI Exchange increased Remgro's interest in Capevin from 19.0% to 59.5%. Following the RCI Exchange, Remgro exchanged its entire Capevin shareholding for ordinary shares in Distell, a new listed entity which is substantially similar to the previously listed Distell. Remgro also received unlisted B shares in Distell, which shares are linked to the Distell ordinary shares acquired by Remgro by virtue of the RCI Exchange, resulting in Remgro replicating RCI's 52.8% voting rights in the previously listed Distell. The unlisted B shares only carry voting rights in Distell and have no economic participation. The restructuring had no impact on Remgro's intrinsic net asset value and Remgro retained its 31.8% economic interest in Distell, but increased its voting rights in Distell to 56.0%.

Remgro's investments in RCI and Capevin were previously classified as a joint venture and an associate, respectively, and accounted for using the equity method. Since the restructuring, Remgro holds the majority of voting rights (56.0%) in Distell, thereby resulting in the investment in Distell now being consolidated at 31.8% with effect from 11 May 2018, while the investments in RCI and Capevin were derecognised at their fair values totalling R8 940 million, realising an accounting profit on the sale of investments of R5 150 million.

In terms of *IFRS 3: Business Combinations* the purchase consideration for Distell, consisting of the fair value of Remgro's previously held interests in RCI and Capevin, amounted to R8 940 million. The preliminary fair value of the underlying assets acquired and liabilities assumed at the effective date were: intangible assets of R10 169 million, property, plant and equipment of R6 608 million, and other net assets of R521 million. Non-controlling shareholders' proportionate interest in the fair value of Distell's net assets amounted to R11 893 million, while Remgro's economic interest therein amounted to R5 405 million. The balance of R3 535 million, being the difference between the purchase price and Remgro's portion of Distell's identifiable net assets, was allocated to goodwill.

The fair value adjustment to Distell's statement of financial position relates mainly to the recognition of brands (*inter alia Hunters*, *Savanna*, *Amarula* and *Bernini*). The amortisation of these additional assets will result in an annual after-tax expense of R145 million (Remgro's portion being R46 million) included in headline earnings. Since Remgro retained its economic interest of 31.8% in Distell's underlying business, the impact on attributable headline earnings for the year under review only relates to the additional after-tax amortisation expense of R8 million for the period to 30 June 2018.

RMI HOLDINGS LIMITED (RMI HOLDINGS)

On 19 September 2017 and 12 March 2018 RMI Holdings declared its final dividend for the year ended 30 June 2017 and interim dividend for the six months ended 31 December 2017 respectively. Both dividends included an alternative to the cash dividend of either receiving a scrip distribution or reinvesting the cash dividend by subscribing for new RMI Holdings ordinary shares. Remgro elected the reinvestment alternative for both declarations. Cash dividends amounting to R471 million were reinvested for 7 691 641 new RMI Holdings ordinary shares at R38.00 per share and 4 196 921 new RMI Holdings ordinary shares at R42.50 per share during October 2017 and April 2018 respectively. These investments increased Remgro's interest in RMI Holdings marginally to 30.3% (30 June 2017: 29.9%).

GRINDROD LIMITED (GRINDROD)

On 19 June 2018 Grindrod distributed its shipping division to its shareholders as a dividend *in specie*. Grindrod shareholders received 1 Grindrod Shipping Holdings Limited (Grindrod Shipping) share for every 40 Grindrod shares held and, accordingly, Remgro received 4 329 580 Grindrod Shipping shares. Grindrod Shipping listed on the NASDAQ on 18 June 2018 with a secondary inward listing on the JSE on 19 June 2018. On 30 June 2018 Remgro's effective interests in Grindrod and Grindrod Shipping were 23.0% (2017: 23.1%) and 22.7% respectively.

KAGISO INFRASTRUCTURE EMPOWERMENT FUND (KIEF)

During the year under review, Remgro disposed of its investment in KIEF, realising a profit on disposal of R103 million on the transaction. Remgro initially committed funds amounting to R350 million to KIEF, which had a target size of R650 million and aimed to invest in infrastructure projects, including roads, airports, power and telecommunication installations, railway systems, ports, water and social infrastructure. In total, Remgro invested R285 million in KIEF and received income and capital distributions amounting to R381 million, which includes the proceeds on disposal of KIEF.

INVENFIN PROPRIETARY LIMITED (INVENFIN)

During the year under review Remgro (through its wholly owned subsidiary, Invenfin) invested a further R80 million in Bos Brands Proprietary Limited (Bos Brands), thereby increasing its cumulative investment in Bos Brands to R244 million. Bos Brands is an owner, producer, marketer and distributor of a range of ice teas and sports drinks, under the BOS brand.

PEMBANI REMGRO INFRASTRUCTURE FUND (PRIF)

During the year under review Remgro invested a further R43 million in PRIF, thereby increasing its cumulative investment to R298 million. As at 30 June 2018 the remaining commitment to PRIF amounted to R352 million.

OTHER

Other smaller investments amounted to R114 million.

EVENTS AFTER YEAR-END

UNILEVER SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED (UNILEVER)

The competition authorities have approved Unilever's acquisition of Remgro's 25.75% shareholding in Unilever in exchange for Unilever's Spreads business in Southern Africa, as well as a cash consideration of R4 900 million, representing a total transaction value of R11 900 million. This transaction valued the Unilever Spreads business at R7 000 million. The effective date of the transaction was 2 July 2018.

On 2 July 2018 the Unilever Spreads business, valued at R7 000 million, was transferred to Silver 2017 Proprietary Limited (Silver), which became a wholly owned subsidiary of Remgro, and the investment in Unilever was disposed of for R11 900 million. In terms of *IFRS 3: Business Combinations* the purchase price of the Unilever Spreads business will be allocated to intangible assets (mainly brands like *Rama*, *Stork* and *Flora*), property, plant and equipment and other net assets, while the balance will be allocated to goodwill. At the date of publication of the audited consolidated results, the acquisition date fair values of acquired net assets have not yet been determined.

RMI HOLDINGS

On 11 September 2018 RMI Holdings declared its final dividend for the year ended 30 June 2018, which included an alternative to the cash dividend of either receiving a scrip distribution or reinvesting the cash dividend by subscribing for new RMI Holdings ordinary shares. Remgro has committed to reinvesting its cash dividend amounting to R300 million, by electing the reinvestment alternative, in order to receive 7 894 998 new RMI Holdings ordinary shares at R38.00 per share.

COMMUNITY INVESTMENT VENTURES HOLDINGS PROPRIETARY LIMITED (CIVH)

On 29 August 2018 Remgro invested a further R324 million in CIVH as part of a CIVH rights offer.

MILESTONE CAPITAL STRATEGIC HOLDINGS LIMITED (MCSH)

During August 2018 Remgro disposed of its investment and loan in MCSH for a total purchase consideration of $70 million.

Other than the above-mentioned transactions, there were no other significant transactions subsequent to 30 June 2018.

CASH RESOURCES AT THE CENTRE

The Company's cash resources at 30 June 2018 were as follows:

R million	30 June 2018 Local	 Offshore	 Total	30 June 2017
Per consolidated statement of financial position	6 921	5 248	12 169	7 524
Investment in money market funds	3 915	81	3 996	5 888
Less: Cash of operating subsidiaries	(1 701)	(760)	(2 461)	(1 189)
Cash at the centre	**9 135**	**4 569**	**13 704**	12 223

On 30 June 2018, approximately 29% (R3 996 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. Refer to note 5 to the annual financial statements that is published on the Company's website at www.remgro.com for further details.

GROUP FINANCIAL REVIEW

STATEMENT OF FINANCIAL POSITION

The analysis of "Equity employed" and "Source of headline earnings" below reflects the sectors into which the Group's investments have been classified. No adjustment has been made where investments are active mainly in one sector but also have interests in other sectors.

	30 June 2018 R million	30 June 2018 R per share	30 June 2017 R million	30 June 2017 R per share
Equity employed				
Attributable to equity holders	**98 098**	**173.04**	92 432	163.13
Employment of equity				
Banking	**20 871**	**36.82**	19 026	33.58
Healthcare	**29 373**	**51.81**	33 763	59.59
Consumer products	**20 826**	**36.74**	15 017	26.50
Insurance	**8 479**	**14.96**	7 277	12.84
Industrial	**6 563**	**11.58**	5 835	10.30
Infrastructure	**5 157**	**9.10**	4 998	8.82
Media and sport	**1 089**	**1.92**	1 512	2.67
Other investments	**4 060**	**7.16**	3 947	6.97
Central treasury				
– Cash at the centre	**13 704**	**24.17**	12 223	21.57
– Debt at the centre	**(14 097)**	**(24.87)**	(13 907)	(24.54)
Other net corporate assets	**2 073**	**3.65**	2 741	4.83
	98 098	**173.04**	92 432	163.13

INCOME STATEMENT

	30 June 2018 R million	30 June 2018 %	30 June 2017 R million	30 June 2017 %
Source of headline earnings				
Banking	**3 525**	**41**	3 163	38
Healthcare	**1 556**	**18**	1 875	23
Consumer products	**1 605**	**19**	1 354	17
Insurance	**1 228**	**14**	1 041	13
Industrial	**971**	**11**	750	9
Infrastructure	**57**	**1**	36	1
Media and sport	**(47)**	**(1)**	(58)	(1)
Other investments	**66**	**1**	70	1
Central treasury				
– Finance income	**524**	**6**	349	4
– Finance costs	**(630)**	**(7)**	(216)	(3)
Other net corporate costs	**(282)**	**(3)**	(143)	(2)
	8 573	**100**	8 221	100

R million	30 June 2018	30 June 2017
Composition of headline earnings		
Subsidiaries	**454**	429
Profits	**1 302**	1 230
Losses	**(848)**	(801)
Associates and joint ventures	**8 119**	7 792
Profits	**8 269**	7 950
Losses	**(150)**	(158)
	8 573	8 221

SHARE INCENTIVE SCHEME

Remgro currently has one long-term incentive plan, i.e. the Remgro Equity Settled Share Appreciation Right Scheme (the SAR Scheme). In terms of the SAR Scheme, participants are offered Remgro ordinary shares to the value of the appreciation of their rights to a specified number of Remgro ordinary shares that can be exercised at different intervals but before the expiry of seven years from date of grant.

The earliest intervals at which the share appreciation rights are exercisable are as follows:

- One-third after the third anniversary of the grant date
- An additional third after the fourth anniversary of the grant date
- The remainder after the fifth anniversary of the grant date

Refer to note 8 to the annual financial statements that is published on the Company's website at www.remgro.com for further details on the SAR Scheme.

TREASURY SHARES

At 30 June 2017, 1 666 638 Remgro ordinary shares (0.3%) 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 scheme.

During the year under review 277 605 Remgro ordinary shares were utilised to settle Remgro's obligation towards share scheme participants who exercised the rights granted to them.

At 30 June 2018, 1 389 033 Remgro ordinary shares (0.3%) were held as treasury shares.

PRINCIPAL SHAREHOLDER

Rupert Beleggings Proprietary Limited (Rupert Beleggings) holds all the issued unlisted B ordinary shares of the Company and is entitled to 42.53% (2017: 42.54%) of the total votes.

An analysis of the shareholders appears on pages 125 and 126.

SUBSIDIARIES AND INVESTMENTS

Particulars of subsidiaries and equity accounted investments are disclosed in note 14 of the annual financial statements that is published on the Company's website at www.remgro.com.

DIRECTORS

The names of the directors appear on pages 14 to 15 of the Integrated Annual Report.

Mr W E Bührmann has retired as an executive director from the Board of Remgro on 30 April 2018. He has reached his normal retirement age of 63 for executive directors.

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

In terms of the provision of the Memorandum of Incorporation, Ms S E N De Bruyn and Messrs P K Harris, M Morobe, J P Rupert and N J Williams retire from the Board by rotation. These directors are eligible and offer themselves for re-election.

DIRECTORS' INTERESTS

At 30 June 2018 the aggregate of the direct and indirect interests of the directors and their associates in the issued ordinary share capital of the Company amounted to 2.51% (2017: 2.57%).

Mr J P Rupert is a director of Rupert Beleggings which owns all the issued unlisted B ordinary shares.

An analysis of directors' interests in the issued capital of the Company appears on page 127.

DIRECTORS' EMOLUMENTS

The total directors' fees for services rendered as directors during the past financial year amounted to R5.5 million (2017: R5.2 million).

ACQUISITION OF SHARES OF THE COMPANY

It is recommended that a general authority be granted to the Board to acquire, should circumstances warrant it, the Company's own shares and to approve the acquisition of shares in the Company by any of its subsidiaries, subject to the provisions of the Companies Act (No. 71 of 2008), as amended, and the Listings Requirements of the JSE Limited.

A special resolution to grant this general authority to the Board is incorporated in the notice of the Annual General Meeting that appears on page 128 of the Integrated Annual Report.

AUTHORITY TO PLACE ORDINARY SHARES UNDER THE CONTROL OF THE DIRECTORS

It is recommended that a general authority be granted to the Board to allot and issue ordinary shares, subject to the provisions of the Companies Act (No. 71 of 2008), as amended, the Memorandum of Incorporation and the Listings Requirements of the exchange operated by JSE Limited, provided that the aggregate number of ordinary shares to be allotted and issued is limited to 5% of the number of the unissued ordinary shares in the authorised share capital of the Company (being 23 539 150 ordinary shares). This authority cannot be used to issue shares for cash.

An ordinary resolution to grant this general authority to the Board is incorporated in the notice of the Annual General Meeting that appears on page 128 of the Integrated Annual Report.

DECLARATION OF CASH DIVIDEND

DECLARATION OF CASH DIVIDEND NO. 36

Notice is hereby given that a final gross dividend of 328 cents (2017: 301 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 year ended 30 June 2018.

A dividend withholding tax of 20% or 65.6 cents per share will be applicable, resulting in a net dividend of 262.4 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 total gross dividend per share for the year ended 30 June 2018 therefore amounts to 532 cents, compared to 495 cents for the year ended 30 June 2017.

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.

PAYMENT

The final dividend is payable on Monday, 19 November 2018, to shareholders of the Company registered at the close of business on Friday, 16 November 2018.

Share certificates may not be dematerialised or rematerialised between Wednesday, 14 November 2018, and Friday, 16 November 2018, both days inclusive.

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

SECRETARY

The name and address of the Company Secretary appears on page 16 of the Integrated Annual Report.

APPROVAL

The comprehensive annual financial statements published on the Company's website at www.remgro.com, as well as the summary annual financial statements set out on pages 113 to 124 have been approved by the Board.

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
19 September 2018

INDEPENDENT AUDITOR'S REPORT

ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF REMGRO LIMITED

OPINION

The summary consolidated financial statements of Remgro Limited, set out on pages 113 to 124 of the 2018 Integrated Annual Report, which comprise the summary consolidated statement of financial position as at 30 June 2018, and the summary consolidated income statement and the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Remgro Limited for the year ended 30 June 2018.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's (JSE) requirements for summary financial statements, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 19 September 2018. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the JSE's requirements for summary financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: A Wentzel
Registered Auditor

Stellenbosch
19 September 2018

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2018

R million	Notes	30 June 2018*	30 June 2017
ASSETS			
Non-current assets			
Property, plant and equipment		13 626	6 668
Investment properties		119	129
Intangible assets		18 427	4 927
Investments – Equity accounted	4	73 722	80 883
– Available-for-sale		3 067	3 345
Retirement benefits		737	201
Loans		697	562
Deferred taxation		158	23
		110 553	96 738
Current assets		40 375	22 317
Inventories		10 967	3 055
Biological agricultural assets		807	791
Debtors and short-term loans		8 599	4 885
Investment in money market funds		3 996	5 888
Cash and cash equivalents		12 169	7 524
Other current assets		93	85
		36 631	22 228
Assets held for sale		3 744	89
Total assets		150 928	119 055
EQUITY AND LIABILITIES			
Stated capital		13 416	13 416
Reserves		84 865	79 235
Treasury shares		(183)	(219)
Shareholders' equity		98 098	92 432
Non-controlling interest		15 348	2 870
Total equity		113 446	95 302
Non-current liabilities		25 891	18 493
Retirement benefits		195	173
Long-term loans	5	20 316	16 446
Deferred taxation		5 268	1 511
Derivative instruments		112	363
Current liabilities		11 591	5 260
Trade and other payables		9 904	4 710
Short-term loans		1 557	480
Other current liabilities		130	69
		11 591	5 259
Liabilities held for sale		–	1
Total equity and liabilities		150 928	119 055

* *Since 11 May 2018, Remgro consolidates its investment in Distell and, therefore, certain line items are not directly comparable with the prior year. Refer to "Comparison with the prior year" on page 116 for further detail.*

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

R million	Notes	30 June 2018	30 June 2017
CONTINUING OPERATIONS			
Sales		**31 115**	27 600
Inventory expenses		**(17 814)**	(16 138)
Staff costs		**(5 641)**	(4 972)
Depreciation		**(810)**	(752)
Other net operating expenses		**(5 590)**	(4 978)
Trading profit		**1 260**	760
Dividend income		**112**	61
Interest received		**886**	633
Fair value adjustment on exchangeable bonds' option		**261**	687
Finance costs		**(1 266)**	(1 255)
Net impairment of investments, loans, assets and goodwill		**(202)**	105
Profit on sale and dilution of investments		**5 188**	199
Consolidated profit before tax		**6 239**	1 190
Taxation		**(423)**	(227)
Consolidated profit after tax		**5 816**	963
Share of after-tax profit of equity accounted investments	10	**2 893**	7 099
Net profit for the year from continuing operations		**8 709**	8 062
DISCONTINUED OPERATIONS*			
Profit for the year from discontinued operations		**490**	446
Net profit for the year		**9 199**	8 508
Attributable to:			
Equity holders		**8 943**	8 431
Continuing operations		**8 453**	7 985
Discontinued operations		**490**	446
Non-controlling interest		**256**	77
		9 199	8 508

* *On 30 June 2018 the investment in Unilever was transferred from "investments - equity accounted" to "assets held for sale" (refer to "Events after year-end" on page 123). Profit from discontinued operations consists of the equity accounted earnings of Unilever. Comparative information has been represented accordingly.*

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

R million	30 June 2018	30 June 2017
Net profit for the year	**9 199**	8 508
Other comprehensive income, net of tax	**(311)**	(2 097)
Items that may be reclassified subsequently to the income statement:		
Exchange rate adjustments	**2 012**	(4 477)
Fair value adjustments for the year	**(149)**	69
Deferred taxation on fair value adjustments	**55**	21
Reclassification of other comprehensive income to the income statement	**(206)**	(20)
Other comprehensive income of equity accounted investments	**(2 127)**	2 245
Items that will not be reclassified to the income statement:		
Remeasurement of post-employment benefit obligations	**189**	68
Deferred taxation on remeasurement of post-employment benefit obligations	**(53)**	(19)
Change in reserves of equity accounted investments	**(32)**	16
Total comprehensive income for the year	**8 888**	6 411
Total comprehensive income attributable to:		
Equity holders	**8 374**	6 338
Non-controlling interest	**514**	73
	8 888	6 411

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

R million	30 June 2018	30 June 2017
Balance at 1 July	**95 302**	81 657
Total comprehensive income for the year	**8 888**	6 411
Dividends paid	**(2 934)**	(2 708)
Transactions with non-controlling shareholders	**40**	18
Other movements	**18**	18
Long-term share incentive scheme reserve	**182**	127
Non-controlling shareholders' interest in acquisition of subsidiary	**11 953**	–
Non-controlling shareholders' interest in disposal of subsidiary	**(3)**	–
Shares issued	**–**	9 945
Share issue costs	**–**	(134)
Purchase of treasury shares by wholly owned subsidiary	**–**	(32)
Balance at the end of the year	**113 446**	95 302

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

R million	30 June 2018	30 June 2017
Cash generated from operations	**2 096**	2 241
Interest received	**879**	633
Taxation paid	**(657)**	(363)
Dividends received[1]	**3 789**	4 163
Finance costs	**(1 159)**	(1 179)
Cash available from operating activities	**4 948**	5 495
Dividends paid	**(2 934)**	(2 708)
Net cash inflow from operating activities	**2 014**	2 787
Investing activities[1, 2]	**2 208**	(6 572)
Financing activities[3]	**78**	8 553
Net increase in cash and cash equivalents	**4 300**	4 768
Exchange rate profit/(loss) on foreign cash	**213**	(424)
Cash and cash equivalents at the beginning of the year	**7 472**	3 128
Cash and cash equivalents at the end of the year	**11 985**	7 472
Cash and cash equivalents – per statement of financial position	**12 169**	7 524
Bank overdraft	**(184)**	(52)

(1) *The dividend received from RMI Holdings in respect of the reinvestment alternative (refer to the section dealing with "Related party transactions" on page 122), amounting to R471 million, is not included in "Dividends received" and "Investing activities" for cash flow purposes.*
(2) *"Investing activities" includes the net cash and cash equivalents of Distell at the acquisition date amounting to R1 306 million, as well as a decrease in money market funds of R1 892 million (2017: an increase of R4 838 million).*
(3) *"Financing activities" for the comparative year included the Remgro rights issue of R9 811 million.*

1. BASIS OF PREPARATION

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited (JSE) for summary financial statements, and the requirements of the Companies Act applicable to summary financial statements. The JSE requires summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) 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 to also, as a minimum, contain the information required by *IAS 34: Interim Financial Reporting*.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, with the exception of the adoption of the amendments to *IAS 7: Cash flow statements*, *IAS 12: Income taxes* and *IFRS 12: Disclosure of interest in other entities*. The implementation of these standards had no impact on the results of either the current or prior years. The financial statements have been prepared under the supervision of the Chief Financial Officer, Neville Williams CA(SA).

The summary consolidated financial statements do not contain all the information and disclosures required in the consolidated financial statements. The summary consolidated financial statements have been extracted from the audited consolidated financial statements upon which PricewaterhouseCoopers Inc. has issued an unqualified report. The audited consolidated financial statements and the unqualified audit report are available for inspection at the registered office of the Company.

2. COMPARISON WITH THE PRIOR YEAR

Since 11 May 2018 Remgro holds the majority of voting rights (56.0%) in Distell, thereby resulting in the investment in Distell now being consolidated at 31.8%. Therefore, certain line items in the statement of financial position and income statement are not directly comparable with the prior year. Based on the preliminary accounting for the business combination, the fair value of the major classes of assets and liabilities acquired are as follows:

R million	At acquisition date
Property, plant and equipment	6 608
Intangible assets	10 169
Inventories	7 765
Debtors and short-term loans	2 149
Cash and cash equivalents less bank overdraft	1 306
Other net assets	1 229
Long-term loans	(4 378)
Deferred taxation (assets and liabilities)	(3 693)
Trade and other payables	(3 857)
Non-controlling interest	(11 893)
Fair value of net assets acquired	5 405
Goodwill	3 535
Total purchase consideration	**8 940**

Distell's revenue contribution for the year under review is R4 219 million. Refer to "Related party transactions" on page 122 for further detail.

3. HEADLINE EARNINGS RECONCILIATION

R million	30 June 2018	30 June 2017
CONTINUING OPERATIONS		
Net profit for the year attributable to equity holders (earnings)	**8 453**	7 985
– Impairment of equity accounted investments	**580**	177
– Reversal of impairment of equity accounted investments	**(529)**	(479)
– Impairment of available-for-sale investments	**44**	5
– Impairment of property, plant and equipment	**71**	181
– Profit on sale and dilution of equity accounted investments[1]	**(5 156)**	(208)
– Loss on sale and dilution of equity accounted investments	**52**	9
– Profit on sale of available-for-sale investments	**(116)**	(15)
– Loss on sale of available-for-sale investments	**–**	15
– Profit on disposal of property, plant and equipment	**(114)**	(110)
– Recycling of foreign currency translation reserves	**(10)**	–
– Impairment of intangible assets	**34**	–
– Loss on sale of subsidiary	**42**	–
– Non-headline earnings items included in equity accounted earnings of equity accounted investments	**4 726**	220
– Profit on disposal of property, plant and equipment	**(44)**	(22)
– Profit on the sale of investments	**(583)**	(351)
– Loss on the sale of investments	**78**	26
– Impairment of investments, assets and goodwill[2]	**5 935**	668
– Recycling of foreign currency translation reserves	**(647)**	(83)
– Other headline earnings adjustable items	**(13)**	(18)
– Taxation effect of adjustments	**32**	5
– Non-controlling interest	**(35)**	(13)
Headline earnings from continuing operations	**8 074**	7 772
DISCONTINUED OPERATIONS		
Net profit for the year attributable to equity holders (earnings)	**490**	446
– Non-headline earnings items included in equity accounted earnings of equity accounted investments		
– Loss on disposal of property, plant and equipment	**12**	3
– Taxation effect of adjustments	**(3)**	–
Headline earnings from discontinued operations	**499**	449
Total headline earnings from continuing and discontinued operations	**8 573**	8 221
Option remeasurement	**(261)**	(687)
Headline earnings, excluding option remeasurement	**8 312**	7 534

(1) *"Profit on sale and dilution of equity accounted investments" includes the profit realised on the Distell restructuring transaction of R5 150 million.*
(2) *"Impairment of investments, assets and goodwill" from equity accounted investments includes Remgro's portion of the impairments of Mediclinic's investments in Hirslanden and Spire of R5 257 million.*

4. EARNINGS AND DIVIDENDS

Cents	30 June 2018	30 June 2017
Headline earnings per share		
– Basic	**1 512.6**	1 485.5
Continuing operations	**1 424.6**	1 404.4
Discontinued operations	**88.0**	81.1
– Diluted	**1 504.5**	1 479.5
Continuing operations	**1 416.5**	1 398.5
Discontinued operations	**88.0**	81.0
Headline earnings per share, excluding option remeasurement		
– Basic	**1 466.5**	1 361.3
Continuing operations	**1 378.5**	1 280.2
Discontinued operations	**88.0**	81.1
– Diluted	**1 458.4**	1 355.5
Continuing operations	**1 370.4**	1 274.5
Discontinued operations	**88.0**	81.0
Earnings per share		
– Basic	**1 577.9**	1 523.4
Continuing operations	**1 491.4**	1 442.8
Discontinued operations	**86.5**	80.6
– Diluted	**1 567.5**	1 517.2
Continuing operations	**1 481.1**	1 436.8
Discontinued operations	**86.4**	80.4
Dividends per share		
Ordinary	**532.00**	495.00
– Interim	**204.00**	194.00
– Final	**328.00**	301.00

5. INVESTMENTS

R million	30 June 2018	30 June 2017
Equity accounted investments		
Associates	**70 735**	75 392
Joint ventures	**2 987**	5 491
	73 722	80 883

EQUITY ACCOUNTED INVESTMENTS RECONCILIATION

	30 June 2018	30 June 2017
Carrying value at the beginning of the year	**80 883**	78 565
Share of net attributable profit	**3 383**	7 545
Dividends received	**(4 259)**	(3 861)
Exchange rate differences	**1 779**	(4 947)
Investments made	**675**	771
Derecognition of equity accounted investments in Distell and Capevin	**(3 885)**	–
Transfer of Unilever to non-current assets held for sale	**(3 588)**	–
Businesses acquired	**968**	–
Grindrod impairment reversal	**487**	478
Equity accounted movements on reserves	**(2 145)**	2 256
Other movements	**(576)**	76
Carrying value at the end of the year	**73 722**	80 883

6. LONG-TERM LOANS

R million	30 June 2018	30 June 2017
20 000 Class A 7.7% cumulative redeemable preference shares	**3 512**	3 512
10 000 Class B 8.3% cumulative redeemable preference shares	**4 382**	4 382
Exchangeable bonds with an effective interest rate of 4.5%	**6 090**	5 650
Various other loans	**7 533**	3 127
	21 517	16 671
Short-term portion of long-term loans	**(1 201)**	(225)
	20 316	16 446

	30 June 2018	30 June 2017
7. ADDITIONS TO AND REPLACEMENT OF PROPERTY, PLANT AND EQUIPMENT	**1 153**	1 228
8. CAPITAL AND INVESTMENT COMMITMENTS*	**4 366**	1 247
(Including amounts authorised but not yet contracted for)		
9. GUARANTEES AND CONTINGENT LIABILITIES	**9**	26
10. DIVIDENDS RECEIVED FROM EQUITY ACCOUNTED INVESTMENTS SET OFF AGAINST INVESTMENTS	**4 259**	3 861

11. EQUITY ACCOUNTED INVESTMENTS

	30 June 2018	30 June 2017
Share of after-tax profit of equity accounted investments		
Profit before taking into account impairments and non-recurring items	**10 035**	10 066
Net impairment of investments, assets and goodwill	**(5 935)**	(668)
Profit on the sale of investments	**505**	325
Recycling of foreign currency translation reserves	**647**	83
Other headline earnings adjustable items	**13**	18
Profit before tax and non-controlling interest	**5 265**	9 824
Taxation	**(1 499)**	(1 895)
Non-controlling interest	**(383)**	(384)
	3 383	7 545
Continuing operations	**2 893**	7 099
Discontinued operations	**490**	446

* *Capital and investment commitments at 30 June 2018 include an amount of R2 459 million from Distell.*

12. FAIR VALUE REMEASUREMENTS

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

- Financial instruments available-for-sale and investment in money market funds: Fair value is based on quoted market prices or, in the case of unlisted instruments, appropriate valuation methodologies, being discounted cash flow, liquidation valuation or actual net asset value of the investment.
- Derivative instruments: The fair value of derivative instruments is determined by using appropriate valuation methodologies and mark-to-market valuations.

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

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

The following 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
30 June 2018				
Assets				
Available-for-sale	**934**	**41**	**2 092**	**3 067**
Derivative instruments	**–**	**12**	**–**	**12**
Investment in money market funds	**3 996**	**–**	**–**	**3 996**
	4 930	**53**	**2 092**	**7 075**
Liabilities				
Non-current derivative instruments	**–**	**112**	**–**	**112**
Current derivative instruments	**–**	**34**	**43**	**77**
	–	**146**	**43**	**189**
30 June 2017				
Assets				
Available-for-sale	1 178	–	2 167	3 345
Derivative instruments	–	1	–	1
Investment in money market funds	5 888	–	–	5 888
	7 066	1	2 167	9 234
Liabilities				
Non-current derivative instruments	–	363	–	363
Current derivative instruments	–	13	49	62
	–	376	49	425

12. FAIR VALUE REMEASUREMENTS (continued)

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

R million	30 June 2018	30 June 2017
Assets: Available-for-sale		
Balances at the beginning of the year	**2 167**	2 148
Additions	**103**	119
Disposals	**(356)**	(67)
Exchange rate adjustments	**81**	(178)
Fair value adjustments through comprehensive income	**97**	145
Balances at the end of the year	**2 092**	2 167
Liabilities: Derivative instruments		
Balances at the beginning of the year	**49**	54
Put option exercised	**(6)**	(5)
Balances at the end of the year	**43**	49

There were no transfers between the different levels.

Level 3 financial assets consist mainly of investments in the Milestone China entities (Milestone) and the Pembani Remgro Infrastructure Fund (PRIF) amounting to R1 737 million and R234 million respectively, while the investment in the Kagiso Infrastructure Empowerment Fund was disposed of during the year under review. These investments are all valued based on the fair value of each investment's underlying assets, which are valued using a variety of valuation methodologies. Listed entities are valued at the last quoted share price on the reporting date, whereas unlisted entities' valuation methods include discounted cash flow valuations, appropriate earnings and revenue multiples.

Milestone's fair value consists of listed investments (43%), cash and cash equivalents (6%), unlisted investments (60%) and other net liabilities (9%). Unlisted investments included at transaction prices in Milestone's fair value amounted to R573 million, while its remaining eight unlisted investments were valued at R469 million. PRIF's main assets are the investments in ETG Group, Nova Lumos and GPR Leasing. ETG Group was valued at its last traded price used for the acquisition of an interest by a third party. GPR Leasing and Nova Lumos were valued using the discounted cash flow method.

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

13. RELATED PARTY TRANSACTIONS

DISTELL GROUP HOLDINGS LIMITED (DISTELL)

On 30 June 2017 Remgro had an indirect economic interest of 31.8% in Distell Group Limited (previously listed Distell). This interest was held through its 50.0% shareholding in Remgro-Capevin Investments Proprietary Limited (RCI) and 19.0% shareholding in Capevin Holdings Limited (Capevin). Capevin held the other 50.0% shareholding in RCI and RCI had a 53.5% economic interest (or 52.8% voting interest) in the previously listed Distell.

On 11 May 2018 the competition authorities approved the restructuring of the previously listed Distell's multi-tiered ownership structure. In terms of the restructuring, Remgro exchanged its 50.0% shareholding in RCI for additional ordinary shares in Capevin (the RCI Exchange). The RCI Exchange increased Remgro's interest in Capevin from 19.0% to 59.5%. Following the RCI Exchange, Remgro exchanged its entire Capevin shareholding for ordinary shares in Distell, a new listed entity which is substantially similar to the previously listed Distell. Remgro also received unlisted B shares in Distell, which shares are linked to the Distell ordinary shares acquired by Remgro by virtue of the RCI Exchange, resulting in Remgro replicating RCI's 52.8% voting rights in the previously listed Distell. The unlisted B shares only carry voting rights in Distell and have no economic participation. The restructuring had no impact on Remgro's intrinsic net asset value and Remgro retained its 31.8% economic interest in Distell, but increased its voting rights in Distell to 56.0%.

Remgro's investments in RCI and Capevin were previously classified as a joint venture and an associate, respectively, and accounted for using the equity method. Since the restructuring, Remgro holds the majority of voting rights (56.0%) in Distell, thereby resulting in the investment in Distell now being consolidated at 31.8% with effect from 11 May 2018, while the investments in RCI and Capevin were derecognised at their fair values totalling R8 940 million, realising an accounting profit on the sale of investments of R5 150 million.

In terms of *IFRS 3: Business Combinations* the purchase consideration for Distell, consisting of the fair value of Remgro's previously held interests in RCI and Capevin, amounted to R8 940 million. The preliminary fair value of the underlying assets acquired and liabilities assumed at the effective date were: intangible assets of R10 169 million, property, plant and equipment of R6 608 million, and other net assets of R521 million. Non-controlling shareholders' proportionate interest in the fair value of Distell's net assets amounted to R11 893 million, while Remgro's economic interest therein amounted to R5 405 million. The balance of R3 535 million, being the difference between the purchase price and Remgro's portion of Distell's identifiable net assets, was allocated to goodwill.

The fair value adjustment to Distell's statement of financial position relates mainly to the recognition of brands (*inter alia Hunters, Savanna*, *Amarula* and *Bernini*). The amortisation of these additional assets will result in an annual after-tax expense of R145 million (Remgro's portion being R46 million) included in headline earnings. Since Remgro retained its economic interest of 31.8% in Distell's underlying business, the impact on attributable headline earnings for the year under review only relates to the additional after-tax amortisation expense of R8 million for the period to 30 June 2018.

RMI HOLDINGS LIMITED (RMI HOLDINGS)

On 19 September 2017 and 12 March 2018 RMI Holdings declared its final dividend for the year ended 30 June 2017 and interim dividend for the six months ended 31 December 2017 respectively. Both dividends included an alternative to the cash dividend of either receiving a scrip distribution or reinvesting the cash dividend by subscribing for new RMI Holdings ordinary shares. Remgro elected the reinvestment alternative for both declarations. Cash dividends amounting to R471 million were reinvested for 7 691 641 new RMI Holdings ordinary shares at R38.00 per share and 4 196 921 new RMI Holdings ordinary shares at R42.50 per share during October 2017 and April 2018 respectively. These investments increased Remgro's interest in RMI Holdings marginally to 30.3% (30 June 2017: 29.9%).

GRINDROD LIMITED (GRINDROD)

On 19 June 2018 Grindrod distributed its shipping division to its shareholders as a dividend *in specie*. Grindrod shareholders received one Grindrod Shipping Holdings Limited (Grindrod Shipping) share for every 40 Grindrod shares held and, accordingly, Remgro received 4 329 580 Grindrod Shipping shares. Grindrod Shipping listed on the NASDAQ on 18 June 2018 with a secondary inward listing on the JSE on 19 June 2018. On 30 June 2018 Remgro's effective interests in Grindrod and Grindrod Shipping were 23.0% (2017: 23.1%) and 22.7% respectively.

INVENFIN PROPRIETARY LIMITED (INVENFIN)

During the year under review Remgro (through its wholly owned subsidiary, Invenfin) invested a further R80 million in Bos Brands Proprietary Limited (Bos Brands), thereby increasing its cumulative investment in Bos Brands to R244 million. Bos Brands is an owner, producer, marketer and distributor of a range of ice teas and sports drinks, under the BOS brand.

OTHER

For other related party transactions refer to notes 5, 10 and 11.

14. EVENTS AFTER YEAR-END

UNILEVER SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED (UNILEVER)

The competition authorities have approved Unilever's acquisition of Remgro's 25.75% shareholding in Unilever in exchange for Unilever's Spreads business in Southern Africa, as well as a cash consideration of R4 900 million, representing a total transaction value of R11 900 million. This transaction valued the Unilever Spreads business at R7 000 million. The effective date of the transaction was 2 July 2018.

On 2 July 2018 the Unilever Spreads business, valued at R7 000 million, was transferred to Silver 2017 Proprietary Limited (Silver), which became a wholly owned subsidiary of Remgro, and the investment in Unilever was disposed of for R11 900 million. In terms of *IFRS 3: Business Combinations* the purchase price of the Unilever Spreads business will be allocated to intangible assets (mainly brands like *Rama*, *Stork* and *Flora*), property, plant and equipment and other net assets, while the balance will be allocated to goodwill. At the date of publication of the audited consolidated results, the acquisition date fair values of acquired net assets have not yet been determined.

RMI HOLDINGS

On 11 September 2018 RMI Holdings declared its final dividend for the year ended 30 June 2018, which included an alternative to the cash dividend of either receiving a scrip distribution or reinvesting the cash dividend by subscribing for new RMI Holdings ordinary shares. Remgro has committed to reinvesting its cash dividend amounting to R300 million, by electing the reinvestment alternative, in order to receive 7 894 998 new RMI Holdings ordinary shares at R38.00 per share.

COMMUNITY INVESTMENT VENTURES HOLDINGS PROPRIETARY LIMITED (CIVH)

On 29 August 2018 Remgro invested a further R324 million in CIVH as part of a CIVH rights offer.

MILESTONE CAPITAL STRATEGIC HOLDINGS LIMITED (MCSH)

During August 2018 Remgro disposed of its investment and loan in MCSH for a total purchase consideration of $70 million.

Other than the above-mentioned transactions, there were no other significant transactions subsequent to 30 June 2018.

ANNEXURE A

SEGMENT REPORT
FOR THE YEAR ENDED 30 JUNE 2018

R million	Year ended 30 June 2018 Headline earnings[(1)]	30 June 2018 Net assets Book value[(2)]	30 June 2018 Net assets Intrinsic value	Year ended 30 June 2017 Headline earnings[(1)]	30 June 2017 Net assets Book value[(2)]	30 June 2017 Net assets Intrinsic value
Banking						
RMH	2 486	15 385	30 123	2 232	14 016	23 350
FirstRand	1 039	5 486	14 045	931	5 010	10 365
Healthcare						
Mediclinic	1 556	29 373	31 329	1 875	33 763	41 568
Consumer products						
Unilever	499	3 588	11 900	449	3 737	10 702
Distell	459	9 110	9 674	481	3 727	9 556
RCL Foods	647	8 128	11 534	424	7 553	10 173
Insurance						
RMI Holdings	1 228	8 479	17 285	1 041	7 277	17 532
Industrial						
Air Products	289	1 026	4 158	298	1 047	4 298
KTH	55	1 964	2 218	34	1 684	2 466
Total	501	2 007	2 382	224	1 640	2 167
PGSI	4	692	692	25	643	643
Wispeco	122	874	984	169	821	1 368
Infrastructure						
Grindrod	(46)	1 624	1 624	(48)	1 915	1 915
Grindrod Shipping	–	623	623	–	–	–
CIV group	48	2 301	4 940	110	2 242	4 829
SEACOM	15	353	870	(33)	321	896
Other infrastructure interests	40	256	256	7	520	520
Media and sport						
eMedia Investments	1	866	866	49	1 147	1 424
Other media and sport interests	(48)	223	268	(107)	365	319
Other investments	66	4 060	4 196	70	3 947	3 932
Central treasury						
Cash at the centre/Finance income	524	13 704	13 704	349	12 223	12 223
Debt at the centre/Finance costs	(630)	(14 097)	(14 097)	(216)	(13 907)	(13 907)
Other net corporate costs/assets	(282)	2 073	2 536	(143)	2 741	3 164
	8 573	98 098	152 110	8 221	92 432	149 503
Potential CGT liability			(6 438)			(7 010)
Total		98 098	145 672		92 432	142 493

Additional segmental information is disclosed in note 12.1 in the annual financial statements that is published on the Company's website at www.remgro.com.

[(1)] *Refer to note 3 for the calculation of headline earnings.*
[(2)] *Total book value equals shareholders' equity.*

SHAREHOLDERS' INFORMATION

STATISTICS AT 30 JUNE 2018

	30 June 2018 %	30 June 2018 Number of shares	30 June 2017 %	30 June 2017 Number of shares
MAJOR BENEFICIAL SHAREHOLDERS				
Ordinary shares				
Public Investment Corporation	**14.56**	**77 048 485**	15.30	80 947 607
Other	**85.44**	**452 168 522**	84.70	448 269 400
	100.00	**529 217 007**	100.00	529 217 007
B ordinary shares				
Rupert Beleggings Proprietary Limited	**100.00**	**39 056 987**	100.00	39 056 987
Total		**568 273 994**		568 273 994

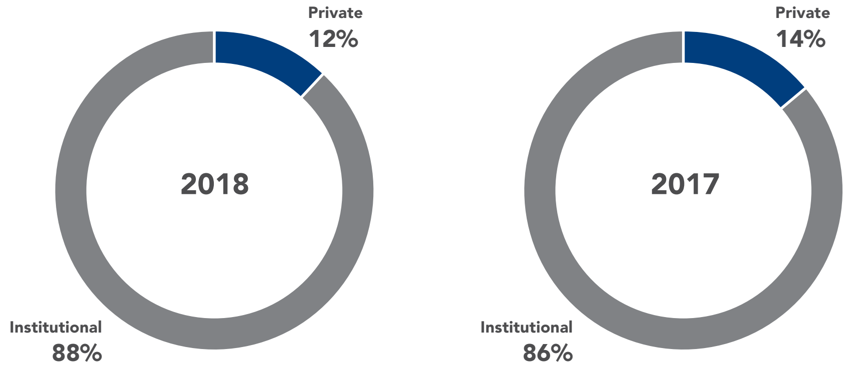
No other shareholder held a beneficial interest of more than 5% in the ordinary shares of the Company on 30 June 2018.

	30 June 2018	30 June 2017	30 June 2016	30 June 2015
DISTRIBUTION OF SHAREHOLDERS				
Ordinary shares				
Public shareholders	**60 496**	64 552	60 890	59 141
Percentage of shareholders	**99.93**	99.88	99.85	99.86
Number of shares	**513 954 491**	512 476 207	465 687 383	465 119 986
Percentage of shares issued	**97.12**	96.84	96.80	96.68
Non-public shareholders				
Directors and their associates/Share Trust/Treasury shares	**44**	78	90	84
Percentage of shareholders	**0.07**	0.12	0.15	0.14
Number of shares	**15 262 516**	16 740 800	15 418 987	15 986 384
Percentage of shares issued	**2.88**	3.16	3.20	3.32
Number of shareholders	**60 540**	64 630	60 980	59 225

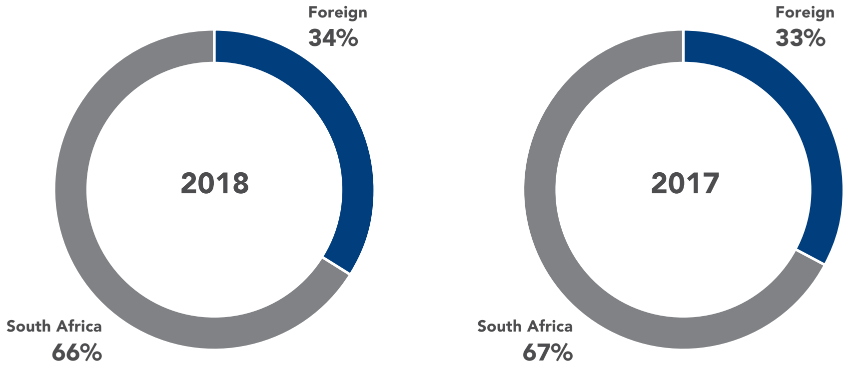
	30 June 2018	30 June 2017	30 June 2016	30 June 2015
NUMBER OF SHARES IN ISSUE				
– Ordinary shares of no par value	**529 217 007**	529 217 007	481 106 370	481 106 370
– Unlisted B ordinary shares of no par value	**39 056 987**	39 056 987	35 506 352	35 506 352
Total number of shares in issue	**568 273 994**	568 273 994	516 612 722	516 612 722
Number of shares held in treasury				
Ordinary shares repurchased and held in treasury	**(1 389 033)**	(1 666 638)	(1 725 393)	(2 169 558)
	566 884 961	566 607 356	514 887 329	514 443 164
Weighted number of shares	**566 773 693**	553 423 346	524 628 257	514 200 979

ADDITIONAL INFORMATION

INSTITUTIONAL AND PRIVATE SHAREHOLDING IN REMGRO LIMITED ORDINARY SHARES



FOREIGN AND LOCAL SHAREHOLDING IN REMGRO LIMITED ORDINARY SHARES



INTERESTS OF THE DIRECTORS IN THE ISSUED CAPITAL OF THE COMPANY

ORDINARY SHARES

Directors	Direct beneficial	Indirect beneficial	Associates	Total
30 June 2018				
S E N De Bruyn	**497**	**–**	**–**	**497**
J J Durand	**–**	**842 776**	**8 250**	**851 026**
G T Ferreira	**174 488**	**–**	**616 000**	**790 488**
P K Harris	**–**	**186 030**	**–**	**186 030**
E de la H Hertzog	**288 081**	**2 124 995**	**142 982**	**2 556 058**
M Lubbe	**32 184**	**–**	**–**	**32 184**
J Malherbe	**48 670**	**–**	**1 161 565**	**1 210 235**
N P Mageza	**–**	**296**	**–**	**296**
P J Moleketi	**1 243**	**–**	**19 718**	**20 961**
M Morobe	**–**	**633**	**–**	**633**
F Robertson	**–**	**5 500**	**–**	**5 500**
J P Rupert	**–**	**–**	**7 553 865**	**7 553 865**
N J Williams	**25 000**	**–**	**66 000**	**91 000**
	570 163	**3 160 230**	**9 568 380**	**13 298 773**

On 30 April 2018, when Mr W E Bührmann retired, his indirect beneficial holding was 290 400 ordinary shares in Remgro Limited.

Directors	Direct beneficial	Indirect beneficial	Associates	Total
30 June 2017				
W E Bührmann	–	290 400	–	290 400
S E N De Bruyn	497	–	–	497
J J Durand	–	842 776	8 250	851 026
G T Ferreira	174 488	–	616 000	790 488
P K Harris	–	186 030	–	186 030
E de la H Hertzog	288 081	2 124 995	142 982	2 556 058
M Lubbe	32 184	–	–	32 184
J Malherbe	48 670	–	1 158 631	1 207 301
N P Mageza	–	296	–	296
P J Moleketi	1 243	–	19 718	20 961
M Morobe	–	633	–	633
F Robertson	–	5 500	–	5 500
J P Rupert	–	–	7 553 865	7 553 865
N J Williams	22 643	–	66 000	88 643
	567 806	3 450 630	9 565 446	13 583 882

B ORDINARY SHARES

Mr J P Rupert is a director of Rupert Beleggings Proprietary Limited which owns all the issued unlisted B ordinary shares.

Since the end of the financial year to the date of this report the interests of the directors remained unchanged.