2019 ANNUAL FINANCIAL STATEMENTS

Remgro Limited

CONTENTS

ANNUAL FINANCIAL STATEMENTS

CONSOLIDATED

THE COMPANY

STATUTORY INFORMATION

STATEMENT OF RESPONSIBILITY

BY THE BOARD OF DIRECTORS

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the Annual Financial Statements included in this Annual Report.

The Annual Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the South African Companies Act (No. 71 of 2008), as amended, on the going concern basis and incorporate full and responsible disclosure. The Annual Financial Statements are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates. The financial statements have been prepared under the supervision of the Chief Financial Officer, Neville Williams CA(SA).

The directors are satisfied that the information contained in the financial statements fairly represents the results of operations for the year and the financial position of the Group at year-end. The accuracy of the other information included in the Annual Report was considered by the directors and they are satisfied that it accords with the financial statements.

The directors are also responsible for the Group's system of internal financial controls. The system was developed to provide reasonable, but not absolute, assurance regarding the reliability of the financial statements, the safeguarding of assets and to prevent and detect misrepresentation and losses.

The directors are of the opinion that the Group will continue as a going concern in the future.

The financial statements were audited by the independent auditor, PricewaterhouseCoopers Inc., to whom unrestricted access was given to all financial records and related information. The auditor's report is presented on page 10.

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
19 September 2019

STATEMENT BY THE COMPANY SECRETARY

I, Danielle Ivelene Heynes, being the Company Secretary of Remgro Limited, hereby certify that all returns and notices of Remgro Limited required in terms of the Companies Act (No. 71 of 2008), as amended, have in respect of the year under review, been filed with the Companies and Intellectual Property Commission and that all such returns and notices appear to be true, correct and up to date.

Danielle Heynes
Company Secretary

Stellenbosch
19 September 2019

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 2019.

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 18 and 19 of the Integrated Annual Report.*

The Chief Executive Officer, 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 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 boards and audit committees (where applicable) functioning at Remgro's significant operating subsidiaries (RCL Foods Limited (RCL Foods), Distell Group Holdings Limited (Distell), Siqalo Foods Proprietary Limited (Siqalo Foods) and Wispeco Holdings Proprietary Limited (Wispeco)), 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, which are included in the Integrated Annual 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 2019
- 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 51 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 71 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. As required by section 3.84(g)(iii) of the JSE Listings Requirements, the committee obtained the information listed in paragraph 22.15(h) of the JSE Listings Requirements and satisfied itself that the external auditor and audit partner, Mr Anton Wentzel, have the necessary accreditation and are suitable for re-appointment. The committee nominated, for approval at the Annual General Meeting on 28 November 2019, PwC as external auditor for the 2020 financial year. The committee is also satisfied that the designated partner is not on the JSE's list of disqualified individuals.

In terms of the requirements of the Independent Regulatory Board for Auditors, the Company is obliged to rotate its external auditor for the 2024 financial year. The committee has already taken steps to ensure that audit firm rotation is implemented in time.

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, Distell, Siqalo Foods, Wispeco and associates and joint ventures) are responsible for executing the Company's influence to ensure that effective internal controls are implemented and complied with.

EXPERTISE AND EXPERIENCE OF THE CFO AND FINANCE FUNCTION

The committee has considered and has satisfied itself of the appropriateness of the expertise and experience of the CFO, Mr Neville Williams, whose *curriculum vitae* appears on page 18 of the Integrated Annual Report.

The committee has furthermore considered and has 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 the acquisition of Siqalo Foods**
  On 2 July 2018 Unilever South Africa Holdings Proprietary Limited (Unilever) acquired 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 Unilever Spreads business was transferred to Siqalo Foods, which became a wholly owned subsidiary of Remgro on 2 July 2018. 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.

- **Accounting for equity accounted investments**
  The Company holds significant investments which are equity accounted for in terms of *IAS 28: Investments in Associates and Joint Ventures*. Some of the equity accounted investments have year-ends which are non-coterminous with that of the Company, the most significant investment in this regard being Mediclinic International plc (Mediclinic). These investments are equity accounted from results for a financial period ended within three months from the Group's financial year-end. Significant transactions that occur after the equity accounted investments' period-end, but before the Company's year-end, are accounted for in Remgro's consolidated financial statements. Significant adjustments for the current year related to dividends received from equity accounted investments, the additional investment in Community Investment Ventures Holdings Proprietary Limited (CIVH) and the conversion of Mediclinic's financial information from its presentation currency (British pound) to the Company's presentation currency as at 30 June 2019. The committee considered these transactions and is satisfied with the accounting treatment thereof. Refer to note 4.1 to the Annual Financial Statements for further detail.

- **Valuation of investments and consideration of possible impairments**
  The intrinsic net asset value (INAV) is one of the measures used to assess shareholder value created. Investee companies, which represent operating segments, are valued and included in the INAV. 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.

  The committee further considered the methodologies, assumptions and judgements applied by management in determining the impairment of assets, whose carrying values exceed its intrinsic values, and is satisfied that the approach taken was appropriate. The most significant assets in this regard being Remgro's investment in Mediclinic and the goodwill and indefinite life intangible assets that originated from the acquisition of Siqalo Foods in the current year and Distell in the comparative year.

  Refer to notes 2, 4.4 and 10.3 to the Annual Financial Statements 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, 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, which is included in the Integrated Annual 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 2019

REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2019

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 2019**	30 June 2018
Headline earnings (R million)	**8 195**	8 573
– per share (cents)	**1 448.9**	1 512.6
– diluted (cents)	**1 445.9**	1 504.5
Headline earnings, excluding option remeasurement (R million)	**8 083**	8 312
– per share (cents)	**1 429.1**	1 466.5
– diluted (cents)	**1 426.1**	1 458.4
Earnings – net profit for the year (R million)	**7 319**	8 943
– per share (cents)	**1 294.0**	1 577.9
– diluted (cents)	**1 292.0**	1 567.5
Dividends (R million)	**3 205**	3 023
– ordinary – per share (cents)	**564.00**	532.00

A final dividend of 349 cents (2018: 328 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:

UNILEVER SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED (UNILEVER)

On 2 July 2018 Unilever acquired 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 Unilever Spreads business was transferred to Siqalo Foods Proprietary Limited (Siqalo Foods), which became a wholly owned subsidiary of Remgro on 2 July 2018.

Remgro's investment in Unilever was previously classified as an associate and accounted for using the equity method. With effect from 2 July 2018, Remgro consolidated Siqalo Foods at 100.0%, while the investment in Unilever, with a carrying value of R3 582 million, was disposed of for a consideration of R11 900 million, realising an accounting profit on the disposal of investment of R8 318 million.

In terms of *IFRS 3: Business Combinations* the purchase price of Siqalo Foods was R7 000 million. The fair value of the underlying assets acquired and liabilities assumed at the effective date were: intangible assets of R1 687 million, property, plant and equipment of R493 million, and other net liabilities of R388 million. The balance of R5 208 million, being the difference between the purchase price and Siqalo Foods' identifiable net assets, was allocated to goodwill.

The fair value adjustment to Siqalo Foods' statement of financial position relates mainly to the recognition of brands (*inter alia Rama*, *Stork* and *Flora*) and non-contractual customer relationships. The amortisation of these additional assets will result in an annual after-tax expense of R80 million included in headline earnings.

COMMUNITY INVESTMENT VENTURES HOLDINGS PROPRIETARY LIMITED (CIVH)

During July 2018, CIVH repurchased 6.3% of its shares from a shareholder, which increased Remgro's interest in CIVH to 54.4% (30 June 2018: 51.0%).

During the year under review, Remgro invested a further R2 855 million in CIVH, in terms of CIVH rights issues. These share subscriptions did not alter Remgro's interest in CIVH. The rights issue proceeds were mainly used to partly fund the Vumatel Proprietary Limited acquisition, as well as to fund Dark Fibre Africa Proprietary Limited's growth strategy. Remgro earned underwriting fees of R58 million in respect of one of the CIVH rights issues.

On 14 December 2018 Remgro advanced a loan amounting to R100 million to CIVH. The loan, including accrued interest, and the outstanding amount of the underwriting fees will be converted into CIVH shares subsequent to 30 June 2019, which will marginally increase Remgro's interest in CIVH to 54.7%.

PRESCIENT CHINA EQUITY FUND (PRESCIENT)

During October 2018, Remgro invested $50 million in Prescient. Prescient was launched during October 2018 and Remgro and Reinet Investments S.C.A. provided the seed capital. Prescient, which uses a systematic, quantitative approach to seek long term capital growth, invests in listed stocks in the Chinese market and is benchmarked to the Shanghai Shenzhen CSI 300 index.

MILESTONE CAPITAL STRATEGIC HOLDINGS LIMITED (MCSH)

Remgro previously invested $43 million in MCSH, consisting of an interest-bearing loan of $38 million and an investment of $5 million. During August 2018 MCSH repaid the loan and interest amounting to $42 million and Remgro disposed of its investment in MCSH for a total purchase consideration of $28 million. The purchase consideration was settled with cash amounting to $6 million, 10 714 310 Li Ning Company Limited (Li Ning) shares valued at $12 million and JHL Biotech, Inc. bonds (JHL bonds) valued at $10 million.

During December 2018 and January 2019, Remgro disposed of the 10 714 310 Li Ning shares for $12 million. The JHL bonds are held in escrow and will be utilised as Remgro's first contribution towards Milestone China Opportunities Fund IV (Milestone IV). Remgro committed up to a maximum amount of $100 million to Milestone IV during the year under review.

RAND MERCHANT INVESTMENT HOLDINGS LIMITED (RMI)

On 11 September 2018 RMI 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 ordinary shares. Remgro elected to reinvest its cash dividend amounting to R300 million, and received 7 894 998 new RMI ordinary shares at R38.00 per share.

RCL FOODS LIMITED (RCL FOODS)

During December 2018 Remgro acquired a further 7 042 924 RCL Foods shares for a total amount of R115 million. This transaction marginally increased Remgro's effective interest in RCL Foods to 77.5% (30 June 2018: 77.0%).

MILESTONE CHINA OPPORTUNITIES FUND III (MILESTONE III)

During the year under review, Remgro invested a further $3 million in Milestone III and received distributions of $9 million, thereby increasing its cumulative investment to $98 million and cumulative distributions received to $25 million. As at 30 June 2019 the fair value of Remgro's investment in Milestone III amounted to $113 million and the remaining commitment amounted to $2 million.

INVENFIN PROPRIETARY LIMITED (INVENFIN)

During the year under review Invenfin (a wholly owned subsidiary of Remgro) invested a further R79 million in Bos Brands Proprietary Limited (Bos Brands), thereby increasing its cumulative investment in Bos Brands to R323 million.

PREMIER TEAM HOLDINGS LIMITED (PTH) AND SARACENS COPTHALL LLP (COPTHALL)

On 24 October 2018, Remgro entered into an agreement in terms of which it disposed of its 50.0% interest in PTH (the entity that owns the Saracens rugby club) for a nominal amount with the right to sell its 49.5% interest in Copthall (the entity that houses the Saracens club's stadium, Allianz Park) after three years for £8 million. The combined transaction gave Remgro the ability to completely exit the Saracens Group.

Remgro's investments in PTH and Copthall were previously classified as associates and accounted for using the equity method. With effect from 24 October 2018, Remgro disposed of its investment in PTH and derecognised its associated investment in Copthall. The right to sell Copthall is classified as a financial instrument with fair value movements accounted for through profit and loss.

OTHER

Other smaller investments amounted to R228 million.

EVENTS AFTER YEAR-END

Other than the above-mentioned transactions, there were no other significant transactions subsequent to 30 June 2019.

FINANCING ACTIVITIES

During the 2016 financial year Remgro (through its wholly owned subsidiary Remgro Healthcare Holdings Proprietary Limited (RHH)) issued Class A preference shares of R3.5 billion (four-year tenure and fixed dividend rate of 7.7%) and Class B preference shares of R4.4 billion (five-year tenure and a fixed dividend rate of 8.3%).

During March 2019 Remgro entered into agreements to refinance its preference shares. The maturity date of the Class A preference shares was extended to 15 January 2024 at a fixed dividend rate of 7.5% effective from 16 June 2019. A breakage fee of R18 million was rolled into the amended preference share dividend rate. The Class B preference shares, with an original maturity date of 15 March 2021, was extended to 17 March 2025 at a fixed dividend rate of 7.8% effective from 16 March 2021.

CASH RESOURCES AT THE CENTRE

The Company's cash resources at 30 June 2019 were as follows:

R million	30 June 2019 Local	30 June 2019 Offshore	30 June 2019 Total	30 June 2018
Per consolidated statement of financial position	**5 274**	**7 388**	**12 662**	12 169
Investment in money market funds	**5 095**	**80**	**5 175**	3 996
Less: Cash of operating subsidiaries	**(1 337)**	**(773)**	**(2 110)**	(2 461)
Cash at the centre	**9 032**	**6 695**	**15 727**	13 704

On 30 June 2019, approximately 30% (R4 760 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 for further details.

GROUP FINANCIAL REVIEW

CHANGE IN ACCOUNTING POLICY

During the year under review, Remgro adopted *IFRS 9: Financial Instruments* and *IFRS 15: Revenue from Contracts with Customers*, which impacted the Group's financial statements.

IFRS 9 replaces the provisions of *IAS 39* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. *IFRS 9* was adopted without restating comparative information in accordance with the transitional provisions. The adjustments arising from the new standard are therefore not reflected in the statement of financial position as at 30 June 2018, but are recognised in the opening statement of financial position on 1 July 2018.

In accordance with the transition provisions in *IFRS 15*, the Group has applied the modified retrospective application option, and certain adjustments are therefore recognised in the opening statement of financial position on 1 July 2018.

Refer to note 17 for the full impact of the adoption.

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 2019		30 June 2018	
	R million	**R per share**	R million	R per share
Equity employed				
Attributable to equity holders	**101 097**	**178.95**	98 098	173.04
Employment of equity				
Banking	**22 070**	**39.07**	20 871	36.82
Healthcare	**24 019**	**42.52**	29 373	51.81
Consumer products	**23 187**	**41.04**	20 826	36.74
Insurance	**9 335**	**16.52**	8 479	14.96
Industrial	**6 318**	**11.18**	6 563	11.58
Infrastructure	**6 664**	**11.80**	5 157	9.10
Media and sport	**1 042**	**1.84**	1 089	1.92
Other investments	**4 620**	**8.18**	4 060	7.16
Central treasury				
– Cash at the centre	**15 727**	**27.84**	13 704	24.17
– Debt at the centre	**(13 919)**	**(24.64)**	(14 097)	(24.87)
Other net corporate assets	**2 034**	**3.60**	2 073	3.65
	101 097	**178.95**	98 098	173.04

INCOME STATEMENT

	30 June 2019		30 June 2018	
	R million	**%**	R million	%
Source of headline earnings				
Banking	**3 737**	**46**	3 525	41
Healthcare	**1 693**	**21**	1 556	18
Consumer products	**918**	**11**	1 605	19
Insurance	**1 161**	**14**	1 228	14
Industrial	**944**	**12**	971	11
Infrastructure	**(174)**	**(2)**	57	1
Media and sport	**20**	**–**	(47)	(1)
Other investments	**39**	**–**	66	1
Central treasury				
– Finance income	**755**	**9**	524	6
– Finance costs	**(823)**	**(10)**	(891)	(10)
– Option remeasurement	**112**	**1**	261	3
Other net corporate costs	**(187)**	**(2)**	(282)	(3)
	8 195	**100**	8 573	100

INCOME STATEMENT (continued)

R million	30 June 2019	30 June 2018
Composition of headline earnings		
Subsidiaries	**763**	454
Profits	**1 612**	1 302
Losses	**(849)**	(848)
Associates and joint ventures	**7 432**	8 119
Profits	**7 835**	8 269
Losses	**(403)**	(150)
	8 195	8 573

SHARE INCENTIVE SCHEMES

Remgro currently has three long-term incentive plans, i.e. the old Remgro Equity Settled Share Appreciation Right Scheme (SAR Scheme), the Remgro Share Appreciation Rights Plan (SAR Plan) and the Remgro Conditional Share Plan (CSP).

In terms of the SAR Scheme and SAR Plan, 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 vest and 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

In terms of the CSP, participants are awarded Remgro ordinary shares that will vest 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

Vesting on both schemes are conditional on fulfilment of the employment period and achievement of performance conditions (where applicable).

Refer to note 8 to the Annual Financial Statements for further details on both schemes.

TREASURY SHARES

At 30 June 2018, 1 389 033 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 schemes.

During the year under review Remgro repurchased a further 2 000 000 Remgro ordinary shares at an average price of R198.07 per share for a total amount of R396 million, while 54 097 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants.

At 30 June 2019, 3 334 936 Remgro ordinary shares (0.6%) 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 42.62% (2018: 42.53%) of the total votes.

An analysis of the shareholders appears on pages 111 and 112.

SUBSIDIARIES AND INVESTMENTS

Particulars of subsidiaries and equity accounted investments are disclosed in note 14 to the Annual Financial Statements.

DIRECTORS

The names of the directors appear on pages 18 to 19 of the Integrated Annual Report.

Mr A E Rupert has been appointed as a non-executive director of Remgro with effect from 29 November 2018, which directors' 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 welcome Mr A E Rupert as a director to the Company.

In terms of the provision of the Memorandum of Incorporation, Messrs J J Durand, N P Mageza, J Malherbe, P J Moleketi and F Robertson retire from the Board by rotation. These directors are eligible and offer themselves for re-election.

DIRECTORS' INTERESTS

At 30 June 2019 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 2.53% (2018: 2.51%).

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 113.

DIRECTORS' EMOLUMENTS

The total directors' fees for services rendered as directors during the past financial year amounted to R5.5 million (2018: R5.5 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 151 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 151 of the Integrated Annual Report.

DECLARATION OF CASH DIVIDEND

DECLARATION OF CASH DIVIDEND NO. 38

Notice is hereby given that a final gross dividend of 349 cents (2018: 328 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 2019.

A dividend withholding tax of 20% or 69.8 cents per share will be applicable, resulting in a net dividend of 279.2 cents per share, unless the shareholder concerned is exempt from paying dividend withholding tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

The total gross dividend per share for the year ended 30 June 2019 therefore amounts to 564 cents, compared to 532 cents for the year ended 30 June 2018.

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, 18 November 2019, to shareholders of the Company registered at the close of business on Friday, 15 November 2019.

Share certificates may not be dematerialised or rematerialised between Wednesday, 13 November 2019, and Friday, 15 November 2019, 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 21 of the Integrated Annual Report.

APPROVAL

The comprehensive Annual Financial Statements set out on pages 18 to 110 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 2019

REPORT OF THE INDEPENDENT AUDITOR

TO THE SHAREHOLDERS OF REMGRO LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Remgro Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

WHAT WE HAVE AUDITED

Remgro Limited's consolidated and separate financial statements set out on pages 18 to 110 comprise:

- the consolidated statement of financial position as at 30 June 2019 and the separate statement of financial position as at 30 June 2019;
- the consolidated income statement for the year then ended and the separate income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended and the separate statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended and the separate statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended and the separate statement of cash flows for the year then ended; and
- the notes to the annual financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

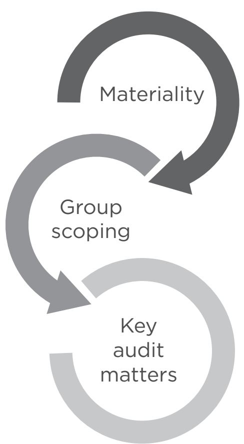
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

OUR AUDIT APPROACH

OVERVIEW



Overall Group materiality

- R597 million, which represents 5% of consolidated profit before tax from continuing operations and share of profit of equity accounted investments before tax, adjusted for non-recurring items.

Group audit scope

- Full scope audits were performed for all individually significant components;
- Audits or specified procedures were performed for components that are financially significant in aggregate with other components; and
- Analytical procedures were performed over the remaining non-significant components.

Key audit matters

Consolidated financial statements

- Accounting for equity accounted investments;
- Impairment assessment of equity accounted investments;
- Accounting for the acquisition of Siqalo Foods Proprietary Limited; and
- Goodwill and indefinite life intangible asset impairment assessments.

Separate financial statements

- Impairment assessment of investments in subsidiaries.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

MATERIALITY

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance to enable us to conclude whether the financial statements are free from material misstatements. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Group materiality	R597 million
How we determined it	5% of consolidated profit before tax from continuing operations and share of profit of equity accounted investments before tax, adjusted for non-recurring items.
Rationale for the materiality benchmark applied	We chose profit before tax from continuing operations and share of profit of equity accounted investments before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users. Profit before tax from continuing operations and share of profit of equity accounted investments before tax was adjusted to exclude the non-recurring items as disclosed in note 3 to the financial statements. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

HOW WE TAILORED OUR GROUP AUDIT SCOPE

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, nature of its business as an investment holding company, and the accounting processes and controls.

Our scoping included ten components, which were either a financially significant component, component of which an identified financial statement line item or items were considered to be significant or an area of higher risk, or components which were financially significant in aggregate with other components. Full scope audits were performed on components which are financially significant or of which an identified financial statement line item or items were considered to be significant or an area of higher risk. In addition, full scope audits or specified procedures were performed for components that are not individually significant, but significant in aggregate with other components. The remainder of the components were considered to be non-significant, individually and in aggregate. We performed analytical procedures on these remaining non-significant components.

Group instructions were communicated to the component auditors. The instructions covered those areas that we required the component auditors to focus on, as well as information that we require them to report to us. We examined the reporting received from the component auditors and assessed the impact thereof on the consolidated financial statements. We examined the working papers of component auditors of significant components relating to areas of significant risks in the consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We communicate the key audit matters that relate to the audit of the consolidated and separate financial statements of the current period in the tables below.

CONSOLIDATED FINANCIAL STATEMENTS

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Accounting for equity accounted investments (Refer to notes 4.1 and 4.2 of the consolidated financial statements) The Group holds significant investments which are equity accounted in terms of *IAS 28 Investments in associates and joint ventures*. The Group's share of the after-tax profits of equity accounted investments for the year ended 30 June 2019 was R4 517 million from continuing operations and Rnil from discontinued operations and the carrying value of the Group's equity accounted investments was R71 183 million at 30 June 2019. The equity accounting of these investments was considered a matter of most significance to our current year audit due to the manual nature of the calculations supporting equity accounting entries and the significance of the equity accounted figures in relation to the reported results of the Group. In addition, some of the equity accounted investments have year-ends which are non-coterminous with that of the Group, the most significant investment in this regard being Mediclinic International plc (Mediclinic). These investments are equity accounted from results for a financial year ended within three months before the Group's financial year. Any significant transactions that occur between the equity accounted investment's year-end and the Group's year-end are accounted for in the consolidated financial statements for the Group at year-end. Significant adjustments for the current period related to the following: • Dividends received from equity accounted investments; • An additional investment in Community Investment Ventures Holdings Proprietary Limited of R2 041 million; and • The conversion of Mediclinic's financial information from its presentation currency (British pound) to the Group's presentation currency at 30 June 2019.	We obtained the equity analysis prepared by management for each of the investments and performed the following procedures: • We agreed the figures used by management in the equity analysis to the signed financial statements of the investee companies which are equity accounted. We noted no material differences; • We re-performed management's calculation of the effective interest in each of the equity accounted investments. We agreed the inputs in management's calculation to the number of shares held by the Group and the issued share capital of the investee company. We noted no material differences; and • We tested the mathematical accuracy of the equity analysis by recalculating the Group's share in equity accounted earnings, other comprehensive income and equity movements and tracing it to the consolidation journals and the consolidation sheets. We noted no material differences. We recalculated management's consolidation workings to test for mathematical accuracy and assessed the completeness of journal entries with reference to the prior year journal entries and corporate transactions executed by the Group during the current year. We found no material inconsistencies. The financial information of significant equity accounted investments were audited by component auditors. We performed the following procedures regarding the work of the component auditors: • We held discussions with the component auditors and issued them with Group instructions as described in the section '*How we tailored our Group audit scope*'; • We assessed the competence, knowledge and experience of the component auditors; and • To assess the adequacy of the procedures performed by the component auditors of significant components to support our audit work, we examined their working papers on significant risks as well as the information they reported to us. We found the work performed by the component auditors to be sufficient and appropriate to support our audit work.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Accounting for equity accounted investments (Refer to notes 4.1 and 4.2 of the consolidated financial statements) ***(continued)***	For investments which have year-ends that are non-coterminous with that of the Group, the following procedures were performed: • We read and examined minutes of board meetings and discussed with the Group's nominated directors to identify any significant or abnormal transactions that occurred in the period from 1 April 2019 to 30 June 2019, being the period not equity accounted by the Group, which could have had an effect on the results and carrying value of the equity accounted investments at 30 June 2019. No adjustments other than those recorded by management were identified by our procedures and we found the accounting of these investments to be in line with *IAS 28 Investments in associates and joint ventures*. • We instructed the component auditors of Mediclinic to perform, and report to us, procedures to identify subsequent events that occurred between Mediclinic's year-end (31 March 2019) and the Group's year-end which could have an effect on the financial results equity accounted by the Group. We examined the report received from the component auditor in this regard and assessed the impact thereof on the Group financial statements. No subsequent events relating to Mediclinic were identified from these procedures.
Impairment assessment of equity accounted investments (Refer to note 4.4 of the consolidated financial statements) The Group has significant equity accounted investments. In terms of *IAS 28 Investments in associates and joint ventures* and *IAS 36 Impairment of assets*, impairment assessments should be performed if any indicators of impairment are identified. During the current year management identified impairment indicators in relation to certain investments held at 30 June 2019. Based on management's assessment, impairment losses to the value of R5 533 million were recognised on the investments in Mediclinic, Grindrod Limited, Grindrod Shipping Limited, eMedia Investments Proprietary Limited, Main Street 1131 (RF) Proprietary Limited, PGSI Limited Jersey and Best Global Brands Limited. The impairment losses represent a write-down of the equity accounted carrying value of the investments to the recoverable amount. Management calculated the recoverable amount based on the higher of fair value less cost of disposal or value in use using: • discounted cash flows; or • net asset values of the underlying assets; or • the comparable market price at 30 June 2019.	We tested the impairment by examining management's impairment assessment and independently assessed the equity accounted investments for indicators of impairment. In testing the impairment, we performed the following procedures, amongst others: • For Grindrod Limited and Grindrod Shipping Limited, we agreed the fair value less cost of disposal to the quoted market prices at the reporting date. • For Mediclinic, eMedia Investments Proprietary Limited, Main Street 1131 (RF) Proprietary Limited, PGSI Limited Jersey and Best Global Brands Limited, we obtained management's calculations of the recoverable amount based on fair value less cost of disposal or value in use. Using this information we performed the following procedures: – We challenged management's key assumptions using our valuation experts to assist in testing the reasonableness thereof, this included profit forecasts and the selection of growth rates and discount rates and comparing the relevant assumptions to industry benchmarks and economic forecasts. We found the assumptions applied by management to be reasonable and consistent with industry benchmarks. – We tested the reasonability of management's calculations in determining the discount rate and corroborated the assumptions applied by management with third-party sources. We found the calculations to be within a reasonable range.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment assessment of equity accounted investments (Refer to note 4.4 of the consolidated financial statements) *(continued)* The impairment assessment was considered a matter of most significance to our current year audit because of the following: • The financial significance of impairment losses recognised to the consolidated financial results; and • The impairment assessment required management to apply judgement in determining the key assumptions in calculating the recoverable amounts of the equity accounted investments. The key assumptions applied by management included the discount rate, terminal growth rate and cash flow projections.	– We agreed the underlying cash flow forecasts to approved budgets and current trading performance of the investee companies and obtained reasons for the growth profiles used. We followed up on variances and obtained corroborating evidence for variances noted. No material differences were noted. We recalculated the write-down of the equity accounted carrying value of the investments to the recoverable amounts and noted no material variances. We reviewed the disclosures regarding the impairment losses in the consolidated financial statements and noted no material differences.
Accounting for the acquisition of Siqalo Foods Proprietary Limited **(Refer to note 15.1 of the consolidated financial statements)** The Group sold its 25.75% investment in Unilever Holdings South Africa Proprietary Limited (Unilever) in exchange for a 100% ownership of the Unilever Spreads business in Southern Africa (Siqalo Foods Proprietary Limited) and a cash consideration of R4 900 million, representing a total transaction price of R11 900 million. The transaction valued the Unilever Spreads business at R7 000 million and the acquisition date was 2 July 2018. The Group's previously held equity accounted investment in Unilever was disposed of on the transaction date and the Group recognised a profit of R8 318 million on the derecognition of the investment. In accordance with *IFRS 3 Business Combinations*, the Group has consolidated Siqalo Foods Proprietary Limited (Siqalo) from the acquisition date. The fair value of the underlying assets acquired and liabilities assumed at the acquisition date were: intangible assets of R1 687 million, property, plant and equipment of R493 million, and other net liabilities of R388 million. The balance of R5 208 million, being the difference between the purchase price and the identifiable net assets acquired, was allocated to goodwill. We considered the accounting for the acquisition of Siqalo to be a matter of most significance to our current year audit due to the following: • The magnitude of the transaction and judgement involved in the identification and determination of the tangible and intangible assets acquired; • The determination of the fair value of the intangible assets required specialist skills and knowledge; and • Management assigned indefinite useful lives to certain intangible assets acquired.	Regarding the contractual terms of the transaction, the following procedures were performed: • We obtained the contractual agreements and read the significant contract terms relevant to the accounting and disclosures in the financial statements; • Based on our understanding of the transaction, we agreed the purchase price to the contract. No material differences were noted; and • Through inspection of the agreements and consideration of all the suspensive conditions precedent, we concur with the transaction date of 2 July 2018, as determined by management. Regarding the valuation of assets acquired and liabilities assumed, the following procedures were performed: • We obtained the analysis prepared by management that identifies and values the assets and liabilities acquired. We utilised our valuation experts to assess the methodology adopted and the underlying assumptions applied by management which included the following: – the discount rates; – the terminal growth rates; and – the royalty relief rates. We found the methodology adopted and the assumptions applied by management to be reasonable. • We also tested the mathematical accuracy of the valuation models for the intangible assets acquired and we compared the fair value of the property, plant and equipment to that of the external valuation reports used by management. No material differences were noted. We noted no matters in relation to the independence and competence of the expert used by management.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Accounting for the acquisition of Siqalo Foods Proprietary Limited **(Refer to note 15.1 of the consolidated financial statements)** ***(continued)***	• We challenged management on the forecasts they adopted in the determination of the intangible assets. Given the history of the business and our own expectations, we consider these forecasts to be reasonable; and • In coordination with our component team we obtained an understanding of the business to enable us to assess the potential assets and liabilities. We noted no additional assets or liabilities that should have been recognised as at the acquisition date. Regarding the indefinite useful lives assigned by management to certain intangible assets, we considered the historical growth, brand strength and period of existence of the brands. We found that the Group has a long-term growth strategy for these brands and that indefinite useful lives assigned by management were reasonably appropriate. We reviewed the disclosures regarding the transaction in the consolidated financial statements and no material differences were noted.
Goodwill and indefinite life intangible asset impairment assessments **(Refer to note 10.3 of the consolidated financial statements)** The Group's net assets include a significant amount of goodwill and indefinite life intangible assets amounting to R10 417 million and R11 051 million respectively. Management performs annual impairment tests to assess the recoverability of the carrying value of goodwill and indefinite life intangible assets. The assessment in the current year was performed using either value in use or fair value less cost of disposal calculations for the relevant cash-generating units (CGUs). Based on the impairment assessment, management recognised an impairment loss of R927 million in the current year. Management performed a sensitivity analysis on the non-impaired assets by varying the key assumptions used (discount rates, perpetuity growth rates and royalty relief rates) to assess the impact on the valuation and available headroom, as disclosed note 10.3 to the consolidated financial statements. We considered the impairment assessment of goodwill and intangible assets with indefinite useful lives to be a matter of most significance to our audit due to the following: • The magnitude of the related goodwill and indefinite useful life intangible asset balances and the impairment loss recognised in the current year; • The judgement and assumptions applied by management in their impairment assessment; and • The applicable disclosure requirements.	Our audit procedures included, amongst others, testing of the principles and integrity of the Group's value in use and fair value less cost of disposal calculations. We tested the accuracy of management's calculation for each model by: • Challenging and testing the reasonability of the key inputs used by management in the calculations, which included discount rate, terminal growth rate and royalty relief rates. • We agreed these key inputs to the business plans approved by the respective boards and market data, which consists of data external to the Group. We found the key inputs used by management to be reasonable. We utilised our valuation experts to test the appropriateness and reasonableness of the discount rates by comparing the discount rates to industry norms and we found the discount rates used by management to be within an acceptable range. In assessing management's forecasts for reasonableness, we considered the historical accuracy of forecasts by comparing the actual results for the current year to the original forecasts. Where variances were noted, we followed up with management and assessed the reasonability of the variances. We found management's forecasts to be reasonable. We performed independent sensitivity calculations on the impairment assessments in order to ascertain the impact of changes to the key assumptions on the available headroom and the level of impairment recognised in the current year. Based on the outcome of our procedures, we were able to determine that management's assessment was reasonable. We assessed the basis of management's impairment testing, as disclosed in note 10.3 to the consolidated financial statements, against the requirements of *IAS 36 Impairment of assets*. We noted no material disclosure deficiencies.

SEPARATE FINANCIAL STATEMENTS

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment assessment of investments in subsidiaries (Refer to note 2 in the separate financial statements for the related disclosures). The Company holds investments in subsidiaries with a historical cost of R40 280 million. The investment in Remgro Healthcare Holdings Proprietary Limited was identified as being impaired by management due to a significant decline in the listed market price of the underlying investment in Mediclinic. An impairment loss of R 7 548 million was recognised in the current year, reflecting a write-down to the investment's recoverable amount at 30 June 2019. The impairment assessment performed by management for the investment in this subsidiary and the impairment loss recognised was considered a matter of most significance to our current year audit because of the financial significance of the impairment loss recognised to the Company's financial statements.	We obtained management's calculation of the investment's recoverable amount and performed the following procedures. • We agreed the recoverable amount to the calculation performed by management. We challenged management by utilising our valuation experts to test the reasonableness of key assumptions, including profit forecasts and the selection of growth rates and discount rates and comparing the relevant assumptions to industry benchmarks and economic forecasts. We found the assumptions applied by management to be reasonable and consistent with industry benchmarks. • We tested the reasonability of management's calculations of the discount rates determined and corroborated the assumptions with third-party sources. We found the calculations to be within a reasonable range. • We agreed the underlying cash flow forecasts to approved budgets and current trading performance of the underlying operations and obtained reasons for the growth profiles used. We followed up on variances and obtained corroborating evidence for variances noted. No material differences were noted. • We recalculated the write-down of the investment to the recoverable amount and noted no material variance. • We reviewed the disclosures regarding the impairment losses in the financial statements and noted no material differences.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Remgro Limited 2019 Annual Financial Statements", which includes the Statement by the Company Secretary, the Audit and Risk Committee Report and the Report of the Board of Directors as required by the Companies Act of South Africa, and the document titled "Remgro Limited 2019 Integrated Annual Report". The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion.

  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Remgro Limited for 51 years. The business of Remgro Limited was previously transacted through Rembrandt Group Limited of which based on available statutory records, PricewaterhouseCoopers Inc. and its predecessor firms have been the auditor for 71 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: A Wentzel
Registered Auditor

Stellenbosch
19 September 2019

STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2019

R million	Notes	30 June 2019	30 June 2018
ASSETS			
Non-current assets			
Property, plant and equipment	10.1	**14 541**	13 626
Investment properties	10.2	**119**	119
Intangible assets	10.3	**24 024**	18 427
Investments – Equity accounted	4.1	**71 183**	73 722
– Available-for-sale	4.3	**–**	3 067
– Financial assets at fair value through other comprehensive income (FVOCI)	4.3	**3 727**	–
Financial assets at fair value through profit and loss (FVPL)	6.3	**147**	–
Retirement benefits	10.4	**748**	737
Long-term loans and debtors	10.5	**311**	697
Deferred taxation	11.1	**199**	158
		114 999	110 553
Current assets		**40 539**	40 375
Inventories	10.6	**12 034**	10 967
Biological agricultural assets	10.7	**866**	807
Debtors and short-term loans	10.8	**9 543**	8 599
Financial assets at FVPL	6.3	**148**	12
Taxation		**108**	81
Investment in money market funds	5.1	**5 175**	3 996
Cash and cash equivalents	5.2	**12 662**	12 169
		40 536	36 631
Assets held for sale	10.10	**3**	3 744
Total assets		**155 538**	150 928
EQUITY AND LIABILITIES			
Stated capital	7.1	**13 416**	13 416
Reserves	7.2	**88 251**	84 865
Treasury shares		**(570)**	(183)
Shareholders' equity		**101 097**	98 098
Non-controlling interest	7.3	**15 092**	15 348
Total equity		**116 189**	113 446
Non-current liabilities		**26 770**	25 891
Retirement benefits	10.4	**186**	195
Long-term loans	6.1	**21 020**	20 316
Deferred taxation	11.1	**5 563**	5 268
Financial liability at FVPL	6.3	**1**	112
Current liabilities		**12 579**	11 591
Trade and other payables	10.9	**11 106**	9 904
Short-term loans	6.2	**1 376**	1 557
Financial liabilities at FVPL	6.3	**54**	77
Taxation		**43**	53
Total equity and liabilities		**155 538**	150 928

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

R million	Notes	30 June 2019	30 June 2018
CONTINUING OPERATIONS			
Revenue	12.1	**56 968**	31 115
Inventory expenses		**(33 606)**	(17 814)
Staff costs	12.2	**(8 576)**	(5 641)
Depreciation	12.3	**(1 303)**	(810)
Other net operating expenses	12.3	**(10 205)**	(5 590)
Trading profit		**3 278**	1 260
Dividend income	4.5	**78**	112
Interest received		**1 268**	886
Fair value adjustment on exchangeable bonds' option		**112**	261
Finance costs		**(1 477)**	(1 266)
Net impairment of investments, assets and goodwill	12.3	**(7 218)**	(201)
Loss allowances on loans		**(274)**	(1)
Profit on sale and dilution of investments	12.3	**137**	5 188
Consolidated profit/(loss) before tax		**(4 096)**	6 239
Taxation	11.3	**(987)**	(423)
Consolidated profit/(loss) after tax		**(5 083)**	5 816
Share of after-tax profit of equity accounted investments	4.2	**4 517**	2 893
Net profit/(loss) for the year from continuing operations		**(566)**	8 709
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	10.10	**8 318**	490
Net profit for the year		**7 752**	9 199
Attributable to:			
Equity holders		**7 319**	8 943
Continuing operations		**(999)**	8 453
Discontinued operations		**8 318**	490
Non-controlling interest		**433**	256
		7 752	9 199
EARNINGS PER SHARE (cents)	3.2		
Basic		**1 294.0**	1 577.9
Continuing operations		**(176.6)**	1 491.4
Discontinued operations		**1 470.6**	86.5
Diluted		**1 292.0**	1 567.5
Continuing operations		**(177.5)**	1 481.1
Discontinued operations		**1 469.5**	86.4

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

R million	Equity reserves	Other reserves	Fair value reserves	Retained earnings	Share-holders' equity	Non-controlling interest	Total equity
30 June 2019							
Net profit for the year				7 319	7 319	433	7 752
Other comprehensive income, net of tax	(7)	(300)	283	128	104	(49)	55
Items that may be reclassified subsequently to the income statement:							
Exchange rate adjustments	(321)	(152)	18	106	(349)	(28)	(377)
Fair value adjustments for the year	–	(8)	–	–	(8)	(17)	(25)
Deferred taxation on fair value adjustments	–	2	–	–	2	5	7
Reclassification of other comprehensive income to the income statement	52	(142)	–	–	(90)	–	(90)
Other comprehensive income of equity accounted investments	1 231	–	–	–	1 231	1	1 232
Items that will not be reclassified to the income statement:							
Fair value adjustments on financial assets for the year	–	–	209	–	209	(3)	206
Deferred taxation on fair value adjustments	–	–	56	–	56	1	57
Remeasurement of post-employment benefit obligations	–	–	–	31	31	(8)	23
Deferred taxation on remeasurement of post-employment benefit obligations	–	–	–	(9)	(9)	2	(7)
Change in reserves of equity accounted investments	(969)	–	–	–	(969)	(2)	(971)
Total comprehensive income for the year	(7)	(300)	283	7 447	7 423	384	7 807
30 June 2018							
Net profit for the year				8 943	8 943	256	9 199
Other comprehensive income, net of tax	(1 702)	855	(151)	429	(569)	258	(311)
Items that may be reclassified subsequently to the income statement:							
Exchange rate adjustments	555	963	14	276	1 808	204	2 012
Fair value adjustments for the year	–	(8)	(122)	–	(130)	(19)	(149)
Deferred taxation on fair value adjustments	–	–	54	–	54	1	55
Reclassification of other comprehensive income to the income statement	(98)	(100)	(97)	89	(206)	–	(206)
Other comprehensive income of equity accounted investments	(2 127)	–	–	–	(2 127)	–	(2 127)
Items that will not be reclassified to the income statement:							
Remeasurement of post-employment benefit obligations	–	–	–	89	89	100	189
Deferred taxation on remeasurement of post-employment benefit obligations	–	–	–	(25)	(25)	(28)	(53)
Change in reserves of equity accounted investments	(32)	–	–	–	(32)	–	(32)
Total comprehensive income for the year	(1 702)	855	(151)	9 372	8 374	514	8 888

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

R million	Stated and issued capital	Treasury shares	Equity reserves	Other reserves	Fair value reserves	Retained earnings	Shareholders' equity	Non-controlling interest	Total equity
30 June 2019									
Balances at 1 July	**13 416**	**(183)**	**27 205**	**734**	**661**	**56 265**	**98 098**	**15 348**	**113 446**
Change in accounting policies (refer note 17)	**–**	**–**	**(1 093)**	**–**	**–**	**(10)**	**(1 103)**	**(13)**	**(1 116)**
Restated balances at 1 July	**13 416**	**(183)**	**26 112**	**734**	**661**	**56 255**	**96 995**	**15 335**	**112 330**
Total comprehensive income for the year	**–**	**–**	**(7)**	**(300)**	**283**	**7 447**	**7 423**	**384**	**7 807**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(3 069)**	**(3 069)**	**(690)**	**(3 759)**
Transactions with non-controlling shareholders	**–**	**–**	**–**	**1**	**–**	**(13)**	**(12)**	**3**	**(9)**
Transfer between reserves and other movements	**–**	**–**	**(386)**	**(337)**	**–**	**737**	**14**	**(3)**	**11**
Transfer of retained income of equity accounted investments	**–**	**–**	**104**	**–**	**–**	**(104)**	**–**	**–**	**–**
Transfer of gain on disposal of FVOCI investments to retained earnings	**–**	**–**	**–**	**–**	**(417)**	**417**	**–**	**–**	**–**
Long-term share incentive scheme reserve	**–**	**9**	**–**	**133**	**–**	**–**	**142**	**63**	**205**
Purchase of treasury shares by wholly owned subsidiary	**–**	**(396)**	**–**	**–**	**–**	**–**	**(396)**	**–**	**(396)**
Balances at 30 June	**13 416**	**(570)**	**25 823**	**231**	**527**	**61 670**	**101 097**	**15 092**	**116 189**
30 June 2018									
Balances at 1 July	13 416	(219)	32 670	(248)	812	46 001	92 432	2 870	95 302
Total comprehensive income for the year	–	–	(1 702)	855	(151)	9 372	8 374	514	8 888
Dividends paid	–	–	–	–	–	(2 862)	(2 862)	(72)	(2 934)
Transactions with non-controlling shareholders	–	–	–	10	–	(9)	1	39	40
Transfer between reserves and other movements	–	–	6	14	–	(6)	14	4	18
Transfer of retained income of equity accounted investments	–	–	(3 769)	–	–	3 769	–	–	–
Long-term share incentive scheme reserve	–	36	–	103	–	–	139	43	182
Non-controlling shareholders' interest in acquisition of subsidiary	–	–	–	–	–	–	–	11 953	11 953
Non-controlling shareholders' interest in disposal of subsidiary	–	–	–	–	–	–	–	(3)	(3)
Balances at 30 June	13 416	(183)	27 205	734	661	56 265	98 098	15 348	113 446

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

R million	Notes	30 June 2019	30 June 2018
Cash flows – operating activities			
Trading profit		**3 278**	1 260
Adjustments	5.3.1	**2 112**	1 121
Trading profit before working capital changes		**5 390**	2 381
Working capital changes	5.3.2	**(1 018)**	(285)
Cash generated from operations		**4 372**	2 096
Cash flow generated from returns on investments		**4 637**	4 668
Interest received		**1 256**	879
Dividends received	5.3.3	**3 381**	3 789
Finance costs		**(1 492)**	(1 159)
Taxation paid	5.3.4	**(1 217)**	(657)
Cash available from operating activities		**6 300**	4 948
Dividends paid	5.3.5	**(3 759)**	(2 934)
Cash inflow from operating activities		**2 541**	2 014
Cash flows – investing activities			
Investment in property, plant and equipment to maintain operations		**(1 001)**	(522)
Investment in property, plant and equipment and other assets to expand operations		**(1 635)**	(746)
Proceeds on disposal of property, plant and equipment and intangible assets		**69**	246
Proceeds on disposal of assets held for sale		**5 084**	43
Additions to investments and loans		**(4 484)**	(339)
Businesses acquired	15	**(61)**	1 223
Businesses disposed		**–**	4
Proceeds on disposal of investments and loans		**1 004**	407
Acquisition of money market funds		**(1 179)**	(100)
Disposal of money market funds		**–**	1 992
Cash inflow/(outflow) from investing activities		**(2 203)**	2 208
Cash flows – financing activities			
Purchase of treasury shares		**(396)**	–
Loans repaid		**(600)**	(118)
Loans advanced		**245**	156
Investments in subsidiary companies		**(132)**	(6)
Capital invested by non-controlling shareholders		**67**	46
Cash inflow/(outflow) from financing activities		**(816)**	78
Net increase/(decrease) in cash and cash equivalents		**(478)**	4 300
Exchange rate profit on foreign cash		**38**	213
Cash and cash equivalents at the beginning of the year		**11 985**	7 472
Cash and cash equivalents at the end of the year		**11 545**	11 985
Cash and cash equivalents – per statement of financial position		**12 662**	12 169
Bank overdraft		**(1 117)**	(184)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

INDEX

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. ACCOUNTING POLICIES

The Annual Financial Statements are prepared on the historical cost basis, unless otherwise indicated, in accordance with International Financial Reporting Standards (IFRS), the IFRS Interpretations Committee interpretations, the requirements of the Companies Act (No. 71 of 2008), as amended, the SAICA Financial Reporting Guide issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

These financial statements incorporate accounting policies that have been consistently applied to all periods presented and are consistent with those applied in the previous financial year, with the exception of the adoption of *IFRS 9: Financial Instruments* and *IFRS 15: Revenue from Contracts with Customers*. The impact of the implementation of these standards is disclosed in note 17. Various other changes in IFRS became effective for the financial year under review, but did not impact the Group.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note VIII of the accounting policies.

The over-arching accounting policies that the Group applied in the preparation of the financial statements are set out below, while those that are applicable to each line item are included in the relevant notes.

(I) IMPACT OF MAJOR TRANSACTIONS ON THE FINANCIAL STATEMENTS

During the 2018 financial year, Remgro gained the majority of Distell's voting rights. Accordingly, the equity accounted investments in Distell Group Limited and Capevin Holdings Limited were derecognised and the restructuring was accounted for as a business combination. Distell was consolidated on a line-by-line basis since the effective date of the business combination on 11 May 2018, while before that date, its results were included under "Share of after-tax profit of equity accounted investments" in the income statement and "Investments – Equity accounted" in the statement of financial position. The prior year's results are therefore not comparable to that of the current year on a line-by-line basis due to the effect of this transaction.

Effective 2 July 2018, Remgro disposed of its investment in Unilever South Africa Holdings Proprietary Limited (Unilever) (refer to note 10.10). On 30 June 2018 the investment met the requirements of *IFRS 5: Non-current Assets Held for Sale and Discontinued Operations* to be classified as a discontinued operation. During the current financial year, Remgro disposed of the investment in Unilever and acquired the Unilever Spreads business in Southern Africa, which is housed in Siqalo Foods Proprietary Limited. This acquisition was accounted for as a business combination on 2 July 2018.

(II) CONSOLIDATION

Consolidation – subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are measured at cost in the separate financial statements. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any gains or losses arising from such remeasurement are recognised in profit or loss.

1. ACCOUNTING POLICIES (continued)

(II) CONSOLIDATION (continued)

Consolidation – subsidiaries (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that are deemed to be an asset or liability are recognised in accordance with *IFRS: 9 Financial Instruments* either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of the consideration transferred, non-controlling interest recognised and previously held interest measured are less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intergroup transactions, balances and unrealised gains and losses are eliminated on consolidation. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Subsidiaries are measured at cost less accumulated impairments in the separate financial statements.

(III) FOREIGN CURRENCIES

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, i.e. its functional currency. The functional currency of the Company and the presentation currency of both the Company and the Group is rand. All amounts, unless otherwise indicated, are stated in millions.

Transactions and balances

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at the date of the transactions. Except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges, foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of foreign currency denominated monetary assets and liabilities are recognised in the income statement. Translation differences on non-monetary items are accounted for based on the classification of the underlying items. Foreign exchange gains and losses on financial instruments classified as at fair value through other comprehensive income (2019) and as available-for-sale (2018) are included in other comprehensive income, whereas those on financial instruments held at fair value through profit and loss are reported as part of the fair value gain or loss.

Group entities

The results and financial position of all foreign operations (excluding those operating in hyperinflationary economies) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate on the reporting date.
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- All resulting exchange differences are recognised directly in other comprehensive income.

1. ACCOUNTING POLICIES (continued)

(III) FOREIGN CURRENCIES (continued)

Group entities (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. On disposal of foreign operations, the related exchange differences are recognised in the income statement as part of the profit or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at closing rates at reporting date.

Foreign currencies used

	30 June 2019	30 June 2018	*Movement (%)*
CLOSING EXCHANGE RATES			
SA rand/British pound	**17.8775**	18.0986	*1.2*
SA rand/USA dollar	**14.0682**	13.7095	*(2.6)*
SA rand/Swiss franc	**14.4221**	13.8316	*(4.3)*
SA rand/Euro	**16.0037**	16.0041	*0.0*
AVERAGE EXCHANGE RATES			
SA rand/British pound	**18.3618**	17.2904	*(6.2)*
SA rand/USA dollar	**14.1865**	12.8506	*(10.4)*
SA rand/Swiss franc	**14.2635**	13.2329	*(7.8)*
SA rand/Euro	**16.1847**	15.3230	*(5.6)*

(IV) IMPAIRMENT OF ASSETS

Goodwill and intangible assets with indefinite lives

These assets are assessed annually for possible impairments. For purposes of impairment testing, goodwill is allocated to cash-generating units, being the lowest component of the business measured in the management accounts that is expected to generate cash flows that are largely independent of another business component. Impairment losses relating to goodwill are not reversed. Any impairment is recognised in the income statement.

Other assets

The Group assesses at each reporting date whether there is objective evidence that other assets may be impaired.

- **Impairment – subsidiaries, joint ventures and associates**

  An asset is impaired if its carrying amount is greater than its estimated recoverable amount, which is the higher of its fair value less cost to sell or its value in use. The carrying amounts of subsidiaries (referring to the separate financial statements), joint ventures and associates are reviewed, if there is objective evidence of impairment, and written down where necessary.

- **Investment properties, property, plant and equipment and intangible assets with finite useful lives**

  Where these assets are identified as being impaired, that is when the recoverable amount has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. Such written-off amounts are accounted for in the income statement.

- **Financial assets measured at amortised cost – applied from 1 July 2018**

  The Group recognises an allowance for expected credit losses for all debt instruments measured at amortised cost. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. Expected credit losses are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

1. ACCOUNTING POLICIES (continued)

(IV) IMPAIRMENT OF ASSETS (continued)

Other assets (continued)

- **Financial assets measured at amortised cost – applied from 1 July 2018 (continued)**

  For trade receivables only, the Group applies the simplified approach permitted by *IFRS 9*, which requires lifetime expected credit losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, for example growth in gross domestic product and changes in unemployment rates. Trade receivables have been grouped based on shared credit risk characteristics, such the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

- **Financial instruments carried at amortised cost – applied prior to 1 July 2018**

  A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

  If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

  If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, such as improved credit rating, the previously recognised impairment loss is reversed and is recognised in the income statement.

- **Financial assets carried at fair value – applied from 1 July 2018**

  These financial assets are measured at fair value, either through profit and loss or other comprehensive income, based on the classification of the asset. As the assets are measured at fair value, no impairment review is performed.

- **Financial assets carried at fair value – applied prior to 1 July 2018**

  If any objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss is removed from other comprehensive income and recognised in the income statement.

  Impairment losses on equity instruments that were recognised in the income statement are not subsequently reversed through the income statement – such reversals are accounted for in other comprehensive income.

- **Presentation**

  Due to the nature and significance of the item it is presented in a separate line below trading profit in the income statement.

(V) CURRENT/NON-CURRENT DISTINCTION

Items are classified as current when it is expected to be realised, traded, consumed or settled within 12 months after the reporting date, or the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

(VI) INCOME STATEMENT

The composition of the Group's net profit is relevant for a proper understanding of its financial results. Due to the nature of the Group's operations a significant portion of its net profit results from associates and joint ventures. Consequently, additional information relating to the Group's share of the after-tax profit of associates and joint ventures is disclosed separately in note 4.2. In order to promote comparability, equity accounted income from associates and joint ventures, which is presented on an after-tax basis, is disclosed after the tax line in the income statement.

"Consolidated profit" represents the profit of the Company and its subsidiaries before equity accounted income, while "trading profit" represents the profit of the operating subsidiaries in the Group, before investment income, finance costs, results of corporate actions and impairments.

1. ACCOUNTING POLICIES (continued)

(VII) EARNINGS MEASURES

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. Fair value adjustments on embedded derivatives that relate to the exchangeable bonds Remgro issued to finance a portion of the Mediclinic International plc (Mediclinic) shares Remgro acquired in a prior year, are added back to determine an alternative earnings measure.

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.

(VIII) CRITICAL ACCOUNTING JUDGEMENTS AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements necessitates the use of estimates, assumptions and judgements that affect the reported amounts in the statement of financial position and income statement. Although estimates are based on management's best knowledge and judgements of current facts as at reporting date, the actual outcome may differ from those estimates.

Critical judgements in applying the Group's accounting policies

The most critical judgement exercised relates to the classification of investments. Refer to note 4 for further details.

Judgement is also exercised with regard to the determination of the functional currency of the offshore entities that hold the Group's exchangeable bonds, cash and short-term financial investments. The functional currencies of these entities are determined with reference to the currency in which the entities receive their operating cash inflows, as these most fairly present the economic effects of the underlying transactions, events and conditions. The structure holding the Group's exchangeable bonds also has a strong British pound residual risk, both through the underlying investment in Mediclinic and the external funding obtained. The funding is largely separate from Remgro as the funding comes from bondholders and the underlying investments.

The operations of these entities are clearly separated from those of the parent and are managed separately from each other in terms of a strategic investment plan to invest and/or raise finance in hard currencies based on specific and pre-determined portfolio allocations. As a result, exchange differences arising on the translation of those entities into the reporting currency of the Group are deferred in other comprehensive income until being realised, as opposed to being reported in the income statement on a continuous basis.

Critical estimates and assumptions

Deferred tax on investments

The Group provides deferred tax on all temporary differences between the carrying value and tax base on investments, measuring the estimated tax consequences based on the manner in which the entity, at the reporting date, expects to recover the carrying value of its various investments:

- Equity accounted investments' carrying values are mainly recovered through non-taxable dividends and deferred tax on temporary differences is therefore raised at nil percent.
- Financial instruments at fair value's carrying values are recovered through sale and dividends, therefore the Group assesses the most likely manner in which the carrying value will be realised and, based on that, uses a combination of the dividend tax rate or the capital gains tax rate to determine deferred tax on related temporary differences.

Acquisition date fair value of assets and liabilities

Judgement was applied in the identification and determination of acquisition date fair value of assets and liabilities in business combinations.

Other significant estimates and assumptions

Significant estimates and assumptions were used in determining and/or measuring:

- impairments pertaining to investments, investment properties, property, plant and equipment and intangible assets and goodwill;
- the derivative instrument embedded in the exchangeable bond;
- the useful lives and residual values of investment properties and property, plant and equipment and intangible assets;
- retirement benefit obligations; and
- share-based payments expenses.

Details of these estimates and assumptions are set out in the relevant notes to the Annual Financial Statements.

2. SEGMENT REPORT

R million	Year ended 30 June 2019 Headline earnings[1]	30 June 2019 Net assets Book value[2]	30 June 2019 Net assets Intrinsic value	Year ended 30 June 2018 Headline earnings[1]	30 June 2018 Net assets Book value[2]	30 June 2018 Net assets Intrinsic value
Banking						
RMH	**2 644**	**16 245**	**33 545**	2 486	15 385	30 123
FirstRand	**1 093**	**5 825**	**15 069**	1 039	5 486	14 045
Healthcare						
Mediclinic	**1 693**	**24 019**	**17 891**	1 556	29 373	31 329
Consumer products						
Unilever	**–**	**–**	**–**	499	3 588	11 900
RCL Foods	**254**	**7 968**	**7 960**	647	8 128	11 534
Distell[3] – entity contribution	**459**	**9 055**	**9 060**	467	9 110	9 674
– *IFRS 3* charge[4]	**(47)**	**–**	**–**	(8)	–	–
Siqalo Foods – entity contribution	**332**	**6 164**	**6 164**	–	–	–
– *IFRS 3* charge[4]	**(80)**	**–**	**–**	–	–	–
Insurance						
RMI	**1 161**	**9 335**	**15 947**	1 228	8 479	17 285
Industrial						
Air Products	**343**	**1 093**	**4 264**	289	1 026	4 158
Total	**328**	**2 174**	**2 722**	501	2 007	2 382
KTH	**161**	**1 816**	**2 127**	55	1 964	2 218
Wispeco	**121**	**933**	**866**	122	874	984
PGSI	**(9)**	**302**	**302**	4	692	692
Infrastructure						
CIVH	**(204)**	**5 064**	**8 403**	48	2 301	4 940
Grindrod	**72**	**1 049**	**1 049**	(46)	1 624	1 624
Grindrod Shipping	**(65)**	**292**	**292**	–	623	623
SEACOM	**(2)**	**–**	**912**	15	353	870
Other infrastructure interests	**25**	**259**	**259**	40	256	256
Media and sport						
eMedia Investments	**39**	**773**	**773**	1	866	866
Other media and sport interests	**(19)**	**269**	**267**	(48)	223	268
Other investments[5]	**39**	**4 620**	**4 795**	66	4 060	4 196
Central treasury						
Finance income/Cash at the centre	**755**	**15 727**	**15 727**	524	13 704	13 704
Finance costs/Debt at the centre	**(711)**	**(13 919)**	**(13 919)**	(630)	(14 097)	(14 097)
Other net corporate costs/assets	**(187)**	**2 034**	**2 499**	(282)	2 073	2 536
	8 195	**101 097**	**136 974**	8 573	98 098	152 110
Potential CGT liability			**(5 327)**			(6 438)
Total		**101 097**	**131 647**		98 098	145 672

Additional segmental information is disclosed in note 12.1.

(1) *Refer to note 3.1 for the calculation of headline earnings.*
(2) *Total book value equals shareholders' equity.*
(3) *The comparative year includes the headline earnings of Capevin Holdings Limited.*
(4) *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.*
(5) *Consists mainly of the investments in Business Partners and the Milestone entities.*

2. SEGMENT REPORT (continued)

Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company, who makes strategic decisions. Each significant investment is classified as an operating segment. Operating segments are presented in platforms. Platforms consist of investments with similar economic characteristics.

The intrinsic net asset value (INAV) is one of the measures the chief operating decision-maker uses to assess shareholder value created and the performance of each operating segment and is therefore presented as part of the Group's segment information. The intrinsic value of assets is determined as follows:

- **Listed investments** – number of shares held multiplied by the quoted share price at the reporting date (Level 1)
- **Unlisted investments** – Valuations using the principles as prescribed in *IFRS 13* (Level 3)
- **Cash and debt at the centre** – IFRS carrying value. Cash at the centre excludes cash held by subsidiaries that are separately valued (mainly RCL Foods, Distell, Siqalo Foods and Wispeco)
- **Other corporate assets** – IFRS carrying value, with the exception of investment properties (Level 3) included at fair value as disclosed in note 10.2

Refer to note 14.3 that indicates which investments are listed and which are unlisted. The INAV will not necessarily correspond with the values per the statement of financial position, since the latter is measured in accordance with IFRS as described in the Group's accounting policies.

The potential capital gains tax (CGT) liability is calculated on the specific identification method using the most favourable calculation for investments acquired before 1 October 2001 and taking into account the corporate relief provisions. Deferred CGT on investments at FVOCI is included in "other net corporate assets".

Valuation of unlisted investments

The main assumptions used in the valuation of unlisted investments were discount rates, which varied between 10.6% and 14.2% (2018: 10.1% and 14.1%), and terminal growth rates, which varied between 5.5% and 1.0% (2018: 4.0% and 1.0%). Where the discounted cash flow method is used as valuation methodology, the forecast free cash flow period is limited to a maximum of five years.

Where Remgro holds a non-controlling interest, a tradeability discount is applied.

Remgro's unlisted investments were valued as follows:

INVESTMENT	VALUATION METHODOLOGY
Air Products	Discounted cash flow method
Business Partners	Net asset value (NAV)
CIVH	Discounted cash flow method
Kagiso Tiso Holdings	Sum-of-the-parts (external valuation)
PGSI	Discounted cash flow method
PRIF	Sum-of-the-parts
eMedia Investments	Comparable market price
SEACOM	Discounted cash flow method
Total	Discounted cash flow method
Siqalo Foods	Discounted cash flow method
Wispeco	Discounted cash flow method

Non-current assets, amounting to R36 103 million (2018: R38 222 million), are located in foreign countries.

2. SEGMENT REPORT (continued)

Segmental Income Statement

R million	RCL Foods	Distell	Siqalo Foods	Wispeco	Inter-segment elimi-nations	Other segments	Total as per income statement
30 June 2019							
Revenue	25 888	26 180	2 626	2 376	(102)	–	56 968
Depreciation	(697)	(475)	(54)	(42)	–	(35)	(1 303)
Amortisation	(94)	(290)	(109)	–	–	–	(493)
Interest received	35	70	18	–	–	1 145	1 268
Finance costs	(312)	(341)	–	(3)	–	(821)	(1 477)
Net impairments of investments, assets and goodwill	(764)	(536)	(888)	(21)	–	(5 009)	(7 218)
Equity accounted investments	–	(524)	–	–	–	(5 009)	(5 533)
Property, plant and equipment	(746)	(8)	–	–	–	–	(754)
Intangible and other assets	(18)	(4)	(888)	(21)	–	–	(931)
Profit on sale and dilution of investments	–	–	–	–	–	137	137
Profit on disposal of intangible assets	–	–	491	–	(491)	–	–
Fair value adjustment on exchangeable bonds' option	–	–	–	–	–	112	112
Taxation	(6)	(587)	(102)	(37)	–	(255)	(987)
Share of after-tax profit of equity accounted investments	128	62	–	–	–	4 327	4 517
Discontinued operation	–	–	–	–	–	8 318	8 318
Net profit for the year	(184)	770	(145)	104	(491)	7 698	7 752
Attributable to equity holders	(83)	241	(145)	102	(491)	7 695	7 319
Non-controlling interest	(101)	529	–	2	–	3	433

Remgro acquired Siqalo Foods, a wholly owned subsidiary, on 2 July 2018 as part of the disposal of its investment in Unilever (refer note 15.1 for further details). Siqalo Foods represents an operating segment and is presented as such on the segment report. Distell has been consolidated since May 2018 and its results have been consolidated for a full year in the current financial year. The addition of Siqalo Foods and Distell as operating subsidiaries changed the composition of the Group. As a result of these changes to the Group, a segmental income statement is presented for the year ended 30 June 2019.

3. RESULTS

3.1 EARNINGS

	30 June 2019		30 June 2018	
R million	**Gross**	**Net**	Gross	Net
HEADLINE EARNINGS RECONCILIATION				
CONTINUING OPERATIONS				
Net profit/(loss) for the year attributable to equity holders (earnings)		**(999)**		8 453
– Impairment of equity accounted investments	**5 533**	**5 176**	580	580
– Reversal of impairment of equity accounted investments	**–**	**–**	(529)	(529)
– Impairment of available-for-sale investments	**–**	**–**	44	44
– Impairment of property, plant and equipment	**757**	**416**	71	46
– Reversal of impairment of property, plant and equipment	**(3)**	**(2)**	–	–
– Impairment of intangible and other assets	**931**	**924**	34	10
– Profit on sale and dilution of equity accounted investments	**(60)**	**(60)**	(5 156)	(5 156)
– Loss on sale and dilution of equity accounted investments	**16**	**16**	52	39
– Profit on sale of available-for-sale investments	**–**	**–**	(116)	(92)
– Capital gains taxation on FVOCI investments	**–**	**(12)**	–	–
– Profit on disposal of property, plant and equipment	**(208)**	**(108)**	(114)	(78)
– Loss on disposal of property, plant and equipment	**39**	**19**	–	–
– Recycling of foreign currency translation reserves	**(90)**	**(90)**	(10)	(10)
– Loss on sale of subsidiary	**–**	**–**	42	42
– Non-headline earnings items included in equity accounted earnings of equity accounted investments	**3 198**	**2 915**	4 726	4 725
– Loss/(profit) on disposal of property, plant and equipment	**7**	**8**	(44)	(40)
– Profit on sale of investments	**(537)**	**(447)**	(583)	(583)
– Loss on sale of investments	**16**	**16**	78	78
– Impairment of investments, assets and goodwill	**3 729**	**3 355**	5 935	5 929
– Recycling of foreign currency translation reserves	**(6)**	**(6)**	(647)	(647)
– Other headline earnings adjustable items	**(11)**	**(11)**	(13)	(12)
Headline earnings from continuing operations		**8 195**		8 074
DISCONTINUED OPERATIONS				
Net profit for the year attributable to equity holders (earnings)		**8 318**		490
– Profit on sale and dilution of equity accounted investments	**(8 318)**	**(8 318)**	–	–
– Non-headline earnings items included in equity accounted earnings of equity accounted investments				
– Loss on disposal of property, plant and equipment	**–**	**–**	12	9
Headline earnings from discontinued operations		**–**		499
Total headline earnings from continuing and discontinued operations		**8 195**		8 573
Option remeasurement		**(112)**		(261)
Headline earnings, excluding option remeasurement		**8 083**		8 312

Included in headline earnings is a positive fair value adjustment of R112 million (2018: positive fair value adjustment of R261 million), relating to the decrease in value of the bondholders' exchange option (accounted for as a derivative liability) of the bonds (option remeasurement) that were issued during March 2016 to partially refinance the foreign bridge funding that was raised for the Al Noor Hospitals Group plc transaction. The bonds are exchangeable into Mediclinic shares and/or cash, and fair value adjustments on the option (reflecting *inter alia* the movement in the underlying Mediclinic share price) are expected to cause volatility in headline earnings during its five-year term.

3. RESULTS (continued)

3.2 PER SHARE MEASURES

Cents	30 June 2019	30 June 2018
EARNINGS PER SHARE		
Headline earnings per share		
Basic	**1 448.9**	1 512.6
Continuing operations	**1 448.9**	1 424.6
Discontinued operations	**–**	88.0
Diluted	**1 445.9**	1 504.5
Continuing operations	**1 445.9**	1 416.5
Discontinued operations	**–**	88.0
Headline earnings per share, excluding option remeasurement		
Basic	**1 429.1**	1 466.5
Continuing operations	**1 429.1**	1 378.5
Discontinued operations	**–**	88.0
Diluted	**1 426.1**	1 458.4
Continuing operations	**1 426.1**	1 370.4
Discontinued operations	**–**	88.0
Earnings per share		
Basic	**1 294.0**	1 577.9
Continuing operations	**(176.6)**	1 491.4
Discontinued operations	**1 470.6**	86.5
Diluted	**1 292.0**	1 567.5
Continuing operations	**(177.5)**	1 481.1
Discontinued operations	**1 469.5**	86.4
DIVIDEND PER SHARE		
Ordinary	**564**	532
Interim	**215**	204
Final	**349**	328
ASSET VALUE PER SHARE		
Intrinsic net asset value (Rand)	**233.03**	256.97
Book net asset value (Rand)	**178.95**	173.04
Remgro share price (Rand)	**187.90**	204.29
Percentage discount to intrinsic net asset value (%)	**19.4**	20.5

3. RESULTS (continued)

3.2 PER SHARE MEASURES (continued)

Earnings per share

In determining earnings per share and headline earnings per share, the weighted number of shares in issue after deduction of treasury shares was used as denominator.

Reconciliation of the weighted number of shares	**30 June 2019 Number of shares**	30 June 2018 Number of shares
Number of shares in issue at the beginning of the year	**568 273 994**	568 273 994
Weighted number of treasury shares	**(2 654 598)**	(1 500 301)
Weighted number of shares	**565 619 396**	566 773 693

Diluted earnings per share

In determining diluted earnings per share and diluted headline earnings per share, the weighted number of shares in issue was adjusted for the deemed dilutive effect of the offers accepted by participants in the Remgro Equity Settled Share Schemes (the Schemes), but not yet delivered.

The delivery of scheme shares to participants will be regarded as an issue of shares. As the market value (fair value) of the shares at date of delivery will differ from the offer value, the number of shares represented by the difference will be regarded as an issue of ordinary shares for no consideration.

Some subsidiary and equity accounted investments have similar management incentive schemes as well as other instruments that can dilute these companies' earnings in the future. To calculate Remgro's diluted earnings per share, R6 million (2018: R53 million) and R10 million (2018: R41 million) were offset against headline earnings and earnings respectively to account for the potential dilutive effect.

To calculate Remgro's diluted headline earnings per share, excluding the option remeasurement, for the year ended 30 June 2019, R10 million (2018: R41 million) was offset against headline earnings, excluding the option remeasurement, to account for the potential diluted effect.

Reconciliation of the weighted number of shares in issue for diluted earnings per share	**30 June 2019 Number of shares**	30 June 2018 Number of shares
Weighted number of shares	**565 619 396**	566 773 693
Adjustment for potential dilutive effect of the Remgro share schemes	**428 880**	355 859
Diluted weighted number of shares	**566 048 276**	567 129 552

Asset value per share

In determining asset value per share the number of shares in issue, after deduction of treasury shares, was used as denominator (refer to note 7.1.3) and intrinsic NAV and book NAV, as per the segment report, as the respective nominators.

3.3 CASH DIVIDEND DECLARED AFTER YEAR-END

A final gross dividend of 349 cents (2018: 328 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 2019.

A dividend withholding tax of 20% or 69.8 cents per share will be applicable, resulting in a net dividend of 279.2 cents per share, unless the shareholder concerned is exempt from paying dividend withholding tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

The total gross dividend per share for the year ended 30 June 2019 therefore amounts to 564 cents, compared to 532 cents for the year ended 30 June 2018.

The issued share capital at the declaration date is 529 217 007 ordinary shares and 39 056 987 B ordinary shares.

4. INVESTMENTS

R million	30 June 2019	30 June 2018
Associates	**65 417**	70 735
Joint ventures	**5 766**	2 987
Investments – equity accounted	**71 183**	73 722
Financial assets at fair value through other comprehensive income	**3 727**	3 067
Total investments	**74 910**	76 789

4.1 INVESTMENTS – EQUITY ACCOUNTED

Equity accounted investments

Investments accounted for using the equity method consist of joint ventures (entities or arrangements over which Remgro has joint control stemming from contractual rights) and associates (entities in which the Group has significant influence, but not control; normally accompanying a shareholding of between 20% and 50% of voting rights in the investment).

The equity method of accounting

Under the equity method of accounting investments are initially recognised at cost. The carrying value includes goodwill identified on acquisition. Subsequent to initial recognition, the carrying value of the investment is adjusted to recognise the Group's share of the post-acquisition profits or losses, movements in other comprehensive income and other equity movements, with the corresponding entry accounted for in either the income statement (for the Group's share of profits and losses) or other comprehensive income (for the Group's share of other comprehensive income and other equity movements after considering the substance of each transaction). Dividends received are accounted for against the carrying value of the investment. The Group ceases to account for its share of losses once those equals or exceeds its interests in the investment (which includes any long-term loans that in substance form part of the Group's net investment).

Accounting policies of equity accounted investments have been changed where necessary to ensure consistency with the policies adopted by the Group.

Unrealised gains and losses on transactions between the Group and its equity accounted investments are eliminated to the extent of the Group's interest in these investments, unless losses provide evidence of impairment of the underlying asset.

The Group determines whether there is any objective evidence that its investments are impaired at each reporting date. An impairment is the difference between the recoverable amount of the equity accounted investment and its carrying value and is recognised in the income statement.

If the ownership interest in an equity accounted investment is reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss. Equity transactions by these entities that cause a dilution in the Group's ownership interest are likewise treated as part disposals.

Critical judgements

The most critical judgement exercised relates to the classification of investments as associates rather than subsidiaries or financial instruments at fair value. There are also investments, with specific reference to the investment in Mediclinic, in which Remgro holds an interest of less than 50% of the voting rights, but over which the Group may have *de facto* control. The directors considered whether the Group has *de facto* control over this investment and concluded that Remgro does not control Mediclinic. Mediclinic's relevant activities are controlled by Mediclinic's board of directors. Remgro does not have the right to appoint a majority of Mediclinic board members and, accordingly, cannot control Mediclinic's relevant activities. Consideration was also given to recent attendance and voting patterns by shareholders at Mediclinic's shareholders meetings. These were inconclusive and support the directors' view that Remgro does not control Mediclinic. Accordingly, Mediclinic is accounted for as an associate using the equity method and not as a subsidiary. Remgro is believed to have significant influence over some investments although it has an interest of less than 20% in these entities with specific reference to the investment in FirstRand. As Remgro has board representation and is one of the major shareholders of these investments, its influence over their financial and operating policies is significant. Accordingly, these investments are classified as associates and not as financial instruments at fair value.

Remgro also has investments in which it holds more than 50% of the voting rights but where an assessment of its influence over the business's relevant activities indicated that it does not have control. With particular reference to CIVH in which Remgro held 54.4% at 30 June 2019, the limitations placed on shareholders by the entity's Memorandum of Incorporation effectively gives Remgro joint control over the entity.

4. INVESTMENTS (continued)

4.1 INVESTMENTS – EQUITY ACCOUNTED (continued)

The Group's principal associates and joint ventures are:

INVESTMENT	CLASSIFICATION	BUSINESS
FirstRand	Associate	Incorporated in South Africa and operating as First National Bank and Rand Merchant Bank
Mediclinic	Associate	Incorporated in the United Kingdom and operates private medical facilities in South Africa, the Middle East, Switzerland and the United Kingdom
RMH	Associate	South African investment holding company holding mainly a 34% interest in FirstRand
RMI	Associate	South African investment holding company with significant investments in the insurance sector
CIVH	Joint venture	South African holding company that builds, owns, maintains and monitors its fibre-optic network and related infrastructure

4.1.1 ASSOCIATES

	30 June 2019			30 June 2018		
R million	***Listed***	***Unlisted***	**Total**	*Listed*	*Unlisted*	Total
Shares – at cost	**33 858**	**4 094**	**37 952**	38 034	4 846	42 880
Equity adjustment	**23 427**	**3 844**	**27 271**	23 410	4 249	27 659
Carrying value	**57 285**	**7 938**	**65 223**	61 444	9 095	70 539
Long-term loans	**–**	**194**	**194**	–	196	196
	57 285	**8 132**	**65 417**	61 444	9 291	70 735
Market values of listed investments	**84 187**			95 424		

Reconciliation of carrying value at the beginning and end of the year (R million)	**30 June 2019**	30 June 2018
Carrying value at the beginning of the year	**70 735**	75 392
Change in accounting policy	**(1 093)**	–
Restated balance at the beginning of the year	**69 642**	75 392
Share of net attributable profit of associates	**4 785**	2 912
Dividend received from associates	**(3 608)**	(4 076)
Investments made[1]	**355**	675
Investments disposed	**(107)**	–
Businesses acquired (refer note 15)	**–**	848
Derecognition of equity accounted investment in Capevin (refer note 15)	**–**	(932)
Transferred to non-current assets held for sale (refer note 10.10)	**–**	(3 588)
Transfers to joint venture	**–**	(162)
Dilutionary effects	**(4)**	(3)
Exchange rate differences	**(422)**	1 783
(Impairments)/reversal of impairments (refer note 4.4)	**(5 485)**	32
Equity accounted movements on reserves	**262**	(2 110)
Loans advanced	**16**	20
Loan repaid	**(17)**	(56)
Carrying value at the end of the year	**65 417**	70 735

[1] *The year under review includes an investment in RMI of R300 million (2018: R471 million).*

4. INVESTMENTS (continued)

4.1 INVESTMENTS – EQUITY ACCOUNTED (continued)

4.1.1 ASSOCIATES (continued)

Set out below is the summarised financial information, as well as a reconciliation of that information to the carrying amount, of the Group's most significant associates which are accounted for using the equity method.

	Year ended			
	30 June 2019			31 March 2019
R million	RMI	RMH	FirstRand	Mediclinic
Summarised statement of comprehensive income				
Revenue	15 170	26	60 457	52 805
Profit/(loss) before tax	5 470	9 996	41 672	(2 467)
Taxation	(1 096)	(18)	(9 912)	126
Profit/(loss) after tax	4 374	9 978	31 760	(2 341)
Attributable to non-controlling shareholders	(327)	–	(1 549)	(378)
Attributable profit/(loss) for the year	4 047	9 978	30 211	(2 719)
Headline earnings	3 801	9 390	27 887	3 801
Other comprehensive income attributable to shareholders	(98)	(16)	(143)	2 197
Total comprehensive income attributable to shareholders	3 949	9 962	30 068	(522)
Summarised statement of financial position				
Net advance, loans and bank-related securities	691	–	161 938	–
Intangible assets	101	–	10 491	28 372
Property, plant and equipment and other	1 401	–	8 026	63 411
Investments and loans	42 512	53 070	9 023	3 629
Current assets	1 942	188	8 845	19 504
Total assets	46 647	53 258	198 323	114 916
	(22 108)	(3 955)	(68 650)	(58 584)
Non-controlling interest	(1 602)	–	(14 920)	(2 056)
Non-current liabilities	(19 109)	(3 760)	(30 165)	(46 052)
Current liabilities	(1 397)	(195)	(23 565)	(10 476)
Net assets	24 539	49 303	129 673	56 332
Reconciliation to carrying value				
Remgro's effective interest	30.65%	28.15%	3.92%	44.56%*
Remgro's effective interest in net assets	7 521	13 881	5 082	25 101
Goodwill/bargain purchase adjustment	1 814	2 364	743	3 096
Dividends received subsequent to associates' reporting date	–	–	–	(280)
Impairment	–	–	–	(3 898)
Carrying value at 30 June 2019	9 335	16 245	5 825	24 019
Fair value of listed investments	15 947	33 545	15 069	17 891
Dividends received	511	1 435	624	473

* *Remgro's interest in Mediclinic on 31 March 2019. The Group pledged 30 949 879 Mediclinic shares as security for the exchangeable bonds.*

4. INVESTMENTS (continued)

4.1 INVESTMENTS – EQUITY ACCOUNTED (continued)

4.1.1 ASSOCIATES (continued)

Set out below is the summarised financial information, as well as a reconciliation of that information to the carrying amount, of the Group's most significant associates which are accounted for using the equity method.

	Year ended			
	30 June 2018			31 March 2018
R million	RMI	RMH	FirstRand	Mediclinic
Summarised statement of comprehensive income				
Revenue	14 297	26	49 098	49 421
Profit/(loss) before tax	5 403	8 582	36 094	(8 248)
Taxation	(1 136)	(22)	(7 950)	86
Profit/(loss) after tax	4 267	8 560	28 144	(8 162)
Attributable to non-controlling shareholders	(370)	–	(1 598)	(310)
Attributable profit/(loss) for the year	3 897	8 560	26 546	(8 472)
Headline earnings	4 081	8 851	26 509	3 497
Other comprehensive income attributable to shareholders	414	378	671	(4 305)
Total comprehensive income attributable to shareholders	4 311	8 938	27 217	(12 777)
Summarised statement of financial position				
Net advances, loans and bank-related securities	286	–	149 117	–
Intangible assets	124	–	10 946	25 447
Property, plant and equipment and other	1 416	–	7 957	65 372
Investments and loans	40 309	49 170	8 101	6 588
Current assets	2 640	102	10 163	17 393
Total assets	44 775	49 272	186 284	114 800
	(22 404)	(2 949)	(65 259)	(55 328)
Non-controlling interest	(1 333)	–	(9 773)	(1 575)
Non-current liabilities	(19 521)	(2 717)	(35 428)	(44 251)
Current liabilities	(1 550)	(232)	(20 058)	(9 502)
Net assets	22 371	46 323	121 025	59 472
Reconciliation to carrying value				
Remgro's effective interest	30.31%	28.15%	3.92%	44.56%*
Remgro's effective interest in net assets	6 781	13 042	4 742	26 514
Goodwill/bargain purchase adjustment	1 698	2 343	744	3 124
Dividends received subsequent to associates' reporting date				(265)
Carrying value at 30 June 2018	8 479	15 385	5 486	29 373
Fair value of listed investments	17 285	30 123	14 045	31 329
Dividends received	471	1 359	585	458

* *Remgro's interest in Mediclinic on 31 March 2018. The Group pledged 30 949 879 Mediclinic shares as security for the exchangeable bonds.*

4. INVESTMENTS (continued)

4.1 INVESTMENTS – EQUITY ACCOUNTED (continued)

4.1.1 ASSOCIATES (continued)

R million	30 June 2019	30 June 2018
Information pertaining to Remgro's other associates is aggregated as follows:		
Carrying value	**9 992**	12 012
The Group's share of:		
– Profit from operations	**767**	2 087
– Other comprehensive income	**(372)**	603
– Total comprehensive income	**395**	1 484
– Headline earnings	**1 049**	1 404

4.1.2 JOINT VENTURES

R million	30 June 2019	30 June 2018
Unlisted shares – at cost	**5 045**	2 197
Equity adjustment	**67**	415
Carrying value	**5 112**	2 612
Long-term loans	**654**	375
	5 766	2 987

Reconciliation of carrying value at the beginning and end of the year

R million	30 June 2019	30 June 2018
Carrying value at the beginning of the year	**2 987**	5 491
Share of net attributable profit/(loss) of joint ventures	**(268)**	471
Dividend received from joint ventures	**(7)**	(183)
Businesses acquired (refer note 15)	**–**	120
Investments made[1]	**2 897**	–
Dilutionary effects	**–**	(1)
Exchange rate differences	**(50)**	(4)
Impairments (refer note 4.4)	**(49)**	(84)
Equity accounted movements on reserves	**(23)**	(35)
Loans advanced	**279**	47
Loan repaid	**–**	(44)
Derecognition of equity accounted investment in Distell (refer note 15)	**–**	(2 953)
Transfers from associate	**–**	162
Carrying value at the end of the year	**5 766**	2 987

[1] *During the current financial year, Remgro participated in CIVH's rights issue by investing R2 855 million.*

4. INVESTMENTS (continued)

4.1 INVESTMENTS – EQUITY ACCOUNTED (continued)

4.1.2 JOINT VENTURES (continued)

Set out below is the summarised financial information, as well as a reconciliation of that information to the carrying amount of CIVH, the Group's most significant joint venture that is accounted for using the equity method.

R million	30 June 2019 CIVH	30 June 2018 CIVH
Summarised statement of comprehensive income		
Revenue	**2 349**	1 917
Depreciation and amortisation	**(777)**	(584)
Interest income	**104**	4
Interest expense	**(837)**	(533)
Profit/(loss) before tax	**(585)**	65
Taxation	**(1)**	(35)
Profit/(loss) after tax	**(586)**	30
Attributable to non-controlling shareholders	**–**	(2)
Attributable (loss)/profit for the year	**(586)**	28
Headline (loss)/earnings	**(463)**	29
Other comprehensive income attributable to shareholders	**–**	–
Total comprehensive income attributable to shareholders	**(586)**	28
Summarised statement of financial position		
Non-current assets	**14 136**	9 653
Cash and cash equivalents	**172**	141
Other current assets	**513**	486
Total assets	**14 821**	10 280
	(10 623)	(6 390)
Non-controlling interest	**(3)**	(30)
Non-current financial liabilities	**(7 838)**	(4 273)
Other non-current liabilities	**(470)**	(266)
Current financial liabilities (excluding trade and other payables and provisions)	**(1 659)**	(1 196)
Current liabilities	**(653)**	(625)
Net assets	**4 198**	3 890
Reconciliation to carrying value		
Remgro's effective interest	**54.44%**	51.04%
Remgro's effective interest in net assets	**2 285**	1 985
Additional purchase after CIVH 31 March year-end	**2 041**	–
Goodwill/purchase adjustment bargain	**162**	(41)
Carrying value at 30 June	**4 488**	1 944

R million	30 June 2019	30 June 2018
Information pertaining to Remgro's other joint ventures is aggregated as follows:		
Carrying value	**1 278**	1 043
The Group's share of:		
– Profit from operations	**46**	456
– Other comprehensive income	**(6)**	(48)
– Total comprehensive income	**40**	408
– Headline earnings	**46**	398

4. INVESTMENTS (continued)

4.1 INVESTMENTS – EQUITY ACCOUNTED (continued)

4.1.3 ACCOUNTING PERIODS

The following principal equity accounted investments have different year-ends to that of the Group:

INVESTMENT	FINANCIAL YEAR-END	REPORTING PERIOD USED TO EQUITY ACCOUNT
Associates		
Air Products	30 September	12 months ended 31 March 2019
Business Partners	31 March	Year ended 31 March 2019
eMedia Investments	31 March	Year ended 31 March 2019
Grindrod	31 December	12 months ended 30 June 2019
Mediclinic	31 March	Year ended 31 March 2019
PGSI	25 December	12 months ended 25 June 2019
SEACOM	31 December	12 months ended 30 June 2019
Total	31 December	12 months ended 30 June 2019
Joint venture		
CIVH	31 March	Year ended 31 March 2019

The reporting period used to equity account the above investments was used as it is impractical to adjust their reported numbers to conform to the Group's reporting period. Significant transactions in the intermediate period are adjusted for. Significant adjustments for the current period related to dividends received from equity accounted investments, additional investments in equity accounted investments (e.g. the investment in CIVH which is disclosed in note 4.1.2 above) and the conversion of Mediclinic at the 30 June 2019 exchange rate as its presentation currency is British pound.

4.2 EQUITY ADJUSTMENT

R million	30 June 2019	30 June 2018
Share of after-tax profit of equity accounted investments		
Profit before taking into account impairments and non-recurring items	**9 228**	10 035
Net impairment of investments, assets and goodwill	**(3 729)**	(5 935)
Profit on the sale of investments	**521**	505
Recycling of foreign currency translation reserves	**6**	647
Other headline earnings adjustable items	**11**	13
Profit before tax and non-controlling interest	**6 037**	5 265
Taxation	**(1 160)**	(1 499)
Non-controlling interest	**(360)**	(383)
Share of net attributable profit of equity accounted investments – per income statement	**4 517**	3 383
Continuing operations	**4 517**	2 893
Discontinued operations	**–**	490
Dividends received from equity accounted investments	**(3 615)**	(4 259)
Share of net profit/(loss) retained by equity accounted investments	**902**	(876)
Non-controlling interest of subsidiaries	**(18)**	(2)
Dilution loss of interest in equity accounted investments	**(780)**	(2 891)
Equity adjustment transferred to non-distributable reserves (Refer to statement of changes in equity)	**104**	(3 769)
Portion of the share of net attributable profit of equity accounted investments, that has been accounted for from unaudited interim reports and management accounts	**253**	1 078
The results of these equity accounted investments will be audited in later financial periods that coincide with their financial year-ends		

4.3 INVESTMENTS – FVOCI (2018: AVAILABLE-FOR-SALE)

Other long-term financial instruments are classified at initial recognition by applying irrevocable choice to designate the instruments as at fair value through other comprehensive income from 1 July 2018 and as available-for-sale prior to 1 July 2018 and are carried at fair value. Unrealised gains and losses arising from changes in the fair value of these financial instruments are recognised through other comprehensive income in the period in which they arise. When available-for-sale financial instruments are either derecognised or impaired, the accumulated fair value adjustments are realised and included in the income statement. Accumulated fair value adjustments relating to financial instruments at fair value through other comprehensive income are never reclassified to the income statement.

4. INVESTMENTS (continued)

4.3 INVESTMENTS – FVOCI (2018: AVAILABLE-FOR-SALE)

R million	30 June 2019 Listed	30 June 2019 Unlisted	30 June 2019 Total	30 June 2018 Listed	30 June 2018 Unlisted	30 June 2018 Total
Investments – FVOCI	**1 532**	**2 195**	**3 727**	–	–	–
Investments – available-for-sale	**–**	**–**	**–**	914	2 153	3 067
	1 532	**2 195**	**3 727**	914	2 153	3 067
Market values of listed investments	**1 532**	**–**	**1 532**	914	–	914
Valuation of unlisted investments	**–**	**2 195**	**2 195**	–	2 153	2 153
Market values and unlisted valuations	**1 532**	**2 195**	**3 727**	914	2 153	3 067

Reconciliation of carrying value at the beginning and end of the year (R million)	30 June 2019	30 June 2018
Carrying value at the beginning of the year	**3 067**	3 345
Fair value adjustments for the year	**206**	(121)
Businesses acquired (refer note 15)	**–**	57
Investments made[1]	**1 113**	106
Exchange rate adjustments	**28**	81
Disposals[2]	**(687)**	(357)
Impairments (refer note 4.4)	**–**	(44)
Carrying value at the end of the year	**3 727**	3 067

[1] *The year under review includes investments made consisting of Prescient China Equity Fund of R727 million and Li Ning of R171 million.*
[2] *The year under review includes the disposal of Milestone Capital Strategic Holdings Limited amounting to R393 million, as well as the disposal of Li Ning shares amounting to R163 million.*

4.4 NET IMPAIRMENT OF INVESTMENTS

R million	30 June 2019	30 June 2018
Reversal of impairments/(impairments) were recognised for the following investments:		
Associates	**(5 485)**	32
Best Global Brands Limited (Distell associate) (refer note 4.4.1)	**(524)**	–
Business Partners	**–**	(164)
eMedia Investments	**(107)**	(247)
Grindrod[1]	**(300)**	487
Grindrod Shipping[1]	**(277)**	–
Mediclinic (refer note 4.4.2)	**(3 898)**	–
PGSI	**(378)**	42
Premier Team Holdings	**–**	(85)
PressureRite (loan)	**(1)**	(1)
Joint venture		
Mainstreet 1131	**(49)**	(84)
Investments – available-for-sale		
Pembani Remgro Infrastructure SA Fund	**–**	(44)

[1] *These investments were impaired to their listed market prices due to a significant decline in the share price.*

The current South African economic environment led to decreased profitability in several of Remgro's investments. For this reason, management performed an impairment assessment on all its investments. Except for the investment in Mediclinic, the recoverable amounts of the investments impaired were based on fair value less cost to sell.

4. INVESTMENTS (continued)

4.4 NET IMPAIRMENT OF INVESTMENTS (continued)

4.4.1 BEST GLOBAL BRANDS LIMITED (BGB)

The recoverable amount was based on a fair value calculation. Pre-tax cash flow projections are based on financial budgets approved by Distell management covering a five- to ten-year period. A perpetual growth rate of 4.0% and a pre-tax discount rate of 16.1% was assumed. A 0.5% increase in the discount rate will result in an additional impairment of R14 million. A 0.5% decrease in the growth rate will result in an additional impairment of R6 million. The significant devaluation of about 50% of the Angolan kwanza, accelerating towards the end of the financial year, and its impact on the Angolan economy has negatively affected the earnings of BGB, the owner of the Best brand. Although BGB has grown volumes and maintained market share since Distell's investment, profit margins declined substantially as a large component of raw materials used in production is imported and paid for in foreign currency. The impairment calculation indicated that the carrying value of the investment is not supported by the most recent cash flow projections.

4.4.2 MEDICLINIC

The listed market value of the investment in Mediclinic was R17 891 million on 30 June 2019, which is significantly lower than the carrying value of R27 917 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.

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

	Discount rate (%)	Terminal growth rate (%)
South Africa	**11.5**	**4.5**
Switzerland	**5.7**	**0.6**
Middle East	**9.2**	**2.1**

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 is R24 019 million and, as a result, an impairment of R3 898 million was recognised.

Sensitivity analysis of assumptions used in the impairment test:

	Movement in discount rates	Movement in growth rates
South Africa (%)	**+0.50**	**-0.50**
Switzerland (%)	**+0.25**	**-0.25**
Middle East (%)	**+0.50**	**-0.50**
Additional impairment (R million)	**2 173**	**1 116**

Mediclinic operates in three regions. Each of its operations were separately valued as the economic indicators for each area varies. Accordingly, the sensitivity analysis took account thereof.

4. INVESTMENTS (continued)

4.5 DIVIDEND INCOME

R million	30 June 2019	30 June 2018
Included in profit:		
Listed	**48**	43
Unlisted	**30**	69
	78	112
Dividends from equity accounted investments set off against investments	**3 615**	4 259

5. CASH POSITION

5.1 INVESTMENT IN MONEY MARKET FUNDS

Investments in money market funds relate to investments in shares of liquidity funds of which the underlying investments have maturities of up to one year. The shares in these funds are callable on a daily basis.

R million	30 June 2019	30 June 2018
Money market fund investments are held in the following currencies:		
SA rand	**5 095**	3 915
British pound (2019: £4.5 million; 2018: £4.5 million)	**80**	81
	5 175	3 996

Investments in offshore money market funds relate to investments in shares of J P Morgan liquidity funds, specifically the Sterling GILT Liquidity Fund. This fund has a Aaa Moody's Rating. The portfolio of the funds on 30 June 2019 consisted of government bonds with maturities of up to one year and bank repurchase agreements to ensure liquidity on demand as the shares in the funds are callable on a daily basis. Distributions from these funds are disclosed as dividend income. Local money market funds relate to investments in South African unit trusts offered by Nedgroup Collective Investments, STANLIB Collective Investments, Absa Money Market Fund and Investec Corporate Money Market Fund mandated to invest only in money market instruments of major South African banks, government securities and government-related entities. These instruments carry very low credit risk and provide daily liquidity, but cannot be classified as cash and cash equivalents as the individual instruments held by the funds do not meet the maturity criteria of *IAS 7: Statement of Cash Flows*. These investments are categorised as "financial assets at fair value through profit and loss".

5. CASH POSITION (continued)

5.2 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held at call with banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in short-term interest-bearing loans.

R million	30 June 2019	30 June 2018
Cash at the centre	**10 967**	9 723
Operating subsidiaries	**1 695**	2 446
	12 662	12 169
The cash is held in the following currencies:		
SA rand	**5 176**	6 920
British pound	**2 209**	411
USA dollar	**4 747**	4 372
Swiss franc	**6**	6
Euro	**150**	125
Botswana pula	**64**	100
New Taiwan dollar	**69**	107
Kenyan shilling	**149**	62
Namibian dollar	**9**	–
Other	**83**	66
	12 662	12 169
At year-end cash and cash equivalents earned interest at effective interest rates that varied between 0.13% and 8.00% (2018: 4.90% and 7.73%) per annum at local financial institutions and between 0.25% and 6.95% (2018: 0.43% and 6.61%) per annum abroad.		
Cash and cash equivalents are represented by the following:		
Current accounts and call accounts	**12 660**	12 167
Cash on hand	**2**	2
	12 662	12 169
At year-end the Group's cash was invested at financial institutions with the following Moody's credit rating (unless otherwise indicated):		
Aa2	**1 396**	131
Aa3	**4 617**	2 251
A1	**570**	2 691
A2	**356**	325
Baa2	**3**	–
Baa3	**4 614**	6 345
BBB+ (GCR credit rating)	**100**	100
AA- (S&P rating)	**1 003**	322
AA(NA) (GCR credit rating)	**1**	2
Cash on hand	**2**	2
	12 662	12 169

5.3 CASH FLOW INFORMATION

5.3.1 ADJUSTMENTS

Amortisation of intangible assets and depreciation	**1 796**	985
Movement in retirement benefits and provisions	**257**	14
Net movement in derivative instruments	**(5)**	6
Share scheme cost	**281**	214
Profit on the sale of property, plant and equipment	**(168)**	(114)
Other	**(49)**	16
	2 112	1 121

5. CASH POSITION (continued)

5.3 CASH FLOW INFORMATION (continued)

R million	30 June 2019	30 June 2018
5.3.2 DECREASE/(INCREASE) IN WORKING CAPITAL		
Decrease/(increase) in inventories and biological agricultural assets	**(1 027)**	(145)
Decrease/(increase) in trade and other receivables	**(928)**	(1 540)
Increase/(decrease) in trade and other payables	**937**	1 400
	(1 018)	(285)
5.3.3 RECONCILIATION OF DIVIDENDS RECEIVED		
Receivable at the beginning of the year	**375**	264
Per income statement	**78**	112
Dividends from equity accounted investments set off against investments	**3 615**	4 259
Dividends reinvested	**(300)**	(471)
Dividends from investment held for sale	**6**	–
Receivable at the end of the year	**(393)**	(375)
Cash received	**3 381**	3 789
5.3.4 RECONCILIATION OF TAXATION PAID WITH THE AMOUNT DISCLOSED IN THE INCOME STATEMENT		
Paid in advance at the beginning of the year	**81**	84
Unpaid at the beginning of the year	**(53)**	(7)
Per income statement	**(1 180)**	(517)
Businesses acquired	**–**	(182)
Businesses disposed	**–**	(7)
Unpaid at the end of the year	**43**	53
Paid in advance at the end of the year	**(108)**	(81)
Cash paid	**(1 217)**	(657)
5.3.5 RECONCILIATION OF DIVIDENDS PAID		
Per statement of changes in equity	**(3 069)**	(2 862)
Paid by subsidiaries to non-controlling shareholders	**(690)**	(72)
Cash paid	**(3 759)**	(2 934)

5.3.6 RECONCILIATION OF LONG-TERM AND SHORT-TERM LOANS

R million	30 June 2018 Carrying value	*Loans (repaid)/ advanced*	*Non-cash flow movements*[(1)]	**30 June 2019 Carrying value**
Included in debt at the centre	13 984	**–**	**(67)**	**13 917**
RCL Foods	3 248	**(428)**	**11**	**2 831**
Distell	4 433	**97**	**(6)**	**4 524**
Other loans	24	**(24)**	**7**	**7**
Total long-term and short-term loans (excluding bank overdrafts)	21 689	**(355)**	**(55)**	**21 279**

(1) *Consists mainly of foreign exchange translation reserves and accrued interest.*

6. FINANCING AND COMMITMENTS

Borrowings

Borrowings are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Preference shares issued by the Group that carry non-discretionary dividend obligations are classified as borrowings.

Compound financial liabilities

Compound financial liabilities issued by the Group comprise exchangeable bonds that may be redeemed in either cash or Mediclinic shares or a combination thereof at the Group's discretion. At initial recognition, the derivative component is separated from the compound financial liability and recognised at fair value. The liability component is also recognised initially at the fair value of a similar liability that does not have an exchangeable option. Subsequent to initial recognition, the liability component is measured at amortised cost, while the derivative instrument is measured at fair value. Any changes in the fair value of the derivative are accounted for in profit and loss.

6. FINANCING AND COMMITMENTS (continued)

Financial instruments at fair value through profit and loss

These instruments, consisting of financial instruments held-for-trading and those designated at fair value through profit and loss at inception, are carried at fair value. Derivatives are also classified as held-for-trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these financial instruments are recognised in the income statement in the period in which they arise.

6.1 LONG-TERM LOANS

R million	30 June 2019	30 June 2018
Included in debt at the centre	**13 917**	13 984
Exchangeable bonds of £350 million with a coupon rate of 2.625% and effective interest rate of 4.48% per annum. The bonds mature on 22 March 2021[1]	**6 117**	6 090
20 000 Class A 7.5% cumulative redeemable preference shares		
Redeemable on 15 January 2024 with bi-annual dividend payments (refer to note 6.1.1)	**3 488**	3 512
10 000 Class B 8.3% cumulative redeemable preference shares		
Redeemable on 17 March 2025 with bi-annual dividend payments (refer to note 6.1.1)	**4 312**	4 382
Distell	**4 524**	4 433
Secured term facility rand loans, bearing interest at variable rates of between 8.25% – 8.60% per annum. Interest is payable quarterly and the loans are repayable in the 2020, 2021 and 2023 financial years respectively[2]	**–**	2 800
Secured term and revolving facility rand loans, bearing interest at variable rates of between 8.458% – 8.658% per annum. Interest is payable quarterly and the loans are repayable in the 2022, 2023 and 2024 financial years respectively[2]	**3 500**	–
Secured inventory UK pound facility, bearing interest at the Bank of England base rate plus 1.35%, for a minimum period of five years from February 2017[2]	**1 024**	920
Secured revolving term facility rand loan, bearing interest at a variable rate of 8.4% per annum. Interest is payable quarterly and the loan is repayable in the 2021 financial year[2]	**–**	700
Secured loans with varying terms and interest rates	**–**	13
RCL Foods	**2 681**	3 100
Term-funded debt package consisting of two bullet loans, repayable in 2023. The loans bear interest at an effective rate of Jibar with a margin of between 1.50% and 1.55% (2018: between 1.85% and 2.25%) and is guaranteed by RCL Foods[3]	**2 350**	2 852
Liabilities resulting from various capitalised finance leases and instalment sale agreements payable in monthly, quarterly and annual instalments at varying interest rates of between 7.0% and 10.0% per annum[4]	**202**	175
Secured long-term loan with a fixed rate of between 4.0% and prime less 1.5% (2018: 4.0%) per annum repayable annually, over a maximum period of three years[5]	**21**	16
Unsecured long-term loans repayable based on the growth of the underlying operations. These loans bear interest at an effective interest rate of 3-month Jibar with a margin of between 1.5% and 4.25% (2018: 1.5% and 4.25%)	**38**	43
Unsecured loans with varying terms and interest rates	**70**	14
	21 122	21 517
Instalments payable within one year transferred to short-term interest-bearing loans	**(102)**	(1 201)
	21 020	20 316
Payable – two to five years	**21 003**	18 430
Payable thereafter	**17**	1 886
	21 020	20 316

Refer to note 13.1 for the fair value of loans.

(1) *The exchangeable bonds may be redeemed in either cash, Mediclinic shares or a combination thereof. The bonds are classified as a compound financial instrument and the liability and derivative components were determined at initial recognition. The derivative instrument is included in note 6.3.*

(2) *During the year under review Distell refinanced the secured term borrowings to extend the maturity dates and improve interest rates. The modification of the loan terms was not considered to result in an extinguishment of the initial borrowings. Discounting the cash flows of the modified borrowings at the original effective interest rate resulted in an insignificant gain and no amount was therefore recognised in profit or loss. These borrowings are secured by mortgages over Distell's immovable property, general notarial bonds over movable assets and a cession over trade and other receivables of specific subsidiaries to a maximum of R5 500 million.*

(3) *During the current financial year, RCL Foods restructured its term-funded debt package. The restructuring resulted in the existing loan of R2.9 billion being replaced with a R2.4 billion debt package.*

(4) *These liabilities are secured by plant, machinery and equipment and vehicles with a book value of R153.8 million (2018: R135.5 million).*

(5) *Secured by cessions over the production of the suppliers to whom the loans were made.*

6. FINANCING AND COMMITMENTS (continued)

6.1 LONG-TERM LOANS (continued)

6.1.1 CLASS A AND CLASS B CUMULATIVE REDEEMABLE PREFERENCE SHARES

These preference shares were issued by Remgro Healthcare Holdings Proprietary Limited, a wholly owned subsidiary of Remgro. During the year under review the Group refinanced both preference shares as follows:

- Class A preference shares: the original terms, being a 7.7% dividend rate and redemption date of 12 January 2020, were amended to a dividend rate of 7.5% (effective 17 June 2019) and redemption date of 15 January 2024.
- Class B preference shares: the original dividend rate of 8.3% will apply until 15 March 2021 whereafter a dividend rate of 7.8% will apply. The redemption date of 15 March 2021 was extended to 17 March 2025.

The above-mentioned amendments represent a modification of each financial liability and, as a result, profits on modification amounting to R90 million were recognised in the income statement. Finance costs in the income statement will be calculated on the original interest rate until the respective maturity dates.

6.2 SHORT-TERM LOANS

R million	**30 June 2019**	30 June 2018
Interest-bearing loans		
Portion of long-term interest-bearing loans payable within one year	**102**	1 201
Bank overdrafts	**1 117**	184
Various secured and unsecured loans with varying terms and interest rates	**153**	167
	1 372	1 552
Interest-free loans with no fixed repayment conditions	**4**	5
	1 376	1 557

6.3 FINANCIAL INSTRUMENTS AT FVPL

The Group was party to the following instruments:

R million	**30 June 2019**	30 June 2018
Non-current assets		
Put option derivative (refer note 6.3.1)	**147**	–
Current assets		
Foreign exchange contracts	**7**	6
Commodity option contracts	**–**	6
JHL Biotech, Inc. bonds (refer note 6.3.2)	**141**	–
	148	12
Non-current liabilities		
Embedded derivative – exchangeable bonds (refer note 6.3.3)	**1**	112
Current liabilities		
Foreign exchange contracts	**3**	9
Commodity option contracts	**4**	21
Interest rate collar option	**46**	–
Embedded derivative – rental swap	**1**	4
Put option on ordinary shares	**–**	43
	54	77

6.3.1 PUT OPTION DERIVATIVE

The Group entered into an agreement regarding its shareholding in Saracens Copthall LLC (Copthall), which was classified as an associate up to 24 October 2018. The Group has the right to put its interest in Copthall for £8.25 million for a period of six months starting from 24 October 2021 (exercise date). The Group may also repurchase its interest for £8.25 million and will share in 50% of the upside if Copthall is sold prior to the exercise date. The contract price is regarded to be the fair value (level 3) at 30 June 2019.

6. FINANCING AND COMMITMENTS (continued)

6.3 FINANCIAL INSTRUMENTS AT FVPL (continued)

6.3.2 JHL BIOTECH, INC. BONDS

The bonds were received as part of the purchase consideration for the disposal of the investment in Milestone Capital Strategic Holdings Limited (refer note 4.3). The bonds are held in escrow and will be utilised as Remgro's contribution towards a yet to be established Milestone fund. The bonds are fair valued (level 3) at $10 million.

6.3.3 EXCHANGEABLE BONDS' OPTION

The exchangeable bonds' option relates to the exchangeable bonds issued during the 2016 financial year (refer note 6.1). The bonds are exchangeable for 30 949 879 Mediclinic shares at the discretion of the Group. The fair value (Level 2) was determined using the Black-Schöles-Merton model.

The assumptions used in the valuation are as follows:

Assumption	30 June 2019	30 June 2018
Dividend yield (%)	**1.7**	1.1
Risk-free rate (%)	**0.6**	1.0
Volatility (%)	**36.9**	36.0

6.4 COMMITMENTS

R million	30 June 2019	30 June 2018
Capital commitments		
Uncompleted contracts for capital expenditure	**1 214**	812
Capital expenditure authorised but not yet contracted	**2 280**	2 730
Investments	**1 710**	824
	5 204	4 366
Operating lease commitments – future minimum lease payments		
Land and buildings	**940**	1 178
Due within one year	**251**	295
Due – two to five years	**541**	662
Due thereafter	**148**	221
Machinery and equipment	**185**	106
Due within one year	**62**	46
Due – two to five years	**116**	60
Due thereafter	**7**	–
	1 125	1 284
Finance leases		
Gross finance lease liabilities – minimum lease payments	**308**	285
Due within one year	**39**	27
Due – two to five years	**118**	89
Due thereafter	**151**	169
Future finance charges on finance lease liabilities	**(106)**	(110)
Present value of finance lease liabilities	**202**	175
Due within one year	**21**	12
Due – two to five years	**66**	40
Due thereafter	**115**	123
	202	175

Above-mentioned commitments will be financed by internal sources and borrowed funds.

6. FINANCING AND COMMITMENTS (continued)

6.5 BORROWING POWERS

There are no limitations on the borrowing powers of the Company and its subsidiaries in respect of loans and guaranteed debts.

6.6 GUARANTEES AND CONTINGENT LIABILITIES

R million	30 June 2019	30 June 2018
Guarantees by subsidiaries to third parties	**5**	9

7. EQUITY POSITION

7.1 STATED AND ISSUED CAPITAL

7.1.1 STATED CAPITAL

Ordinary shares and B ordinary shares of the Company are classified as equity. Costs directly attributable to the issue of new shares are accounted for in equity as a deduction from the proceeds.

R million	30 June 2019	30 June 2018
Stated and issued capital		
Authorised		
1 000 000 000 ordinary shares of no par value		
100 000 000 B ordinary shares of no par value		
Issued		
529 217 007 ordinary shares of no par value	**12 729**	12 729
39 056 987 B ordinary shares of no par value	**687**	687
	13 416	13 416

Each ordinary share has one vote.

Each B ordinary share has ten votes.

7.1.2 TREASURY SHARES

Shares in the Company held by Group companies are classified as treasury shares and are held at cost. These shares are treated as a deduction from the issued number of shares and taken into account in the calculation of the weighted average number of shares. The cost price of the shares is deducted from the Group's equity.

	30 June 2019 Number of shares	30 June 2018 Number of shares
Balances at the beginning of the year	**1 389 033**	1 666 638
Shares purchased during the year	**2 000 000**	–
Shares utilised to settle share incentive scheme obligation	**(54 097)**	(277 605)
Balances at the end of the year	**3 334 936**	1 389 033

Remgro ordinary shares are held as treasury shares by a wholly owned subsidiary of Remgro. These shares were acquired for the purpose of hedging Remgro's obligation in terms of its share incentive scheme.

At a general meeting of shareholders held on 7 October 2008, 21 000 000 ordinary shares were placed under the control of the Remgro Board as a specific authority for purposes of issuing and allotting such ordinary shares to participants in the Remgro Equity Settled Share Appreciation Right Scheme (SAR Scheme) in accordance with the provisions of the rules of the SAR Scheme.

Details in respect of the SAR Scheme and the current year's offers are disclosed in note 8.

7. EQUITY POSITION (continued)

7.1 STATED AND ISSUED CAPITAL (continued)

7.1.3 SHARES IN ISSUE

	30 June 2019 Number of shares	30 June 2018 Number of shares
Stated capital	**568 273 994**	568 273 994
Treasury shares	**(3 334 936)**	(1 389 033)
	564 939 058	566 884 961

7.2 RESERVES

7.2.1 COMPOSITION OF RESERVES

R million	**30 June 2019**	30 June 2018
Subsidiaries	**62 428**	57 660
Fair value reserve	**527**	661
Other reserves*	**231**	734
Retained earnings	**61 670**	56 265
Equity accounted investments		
Equity reserves	**25 823**	27 205
	88 251	84 865

* *Other reserves consist mainly of share scheme reserves and foreign currency translation reserves.*

7.2.2 INCLUDED IN THE RESPECTIVE RESERVES ABOVE ARE RESERVES ARISING ON EXCHANGE RATE TRANSLATION

R million	***Equity reserves***	***Other reserves***	***Fair value reserves***	***Retained earnings***	**30 June 2019 Total**	30 June 2018 Total
Balances at the beginning of the year	**(1 419)**	**19**	**(111)**	**951**	**(560)**	(2 357)
Exchange rate adjustments during the year	**(321)**	**(152)**	**18**	**106**	**(349)**	1 808
Reclassification to the income statement	**52**	**(142)**	**–**	**–**	**(90)**	(11)
Balances at the end of the year	**(1 688)**	**(275)**	**(93)**	**1 057**	**(999)**	(560)

7. EQUITY POSITION (continued)

7.3 NON-CONTROLLING INTEREST

R million	30 June 2019	30 June 2018
Balances at the beginning of the year	15 348	2 870
Change in accounting policies (refer note 17)	(13)	–
Restated balances at the beginning of the year	15 335	2 870
Total comprehensive income for the year	384	514
Net profit for the year	433	256
Exchange rate adjustments	(28)	204
Fair value adjustments for the year	(14)	(18)
Other comprehensive income of equity accounted investments	(1)	–
Remeasurement of post-employment benefit obligations	(6)	72
Dividends paid	(690)	(72)
Transactions with non-controlling shareholders	3	39
Long-term share incentive scheme reserve	63	43
Businesses acquired	–	11 953
Businesses disposed	–	(3)
Other movements	(3)	4
Balances at the end of the year	**15 092**	15 348
RCL Foods	2 870	3 056
Distell	12 189	12 258
Other non-wholly owned subsidiaries	33	34

The Group consists of various investing and operating subsidiaries, details of which are disclosed in note 14.2. The main operating subsidiaries are RCL Foods and Distell in which the Group has interests of 77.5% (2018: 77.0%) and 31.8% (2018: 31.8%) respectively.

RCL Foods consists of three business divisions, namely Consumer (food producer and manufacturer), Sugar & Milling (a sugar producer and miller) and Logistics (specialist third-party logistics provider). The group's revenue and operating profit are mainly driven by these business divisions and are presented as trading profit in the income statement. RCL Foods' non-controlling shareholders own 22.5% (2018: 23.0%) of RCL Foods. During the year under review Remgro acquired a further 0.5% interest in RCL Foods for R115 million.

Distell derives its revenue primarily from the production, marketing and distribution of alcoholic beverages. Distell is included as a subsidiary of the Group from 11 May 2018. Distell's non-controlling shareholders own 68.2% (2018: 68.2%) of Distell.

7. EQUITY POSITION (continued)

7.3 NON-CONTROLLING INTEREST (continued)

Below is RCL Foods' and Distell's summarised financial information:

	30 June 2019		30 June 2018	
R million	**RCL Foods**	**Distell**	RCL Foods	Distell
Statement of financial position				
ASSETS				
Non-current assets	**11 397**	**10 315**	11 516	10 006
Current assets	**9 010**	**13 228**	9 475	12 120
	20 407	**23 543**	20 991	22 126
EQUITY AND LIABILITIES				
Shareholders' equity	**10 831**	**11 614**	11 131	11 641
Non-controlling interest	**3**	**358**	49	315
Non-current liabilities	**3 984**	**5 681**	3 361	5 593
Current liabilities	**5 589**	**5 890**	6 450	4 577
	20 407	**23 543**	20 991	22 126
Income statement				
Income				
Revenue	**25 888**	**26 180**	24 426	24 231
Finance income	**49**	**70**	63	47
Fair value adjustment – biological assets	**353**	**–**	370	–
Share of profit of equity accounted investments	**127**	**62**	80	31
Expenses				
Finance costs	**325**	**341**	315	345
Fair value adjustment – derivative instruments	**20**	**–**	(1)	–
Repairs and maintenance	**933**	**258**	880	243
Depreciation, amortisation and impairments	**793**	**862**	776	566
Operating lease and rental charges	**460**	**377**	369	338
Taxation	**6**	**645**	220	631
Profit/(loss) for the year	**(184)**	**910**	878	1 668
Profit/(loss) for the year attributable to equity holders	**(110)**	**897**	922	1 646
Profit/(loss) for the year attributable to non-controlling interest	**(74)**	**13**	(44)	22
Statement of comprehensive income				
Other comprehensive income	**20**	**(79)**	(2)	263
Total comprehensive income	**(164)**	**830**	876	1 931
Total comprehensive income attributable to equity holders	**(90)**	**817**	920	1 911
Total comprehensive income attributable to non-controlling interest	**(74)**	**13**	(44)	20
Dividends paid to non-controlling interest	**1**	**4**	2	4
Cash flow information				
Cash inflow from operating activities	**108**	**2 010**	1 104	2 267
Cash outflow from investing activities	**(1 083)**	**(1 600)**	(838)	(1 145)
Cash outflow from financing activities	**(398)**	**(759)**	(57)	(458)

7. EQUITY POSITION (continued)

7.4 CAPITAL MANAGEMENT

The Company manages its shareholders' equity, i.e. its stated capital, reserves and treasury shares, as capital. The Group's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns to shareholders in the form of dividends and capital appreciation.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue shares or repurchase shares from shareholders. For the year under review cash dividends amounting to R3 205 million (2018: R3 023 million) were declared.

Refer to the statement of changes in equity for further details regarding the Group's capital.

8. SHARE-BASED PAYMENTS

Equity compensation plans

The Remgro Group operates various equity settled share-based compensation plans. The fair value of offers is determined on the grant date and is accounted for as an employee services expense over the vesting period of the offer, with a corresponding increase in equity, based on the Group's estimate of the number of shares that will eventually vest. Fair value is determined using a binomial model. The expected contract life used in the model has been adjusted based on management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations.

Any profits or losses that realise from shares being delivered to participants of the schemes are recognised directly in equity. The proceeds received net of any directly attributable transaction costs are accounted for against treasury shares when the options are exercised.

The share-based payments that are accounted for in the financial statements are in respect of the Remgro Equity Settled Share Appreciation Right Scheme, the Remgro Share Appreciation Rights Plan and the Remgro Conditional Share Plan (or the "Remgro Share Schemes"), as well as RCL Foods' and Distell's share schemes.

Background to the Remgro Share Schemes

The valuation of the Remgro Share Schemes was performed using an actuarial model. This model was developed by an independent third party from the standard binomial option pricing model in order to address the unique nature of the scheme, especially with regard to early exercise of offers.

The expected contract lifetimes are estimated by considering each of the tranches within that grant separately. The risk-free rate was estimated by using the implied yield on an SA zero-coupon government bond and the yield curve over the expected contract lifetimes of five, six and seven years from the offer date.

Share price volatility of ordinary shares in Remgro Limited was determined with reference to movements in the share price since 1 October 2000, that being the date from which Remgro commenced trading on the JSE.

Dividend yield was calculated using the two-year moving average dividend yield at each offer date.

8.1 REMGRO EQUITY SETTLED SHARE APPRECIATION RIGHT SCHEME (SAR SCHEME)

Participants of the SAR Scheme are remunerated with shares to the value of the appreciation of their rights to a specified number of Remgro ordinary shares that must be exercised within a period of seven years after the grant date.

The earliest intervals at which the share appreciation rights (SARs) 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

R million	**30 June 2019**	30 June 2018
Share-based payment cost included in the income statement	**47**	51
Fair value of offers made during the year	**–**	54

8. SHARE-BASED PAYMENTS (continued)

8.1 REMGRO EQUITY SETTLED SHARE APPRECIATION RIGHT SCHEME (SAR SCHEME) (continued)

Number and weighted average option prices of all SARs offered to participants of the SAR Scheme:

	30 June 2019 Number of SARs	**30 June 2019** Weighted average option price (Rand)	30 June 2018 Number of SARs	30 June 2018 Weighted average option price (Rand)
Carried forward from previous financial years	**4 202 496**	**203.18**	4 065 291	190.34
Offered during current financial year	**878**	**204.29**	736 471	206.59
Forfeited during the year	**(10 697)**	**214.20**	(25 787)	223.29
Expired during the year	**(154 349)**	**226.77**	(4 506)	253.62
Exercised during the year	**(225 870)**	**153.44**	(568 973)	112.26
Outstanding at the end of the year	**3 812 458**	**205.15**	4 202 496	203.18
Exercisable at the end of the year	**1 639 913**	**185.66**	1 541 837	170.97

Exercise prices of all options:

	30 June 2019 Number of SARs outstanding at year-end	**30 June 2019** Weighted average remaining contract lifetime in years	30 June 2018 Number of SARs outstanding at year-end	30 June 2018 Weighted average remaining contract lifetime in years
R140.00 – R149.99	**598 139**	**0.42**	762 589	1.34
R170.00 – R179.99	**221 707**	**0.77**	230 455	1.77
R180.00 – R189.99	**384 713**	**1.42**	437 385	2.32
R200.00 – R209.99	**1 591 726**	**4.89**	1 695 581	5.63
R210.00 – R219.99	**29 646**	**4.12**	29 646	5.12
R220.00 – R229.99	**69 362**	**3.64**	72 766	4.57
R230.00 – R239.99	**6 268**	**2.85**	7 988	3.86
R240.00 – R249.99	**379 764**	**2.59**	396 005	3.51
R250.00 – R259.99	**38 263**	**3.51**	38 263	4.51
R260.00 – R269.99	**492 870**	**3.36**	531 818	4.16

The following assumptions were used to value offers made during the year:

Assumption	**30 June 2019**	30 June 2018
Weighted average Remgro share price for the year (R)	**193.24**	218.97
Exercise price (R)	**184.38 – 217.60**	196.63 – 244.60
Average expected exercise period (years)	**5 – 6**	5 – 6
Price volatility (%)	**21.59 – 22.41**	20.62 – 22.17
Risk-free rate (%)	**8.23 – 8.44**	7.64 – 8.65
Expected dividend yield (%)	**2.14**	1.88 – 2.02

8. SHARE-BASED PAYMENTS (continued)

8.2 REMGRO SHARE APPRECIATION RIGHTS PLAN AND THE REMGRO CONDITIONAL SHARE PLAN

During the year under review, Remgro implemented two new share-based payment plans to replace the Remgro Share Appreciation Rights Scheme.

Remgro Conditional Share Plan (CSP)

The CSP provides employees with the opportunity to receive shares in the Company through the award of conditional rights to a fixed number of shares in Remgro (either in the form of performance shares or retention shares).

Awards under the CSP will vest 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

There were also special retention awards that vest as follows:

- Half of the awards granted vests after one year;
- The remainder of the awards granted vests after two years.

All awards under the CSP lapse after a period of 90 days following the last vesting date.

Remgro Share Appreciation Rights Plan (SAR Plan)

The SAR Plan provides employees with the opportunity to receive shares in the Company. Participants in the SAR Plan are remunerated with Remgro shares to the value of the appreciation of their rights to a specific number of Remgro ordinary shares.

The earliest intervals at which the SARs vest and 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

All SARs must be exercised within seven years after the grant date, upon which date unexercised SARs lapse.

Some of the awards granted under the CSP and SAR plans will vest based on certain performance conditions. The performance conditions are non-market related conditions and will therefore not affect the value of the awards, but will affect the number of awards that vest.

R million	30 June 2019	30 June 2018
Share-based payment cost included in the income statement	13	–
Fair value of offers made during the year	84	–

Number and weighted average option prices of all CSPs and SARs offered to participants of the CSP and SAR Plans:

	CSP 30 June 2019		SAR Plan 30 June 2019	
	Number of CSPs	Weighted average share price at grant date (Rand)	Number of SARs	Weighted average option price (Rand)
Offered during the year	380 616	205.07	239 224	205.07
Exercised during the year	(26)	205.07	–	–
Forfeited during the year	(1 627)	205.07	–	–
Outstanding at the end of the year	378 963	205.07	239 224	205.07
Exercisable at the end of the year	–	–	–	–

All awards were offered on 5 December 2018.

8. SHARE-BASED PAYMENTS (continued)

8.2 REMGRO SHARE APPRECIATION RIGHTS PLAN AND THE REMGRO CONDITIONAL SHARE PLAN (continued)

The following assumptions were used to value offers made during the year:

Assumption	**30 June 2019**	30 June 2018
Weighted average Remgro share price for the year (R)	**193.24**	–
Average expected exercise period (years)	**1 – 6**	–
Price volatility (%)	**22.05 – 24.61**	–
Risk-free rate (%)	**7.03 – 8.63**	–
Expected dividend yield (%)	**2.62**	–

8.3 DISTELL SHARE SCHEMES

Distell has equity settled share appreciation rights schemes to remunerate selected employees and executive directors with shares to the value of the appreciation of a specified number of Distell ordinary shares that must be exercised within a period of seven years after the grant date. Specific performance criteria, which are linked to revenue and EBITDA growth, are stipulated for SARs offered after 1 July 2015.

The earliest intervals at which the SARs are exercisable are as follows:
- One-third after the third anniversary of the grant date
- Two-thirds after the fourth anniversary of the grant date
- The remainder after the fifth anniversary of the grant date

An expense of R66 million (2018: R50 million) relating to equity settled share-based payments was recognised in Distell's income statement for the year ended 30 June 2019. Remgro included an expense of R28 million for the year ended 30 June 2018 since the consolidation of Distell on 11 May 2018.

8.4 RCL FOODS SHARE SCHEMES

RCL Foods has an equity settled share scheme, as well as a share appreciation right scheme, for certain of its employees in terms of which share options offered are exercisable in three equal tranches from two, three and four years (for the share scheme) and three, four and five years (for the share appreciation right scheme) after the grant date. Subject to the discretion of the RCL Foods Share Incentive Trust's trustees, options are forfeited if not exercised before termination of employment. An expense of R139 million (2018: R134 million) relating to these schemes was recognised in the income statement.

9. DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S EMOLUMENTS

R'000	30 June 2019 Executive	30 June 2019 Non-executive	30 June 2019 Total	30 June 2018 Executive	30 June 2018 Non-executive	30 June 2018 Total
Executive directors						
Fees	**1 104**	**–**	**1 104**	1 323	–	1 323
Salaries	**17 324**	**–**	**17 324**	18 179	–	18 179
Retirement fund contributions	**3 639**	**–**	**3 639**	3 945	–	3 945
Other benefits	**1 136**	**–**	**1 136**	1 348	–	1 348
Subtotal	**23 203**	**–**	**23 203**	24 795	–	24 795
Non-executive directors						
Independent	**–**	**3 689**	**3 689**	–	3 455	3 455
Non-independent	**–**	**736**	**736**	–	690	690
Total	**23 203**	**4 425**	**27 628**	24 795	4 145	28 940
Share options exercised						
Increase in value – Remgro SAR Scheme*	**6 481**	**–**	**6 481**	20 646	–	20 646

* *This refers to the increase in value of the SAR Scheme shares of participants from the offer date to the date of payment and delivery.*

R'000	30 June 2019 Fees	30 June 2019 Salaries and other	30 June 2019 Total	30 June 2018 Fees	30 June 2018 Salaries and other	30 June 2018 Total
Paid by:						
The Company	**4 425**	**–**	**4 425**	4 145	–	4 145
Subsidiaries	**1 104**	**22 099**	**23 203**	1 323	23 472	24 795
Total	**5 529**	**22 099**	**27 628**	5 468	23 472	28 940

9. DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S EMOLUMENTS (continued)

Directors: Fixed pay

R'000	**30 June 2019** Fees	Salaries	Retire-ment fund	Other benefits[5]	Total	30 June 2018 Fees	Salaries	Retire-ment fund	Other benefits[5]	Total
Executive										
W E Bührmann[1]	–	–	–	–	–	288	2 286	587	278	3 439
J J Durand	368	11 286	2 296	372	14 322	345	10 482	2 147	349	13 323
M Lubbe	368	1 837	437	385	3 027	345	1 512	369	361	2 587
N J Williams	368	4 201	906	379	5 854	345	3 899	842	360	5 446
Subtotal	1 104	17 324	3 639	1 136	23 203	1 323	18 179	3 945	1 348	24 795
Non-executive (independent)										
S E N De Bruyn	709	–	–	–	709	663	–	–	–	663
G T Ferreira	429	–	–	–	429	403	–	–	–	403
P K Harris	429	–	–	–	429	403	–	–	–	403
N P Mageza[2]	568	–	–	–	568	533	–	–	–	533
P J Moleketi	506	–	–	–	506	475	–	–	–	475
M Morobe	480	–	–	–	480	445	–	–	–	445
F Robertson	568	–	–	–	568	533	–	–	–	533
Subtotal	3 689	–	–	–	3 689	3 455	–	–	–	3 455
Non-executive (non-independent)										
E de la H Hertzog	368	–	–	–	368	345	–	–	–	345
J Malherbe	368	–	–	–	368	345	–	–	–	345
A E Rupert[3, 4]	–	–	–	–	–	–	–	–	–	–
J P Rupert[4]	–	–	–	–	–	–	–	–	–	–
Subtotal	736	–	–	–	736	690	–	–	–	690
Total	5 529	17 324	3 639	1 136	27 628	5 468	18 179	3 945	1 348	28 940

[1] *Mr W E Bührmann retired on 30 April 2018.*
[2] *During the year under review Mr N P Mageza also received R697 000 (2018: R654 000) as director's fees from RCL Foods, a subsidiary of Remgro.*
[3] *Mr A E Rupert was appointed as a non-executive director with effect from 29 November 2018.*
[4] *Messrs A E Rupert and J P Rupert receive no emoluments.*
[5] *Benefits include medical scheme contributions, vehicle benefits and UIF contributions.*

Prescribed officers: Fixed pay

R'000	**30 June 2019** Salaries	Retire-ment fund	Other benefits[2]	Total	30 June 2018 Salaries	Retire-ment fund	Other benefits[2]	Total
P R Louw	2 758	547	385	3 690	2 585	513	361	3 459
R S M Ndlovu[1]	2 379	472	379	3 230	337	73	60	470
P J Uys	6 070	1 156	385	7 611	5 496	1 090	361	6 947
Total	11 207	2 175	1 149	14 531	8 418	1 676	782	10 876

[1] *Mr R S M Ndlovu was appointed on 1 May 2018.*
[2] *Benefits include medical scheme contributions, vehicle benefits and UIF contributions.*
[3] *All three prescribed officers are members of the Management Board. Messrs P R Louw and P J Uys are also members of the Social and Ethics Committee.*

9. DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S EMOLUMENTS (continued)

Share-based payments to directors and key management personnel

SHARE APPRECIATION RIGHTS (SARs)

DIRECTORS

Participant	Offer date[2]	Offer price[3] (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2018	Adjusted offer price (Rand)	SARs accepted/ (exercised or expired) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year[4] (R'000)	Balance of SARs accepted as at 30 June 2019[5]
Executive										
W E Bührmann[1]	29-Nov-12	147.25	98 817	3 921	98 817	142.04	(98 817)	203.00	6 024	–
	04-Dec-13	191.70	25 485	1 386	25 485	185.07	(25 485)	203.00	457	–
	26-Nov-14	253.53	8 958	615	8 958	245.53	(8 958)			–
	24-Nov-15	272.00	26 470	2 142	26 470	262.77	(26 470)			–
	01-Dec-16	209.11	82 971	5 804	82 971	209.11	(82 971)			–
J J Durand	29-Nov-12	147.25	271 258	10 763	271 258	142.04				271 258
	04-Dec-13	191.70	93 128	5 064	93 128	185.07				93 128
	26-Nov-14	253.53	108 468	7 442	108 468	245.53				108 468
	24-Nov-15	272.00	192 676	15 591	192 676	262.77				192 676
	01-Dec-16	209.11	150 872	10 554	150 872	209.11				150 872
	14-Dec-17	206.35	132 309	9 705	132 309	206.35				132 309
	05-Dec-18	205.07	87 135	5 436	–	205.07	87 135			87 135
M Lubbe	29-Nov-12	147.25	13 961	554	13 961	142.04				13 961
	04-Dec-13	191.70	7 444	405	7 444	185.07				7 444
	26-Nov-14	253.53	4 011	275	4 011	245.53				4 011
	24-Nov-15	272.00	8 036	650	8 036	262.77				8 036
	01-Dec-16	209.11	65 632	4 591	65 632	209.11				65 632
	14-Dec-17	206.35	15 481	1 136	15 481	206.35				15 481
	05-Dec-18	205.07	14 648	914	–	205.07	14 648			14 648
N J Williams	29-Nov-12	147.25	81 901	3 250	81 901	142.04				81 901
	04-Dec-13	191.70	22 221	1 208	22 221	185.07				22 221
	26-Nov-14	253.53	16 430	1 127	16 430	245.53				16 430
	24-Nov-15	272.00	27 492	2 225	27 492	262.77				27 492
	01-Dec-16	209.11	98 716	6 905	98 716	209.11				98 716
	14-Dec-17	206.35	55 677	4 084	55 677	206.35				55 677
	05-Dec-18	205.07	28 465	1 776	–	205.07	28 465			28 465
Total					1 608 414		(112 453)		6 481	1 495 961

(1) Mr W E Bührmann retired on 30 April 2018. In terms of the rules of the SAR Scheme, participants going into retirement are entitled to exercise all their SARs granted to them at any time within 12 months after the date of retirement or before the expiry of the SAR period (being seven years from the grant date), whichever is the earlier. The 8 958 (R245.53), 26 470 (R262.77) and 82 971 (R209.11) SARs expired on 30 April 2019 as the Remgro share price was less than the adjusted offer price on the last day that it could be exercised.

(2) Unless otherwise indicated, one-third of the SARs is exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after the grant date, upon which date unexercised SARs lapse.

(3) Offer price of SARs granted before December 2018 is equal to face value on grant date. Offer price of SARs granted from December 2018 onwards is the five-day VWAP on offer date.

(4) This refers to the increase in value of the SAR Plan shares of the indicated participants from the offer date to the date of exercise.

(5) SARs offered from December 2018 onwards have performance conditions and reflect the number of SARs as if performance conditions were fully met.

9. DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S EMOLUMENTS (continued)

Share-based payments to directors and key management personnel (continued)

SHARE APPRECIATION RIGHTS (SARs) (continued)

DIRECTORS (continued)

Participant	Offer date[2]	Offer price[3] (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2017	Adjusted offer price (Rand)	SARs accepted/ (exercised) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year[4] (R'000)	Balance of SARs accepted as at 30 June 2018
Executive										
W E Bührmann[1]	29-Nov-12	147.25	98 817	3 921	98 817	142.04				98 817
	4-Dec-13	191.70	25 485	1 386	25 485	185.07				25 485
	26-Nov-14	253.53	8 958	615	8 958	245.53				8 958
	24-Nov-15	272.00	26 470	2 142	26 470	262.77				26 470
	1-Dec-16	209.11	82 971	5 804	82 971	209.11				82 971
J J Durand	29-Nov-10	108.69	235 895	7 868	157 262	92.83	(157 262)	209.29	18 315	–
	29-Nov-12	147.25	271 258	10 763	271 258	142.04				271 258
	4-Dec-13	191.70	93 128	5 064	93 128	185.07				93 128
	26-Nov-14	253.53	108 468	7 442	108 468	245.53				108 468
	24-Nov-15	272.00	192 676	15 591	192 676	262.77				192 676
	1-Dec-16	209.11	150 872	10 554	150 872	209.11				150 872
	14-Dec-17	206.35	132 309	9 705	–	206.35	132 309			132 309
M Lubbe	29-Nov-12	147.25	13 961	554	13 961	142.04				13 961
	4-Dec-13	191.70	7 444	405	7 444	185.07				7 444
	26-Nov-14	253.53	4 011	275	4 011	245.53				4 011
	24-Nov-15	272.00	8 036	650	8 036	262.77				8 036
	1-Dec-16	209.11	65 632	4 591	65 632	209.11				65 632
	14-Dec-17	206.35	15 481	1 136	–	206.35	15 481			15 481
N J Williams	29-Nov-10	108.69	38 652	1 289	19 768	92.83	(19 768)	210.75	2 331	–
	29-Nov-12	147.25	81 901	3 250	81 901	142.04				81 901
	4-Dec-13	191.70	22 221	1 208	22 221	185.07				22 221
	26-Nov-14	253.53	16 430	1 127	16 430	245.53				16 430
	24-Nov-15	272.00	27 492	2 225	27 492	262.77				27 492
	1-Dec-16	209.11	98 716	6 905	98 716	209.11				98 716
	14-Dec-17	206.35	55 677	4 084	–	206.35	55 677			55 677
Total					1 581 977		26 437		20 646	1 608 414

[1] *Mr W E Bührmann retired on 30 April 2018. In terms of the rules of the SAR Scheme, participants going into retirement are entitled to exercise all their SARs granted to them at any time within 12 months after the date of retirement or before the expiry of the SAR period (being seven years from the grant date), whichever is the earlier.*

[2] *Unless otherwise indicated, one-third of the SARs is exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after the grant date, upon which date unexercised SARs lapse.*

[3] *Offer price is equal to face value on grant date.*

[4] *This refers to the increase in value of the SAR Scheme shares of the indicated participants from the offer date to the date of exercise.*

9. DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S EMOLUMENTS (continued)

Share-based payments to directors and key management personnel (continued)

SHARE APPRECIATION RIGHTS (SARs) (continued)

PRESCRIBED OFFICERS

Participant	Offer date[1]	Offer price[2] (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2018	Adjusted offer price (Rand)	SARs accepted/ (exercised) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year[3] (R'000)	Balance of SARs accepted as at 30 June 2019[4]
P R Louw	29-Nov-12	147.25	22 646	899	22 646	142.04				22 646
	04-Dec-13	191.70	12 944	704	12 944	185.07				12 944
	26-Nov-14	253.53	5 952	408	5 952	245.53				5 952
	24-Nov-15	272.00	9 497	768	9 497	262.77				9 497
	01-Dec-16	209.11	91 120	6 374	91 120	209.11				91 120
	14-Dec-17	206.35	20 301	1 489	20 301	206.35				20 301
	05-Dec-18	205.07	17 881	1 116	–	205.07	17 881			17 881
R S M Ndlovu	04-Dec-13	191.70	375	20	375	185.07				375
	26-Nov-14	253.53	1 080	74	1 080	245.53				1 080
	24-Nov-15	272.00	10 699	866	10 699	262.77				10 699
	01-Dec-16	209.11	15 605	1 092	15 605	209.11				15 605
	14-Dec-17	206.35	10 267	753	10 267	206.35				10 267
	05-Dec-18	205.07	15 665	977	–	205.07	15 665			15 665
P J Uys	02-Apr-13	183.15	218 400	10 519	218 400	177.24				218 400
	04-Dec-13	191.70	3 325	181	3 325	185.07				3 325
	26-Nov-14	253.53	14 774	1 014	14 774	245.53				14 774
	24-Nov-15	272.00	11 533	933	11 533	262.77				11 533
	01-Dec-16	209.11	91 463	6 398	91 463	209.11				91 463
	14-Dec-17	206.35	85 936	6 303	85 936	206.35				85 936
	05-Dec-18	205.07	35 822	2 235	–	205.07	35 822			35 822
Total					625 917		69 368		–	695 285

(1) *Unless otherwise indicated, one-third of the SARs is exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after grant date, upon which date unexercised SARs lapse.*

(2) *Offer price of SARs granted before December 2018 is equal to face value on grant date. Offer price of SARs granted from December 2018 onwards is the five-day VWAP on offer date.*

(3) *This refers to the increase in value of the SAR Plan shares of the indicated participants from the offer date to the date of exercise.*

(4) *SARs offered from December 2018 onwards have performance conditions and reflect the number of SARs as if performance conditions were fully met.*

9. DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S EMOLUMENTS (continued)

Share-based payments to directors and key management personnel (continued)

SHARE APPRECIATION RIGHTS (SARs) (continued)

PRESCRIBED OFFICERS (continued)

Participant	Offer date[2]	Offer price[3] (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2017	Adjusted offer price (Rand)	SARs accepted/ (exercised) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year[4] (R'000)	Balance of SARs accepted as at 30 June 2018
P R Louw	29-Nov-10	108.69	27 432	915	27 432	92.83	(27 432)	223.73	3 591	–
	29-Nov-12	147.25	22 646	899	22 646	142.04				22 646
	4-Dec-13	191.70	12 944	704	12 944	185.07				12 944
	26-Nov-14	253.53	5 952	408	5 952	245.53				5 952
	24-Nov-15	272.00	9 497	768	9 497	262.77				9 497
	1-Dec-16	209.11	91 120	6 374	91 120	209.11				91 120
	14-Dec-17	206.35	20 301	1 489	–	206.35	20 301			20 301
R S M Ndlovu[1]	4-Dec-13	191.70	375	20	–	185.07	375			375
	26-Nov-14	253.53	1 080	74	–	245.53	1 080			1 080
	24-Nov-15	272.00	10 699	866	–	262.77	10 699			10 699
	1-Dec-16	209.11	15 605	1 092	–	209.11	15 605			15 605
	14-Dec-17	206.35	10 267	753	–	206.35	10 267			10 267
P J Uys	2-Apr-13	183.15	218 400	10 519	218 400	177.24				218 400
	4-Dec-13	191.70	3 325	181	3 325	185.07				3 325
	26-Nov-14	253.53	14 774	1 014	14 774	245.53				14 774
	24-Nov-15	272.00	11 533	933	11 533	262.77				11 533
	1-Dec-16	209.11	91 463	6 398	91 463	209.11				91 463
	14-Dec-17	206.35	85 936	6 303	–	206.35	85 936			85 936
Total					509 086		116 831		3 591	625 917

[1] *Mr R S M Ndlovu was appointed with effect from 1 May 2018. SARs accepted/(exercised) during the year refer to the balance of SARs granted and accepted by him prior to 1 May 2018.*

[2] *Unless otherwise indicated, one-third of the SARs is exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after grant date, upon which date unexercised SARs lapse.*

[3] *Offer price is equal to face value on grant date.*

[4] *This refers to the increase in value of the SAR Scheme shares of the indicated participants from the offer date to the date of exercise.*

9. DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S EMOLUMENTS (continued)

Share-based payments to directors and key management personnel (continued)

CONDITIONAL SHARE PLAN SHARES (CSPs)

DIRECTORS

Participant	Offer date[(1)]	Offer price[(2)] (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer date (R'000)	Balance of CSPs accepted as at 30 June 2018	CSPs accepted during the year	Share price on vesting date[(3)] (Rand)	Cash value of CSPs vesting in year[(4)] (R'000)	Balance of CSPs accepted as at 30 June 2019[(5, 6)]
Executive									
J J Durand	05-Dec-18	205.07	87 135	15 933	–	87 135			87 135
M Lubbe	05-Dec-18	205.07	14 648	2 678	–	14 648			14 648
N J Williams	05-Dec-18	205.07	28 465	5 205	–	28 465			28 465
Total					–	130 248			130 248

[(1)] *Unless otherwise indicated, one-third of the CSPs vests after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date.*
[(2)] *Offer price of CSPs granted is the five-day VWAP on offer date.*
[(3)] *Five-day VWAP of Remgro on vesting date.*
[(4)] *This refers to the total value of the CSP shares on vesting.*
[(5)] *CSPs have performance conditions and reflect the number of CSP shares as if performance conditions were fully met.*
[(6)] *Dividend equivalents will be accumulated and delivered in shares upon vesting.*

PRESCRIBED OFFICERS

Participant	Offer date[(1)]	Offer price[(2)] (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer date (R'000)	Balance of CSPs accepted as at 30 June 2018	CSPs accepted during the year	Share price on vesting date[(3)] (Rand)	Cash value of CSPs vesting in year[(4)] (R'000)	Balance of CSPs accepted as at 30 June 2019[(5, 6)]
P R Louw	05-Dec-18	205.07	17 881	3 270	–	17 881			17 881
R S M Ndlovu	05-Dec-18	205.07	15 665	2 864	–	15 665			15 665
P J Uys	05-Dec-18	205.07	35 822	6 550	–	35 822			35 822
Total					–	69 368			69 368

[(1)] *Unless otherwise indicated, one-third of the CSPs vests after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date.*
[(2)] *Offer price of CSPs granted is the five-day VWAP on offer date.*
[(3)] *Five-day VWAP of Remgro on vesting date.*
[(4)] *This refers to the total value of the CSP shares on vesting date.*
[(5)] *CSPs have performance conditions and reflect the number of CSP shares as if performance conditions were fully met.*
[(6)] *Dividend equivalents will be accumulated and delivered in shares upon vesting.*

10. OTHER ASSETS AND LIABILITIES

10.1 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment

Property, plant and equipment consist mainly of land and buildings, machinery, equipment, office equipment, bearer plants and vehicles. All property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on buildings, machinery, equipment, office equipment, bearer plants and vehicles is provided on a straight-line basis at rates that reduce the cost thereof to an estimated residual value over the expected useful life of the asset. The residual values and expected useful lives of assets are reviewed annually on the reporting date and adjusted where necessary. No depreciation is provided for land.

Depreciation rates (%) are as follows:	**30 June 2019**	30 June 2018
Bearer plants	**5.0 – 10.0**	5.0 – 10.0
Buildings	**1.7 – 50.0**	1.7 – 50.0
Machinery and equipment	**2.2 – 50.0**	2.2 – 50.0
Vehicles	**3.0 – 50.0**	3.0 – 50.0
Office equipment	**5.0 – 50.0**	5.0 – 50.0

Leased assets

Assets leased in terms of finance leases, i.e. where the Group assumes substantially all the risks and rewards of ownership, are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum finance lease payments. Leased assets are depreciated over the shorter of the lease period or the period over which the particular asset category is otherwise depreciated. The corresponding rental obligations, net of finance charges, are included in non-current liabilities. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The finance charges are accounted for in the income statement over the term of the lease using the effective interest rate method.

Leases of assets where the lessor substantially retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are accounted for in the income statement on a straight-line basis over the period of the lease.

10. OTHER ASSETS AND LIABILITIES (continued)

10.1 PROPERTY, PLANT AND EQUIPMENT (continued)

R million	Land and buildings	Machinery and equipment	Vehicles	Office equipment	Bearer plants	Total
Carrying value at 1 July 2017	2 528	3 004	820	98	218	6 668
Cost	3 635	7 097	1 437	226	315	12 710
Accumulated depreciation	(1 107)	(4 093)	(617)	(128)	(97)	(6 042)
Additions	206	756	106	35	50	1 153
Businesses acquired	3 118	3 197	51	264	95	6 725
Businesses disposed	–	(1)	(2)	(4)	–	(7)
Disposals	(92)	(18)	(8)	(1)	(9)	(128)
Depreciation	(111)	(525)	(94)	(39)	(37)	(806)
Impairments	(49)	(21)	–	(1)	–	(71)
Transfers and other	(77)	171	(2)	–	–	92
Carrying value at 30 June 2018	5 523	6 563	871	352	317	13 626
Cost	6 905	13 786	1 607	715	456	23 469
Accumulated depreciation	(1 382)	(7 223)	(736)	(363)	(139)	(9 843)
Additions	**1 211**	**1 024**	**164**	**105**	**39**	**2 543**
Businesses acquired	**141**	**381**	**3**	**–**	**–**	**525**
Disposals	**(20)**	**(23)**	**(8)**	**(2)**	**(5)**	**(58)**
Depreciation	**(127)**	**(950)**	**(107)**	**(70)**	**(45)**	**(1 299)**
Impairments	**(63)**	**(691)**	**–**	**–**	**–**	**(754)**
Transfers and other	**(226)**	**185**	**(1)**	**–**	**–**	**(42)**
Carrying value at 30 June 2019	**6 439**	**6 489**	**922**	**385**	**306**	**14 541**
Cost	**7 954**	**15 070**	**1 717**	**784**	**479**	**26 004**
Accumulated depreciation	**(1 515)**	**(8 581)**	**(795)**	**(399)**	**(173)**	**(11 463)**

RCL Foods' liabilities resulting from mortgage loans, finance leases and instalment sale agreements are secured by assets with a book value of R154 million (2018: R136 million).

The secured term facility of Distell is secured by mortgages over immovable property, general notarial bonds over movable assets and a cession over trade and other receivables of specific subsidiaries to a maximum of R5 500 million.

The registers containing details of land and buildings are available for inspection by shareholders or their proxies at the registered offices of the companies to which the relevant properties belong.

Assets, mainly buildings, with a book value of R1 424 million (2018: R754 million) are still under construction.

RCL Foods impairment assessments

An impairment of R5 million was recognised in the Consumer segment resulting from the discontinuation of the meat tribe sticks line in the Chicken business unit at its further processing plant.

Impairments on assets with a net book value of R3 million were reversed due to the assets being brought back into use during 2019.

During the year under review, an impairment of R744 million was recognised within the Sugar business unit in RCL Foods' Sugar and Milling segment. The Sugar cash-generating unit (Sugar CGU) consists of the sugar milling operations, transport, sweetener and farming operations within RCL Foods Sugar & Milling Proprietary Limited, as well as the marketing, selling and distribution operations included in Quality Sugars Proprietary Limited.

The impairment was due to the significant challenges experienced in the local sugar industry. Lower local market demand resulting from the implementation of the Health Promotion Levy (sugar tax) is driving an adverse sales mix with a higher proportion of production exported at low global sugar prices. This has significantly reduced profitability for the Sugar CGU with the outlook expected to remain depressed, as sugar tax has created a permanent reduction in the local market demand. The recoverable amount of the Sugar CGU was based on its value in use.

10. OTHER ASSETS AND LIABILITIES (continued)

10.1 PROPERTY, PLANT AND EQUIPMENT (continued)

RCL Foods impairment assessments (continued)

The key assumptions used in the value in use calculation are presented below. These calculations use cash flow projections based on financial budgets approved by management, which include assumptions on profit before tax, depreciation, working capital and capital maintenance expenditure. Volumes for the five years were estimated using a forecast industry crop of between 2.0mt and 2.3mt and a local market demand estimate of between 1.2mt and 1.3mt expenditure. Prices were estimated using a No. 11 World Sugar Price of between 13.0c/lb and 15.0c/lb for raw exports and a rand/dollar exchange rate of between R14.00 and R18.00. The cash flow beyond year five (terminal cash flow) has assumed a steady state of growth with capital expenditure equal to depreciation, volumes and profit margins maintained at year five levels with the growth beyond year five resulting solely from price inflation.

Cash flows beyond a five-year period are extrapolated using the estimated growth rate stated below. The growth rate is linked to forecast of long-term inflation adjusted for food inflation based on historic trends. Food inflation is historically ahead of consumer price index (CPI).

Key assumptions	30 June 2019
Discount rate (pre-tax) (%)	18.3
Growth rate (%)	5.5
Period (years)	5

Sensitivity analysis of assumptions used in the impairment test:

Assumptions (R million)	Movement	30 June 2019 Additional impairment
Discount rate (%)	+1	94
Growth rate (%)	-0.5	32

Note that the impairment above relates to the entire carrying value of the CGU and not only to the value of the property, plant and equipment.

10.2 INVESTMENT PROPERTIES

Investment properties are held to generate rental income and appreciate in capital value. Investment properties are treated as long-term investments and are carried at cost less accumulated depreciation. Buildings are depreciated to their estimated residual values on a straight-line basis over their expected useful lives. Depreciation rates between 4% and 20% per annum are applied on significant components.

The fair values disclosed for investment properties are determined by external independent valuators every third year and adjusted by inflationary increases in each intermediary year.

R million	30 June 2019 Cost	30 June 2019 Accumulated depreciation	30 June 2019 Carrying value	30 June 2018 Cost	30 June 2018 Accumulated depreciation	30 June 2018 Carrying value
Land	3	–	3	3	–	3
Buildings	128	(12)	116	124	(8)	116
	131	(12)	119	127	(8)	119

10. OTHER ASSETS AND LIABILITIES (continued)

10.2 INVESTMENT PROPERTIES (continued)

Reconciliation of carrying value at the beginning and end of the year (R million)	***Land***	***Buildings***	**30 June 2019**	*Land*	*Buildings*	30 June 2018
Balances at the beginning of the year	**3**	**116**	**119**	3	126	129
Additions	**–**	**4**	**4**	–	55	55
Depreciation	**–**	**(4)**	**(4)**	–	(4)	(4)
Transfers and other	**–**	**–**	**–**	–	(61)	(61)
Balances at the end of the year	**3**	**116**	**119**	3	116	119

The Group's diverse investment property portfolio was valued at 30 June 2017 by independent, qualified valuers using, depending on the specific property, either a discounted cash flow or a depreciated replacement cost approach utilising inputs appropriate to each specific property. The Group obtains external valuations of its property every three years, which are subsequently adjusted for inflation until the next valuations are performed. The fair value of the investment properties (Level 3), VAT exclusive, is R671 million (2018: R632 million).

The registers containing details of investment properties are available for inspection by shareholders or their proxies at the registered offices of the companies to which the relevant properties belong.

10.3 INTANGIBLE ASSETS

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Remgro's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is carried at cost less accumulated impairment losses.

Identifiable intangible assets include trade marks, customer contracts and customer and supplier relationships and software

The cost of developing and establishing identifiable intangible assets is expensed as incurred. Consequently, the value thereof is not reflected in the Annual Financial Statements. The cost of purchased identifiable intangible assets is written off on a straight-line basis over their expected useful lives. Identifiable intangible assets with indefinite useful lives are not amortised.

An intangible is regarded as having an indefinite useful life if, based on all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Indefinite life is not the same as infinite, i.e. limitless. The useful life of an intangible reflects only the level of future maintenance (and management's ability and intention to carry out such maintenance) that is necessary to preserve the asset's operating capability as assessed when initially estimating the asset's useful life. The following factors were taken into account to determine the useful life of intangible assets:

- Track record of stability
- High barriers to market entry
- Management's commitment to continue to invest for the long term to extend the period over which the intangible asset is expected to continue to provide economic benefits

Industrial property rights

Industrial property rights are intangible assets held by the Group for use in the manufacturing and distribution of its alcoholic products and are expected to be used during more than one period. All industrial property rights are carried at historical cost less amortisation and impairment. The historical cost includes all expenditure that is directly attributable to the acquisition of the industrial property rights and is depreciated on a straight-line basis to an estimated residual value over the expected useful life of the assets.

Research and development costs

Research cost is expensed as incurred. Where the asset recognition criteria have been met, development cost is capitalised and written off over the expected useful life of the product. Development cost previously expensed is not recognised as an asset in a subsequent period.

10. OTHER ASSETS AND LIABILITIES (continued)

10.3 INTANGIBLE ASSETS (continued)

R million	Goodwill	Trade-marks	Customer and supplier relationships	Software	Industrial property rights	Total
Carrying value at 1 July 2017	2 700	1 524	587	116	–	4 927
Cost	3 077	1 813	995	238	–	6 123
Accumulated amortisation/ impairment	(377)	(289)	(408)	(122)	–	(1 196)
Additions	–	–	–	59	–	59
Disposal	–	(5)	–	–	–	(5)
Businesses acquired	3 544	9 203	786	140	40	13 713
Businesses disposed	–	(1)	–	–	–	(1)
Impairment	–	(18)	–	–	(16)	(34)
Amortisation	–	(10)	(128)	(37)	–	(175)
Transfers and other	(130)	37	21	21	(6)	(57)
Carrying value at 30 June 2018	6 114	10 730	1 266	299	18	18 427
Cost	6 491	11 059	1 789	673	41	20 053
Accumulated amortisation/ impairment	(377)	(329)	(523)	(374)	(23)	(1 626)
Additions	**–**	**–**	**–**	**90**	**–**	**90**
Businesses acquired	**5 227**	**1 159**	**533**	**–**	**–**	**6 919**
Impairment	**(927)**	**–**	**–**	**–**	**–**	**(927)**
Amortisation	**–**	**(71)**	**(341)**	**(81)**	**–**	**(493)**
Transfers and other	**3**	**–**	**1**	**7**	**(3)**	**8**
Carrying value at 30 June 2019	**10 417**	**11 818**	**1 459**	**315**	**15**	**24 024**
Cost	**11 721**	**12 201**	**2 323**	**766**	**37**	**27 048**
Accumulated amortisation/ impairment	**(1 304)**	**(383)**	**(864)**	**(451)**	**(22)**	**(3 024)**

Amortisation periods (years)	30 June 2019	30 June 2018
Trade marks	**5 – 20**	5 – 20
Customer and supplier relationships	**3 – 20**	3 – 20
Software	**3 – 20**	3 – 20
Industrial property rights	**60**	60

At 30 June 2019 Remgro recognised an impairment on the goodwill allocated to Siqalo Foods of R888 million. The recoverable amount of the investment in Siqalo Foods is the fair value less cost to sell and was determined using the discounted cash flow method. Cash flow projections for a five-year period were estimated and reflect management's best view of future earnings. A discount rate of 12.2% and a terminal growth rate of 5.5% were used. The purchase price of Siqalo Foods at acquisition was based on a commercial valuation, for which the valuation inputs are less stringent than the *IFRS 13* requirements for fair value calculations. As a result, the recoverable value is lower than the acquisition value.

RCL Foods recognised an impairment on goodwill of R18 million relating to its Sugar business unit in the Sugar & Milling segment. The impairment was due to the significant challenges being experienced in the local sugar industry, with lower local market demand and low global sugar prices significantly reducing profitability and outlook. The recoverable amount of the Sugar cash-generating unit (CGU) was based on its value in use.

10. OTHER ASSETS AND LIABILITIES (continued)

10.3 INTANGIBLE ASSETS (continued)

Wispeco recognised an impairment on goodwill of R21 million relating to its investment in Pressure Die Casting Proprietary Limited (PDC). PDC's current business model and related future cash flows are negatively affected by volume and margin deterioration within an inflationary manufacturing cost environment. The recoverable amount was based on a discounted cash flow valuation.

Distell recognised impairments on trade marks and industrial property rights of R18 million and R16 million respectively in the previous financial year.

Software with a book value of R1 million is still in the development phase (2018: R18 million).

No intangible assets were pledged as security.

Goodwill and indefinite life intangible assets are tested annually for possible impairment and for this purpose are allocated to the respective cash-generating units as indicated below:

Goodwill	Siqalo Foods[1]	Distell and its subsidiaries[2]	RCL Foods and its subsidiaries[3]	Wispeco and its subsidiaries	30 June 2019 Total
Carrying value (R million)	4 320	3 535	2 543	19	10 417
Basis of valuation of cash-generating units	Fair value less cost to sell	Fair value less cost to sell	Value in use	Value in use	
Discount rate (%)	12.2		12.9 – 18.2	12.8	
Growth rate (%)	5.5		5.0 – 5.5	2.7 – 10.8	
Period (years)	5		5	5	

(1) Goodwill of R5 208 million was recognised with the acquisition of Siqalo Foods. R888 million was impaired during the year under review.
(2) Goodwill of R3 535 million was recognised with the acquisition of Distell.
(3) Goodwill relates to the acquisition of Vector Logistics Proprietary Limited in 2005, New Foodcorp Holdings Proprietary Limited in 2013, the sweetener operation in 2018 and goodwill on the acquisition of the Driehoek Voere in the current financial year. The carrying value includes accumulated impairments amounting to R391 million.

Indefinite life intangible assets	Siqalo Foods[1]	Distell and its subsidiaries[2]	RCL Foods and its subsidiaries[3]	30 June 2019 Total
Carrying value (R million)	1 133	8 391	1 527	11 051
Basis of valuation	Fair value less cost to sell	Value in use and fair value less cost to sell	Value in use	
Royalty relief rates (%)	1.0 – 6.0	2.5 – 7.0	–	
Discount rate (%)	11.9	12.4	12.9 – 18.2	
Growth rate (%)	5.5	5.5	5.0 – 5.5	
Period (years)	5	4 – 15	5	

(1) Relates to the acquisition of Siqalo Foods
(2) Relates to the acquisition of Distell.
(3) Relates to the acquisition of Foodcorp.

10. OTHER ASSETS AND LIABILITIES (continued)

10.3 INTANGIBLE ASSETS (continued)

Sensitivity analysis of assumptions used in the impairment tests:

SIQALO FOODS

Assumption (R million)	*Movement*	30 June 2019 Additional impairment
Discount rate (%)	+1.0	728
Growth rate (%)	-1.0	582
Royalty relief rates (%)	-0.5	3

DISTELL

Assumption (R million)	*Movement*	30 June 2019 Impairment
Discount rate (%)	+0.5	124
Discount rate (%)	+1.0	135
Growth rate (%)	-0.5	27
Royalty relief rates (%)	-0.5	120

The recoverable amount of the Distell CGU, being the listed market price, exceeded the carrying value at 30 June 2019.

RCL FOODS

Assumption (R million)	*Movement*	30 June 2019 Impairment
Discount rate (%)	+2.0	508
Growth rate (%)	-0.5	55

WISPECO

Assumption (R million)	*Movement*	30 June 2019 Additional impairment
Discount rate (%)	+1.0	8
Growth rate (%)	-1.0	5

10. OTHER ASSETS AND LIABILITIES (continued)

10.4 RETIREMENT BENEFITS

Pension obligations

The Group provides defined-benefit and defined-contribution post-employment plans for their employees. The plan assets are held in separate trustee-administered funds. These plans are funded by payments from the employees and the Group, taking into account recommendations of independent qualified actuaries.

For the defined-benefit plans, the pension accounting costs are assessed using the projected unit credit method. The cost of providing pensions is charged to the income statement to spread the regular costs over the service lives of the employees in accordance with advice of qualified actuaries. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities that have maturity terms approximating the terms of the related liability.

Past-service costs are immediately expensed.

The net surplus or deficit of the benefit obligation is the difference between the present value of the funded obligations and the fair value of the plan assets. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The Group's contribution to the defined-contribution pension plans is charged to the income statement in the period to which they relate.

Post-employment medical obligations

The Group provides post-employment medical benefits to its retirees. The entitlement to post-employment medical benefits is based on the employees remaining in service up to retirement age and the completion of a minimum service period. The projected unit credit method of valuation is used to calculate the liability for post-employment medical benefits.

The expected costs of these benefits are expensed and the liabilities accumulated over the period of employment, using accounting methodology similar to that for defined-benefit pension plans. Independent qualified actuaries value these obligations.

R million	**30 June 2019**	30 June 2018
Statement of financial position obligations		
Retirement benefits	**(13)**	(11)
Post-employment medical benefits	**(173)**	(184)
	(186)	(195)
Statement of financial position assets	**748**	737
Retirement benefits	**177**	147
Defined-contribution fund employer's surplus	**89**	109
Post-employment medical benefits	**482**	481
Net defined-benefit post-retirement asset	**562**	542
Represented by:		
Retirement benefits (refer note 10.4.1)	**164**	136
Post-employment medical benefits (refer note 10.4.2)	**309**	297
Defined-contribution fund employer's surplus	**89**	109
	562	542
Income statement*		
Retirement benefits	**(8)**	(3)
Post-employment medical benefits	**3**	19
Expense	**(5)**	16
Statement of comprehensive income – other comprehensive income		
Retirement benefits (refer note 10.4.1)	**(17)**	(33)
Post-employment medical benefits (refer note 10.4.2)	**(7)**	(156)
Income	**(24)**	(189)

* *Refer note 12.2 on page 85.*

10. OTHER ASSETS AND LIABILITIES (continued)

10.4 RETIREMENT BENEFITS (continued)

10.4.1 RETIREMENT BENEFITS

Some of the Company's subsidiaries have various defined-benefit and defined-contribution funds which are privately administered independent of the finances of the Group. The Group operates defined-benefit funds in South Africa, governed by the Pension Funds Act, 1956 (as amended), and in Switzerland. All salaried employees are obliged to accept membership of one of these funds.

	Statement of financial position				Income statement	Statement of other comprehensive income
R million	***Fair value of plan assets***	***Present value of funded obligations***	***Effect of the asset limit***	***Amount recognised in statement of financial position***	***(Income)/ expense included in staff costs***	***(Income)/ expense***
Balances at 30 June 2017	524	(288)	(171)	65		
Business acquired	301	(222)	(55)	24	–	–
Current service cost	–	(6)	–	(6)	6	–
Net interest income/(expense)	65	(37)	(19)	9	(9)	–
Change in effect of asset limit	–	–	15	15	–	(15)
Asset/liability assumed	48	(38)	–	10	–	–
Fund expense	(1)	1	–	–	–	–
Contributions	3	–	–	3	–	–
Exchange rate differences	3	(5)	–	(2)	–	–
Benefit payments	(34)	34	–	–	–	–
Remeasurements:						
– Return on plan assets excluding interest	(2)	–	4	2	–	(2)
– Change in financial assumptions	–	16	–	16	–	(16)
Balances at 30 June 2018	907	(545)	(226)	136	(3)	(33)
Current service cost	**–**	**(6)**	**–**	**(6)**	**6**	**–**
Net interest income/(expense)	**81**	**(46)**	**(21)**	**14**	**(14)**	**–**
Change in effect of asset limit	**–**	**–**	**52**	**52**	**–**	**(52)**
Fund expenses	**(1)**	**1**	**–**	**–**	**–**	**–**
Contributions	**5**	**–**	**–**	**5**	**–**	**–**
Exchange rate differences	**2**	**(3)**	**–**	**(1)**	**–**	**–**
Benefit payments	**(47)**	**47**	**–**	**–**	**–**	
Remeasurements:						
– Return on plan assets excluding interest	**(65)**	**–**	**–**	**(65)**	**–**	**65**
– Experience adjustments	**–**	**16**	**–**	**16**	**–**	**(16)**
– Change in financial assumptions	**–**	**13**	**–**	**13**	**–**	**(13)**
Balances at 30 June 2019	**882**	**(523)**	**(195)**	**164**	**(8)**	**(16)**

10. OTHER ASSETS AND LIABILITIES (continued)

10.4 RETIREMENT BENEFITS (continued)

10.4.1 RETIREMENT BENEFITS (continued)

R million	30 June 2019	30 June 2018
Actual return on plan assets	**16**	63
Expected contributions to retirement funds for the year ending 30 June 2020: R2 million		
Number of members	**210**	234
Composition of plan assets (%)		
Cash	**9.3**	6.6
Equity	**47.2**	48.7
Bonds	**15.7**	15.9
Property	**2.3**	2.7
International	**23.7**	22.2
Other	**1.8**	3.9
	100.0	100.0
Principal actuarial assumptions on reporting date (%)		
Discount rate	**0.0 – 9.3**	0.5 – 9.4
Future salary increases	**6.6 – 7.3**	8.1
Future pension increases	**5.6**	6.1
Inflation rate	**1.2 – 5.6**	1.2 – 6.1

The sensitivity of the defined-benefit obligation to changes in the principal assumptions is:

	30 June 2019			30 June 2018		
	Impact on defined-benefit obligation			Impact on defined-benefit obligation		
R million	*Change in assumption*	*Increase in assumption*	*Decrease in assumption*	*Change in assumption*	*Increase in assumption*	*Decrease in assumption*
South African obligation						
Discount rate	**1.0%**	**(26)**	**33**	1.0%	(30)	39
Inflation rate	**1.0%**	**33**	**(26)**	1.0%	39	30
Switzerland						
Discount rate	**0.5%**	**(2)**	**2**	0.5%	(2)	2
Inflation rate	**0.5%**	**2**	**(2)**	0.5%	2	(2)

The above sensitivity analyses are based on a change in assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some assumptions may be correlated.

10.4.2 POST-EMPLOYMENT MEDICAL BENEFITS

The Group operates a number of post-employment medical benefit schemes in South Africa. The majority of these plans are unfunded.

The amounts recognised in the statement of financial position are determined as follows:

R million	30 June 2019	30 June 2018
Present value of funded obligations	**(972)**	(1 010)
Fair value of plan assets	**1 412**	1 449
Excess/(deficit) of the funded plans	**440**	439
Present value of unfunded obligations	**(131)**	(142)
Asset/(liability) included in the statement of financial position	**309**	297

10. OTHER ASSETS AND LIABILITIES (continued)

10.4 RETIREMENT BENEFITS (continued)

10.4.2 POST-EMPLOYMENT MEDICAL BENEFITS (continued)

R million	Statement of financial position			Income statement	Statement of other comprehensive income
	Fair value of plan assets	*Present value of funded obligations*	*Amount recognised in statement of financial position*	*(Income)/ expense included in staff costs*	*(Income)/ expense*
Balances at 30 June 2017	70	(232)	(162)		
Business acquired	1 350	(1 035)	315	–	–
Current service cost	–	(33)	(33)	33	–
Net interest income/(expense)	82	(79)	3	(3)	–
Benefit payments	(14)	21	7	–	–
Liability settled	–	11	11	(11)	–
Remeasurements:					
– Change in financial assumptions	–	17	17	–	(17)
– Return on plan assets excluding interest income	(39)	–	(39)	–	39
– Gain/(loss) due to experience adjustment	–	178	178	–	(178)
Balances at 30 June 2018	1 449	(1 152)	297	19	(156)
Current service cost	**–**	**(47)**	**(47)**	**47**	**–**
Net interest income/(expense)	**155**	**(120)**	**35**	**(35)**	**–**
Benefit payments	**(32)**	**40**	**8**	**–**	**–**
Liability settled	**–**	**9**	**9**	**(9)**	**–**
Remeasurements:					
– Change in financial assumptions	**–**	**22**	**22**	**–**	**(22)**
– Return on plan assets excluding interest income	**(160)**	**–**	**(160)**	**–**	**160**
– Gain/(loss) due to experience adjustment	**–**	**145**	**145**	**–**	**(145)**
Balances at 30 June 2019	**1 412**	**(1 103)**	**309**	**3**	**(7)**

R million	30 June 2019	30 June 2018
Amount of plan assets represented by investment in the entity's own financial instruments	**26**	25
Actual return on plan assets	**(5)**	43
Expected medical premiums for the year ending 30 June 2020: R7 million		
Number of members	**3 874**	4 155

Composition of plan assets (%)		
Cash	**13.9**	12.3
Equity	**57.7**	60.9
Bonds	**23.9**	22.9
Property	**0.8**	0.4
International	**3.7**	3.5
	100.0	100.0

10. OTHER ASSETS AND LIABILITIES (continued)

10.4 RETIREMENT BENEFITS (continued)

10.4.2 POST-EMPLOYMENT MEDICAL BENEFITS (continued)

Principal actuarial assumptions on reporting date (%)	30 June 2019	30 June 2018
Discount rate	8.0 – 11.0	7.9 – 10.8
Annual increase in healthcare costs	7.0 – 9.2	7.4 – 9.2

The sensitivity of the post-employment medical liability to changes in the principal assumptions is:

	30 June 2019 Impact on post-employment medical liability			30 June 2018 Impact on post-employment medical liability		
R million	Change in assumption	Increase in assumption	Decrease in assumption	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.0%	(156)	193	1.0%	(169)	220
Healthcare cost inflation	1.0%	200	(157)	1.0%	221	(173)

The above sensitivity analyses are based on a change in assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some assumptions may be correlated.

10.5 LONG-TERM LOANS AND DEBTORS

R million	30 June 2019	30 June 2018
Proceeds receivable on the disposal of RCL Foods' operations. Effective interest rate of 6.80% per annum payable over 2–3 years.	108	42
US dollar savings bonds of the Reserve Bank of Zimbabwe. Two-year tenure with an effective interest rate of 6.80% per annum. (Refer note 10.5.1)	64	–
Loans advanced to Distell and RCL Foods' producers and other unrelated parties with varying interest rates and repayment terms.	60	14
Loans advanced to a RCL Foods producer. Secured by a second mortgage bond over properties. This loan is interest-free and repayable in ten years.	56	36
Other smaller loans advanced with varying interest rates.	23	24
Milestone Capital Strategic Holdings. Denominated in US dollar. 2.0% interest per annum repayable in 2032. The loan was repaid during the year under review.	–	581
	311	697

Other than the below mentioned loss allowance provided for, the lifetime expected loss assessment for the other loans indicated that no significant credit loss exposure exists.

10.5.1 RESERVE BANK OF ZIMBABWE SAVINGS BONDS

Distell invested $23.4 million in these bonds following foreign currency restrictions which severely limited the ability of a major customer in Zimbabwe to repatriate funds to South Africa. The credit risk increased significantly since initial recognition, as economic conditions deteriorated and the inflation rate started to grow exponentially. A lifetime expected loss allowance of R266.1 million was recognised based on an expected credit loss ratio of 73.4% which factors in a probability of default of 100%, based on adjusted measure of an expected S&P Global Corporate Default rate for CCC-rated corporates, and a loss given default of 73.4%. In assessing forward-looking information, Distell took into account that the majority of Zimbabwe government debt is in arrears and that growth prospects do not indicate that a substantial economic recovery is imminent and that the probability of default is very high.

10. OTHER ASSETS AND LIABILITIES (continued)

10.6 INVENTORIES

Inventories are stated at the lower of cost or net realisable value. The basis of determining cost, which excludes finance costs, is the first-in-first-out cost method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Work in progress and finished goods include direct costs and an appropriate allocation of manufacturing overheads.

R million	**30 June 2019**	30 June 2018
Raw materials	**720**	617
Finished products	**5 411**	4 758
Work in progress	**4 985**	4 752
Consumables	**918**	840
	12 034	10 967
Inventory expensed during the year	**33 606**	17 814
Inventory carried at net realisable value	**252**	198

The secured term facility of Distell is secured by mortgages over immovable property, general notarial bonds over movable assets and a cession over trade and other receivables of specific subsidiaries to a maximum of R5 500 million (2018: R 5 500 million).

10.7 BIOLOGICAL AGRICULTURAL ASSETS

Biological assets are measured at fair value less estimated harvesting, transport, packing and point-of-sale costs. Gains and losses arising from the remeasurement of biological assets are accounted for in the income statement during the period in which they arise.

Growing crops

Growing crops consist of consumable biological assets, i.e. sugar cane plants and banana fruit. The fair value of growing crops is determined with reference to current market prices, considering the following:

- Sugar cane plants – sucrose content and age
- Banana fruit – estimated yields, quality standards and age

Chicken stock

Chicken stock includes breeding and broiler stock. Breeding stock includes the breeding and laying operations, including hatching eggs. The fair value of chicken stock is determined with reference to current market prices or, where market prices are not available, by reference to sector benchmarks.

Biological assets are measured at fair value using inputs that are not based on observable market data. Accordingly, these assets are classified as level 3 in terms of *IFRS 13*. There were no transfers to either level 1 or level 2 fair value assets during the periods under review.

R million	*Breeding stock*	*Broiler stock*	*Sugar cane plants*	*Banana fruit*	Total
Carrying value at 1 July 2017	273	192	319	7	791
Additions	861	2 888	–	–	3 749
Decrease due to harvest	(851)	(2 918)	(327)	(7)	(4 103)
Fair value adjustment	26	14	321	9	370
Carrying value at 30 June 2018	309	176	313	9	807
Additions	**973**	**3 211**	**–**	**–**	**4 184**
Decrease due to harvest	**(962)**	**(3 191)**	**(316)**	**(9)**	**(4 478)**
Fair value adjustment	**31**	**13**	**290**	**19**	**353**
Carrying value at 30 June 2019	**351**	**209**	**287**	**19**	**866**

10. OTHER ASSETS AND LIABILITIES (continued)

10.7 BIOLOGICAL AGRICULTURAL ASSETS (continued)

The following valuation techniques and significant inputs were used to measure the biological assets:

Description	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable input to fair value	Fair value at 30 June 2019 R million
Chicken stock	Replacement cost of the components of growing the stock	Eggs per hen	133 to 203 per hen	The higher the eggs per hen, the higher the fair value	
		Cost of a day-old breeder bird	R58.35 to R73.82 per chick	The higher the cost per chick, the higher the fair value	
		Mortality rates	3.5% to 9.7%	The higher the mortality, the lower the fair value	
		Average live mass	1.46 kg to 1.87 kg per bird	The higher the average live mass, the higher the fair value	
		Feed cost	R5 069 to R5 597 per ton	The higher the feed cost per ton, the higher the fair value	560
Sugar cane plants	Recoverable value	Recoverable value (price per ton of sucrose) less harvesting, transport and other cost to sell	R2 904 to R3 068 per ton	The higher the recoverable value of sucrose less harvesting, transport and other costs to sell per ton, the higher the value of sugar cane plants	287
Banana fruit	Recoverable value	Market-related selling price per ton of bananas less harvesting, transport and other costs to sell	R4 812 per ton	The higher the market-related selling price value less harvesting, transport and other costs to sell per ton of bananas, the higher the value of banana fruit	19

Description	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable input to fair value	Fair value at 30 June 2018 R million
Chicken stock	Replacement cost of the components of growing the stock	Eggs per hen	147 to 174 per hen	The higher the eggs per hen, the higher the fair value	
		Cost of a day-old breeder bird	R56.56 to R71.75 per chick	The higher the cost per chick, the higher the fair value	
		Mortality rates	3.3% to 6.1%	The higher the mortality, the lower the fair value	
		Average live mass	1.49 kg to 1.89 kg per bird	The higher the average live mass, the higher the fair value	
		Feed cost	R4 581 to R5 354 per ton	The higher the feed cost per ton, the higher the fair value	485
Sugar cane plants	Recoverable value	Recoverable value (price per ton of sucrose) less harvesting, transport and other cost to sell	R2 818 to R3 101 per ton	The higher the recoverable value of sucrose less harvesting, transport and other costs to sell per ton, the higher the value of sugar cane plants	313
Banana fruit	Recoverable value	Market-related selling price per ton of bananas less harvesting, transport and other costs to sell	R3 364 per ton	The higher the market-related selling price value less harvesting, transport and other costs to sell per ton of bananas, the higher the value of banana fruit	9

10. OTHER ASSETS AND LIABILITIES (continued)

10.7 BIOLOGICAL AGRICULTURAL ASSETS (continued)

Sensitivity analysis

A sensitivity analysis is shown for the significant unobservable inputs below.

INPUT	SENSITIVITY
Feed cost – chicken stock	A 5.0% change in feed cost would result in a R6.1 million (2018: R5.1 million) change in fair value.
Recoverable value price per ton – sugar cane plants	A change of 5.0% in recoverable value would result in a R20.2 million change in fair value (2018: R21.1 million).

10.8 DEBTORS AND SHORT-TERM LOANS

R million	**30 June 2019**	30 June 2018
Trade debtors (gross)	**7 645**	7 029
Less: Loss allowance (2018: *IAS 39* provision for impairment)	**(186)**	(135)
Trade debtors (net)	**7 459**	6 894
Dividends receivable	**393**	375
Short-term loans	**66**	86
Advance payments	**322**	285
VAT receivable	**504**	185
Accrued finance income	**61**	51
Other	**738**	723
	9 543	8 599

Debtors with a carrying value of R3 515 million (2018: R3 401 million) provided collateral to the Group. The collateral consists of mortgage and notarial bonds, cessions, bank guarantees and credit insurance.

The secured term facility of Distell is secured by mortgages over immovable property, general notarial bonds over movable assets and a cession over trade and other receivables of specific subsidiaries to a maximum of R5 500 million (2018: R5 500 million).

Movements on the Group loss allowance for trade debtors are as follows:

R million	**30 June 2019**	30 June 2018
Balances at the beginning of the year	**135**	75
Restatement on adoption of *IFRS 9*	**25**	–
Restated balances at the beginning of the year	**160**	75
Loss allowance (2018: *IAS 39* provision for impairment)	**51**	97
Trade debtors written off as uncollectable during the year	**(21)**	(10)
Unused amounts written back	**(4)**	(27)
Balances at the end of the year	**186**	135

During the year, bad debts amounting to R21 million (2018: R10 million) were written off. The other classes of assets in trade debtors and short-term loans have no assets where impairments were made. Refer to note 13 for further details.

10.9 TRADE AND OTHER PAYABLES

Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

R million	**30 June 2019**	30 June 2018
Trade payables	**6 281**	5 858
Accrued expenses	**2 616**	2 546
Excise duty	**1 707**	1 261
VAT payable	**502**	203
Financial guarantee[1]	**–**	36
	11 106	9 904

[1] *The financial guarantee relates to a guarantee Remgro issued to Rand Merchant Bank for a loan facility amounting to R3.5 billion; the latter granted to CIVH.*

10. OTHER ASSETS AND LIABILITIES (continued)

10.10 ASSETS HELD FOR SALE

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. These assets (or disposal groups) are measured at the lower of its carrying amount or fair value less costs to sell.

The Group classifies a component as a discontinued operation when that component has been disposed of, or is classified as held for sale; and it

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

A component of the Group comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group.

R million	**30 June 2019**	30 June 2018
Assets held for sale comprise of:		
Discontinued operations	**–**	3 588
Other assets held for sale	**3**	156
	3	3 744
The details are as follows:		
Discontinued operations – Unilever		
Unilever acquired Remgro's 25.75% shareholding in Unilever. The results of Unilever were equity accounted until 30 June 2018. Subsequent to accounting for Unilever's results, the carrying value was transferred to investment held for sale on 30 June 2018. The effective date of the transaction was 2 July 2018. A dividend of R6 million was received from Unilever during the year under review. Refer to notes 10.10.1 and 15 for additional information. The carrying value of the investment was	**–**	3 588
Other assets held for sale		
RCL Foods entered into sale agreements to dispose of certain properties within the Sugar & Milling division during the current financial year. The transfer of the properties will be finalised in the 2020 financial year, after which the sale will be recognised. The carrying value of the property, plant and equipment is	**3**	–
Due to a decline in profitability within the Speciality business unit, particularly within the Prepared categories, RCL Foods decided to exit the Prepared category during the previous financial year. The assets relating to the Prepared category were classified as held for sale and the disposal was completed in the 2019 financial year. Goodwill has been allocated based on the relative fair values of the Prepared lines operation and the remaining operations in the Speciality business unit. The Prepared lines operation did not represent a separate major line of business or geographical area; hence, was not presented separately as a discontinued operation.		
The carrying value of the assets held for sale was	**–**	155
Property, plant and equipment	**–**	13
Goodwill	**–**	130
Inventory	**–**	12
Following a restructuring in RCL Foods' Chicken business unit certain chicken farms became dormant. These farms were actively marketed and all but one farm was sold in the 2019 financial year. The sales contract for R0.3 million was signed in the 2019 financial year for the remaining farm and the transfer is expected to occur within three months from 30 June 2019. The carrying value of property, plant and equipment was	**–**	1
Non-current assets held for sale	**3**	3 744

10. OTHER ASSETS AND LIABILITIES (continued)

10.10 ASSETS HELD FOR SALE (continued)

10.10.1 DISCONTINUED OPERATIONS

R million	30 June 2019	30 June 2018
Profit for the year from discontinued operation:		
Share of after-tax profit of equity accounted investment	–	490
Profit on sale of investment in Unilever	8 318	–
Cash flows for the year from discontinued operations:		
Operating activities	6	633
Investment activities	4 900	–

11. TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Interest and penalties are disclosed as part of other payables.

Current taxation is provided by using rates that have been enacted or substantially enacted in terms of applicable tax laws.

Deferred taxation is provided for at rates that have been enacted or substantially enacted using the statement of financial position liability method. Full provision is made for all temporary differences between the taxation base of an asset or liability and its carrying amount on the statement of financial position. No deferred tax liability is recognised in those circumstances where the initial recognition of an asset or liability has no impact on accounting profit or taxable income. Deferred tax assets are not raised unless it is probable that future taxable profits will be available against which the deferred taxation asset can be realised in the foreseeable future.

No deferred tax is provided on temporary differences relating to investments in subsidiaries as Remgro controls the dividend policy of these companies and consequently also controls the reversal of the temporary differences.

Deferred taxation is provided at a rate of 0% on temporary differences relating to the investments in associates and joint ventures, as the carrying values of these investments are expected to be recovered through dividends, which are exempt from taxation.

11. TAXATION (continued)

11.1 DEFERRED TAXATION

R million	30 June 2019	30 June 2018
Deferred taxation liability	**5 563**	5 268
Property, plant and equipment	**1 740**	1 821
Inventories and biological assets	**174**	196
Intangible assets	**3 692**	3 342
Provisions	**(143)**	(28)
Investments	**141**	165
Tax losses	**(110)**	(161)
Other	**69**	(67)
Deferred tax asset	**(199)**	(158)
Property, plant and equipment	**60**	44
Inventories	**32**	35
Intangible assets	**1**	(1)
Tax losses	**(120)**	(142)
Provisions	**(115)**	(71)
Investments	**(6)**	(5)
Other	**(51)**	(18)
Net deferred taxation	**5 364**	5 110
The movement between balances of deferred taxation at the beginning and end of the year can be analysed as follows:		
Beginning of the year	**5 110**	1 488
Change in accounting policies (refer note 17)	**(9)**	–
Restated balances at the beginning of the year	**5 101**	1 488
As per income statement	**(193)**	(94)
Accounted for in other comprehensive income	**(43)**	(36)
Businesses disposed	**–**	9
Businesses acquired (refer note 15)	**499**	3 693
Foreign exchange translation reserve	**–**	50
	5 364	5 110

11.2 TAX LOSSES

Estimated tax losses available for set-off against future taxable income	**1 222**	1 448
Utilised to create deferred tax asset	**(846)**	(1 180)
	376	268

The Group has the following capital losses and assessed tax losses in respect of which no deferred tax asset has been recognised due to the uncertainty that future capital gains and taxable income will arise and against which these losses can be utilised:

- Assessed tax losses amounting to R376 million (2018: R268 million)
- Capital losses amounting to R5 408 million (2018: R5 381 million)
- Capital losses amounting to R3 437 million (2018: R3 440 million), which can be utilised against future capital gains in limited circumstances

11. TAXATION (continued)

11.3 TAXATION IN INCOME STATEMENT

R million			30 June 2019	30 June 2018
Current	– current year	– South African normal taxation	**1 115**	477
		– Capital gains tax	**37**	34
		– Foreign income	**31**	20
		– Foreign taxation	**4**	6
	– previous year	– South African normal taxation	**(7)**	(20)
			1 180	517
Deferred	– current year		**(183)**	(90)
	– previous year		**(10)**	(4)
			987	423

11.4 TAX RATE RECONCILIATION

	30 June 2019	30 June 2018
Effective tax rate	**23.4**	6.8
Reduction/(increase) in standard rate as a result of:		
Exempt dividend income	**0.5**	0.5
Non-taxable capital profit	**3.7**	0.4
Non-deductible expenditure[1]	**(92.9)**	(9.7)
Non-taxable income[2]	**95.0**	29.4
Foreign taxation	**(0.9)**	(0.3)
Previous year taxation	**0.5**	0.2
Tax losses utilised	**(1.3)**	0.7
Standard rate	**28.0**	28.0

[1] *Non-deductible expenditure mainly includes impairments of investments and loans amounting to R7 492 million, as well as finance costs pertaining to debt at the centre amounting to R823 million. The finance costs have a tax effect of R230 million, resulting in an increase in the effective tax rate of 5.5%.*

[2] *Includes the non-taxable profit of R8 318 million resulting from the Unilever disposal (2018: R5 150 million profit on Distell restructuring).*

Due to the acquisitions of Siqalo Foods on 2 July 2018 and Distell on 11 May 2018, the effective tax rate is not directly comparable with the previous financial year.

12. OTHER INCOME AND EXPENSES

12.1 REVENUE

Revenue

Revenue comprises the fair value of the consideration received/receivable arising in the course of the Group's ordinary activities through the sale of goods and services. Revenue is disclosed net of value added tax, general sales taxes, returns, rebates, discounts and other allowances and after eliminating sales within the Group.

Sales of goods comprise the sale of alcoholic beverages, milling, agricultural produce and consumer goods, as well as aluminium products. Sales of services comprise logistics, warehousing and distribution services where the Group acts as an agent on behalf of a principal and earns commission, as well as consulting and management services.

Revenue recognition – applied from 1 July 2018

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of a product or when services are rendered to a customer. In certain instances, the sale of goods includes delivery and these sales are identified as being a single performance obligation. In all other cases, where the Group is requested to arrange transport for the customer, two separate performance obligations arise – the sale of goods and the provision of transport. To the extent that the Group is responsible for the provision of the transport services to the customer, the Group acts as principal and revenue from transport services is recorded at the gross amount.

Revenue from the sale of goods is recognised only when the performance obligations arising from the contract with a customer are satisfied and the amount of revenue that it expects to be entitled to can be determined. For sales that include delivery (as indicated above), this occurs when a Group entity has delivered the products to the customer and the customer has accepted delivery. In instances where the delivery is a separate performance obligation (as indicated above), revenue from the sale of goods is recognised when the goods are transferred to the transport provider for delivery.

The products sold often include various discounts, including volume discounts based on aggregate sales and early settlement discounts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

12. OTHER INCOME AND EXPENSES (continued)

12.1 REVENUE (continued)

Revenue recognition – applied from 1 July 2018 (continued)

A refund liability (included in trade and other payables) is recognised for expected discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with credit terms which are consistent with market practice. The Group's obligation to replace or accept return of faulty products is recognised as a refund liability (included in trade and other payables) and a right to the returned goods (included in other current assets) is recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a category level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from the sale of services relates mainly to transport services and is recognised when the underlying goods have been delivered. The Group is not entitled to payment until the delivery service has been completed. Revenue from other services provided by the Group is recognised when the service has been rendered with reference to completion of the specific transaction assessed on the basis of actual service provided as a proportion of total services to be provided.

The Group currently accepts returns from customers for damaged goods, with the corresponding refund liability recorded within trade and other receivables, unless a separate obligation to settle with the customer exists, in which case the liability is recorded in trade and other payables.

The Group bases its estimates of incentive rebates and settlement discounts on historical results. Variable consideration is calculated by applying percentages agreed with customer to actual sales for the period.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Revenue recognition – prior to 1 July 2018

Revenue is recognised when a Group entity has delivered products to the customer (in the case of services when the underlying products have been delivered), the customer has accepted the products, the amount of revenue can be reliably measured, and collectability of the related receivable is reasonably assured.

Consulting services are recorded in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

The Group bases its estimates of incentive rebates and settlement discounts on historical results.

Recognition of other income

Interest is recognised on a time proportion basis (taking into account the principal outstanding, the effective rate and the period), unless collectability is in doubt. Dividends are recognised when the right to receive payment is established.

Segment revenue

R million	30 June 2019	30 June 2018
Consumer products		
Distell	**26 180**	4 219
RCL Foods	**25 786**	24 426
Siqalo Foods	**2 626**	–
Industrial		
Wispeco	**2 376**	2 265
Media and sport		
Other media and sport interests	**–**	205
Total revenue	**56 968**	31 115

12. OTHER INCOME AND EXPENSES (continued)

12.1 REVENUE (continued)

Disaggregated revenue information

R million	30 June 2019
Distell	
Spirits	**9 272**
Wine	**7 186**
Cider and RTDs	**9 724**
Other	**24**
Non-distinct and other costs not allocated to categories	**(26)**
	26 180
RCL Foods	
Consumer	**12 965**
Sugar & Milling	**14 935**
Logistics	**2 183**
Sales between RCL Foods business units	**(4 297)**
Group	**102**
	25 888
Siqalo Foods	
Spreads	**2 626**
Wispeco	
Extrusions and related products	**2 135**
Other	**241**
	2 376
Elimination of intersegment revenue	**(102)**
Total revenue	**56 968**

Geographical segmental information: Sales, amounting to R6 902 million (2018: R1 303 million), is derived from outside of South Africa.

12.2 STAFF COSTS

Short-term employee benefits
Employee entitlements to leave are recognised when they accrue to employees involved. A creditor is created for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

R million	30 June 2019	30 June 2018
Salaries and wages	**7 479**	4 810
Share-based payments	**265**	213
Pension costs – defined-contribution	**573**	335
Pension costs – return on defined-contribution asset	**–**	(11)
Pension costs – defined-benefit	**(8)**	(3)
Post-employment medical benefits	**3**	19
Other	**264**	278
	8 576	5 641

12. OTHER INCOME AND EXPENSES (continued)

12.3 PROFIT

R million	30 June 2019	30 June 2018
Profit includes the following separately disclosable as well as significant income and expense items:		
Income		
Fair value adjustment – biological assets	**353**	370
Fair value adjustment – derivative instruments	**134**	1
Rental income – investment properties	**18**	25
Profit on sale and dilution of investments	**137**	5 188
Dilution profit of interest in equity accounted investments	**(3)**	(1)
Equity accounted investments	**50**	5 105
Available-for-sale investments	**–**	116
Recycled foreign currency translation reserves	**90**	38
Subsidiaries	**–**	(70)
Net profit on the sale of property, plant and equipment	**169**	114
Expenses		
Amortisation of intangible assets	**493**	175
Expenses – investment properties	**6**	9
Rental	**895**	484
Land and buildings	**562**	318
Machinery and equipment	**102**	75
Vehicles	**126**	47
Office equipment	**105**	44
Repairs and maintenance	**1 309**	1 004
Research and development costs written off	**37**	15
Auditors' remuneration – audit fees	**50**	35
– other services	**8**	8
Net impairment of investments, assets and goodwill	**7 218**	201
Investments (refer note 4.4)	**5 533**	96
Property, plant and equipment (refer note 10.1)	**754**	71
Intangible and other assets	**931**	34
Loss allowances on loans	**274**	1
Professional fees	**145**	297
Depreciation	**1 303**	810
Property, plant and equipment (refer note 10.1)	**1 299**	806
Investment properties (refer note 10.2)	**4**	4
Exchange rate losses	**(7)**	21
Water, electricity and municipal services	**1 254**	406
Fuel and gas	**616**	185
Transportation and vehicle expenses	**1 594**	990
Advertising expenses	**2 130**	132
Sugar industry levy	**331**	254

Due to the acquisitions of Siqalo Foods on 2 July 2018 and Distell on 11 May 2018, certain line items are not directly comparable with the previous financial year.

13. FINANCIAL INSTRUMENTS

Financial instruments disclosed in the financial statements include cash and cash equivalents, investment in money market funds, financial assets at fair value, derivative instruments, debtors and short-term loans, trade and other payables and borrowings.

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value through other comprehensive income (from 1 July 2018) or as available-for-sale financial instruments (prior to 1 July 2018);
- those to be measured at fair value through profit and loss; and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies financial assets when, and only when, its business model for managing those assets changes.

The Group classifies its financial liabilities apart from derivatives as other financial liabilities. Derivative financial liabilities are classified as financial liabilities at fair value through profit and loss.

Measurement

Financial instruments are initially recognised at fair value, including directly attributable transaction costs, when the Group becomes party to the contractual terms of the instruments. Transaction costs relating to the acquisition of financial instruments held at fair value through profit and loss are expensed. Subsequent to initial recognition, financial instruments that are not measured at fair value are measured as follows:

Loans and receivables – from 1 July 2018

These assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit and loss and presented in other gains/(losses), together with foreign exchange gains and losses.

Loans and receivables – prior to 1 July 2018

Loans and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. These instruments are carried at amortised cost using the effective interest rate method.

Financial guarantee contracts – from 1 July 2018

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is recognised at fair value and subsequently measured at the higher of the expected credit loss relating to the guarantee given and the amount initially recognised less accumulated amortisation, where appropriate.

Financial guarantee contracts – prior to 1 July 2018

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with *IAS 37: Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less accumulated amortisation, where appropriate.

Derecognition of financial instruments

Financial assets (or portions thereof) are derecognised when the Group realises the rights to the benefits specified in the contract, the rights expire or the Group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable, as well as any prior adjustments to reflect fair value that had been recognised in other comprehensive income, is included in the income statement.

Financial liabilities (or portions thereof) are derecognised when the Group's obligation specified in the contract is discharged or cancelled, or has expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs and the amount paid for it is included in the income statement.

13. FINANCIAL INSTRUMENTS (continued)

Fair value estimation

Financial instruments that are measured at fair value in the statement of financial position 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 fair value of financial instruments traded in an organised financial market is measured at the applicable quoted prices. The fair value of the financial instruments that are not traded in an organised financial market is determined using a variety of methods and assumptions that are based on market conditions and risk existing at reporting date, including independent appraisals and discounted cash flow methods. Fair values represent an approximation of possible value, which may differ from the value that will finally be realised.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Hedging activities

There are Group companies that are parties to derivative financial instruments that reduce exposure to financial risks. These instruments mainly comprise forward contracts. Certain Group companies apply hedge accounting.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are reclassified in the income statement in the periods when the hedged item will affect profit and loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, along with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group applies fair value hedge accounting for hedging foreign currency risk on certain foreign currency denominated balances. The gain or loss relating to the effective and ineffective portion is recognised in the income statement under foreign exchange gains or losses. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest rate method is used is amortised to profit or loss over the period to maturity.

Group companies that do not apply hedge accounting recognise changes in the fair value of these and other derivative instruments in the income statement in the period in which they arise.

Any derivatives embedded in financial instruments are separated from the host contract when their economic characteristics are not closely related to those of the host contract and the host contract is not carried at fair value. Gains and losses are reported in the income statement.

Where a current, legally enforceable right of set-off exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

13. FINANCIAL INSTRUMENTS (continued)

13.1 CLASSES OF FINANCIAL INSTRUMENTS AND FAIR VALUE

Financial instruments on the statement of financial position include investments, investment in money market funds, loans receivable, debtors, cash, creditors, short-term loans, long-term loans and derivative instruments. Details of the nature, extent and terms of these instruments are explained in the notes to the relevant items.

The accounting policy for financial instruments was applied to the following statement of financial position line items:

Financial assets (R million)	Non-financial assets	Loans and receivables	Financial assets at FVPL	Financial assets at FVOCI	Carrying value	Fair value
30 June 2019						
Financial assets at FVOCI	–	–	–	3 727	3 727	3 727
Financial assets at FVPL	–	–	295	–	295	295
Long-term loans and debtors	–	311	–	–	311	311
Loans to equity accounted investments	–	848	–	–	848	848
Debtors and short-term loans	1 564	7 979	–	–	9 543	9 543
Investment in money market funds	–	–	5 175	–	5 175	5 175
Cash and cash equivalents	–	12 662	–	–	12 662	12 662
Assets held for sale	3	–	–	–	3	3
	1 567	21 800	5 470	3 727	32 564	32 564
30 June 2018						
Investments – Available-for-sale	–	–	–	3 067	3 067	3 067
Long-term loans and debtors	–	697	–	–	697	697
Loans to equity accounted investments	–	571	–	–	571	571
Debtors and short-term loans	1 242	7 357	–	–	8 599	8 599
Financial assets at FVPL	–	–	12	–	12	12
Investment in money market funds	–	–	3 996	–	3 996	3 996
Cash and cash equivalents	–	12 169	–	–	12 169	12 169
Assets held for sale	3 744	–	–	–	3 744	3 744
	4 986	20 794	4 008	3 067	32 855	32 855

13. FINANCIAL INSTRUMENTS (continued)

13.1 CLASSES OF FINANCIAL INSTRUMENTS AND FAIR VALUE (continued)

Financial liabilities (R million)	Non-financial liabilities	Liabilities at amortised cost	Liabilities at FVPL	Carrying value	Fair value
30 June 2019					
Long-term loans	**–**	**21 020**	**–**	**21 020**	**21 130**
Non-current instruments at FVPL	**–**	**–**	**1**	**1**	**1**
Trade and other payables	**502**	**10 604**	**–**	**11 106**	**11 106**
Short-term loans	**–**	**1 376**	**–**	**1 376**	**1 376**
Current instruments at FVPL	**–**	**–**	**54**	**54**	**54**
	502	**33 000**	**55**	**33 557**	**33 667**
30 June 2018					
Long-term loans	–	20 316	–	20 316	20 316
Non-current instruments at FVPL	–	–	112	112	112
Trade and other payables	203	9 701	–	9 904	9 904
Short-term loans	–	1 557	–	1 557	1 557
Current instruments at FVPL	–	–	77	77	77
	203	31 574	189	31 966	31 966

Fair value

Except for the term-funded debt package (refer note 6.1) with a fair value of R2 460 million (2018: R2 850 million), the fair value of the financial instruments approximates their carrying value on 30 June 2019 and 30 June 2018.

Fair value estimation

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.
- Cash and cash equivalents, debtors, creditors and short-term loans: Due to the expected short-term maturity of these financial instruments their carrying values approximate their fair value.
- Borrowings: The fair value of long-term borrowings is based on discounted cash flows using the effective interest rate method. As the interest rates of long-term borrowings are all market related, their carrying values approximate their fair value.
- 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.

13. FINANCIAL INSTRUMENTS (continued)

13.1 CLASSES OF FINANCIAL INSTRUMENTS AND FAIR VALUE (continued)

Fair value estimation (continued)

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

R million	*Level 1*	*Level 2*	*Level 3*	Total
30 June 2019				
ASSETS				
Non-current assets				
Financial assets at FVOCI	**1 532**	**14**	**2 181**	**3 727**
Financial assets at FVPL	**–**	**–**	**147**	**147**
Current assets				
Financial assets at FVPL	**–**	**7**	**141**	**148**
Investment in money market funds	**5 175**	**–**	**–**	**5 175**
	6 707	**21**	**2 469**	**9 197**
30 June 2018				
ASSETS				
Non-current assets				
Available-for-sale	934	41	2 092	3 067
Current assets				
Financial assets at FVPL	–	12	–	12
Investment in money market funds	3 996	–	–	3 996
	4 930	53	2 092	7 075

Reconciliation of carrying value of level 3 assets at the beginning and end of the year (R million)	*Available-for-sale*	*Financial assets at FVOCI*	*Financial assets at FVPL*	Total
Balances at 1 July 2018	**–**	**2 092**	**–**	**2 092**
Transfer from level 2	**–**	**41**	**–**	**41**
Additions	**–**	**215**	**299**	**514**
Disposals	**–**	**(523)**	**–**	**(523)**
Exchange rate adjustment	**–**	**60**	**–**	**60**
Fair value adjustments through other comprehensive income	**–**	**296**	**(3)**	**293**
Fair value adjustments through profit and loss	**–**	**–**	**(8)**	**(8)**
Balances at 30 June 2019	**–**	**2 181**	**288**	**2 469**
Balances at 1 July 2017	2 167	–	–	2 167
Additions	103	–	–	103
Disposals	(356)	–	–	(356)
Exchange rate adjustment	81	–	–	81
Fair value adjustments through other comprehensive income	97	–	–	97
Balances at 30 June 2018	2 092	–	–	2 092

Level 3 financial assets consist mainly of investments in the Milestone China entities (Milestone) and the Pembani Remgro Infrastructure Fund (PRIF) amounting to R1 640 million and R231 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.

Milestone's fair value consists of listed investments (25%), cash and cash equivalents (6%), and unlisted investments (69%). Unlisted investments included at transaction prices in Milestone's fair value amounted to R705 million, while its remaining six unlisted investments were valued at R361 million. PRIF's main assets are the investments in ETG Group, Octotel, RSAWeb, Lumos Global and GPR Leasing. 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.

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. FINANCIAL INSTRUMENTS (continued)

13.1 CLASSES OF FINANCIAL INSTRUMENTS AND FAIR VALUE (continued)

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

R million	*Level 1*	*Level 2*	*Level 3*	Total
30 June 2019				
Non-current instruments at FVPL	**–**	**1**	**–**	**1**
Current instruments at FVPL	**–**	**54**	**–**	**54**
	–	**55**	**–**	**55**
30 June 2018				
Non-current instruments at FVPL	–	112	–	112
Current instruments at FVPL	–	34	43	77
	–	146	43	189

Reconciliation of carrying value of level 3 liabilities at the beginning and end of the year (R million)	30 June 2019	30 June 2018
Financial instruments at FVPL		
Balances at the beginning of the year	**43**	49
Put option exercised	**(20)**	(6)
Put option remeasured	**(23)**	–
Balances at the end of the year	**–**	43

13.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Various financial risks have an impact on the Group's results: market risk (including price risk, interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Company and its subsidiaries' risk management programmes, of which key aspects are explained below, acknowledge the unpredictability of financial markets and are aimed to minimise any negative effect thereof. Derivative instruments are used to hedge against certain financial risk exposures.

Remgro's risk management is performed by its central treasury department in terms of policy that was approved by the Board of Directors. A Treasury Committee identifies, evaluates and hedges financial risks in terms of the Group's risk appetite, sets risk limits and monitors compliance to policy and procedures. The committee is assisted by the internal audit department that regularly, and on an *ad hoc* basis, reviews risk management controls and procedures. It is the responsibility of the Remgro Audit and Risk Committee to supervise these functions and assess the appropriateness of risk management strategies.

Risk management at subsidiary level is performed by the respective subsidiaries themselves and Remgro's Board of Directors monitors this on a continuous basis through representation on the subsidiaries' boards.

Relevant financial risks and risk management programmes are summarised as follows:

Market risk

Price risk

Exposure to price risk is due to investments in listed and unlisted shares which are classified as FVOCI or FVPL, investment in money market funds and investments in commodity future contracts, as well as the embedded derivative included in the exchangeable bonds.

FVOCI or FVPL consist mainly of the investments in British American Tobacco plc, Pembani Remgro Infrastructure Fund and the Milestone China Funds. The Management Board monitors all these investments continuously and makes recommendations to the Investment Committee and the Board of Directors in this regard.

The Group is exposed to changes in the fair value of the embedded derivative included in the exchangeable bonds that were used to finance a portion of the acquisition of additional shares in Mediclinic. The risk is managed by holding sufficient Mediclinic shares to settle the liability.

Investment in money market funds consists mainly of interest-bearing liquid investments with a low risk. Refer to note 5.1 for further details.

Some operating subsidiaries have commodity options and future contracts that are influenced by the prices of the underlying commodities. The Board of Directors monitors this through representation on the subsidiaries' boards.

13. FINANCIAL INSTRUMENTS (continued)

13.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Foreign exchange risk

Certain subsidiaries operate internationally and are therefore exposed to foreign currency risk due to commercial transactions and offshore borrowings denominated in foreign currencies. These risks are limited by using foreign exchange contracts when deemed necessary.

The Group is also exposed to foreign exchange translation risk through its investment in money market funds (note 5.1), foreign cash (note 5.2), a put option derivative (note 6.3.1), USD denominated bonds (note 6.3.2), as well as the exchangeable bonds and its embedded derivative (notes 6.1 and 6.3.3).

The Board of Directors monitors the exposure on money market funds, foreign cash and offshore debt on a regular basis and the risk is limited through the diversification in foreign currencies.

Interest rate risk

Due to significant cash investments, movements in market interest rates influence income. The profile of the cash and cash equivalents is explained in note 5.2. Interest rate risk is managed by Remgro's treasury department, as well as the respective subsidiaries, by using approved counterparties that offer the best rates.

The Company and its subsidiaries are also exposed to interest rate risk due to long-term and short-term debt. The interest rate profile of the liabilities is disclosed in note 6.1.

The Group's sensitivity to market risk

The following table illustrates the sensitivity of the Group's profit and other comprehensive income to market risk if markets change with the following percentages:

	30 June 2019			30 June 2018		
	Change	***Income statement* R million**	***Equity* R million**	*Change*	*Income statement R million*	*Equity R million*
Interest rates	**+2.0%**	**168**	**(1)**	+2.0%	170	–
Foreign exchange	**+5.0%**	**24**	**182**	+5.0%	(33)	65
Equity prices	**+10.0%**	**(1)**	**289**	+10.0%	(4)	242
Dividend yield	**+1.0%**	**–**	**–**	+1.0%	11	–
Volatility	**+10.0%**	**(9)**	**–**	+10.0%	(137)	–

The above was calculated with reference to the carrying value of financial instruments at year-end and a possible change in the market risk factor.

Credit risk

The Group's exposure to credit risk is the fair value of loans, loans to equity accounted investments and other investee companies, debtors, short-term loans, derivative instruments, investments in money market funds and cash and cash equivalents as indicated above, as well as financial guarantee contracts.

Loans receivable

Management continuously assesses the credit risk of loans to equity accounted investments through its representation on the respective boards. The credit risk of loans to other investee companies is assessed through regular reporting from the respective investee companies. Loans to equity accounted investments and other investee companies are within their mandated terms.

Trade receivables

No significant concentration of credit risk existed regarding debtors, as customers are spread over a wide geographical area. Policies and procedures are in place ensuring that sales occur only to customers with an acceptable credit history. Other debtors consist mainly of dividends receivable.

Terms granted to trade receivables are determined by the respective credit policies of each operating subsidiary, i.e. RCL Foods, Distell, Wispeco and Siqalo Foods.

13. FINANCIAL INSTRUMENTS (continued)

13.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Group applies the simplified approach for providing the expected credit losses prescribed by *IFRS 9*, which permits the use of lifetime expected lost provision for all trade receivables. The loss allowance as at 30 June 2019 is determined as follows:

Loss allowance matrix (R million)	*Low risk of defaults*	*Insured trade receivables*	*Trade receivables specifically provided*	*Current*	*Up to 60 days past due*	*More than 60 days past due*	**Total**
Gross carrying amount							
RCL Foods	2 061	950	592	100	13	5	3 721
Distell	–	–	–	3 043	156	300	3 499
Wispeco	–	–	–	216	14	32	262
Siqalo Foods	60	–	–	–	–	–	60
Other	103	–	–	–	–	–	103
	2 224	950	592	3 359	183	337	7 645
Loss allowance							
RCL Foods				5	3	3	11
Distell				10	11	84	105
Wispeco				10	2	18	30
Siqalo Foods				n/a	n/a	n/a	n/a
				25	16	105	146
Specific allowance							
RCL Foods							40
Total loss allowance							186
Expected loss rate							
RCL Foods				4.65%	27.06%	65.41%	
Distell				0.33%	7.09%	27.90%	
Wispeco				4.41%	16.52%	56.41%	
Siqalo Foods				n/a	n/a	n/a	
				0.72%	9.19%	31.15%	

Derivative instrument transactions and cash investments

Derivative instruments consist mainly of foreign exchange contracts with financial institutions. Other derivative instruments (excluding the put option described in note 6.3.1) are limited to transactions with financial institutions with an acceptable credit rating. Remgro's Treasury Committee and/or the respective subsidiaries approve these institutions and determine the limit of credit exposure of each separate entity.

Investment in money market funds and cash and cash equivalents are only held by approved institutions with an acceptable creditworthiness. The Treasury Committee sets the limit for each financial institution. Refer to the investment in money market funds note (note 5.1) and cash and cash equivalents note (note 5.2) for additional information.

Liquidity risk

Debt levels within the Group are monitored on a continuous basis. The Company and its subsidiaries have substantial cash balances at their disposal and adequate credit facilities that limit their liquidity risk. Liquidity risk is further limited due to the fact that the Company also has substantial investments which can be realised on short notice.

13. FINANCIAL INSTRUMENTS (continued)

13.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk (continued)

The following schedule indicates the repayment terms of outstanding debt:

Financial liabilities (R million)	Carrying value	Contractual cash flow	Non-discounted cash flow: 0 to 12 months	Non-discounted cash flow: 1 to 5 years	Non-discounted cash flow: 5 years and longer
30 June 2019					
Long-term loans	**21 020**	**21 811**	**195**	**21 606**	**10**
Trade and other payables	**11 106**	**11 106**	**11 106**	**–**	**–**
Short-term loans	**1 376**	**1 376**	**1 376**	**–**	**–**
Non-current instruments at FVPL	**1**	**1**	**–**	**1**	**–**
Current instruments at FVPL	**54**	**54**	**54**	**–**	**–**
	33 557	**34 348**	**12 731**	**21 607**	**10**
30 June 2018					
Long-term loans	20 316	21 039	612	20 218	209
Trade and other payables	9 904	9 904	9 904	–	–
Short-term loans	1 557	1 653	1 653	–	–
Non-current instruments at FVPL	112	112	–	112	–
Current instruments at FVPL	77	77	77	–	–
Financial guarantee	–	–	36	–	–
	31 966	32 785	12 282	20 330	209

14. RELATED PARTIES

Related parties that have been identified consist of subsidiaries, equity accounted investments, key management personnel and certain shareholders. Details of these parties and transactions with them are disclosed below.

14.1 RELATED PARTY TRANSACTIONS

R million	30 June 2019	30 June 2018
Transactions of Remgro Limited and its subsidiaries with:		
Principal shareholder		
Dividends	**(212)**	(197)
Equity accounted investments		
Interest received	**79**	117
Interest paid	**(554)**	(377)
Dividends received	**3 615**	4 259
Administration fees received	**27**	40
Administration fees paid	**(12)**	(12)
Sales	**127**	117
Purchases	**(1 454)**	(1 248)
Corporate finance transactions and underwriting fees paid	**(59)**	–
Key management personnel		
Salaries and other benefits	**(32)**	(30)
Retirement benefits	**(6)**	(6)
Share-based payments	**28**	24
Balances due from/(to) related parties:		
Equity accounted investments	**(7 111)**	(6 507)
Equity accounted investments	**1 581**	1 686

No security is given for any outstanding balances. No provisions for bad debts against outstanding balances with related parties have been made. No bad debt of related parties has been written off during the year.

14. RELATED PARTIES (continued)

14.2 PRINCIPAL SUBSIDIARIES

NAME OF COMPANY Incorporated in South Africa unless otherwise stated		Share capital R (unless otherwise stated)	Effective interest 30 June 2019 %	Effective interest 30 June 2018 %
Distell Group Holdings Limited	*	27 844 560 000	**31.8**	31.8
Eikenlust Proprietary Limited		100	**100.0**	100.0
Entek Investments Proprietary Limited		16 029 279	**100.0**	100.0
Financial Securities Proprietary Limited		250 000	**100.0**	100.0
Historical Homes of South Africa Limited		555 000	**64.3**	62.5
Industrial Electronic Investments Proprietary Limited		1 000	**100.0**	100.0
Industrial Partnership Investments Proprietary Limited		125 000	**100.0**	100.0
Invenfin Proprietary Limited		100	**100.0**	100.0
IPI (Overseas) Limited – Jersey		918 530 004	**100.0**	100.0
IPROP Holdings Limited – British Virgin Islands	(USD)	4 882 892	**100.0**	100.0
Metkor Group Proprietary Limited		82 978 237	**100.0**	100.0
Millennia Jersey Limited – Jersey	(GBP)	388 000 000	**100.0**	100.0
Partnership in Mining Proprietary Limited		100	**100.0**	100.0
RCL Foods Limited	*	10 134 573 642	**77.5**	77.0
Remgro Beverages Proprietary Limited		8 940 134 267	**100.0**	100.0
Remgro Finance Corporation Proprietary Limited		958 430	**100.0**	100.0
Remgro Health Limited – Jersey	(GBP)	100 000 000	**100.0**	100.0
Remgro Healthcare Holdings Proprietary Limited		36 543 642 592	**100.0**	100.0
Remgro International Holdings Proprietary Limited		2	**100.0**	100.0
Remgro International Limited – Jersey		5 014 710	**100.0**	100.0
Remgro Investment Corporation Proprietary Limited		100	**100.0**	100.0
Remgro Jersey GBP Limited – Jersey	(GBP)	100 000 000	**100.0**	100.0
Remgro Loan Corporation Proprietary Limited		700	**100.0**	100.0
Remgro Management Services Limited		100	**100.0**	100.0
Remgro South Africa Proprietary Limited		48 614	**100.0**	100.0
Remgro Sport Investments Proprietary Limited		100	**100.0**	100.0
Remgro USA Limited – Jersey	(USD)	2	**100.0**	100.0
Remont Proprietary Limited		100	**100.0**	100.0
Robertsons Holdings Proprietary Limited		1 000	**100.0**	100.0
RPII Holdings Proprietary Limited		8 600 000	**100.0**	100.0
SEACOM SA SPV Proprietary Limited		100	**100.0**	100.0
Siqalo Foods Proprietary Limited		1	**100.0**	–
Stellenbosch Academy of Sport Properties Proprietary Limited		2	**100.0**	100.0
TSB Sugar Holdings Proprietary Limited		7 532 040 746	**100.0**	100.0
V&R Management Services AG – Switzerland	(CHF)	100 000	**100.0**	100.0
VenFin Holdings Limited – Jersey	(USD)	88 578 773	**100.0**	100.0
VenFin Proprietary Limited		2 849 304 076	**100.0**	100.0
VenFin Media Investments Proprietary Limited		2	**100.0**	100.0
Wispeco Holdings Proprietary Limited		11 641 000	**100.0**	100.0

Details of income and investments in subsidiaries are disclosed in the Company's separate Annual Financial Statements.

(GBP) pound
(USD) USA dollar
(CHF) Swiss franc
* *Listed company*

A complete register of subsidiaries is available for inspection at the registered office of the Company.

14. RELATED PARTIES (continued)

14.3 PRINCIPAL EQUITY ACCOUNTED INVESTMENTS

NAME OF COMPANY Incorporated in South Africa unless otherwise stated	Listed (L)/ Unlisted (U)	30 June 2019 Shares held	30 June 2019 Effective interest %	30 June 2018 Shares held	30 June 2018 Effective interest %
Banking					
RMB Holdings Limited	L	**397 447 747**	**28.2**	397 447 747	28.2
– Held by RMB Holdings Limited:					
– FirstRand Limited (34%)	L		**9.6**		9.6
FirstRand Limited[1]		**219 828 140**	**3.9**	219 828 140	3.9
Healthcare					
Mediclinic International plc – UK	L	**328 497 888**	**44.6**	328 497 888	44.6
Insurance					
RMI Holdings Limited	L	**469 448 728**	**30.6**	461 553 730	30.3
Industrial					
Air Products South Africa Proprietary Limited	U	**4 500 000**	**50.0**	4 500 000	50.0
Kagiso Tiso Holdings Proprietary Limited (RF)	U	**325 892**	**36.3**	325 892	36.3
Total South Africa Proprietary Limited	U	**12 872 450**	**24.9**	12 872 450	24.9
PGSI Limited – BVI	U	**26 297 697**	**37.7**	26 297 697	37.7
Infrastructure					
Grindrod Limited	L	**173 183 235**	**23.3**	173 183 235	23.0
Grindrod Shipping Holdings Limited – Singapore	L	**4 329 580**	**22.7**	4 329 580	22.7
Community Investment Ventures Holdings Proprietary Limited	U	**264 377**	**54.4**	162 501	51.0
SEACOM Capital Limited – Mauritius	U	**1 000**	**30.0**	1 000	30.0
Media and sport					
eMedia Investments Proprietary Limited	U	**17 730 595**	**32.3**	17 730 595	32.3
Other investments					
Business Partners Limited	U	**74 126 994**	**42.8**	74 011 714	42.8

Details of investments in and income from equity accounted investments are disclosed in note 4.1.

All these investments were equity accounted.
[1] Remgro rebutted the presumption that it does not have significant influence in these investments.

BVI – British Virgin Islands
UK – United Kingdom

Details of investments which are not material to the evaluation of the business of the Group, are not shown.

14.4 KEY MANAGEMENT PERSONNEL

Only Remgro's directors and members of the Management Board are key management personnel. Information on directors' emoluments and their shareholding in the Company appears in notes 8 and 9 as well as on page 113.

14.5 SHAREHOLDERS

A detailed analysis of shareholders appears on pages 111 and 112.

15. BUSINESSES ACQUIRED

15.1 SIQALO FOODS PROPRIETARY LIMITED (SIQALO FOODS)

On 2 July 2018 Unilever acquired 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 and management considers it as a good strategic asset. The Unilever Spreads business was transferred to Siqalo Foods, which became a wholly owned subsidiary of Remgro on 2 July 2018.

Remgro's investment in Unilever was previously classified as an associate and accounted for using the equity method. With effect from 2 July 2018, Remgro consolidated Siqalo Foods at 100.0%, while the investment in Unilever, with a carrying value of R3 582 million, was disposed of for a consideration of R11 900 million, realising an accounting profit on the disposal of investment of R8 318 million.

In terms of *IFRS 3: Business Combinations* the purchase price of Siqalo Foods was R7 000 million. The fair value of the underlying assets acquired and liabilities assumed at the effective date were: intangible assets of R1 687 million, property, plant and equipment of R493 million, and other net liabilities of R388 million. The balance of R5 208 million, being the difference between the purchase price and Siqalo Foods' identifiable net assets, was allocated to goodwill.

Goodwill consists of synergies between Siqalo Foods and RCL Foods, with the latter fulfilling the head office function and providing distribution services through its wholly owned transport subsidiary, Vector Logistics Proprietary Limited.

The fair value adjustment to Siqalo Foods' statement of financial position relates mainly to the recognition of brands (*inter alia Rama*, *Stork* and *Flora*) and non-contractual customer relationships. The amortisation of these additional assets will result in an annual after-tax expense of R80 million included in headline earnings.

Transactions costs incurred and recognised in the income statement during the year amounted to R5 million (2018: R97 million).

Based on the accounting for the business combination, the fair value of the major classes of assets and liabilities acquired is as follows:

R million	At acquisition date
Assets	
Property, plant and equipment (refer note 10.1)	**493**
Intangible assets (refer note 10.3)	**1 687**
Deferred taxation (refer note 11.1)	**9**
Inventories	**124**
Liabilities	
Deferred taxation (refer note 11.1)	**(507)**
Trade and other payables	**(14)**
Fair value of net assets acquired	**1 792**
Goodwill (refer note 10.3)	**5 208**
Total purchase consideration	**7 000**

Siqalo Foods' revenue contribution to the income statement for the year under review is R2 626 million, while the contribution to net profit for the year, before taking into account the additional *IFRS 3* amortisation expenses, amounted to R261 million.

15. BUSINESSES ACQUIRED (continued)

15.2 DISTELL GROUP HOLDINGS LIMITED (DISTELL)

During the 2018 financial year, Remgro gained the majority of Distell's voting rights. Accordingly, the equity accounted investments in Distell Group Limited and Capevin Holdings Limited were derecognised and the restructuring was accounted for as a business combination.

The fair value of the major classes of assets and liabilities acquired, as previously reported, is as follows:

R million	At acquisition date
Assets	
Property, plant and equipment (refer note 10.1)	6 608
Intangible assets (refer note 10.3)	10 169
Investments – Equity accounted (refer note 4.1)	968
Investments – Available-for-sale (refer note 4.3)	57
Loans	45
Deferred taxation (refer note 11.1)	83
Retirement benefits (refer note 10.4)	367
Inventories	7 765
Debtors and short-term loans	2 149
Cash and cash equivalents	1 360
Taxation	282
Liabilities	
Long-term loans	(4 378)
Retirement benefits (refer note 10.4)	(28)
Deferred taxation (refer note 11.1)	(3 776)
Trade and other payables	(3 857)
Bank overdraft	(54)
Taxation	(462)
Non-controlling interest	(11 893)
Fair value of net assets acquired	5 405
Goodwill (refer note 10.3)	3 535
Fair value of previously held interest	8 940
Cash inflow on acquisition (representing cash and cash equivalents, net of bank overdraft, of subsidiary acquired)	1 306

15.3 OTHER BUSINESS COMBINATIONS

RCL Foods acquired an effective holding of 100.0% of the Driehoek Voere (Driehoek) operation for a consideration of R61 million effective 2 July 2018. Driehoek's main operations include manufacturing and selling high roughage animal feed products from its mill situated in Vaalwater, Limpopo. The location is strategically placed to access the game market, cattle farms and informal broiler markets of Limpopo and Mpumalanga.

The Group controls Driehoek as a result of RCL Foods acquiring the entire business, with no outside shareholder involvement in its operations.

Goodwill of R19 million arose from the acquisition. Goodwill mainly represents the ability of the combined business of scale. No additional acquisition-related costs have been incurred in the current financial year (2018: R0.4 million).

15. BUSINESSES ACQUIRED (continued)

15.3 OTHER BUSINESS COMBINATIONS (continued)

Based on the 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
Assets	
Property, plant and equipment (refer note 10.1)	**31**
Intangible assets (refer note 10.3)	**5**
Inventories	**7**
Liabilities	
Deferred taxation (refer note 10.1)	**(1)**
Fair value of net assets acquired	**42**
Goodwill (refer note 10.3)	**19**
Total purchase consideration	**61**
Cash outflow on acquisition, net of the bank overdraft acquired	**61**

Driehoek's revenue contribution to the income statement for the year under review is R126 million, while the contribution to profit before tax for the year amounted to R1 million.

16. EVENTS AFTER YEAR-END

There were no other significant transactions subsequent to 30 June 2019.

17. CHANGE IN ACCOUNTING POLICIES

This section explains the impact of the adoption of *IFRS 9: Financial Instruments* and *IFRS 15: Revenue from Contracts with Customers* on the Group's financial statements.

A. IMPACT OF THE ADOPTION OF *IFRS 9: FINANCIAL INSTRUMENTS*

IFRS 9 replaces the provisions of *IAS 39* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. *IFRS 9* was adopted without restating comparative information in accordance with the transitional provisions. The adjustments arising from the new standard are therefore not reflected in the statement of financial position at 30 June 2018, but are recognised in the opening statement of financial position on 1 July 2018.

1. CLASSIFICATION AND MEASUREMENT

- **Loans and receivables**

  Loans and receivables are classified as financial assets at amortised cost. The implementation of *IFRS 9* had no impact on the classification of these assets. It is the Group's business model to hold these instruments for collection of cash flows, and the cash flows represent solely payments of principal and interest.

- **Equity investments previously classified as available-for-sale**

  The Group elected to present changes in the fair value of all its equity investments previously classified as available-for-sale in other comprehensive income as these investments are held as long-term investments and are not expected to be sold in the short to medium term. As a result, assets with a fair value of R3 067 million were reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income (FVOCI) and the related fair value gains of R661 million remains in the fair value reserve on 1 July 2018. Any subsequent remeasurements of these instruments will be reflected in other comprehensive income and no portion will be transferred to the income statement. Dividends from these investments are accounted for in profit and loss.

- **Borrowings, derivatives and hedging activities**

  The adoption of *IFRS 9* had no impact on the Group's classification and measurement of borrowings, derivatives and the Group's hedging activities.

17. CHANGE IN ACCOUNTING POLICIES (continued)

A. IMPACT OF THE ADOPTION OF *IFRS 9: FINANCIAL INSTRUMENTS* (continued)

2. IMPAIRMENT OF FINANCIAL ASSETS

The impact on the Group's results from the adoption of *IFRS 9* relates solely to the new impairment requirements. The Group's financial assets carried at amortised cost consist of:

- current trade and other receivables related to sales of goods and services;
- cash and cash equivalents; and
- loans receivable.

The impact of the change in impairment methodology on the Group's total equity is disclosed below. The adjustment arose from changes in the impairment provisions for the Group's current trade and other receivables.

The Group's subsidiaries apply the *IFRS 9* simplified approach to measuring expected credit losses on its current trade receivables, which calculates the loss allowance on a lifetime basis. The Group has credit guarantee insurance in place where management of each business unit deems it necessary. The Group's credit policies require each new customer to be analysed individually for creditworthiness before delivery and payment terms are offered.

To measure the expected credit loss, trade receivables have been grouped based on shared characteristics and days past due. The calculation of the expected credit loss takes into account any insurance cover in place.

Reconciliation of the loss allowance for trade receivables as at 30 June 2018 to 1 July 2018:

R million	Trade receivables impairment provision
Closing impairment provision (as calculated under *IAS 39*) – 30 June 2018	135
Amount restated in opening equity	25
Opening impairment provision (as calculated under *IFRS 9*) – 1 July 2018	160

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others:

- the failure of a debtor to engage in a repayment plan with the Group;
- the failure to make contractual payments for a period of greater than the number of days past due as set by each business unit; and/or
- a legal process has not enabled recovery.

3. DEBT INSTRUMENTS

The debt instruments classified as measured at amortised cost at 30 June 2018 are considered to have a low credit risk. The loss allowance calculated for these were therefore limited to 12 months' expected losses and was immaterial. The debt instruments are considered to have a low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The loss allowances for financial assets are based on assumptions pertaining to risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on past experience, existing market conditions as well as forward looking estimates at the end of each reporting year.

17. CHANGE IN ACCOUNTING POLICIES (continued)

B. IMPACT OF THE ADOPTION OF *IFRS 15: REVENUE FROM CONTRACTS WITH CUSTOMERS*

In accordance with the transitional provisions in *IFRS 15*, the Group has applied the modified retrospective application option, and certain adjustments are therefore recognised in the opening statement of financial position on 1 July 2018.

1. ACCOUNTING FOR PAYMENTS TO CUSTOMERS FOR NON-DISTINCT GOODS AND SERVICES

The adoption of *IFRS 15* has required the Group to identify separate performance obligations in contracts with customers. The Group makes payments or provides products to customers linked to a loyalty programme and distribution of sales and marketing related functions carried out by them. These costs have previously been included in expenditure items in the income statement, but is now accounted for against revenue. This change had no impact on net profit.

2. ACCOUNTING FOR REFUNDS

When the customer has a right to return the product within a given year, the Group is obliged to refund the purchase price. The Group recognises revenue when the goods have been formally accepted by the customer or the goods have been delivered and the time year for rejection had expired as there is uncertainty about the possibility of return. When goods are returned, revenue is derecognised and the customer credited with value of the goods originally delivered.

In terms of *IFRS 15*, a refund liability for the estimated expected refunds of R19 million outstanding to customers was recognised as an adjustment to trade and other payables on 1 July 2018. Simultaneously, the Group has a right to recover the product from the customer where the customer exercises his right of return, which right is included in trade and other receivables amounting to R12 million at 1 July 2018. The asset is measured by reference to the former carrying value of the product. The costs to recover the products are not material as the products are usually returned during the normal distribution process.

3. IMPACT ON THE ACCOUNTING FOR PAYMENTS TO CUSTOMERS FOR NON-DISTINCT GOODS AND SERVICES

The Group makes payments in the form of various rebates and allowances to customers linked to distribution or sales and marketing related functions carried out by these customers. These costs, which were insignificant to Remgro's 2018 financial year, were previously presented as part of other net operating expenses. Subsequent to the 1 July 2018 implementation of *IFRS 15*, payments made to customers for non-distinct goods and services are classified as part of revenue. *IFRS 15* requires that, unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity, the consideration payable to the customer should be accounted for as a reduction of the transaction price (and therefore of revenue). If the payment to the customer is for distinct goods or services, the entity shall account for the purchase in the same way it accounts for other purchases from suppliers.

The Group analysed its payments to customers and concluded these payments to be in lieu of non-distinct services directly related to revenue contracts. Therefore, the Group accounts for these costs against revenue in accordance with the newly introduced principles.

C. IMPACT OF THE ADOPTION OF *IFRS 9* AND *IFRS 15* ON EQUITY ACCOUNTED INVESTMENTS

Remgro's equity accounted investments followed the same transitional arrangements as described above.

The impact of the implementation of *IFRS 9* from equity accounted investments on Remgro's statement of financial position was a decrease amounting to R795 million in both equity accounted investments and reserves. The amendment that had the largest impact was applying the expected credit losses on FirstRand Limited's (FirstRand) results, which in turn affected RMB Holdings Limited's (RMH) statement of financial position on 1 July 2018. The implementation of *IFRS 9* by these two companies reduced Remgro's carrying value of equity accounted investments and reserves by R735 million.

The impact of the implementation of *IFRS 15* amounted to a reduction in the carrying value of equity accounted investments and reserves of R298 million, of which R289 million is attributable to SEACOM Capital Limited (SEACOM). SEACOM adjusted the accounting of its indefeasible right-of-use contracts which included the obligation to provide services at various capacities across two networks and with different pricing structures for which cash is received in advanced.

17. CHANGE IN ACCOUNTING POLICIES (continued)

D. IMPACT OF THE ADOPTION OF *IFRS 9* AND *IFRS 15* ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the subtotals and totals disclosed cannot be recalculated from the numbers provided.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXTRACT)

R million	30 June 2018 As previously presented	IFRS 9	IFRS 15	1 July 2018 Restated
ASSETS				
Non-current assets				
Investments – Equity accounted	73 722	(795)	(298)	72 629
– Available-for-sale	3 067	(3 067)	–	–
– Financial assets at FVOCI	–	3 067	–	3 067
Current assets				
Debtors and short-term loans	8 599	(25)	12	8 586
Total assets	150 928	(820)	(286)	149 822
EQUITY AND LIABILITIES				
Reserves	84 865	(805)	(298)	83 762
Shareholders' equity	98 098	(805)	(298)	96 995
Non-controlling interest	15 348	(9)	(4)	15 335
Total equity	113 446	(814)	(302)	112 330
Deferred taxation	5 268	(6)	(3)	5 259
Trade and other payables	9 904	–	19	9 923
Total equity and liabilities	150 928	(820)	(286)	149 822

18. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Management considered all new accounting standards, interpretations and amendments to IFRS that were issued prior to 30 June 2019, but not yet effective on that date.

PUBLISHED STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE AND NOT EARLY ADOPTED:

The following new standard will have an impact on the financial statements in the period of initial application:

- *IFRS 16: Leases*
  (effective date – financial periods commencing on/after 1 January 2019)
  The new standard for leases, *IFRS 16*, requires a lessee to recognise a right-of-use asset and corresponding lease liability on the statement of financial position for almost all lease contracts. Currently operating lease expenses are charged to the income statement on a straight-line basis over the term of the lease. The Group leases various items of property, plant and equipment under operating lease agreements. Note 6.4 sets out details of operating lease expenses paid during the year.

  The Group will apply the standard from its mandatory implementation date of 1 July 2019 and intends to apply the simplified transition approach. It will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The Group intends to also apply the practical expedient to not reassess the lease definition.

  The Group expects to recognise significant right-of-use assets and lease liabilities (after adjustments for prepayments and accrued lease payments recognised as at 30 June 2019), but expects that the net effect will not be significant on the Group's equity. RCL Foods and Distell expect to raise right-of-use assets and liabilities amounting to R1 340 million. The Group also does not expect a material impact on its headline earnings due to the implementation of *IFRS 16* by its subsidiaries.

  Except for Mediclinic, the Group's equity accounted investments indicated that they will raise significant right-of-use assets and lease liabilities in accordance with *IFRS 16*, but that the net impact on their equity, and consequently, the carrying value of equity accounted investments, is not expected to be material. Mediclinic expects to recognise right-of-use assets of approximately £610 million and lease liabilities of approximately £662 million.

18. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

The following new accounting standards, interpretations and amendments will not have a material impact on the financial statements:

- *IFRS 17: Insurance Contracts*
  (effective date – financial periods commencing on/after 1 January 2022)
  IFRS 17 will replace the current *IFRS 4: Insurance Contracts*. *IFRS 4* allows users to use local Generally Accepted Accounting Principles (GAAP) while *IFRS 17* defines clear and consistent rules that significantly increases the comparability of financial statements. Under *IFRS 17*, various prescribed models are used to measure insurance contracts. For insurers, this standard will have an impact on financial statements and key performance indicators.

- Amendments to *IFRS 3: Definition of a Business*
  (effective date – financial periods commencing on/after 1 January 2020)
  The International Accounting Standards Board (IASB) issued amendments to the guidance in *IFRS 3: Business Combinations* that revises the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.

  An entity can apply a concentration test that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

- Amendments to *IFRS 9: Financial Instruments*
  (effective date – financial periods commencing on/after 1 January 2019)
  The amendments allow companies to measure particular pre-payable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met, instead of at fair value through profit and loss. It is likely to have the biggest impact on banks and other financial services entities.

  To account for the modification of a financial liability, the amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under *IAS 39* today and will affect all kinds of entities that have renegotiated borrowings.

- Amendments to *IAS 1* and *IAS 8: Definition of Material*
  (effective date – financial periods commencing on/after 1 January 2020)
  The amendments to *IAS 1: Presentation of Financial Statements* and *IAS 8: Accounting Policies*, changes in accounting estimates and errors', as well as consequential amendments to other IFRSs:

  - Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting
  - Clarify the explanation of the definition of materiality
  - Incorporate some of the guidance in *IAS 1* about immaterial information.

- Amendments to *IAS 19: Plan Amendment, Curtailment or Settlement*
  (effective date – financial periods commencing on/after 1 January 2019)
  The amendments require an entity to:

  - use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
  - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

- Amendments to *IAS 28: Investments in Associates and Joint Ventures* – long-term interest in associates and joint ventures
  (effective date – financial periods commencing on/after 1 January 2019)
  The amendments clarified that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using *IFRS 9*.

- *IFRIC 23: Uncertainty over Income Tax Treatment*
  (effective date – financial periods commencing on/after 1 January 2019)
  This IFRIC provides a framework to consider, recognise and measure the accounting impact of tax uncertainties.

STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2019

R million	Notes	30 June 2019	30 June 2018
ASSETS			
Non-current assets			
Investments – subsidiaries	2	**10 871**	18 419
Financial guarantee receivable	6	**–**	38
		10 871	18 457
Current assets			
Intergroup debt	3	**1 122**	7 516
Total assets		**11 993**	25 973
EQUITY AND LIABILITIES			
Stated capital	4	**13 416**	13 416
Retained earnings/(accumulated loss)		**(3 269)**	7 859
Shareholders' equity		**10 147**	21 275
Current liabilities		**1 846**	4 698
Financial guarantees	6	**849**	464
Trade and other payables	3, 5	**18**	27
Intergroup debt	3	**979**	4 207
Total equity and liabilities		**11 993**	25 973

Although the current liabilities exceed the current assets at 30 June 2019, the total assets, fairly valued, exceed the liabilities. The Company received a dividend of R10 000 million from a wholly owned subsidiary on 22 August 2019.

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

R million	Note	30 June 2019	30 June 2018
Guarantee fee income		**214**	191
Recognition of financial guarantee		**(581)**	–
Expected credit loss on financial guarantee fee		**(56)**	–
Other net operating expenses		**(71)**	(93)
Impairment of investment in subsidiary		**(7 548)**	(10 746)
Net loss before taxation		**(8 042)**	(10 648)
Taxation	8	**–**	–
Net loss for the year		**(8 042)**	(10 648)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

R million	30 June 2019	30 June 2018
Net loss for the year	(8 042)	(10 648)
Other comprehensive income	–	–
Total comprehensive income for the year	(8 042)	(10 648)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

R million	30 June 2019	30 June 2018
Balances at 1 July	21 275	34 793
Issued capital	13 416	13 416
Retained earnings	7 859	21 377
Total comprehensive income for the year	(8 042)	(10 648)
Dividends paid	(3 086)	(2 870)
Balances at 30 June	10 147	21 275

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

R million	Note	30 June 2019	30 June 2018
Cash flows – operating activities			
Other net operating expenses		(71)	(93)
Working capital changes	9	(9)	3
Cash utilised by operations		(80)	(90)
Dividends paid		(3 086)	(2 870)
Cash outflow from operating activities		(3 166)	(2 960)
Cash flows – investing activities			
Increase in intergroup debt		6 394	(155)
Cash inflow/(outflow) from investing activities		6 394	(155)
Cash flows – financing activities			
(Increase)/decrease in intergroup debt		(3 228)	3 115
Cash inflow/(outflow) from financing activities		(3 228)	3 115
Net increase/(decrease) in cash and cash equivalents		–	–
Cash and cash equivalents at the beginning of the year		–	–
Cash and cash equivalents at the end of the year		–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. ACCOUNTING POLICIES

The Annual Financial Statements are prepared on the historical cost basis, unless otherwise indicated, in accordance with International Financial Reporting Standards and the requirements of the Companies Act (No. 71 of 2008), as amended. The accounting policies are consistent with those of the previous year except for the implementation of *IFRS 9: Financial Instruments* and *IFRS 15: Revenue from Contracts with Customers*, which did not impact the Company's results. Refer to note 1 of the consolidated Annual Financial Statements for detailed accounting policies.

2. INVESTMENTS – SUBSIDIARIES

R million	30 June 2019	30 June 2018
Unlisted shares – at cost	**40 280**	40 280
Less: Provision for impairment	**(29 409)**	(21 861)
	10 871	18 419

The provision for impairment recognised during the year under review relates to the investment in Remgro Healthcare Holdings Proprietary Limited (RHH). The recoverable amount of the investment is its value in use of R7 135 million. At 30 June 2018, the recoverable amount of the investment was its fair value less costs to sell of R14 683 million (level 2 in the fair value hierarchy). The fair value was determined with reference to the listed share price of Mediclinic. RHH and its wholly owned subsidiaries hold Remgro's investment in Mediclinic. Mediclinic's share price decreased by a significant amount, resulting in the impairment of the investment in the separate financial statements of both RHH and its wholly owned subsidiaries. Consequently, the Company had to recognise an impairment of R7 548 million (2018: R10 746 million) on its investment in RHH.

Percentage interest held in unlisted shares (%)	30 June 2019	30 June 2018
Financial Securities Proprietary Limited	**100.0**	100.0
Industrial Partnership Investments Proprietary Limited	**100.0**	100.0
Partnership in Mining Proprietary Limited	**100.0**	100.0
Remgro Beverages Proprietary Limited	**–**	100.0
Remgro Healthcare Holdings Proprietary Limited	**100.0**	100.0
Remgro International Holdings Proprietary Limited	**100.0**	100.0
Remgro Investment Corporation Proprietary Limited	**100.0**	100.0
Remgro South Africa Proprietary Limited	**100.0**	100.0
Remont Proprietary Limited	**100.0**	100.0
VenFin Proprietary Limited	**100.0**	100.0

3. INTERGROUP DEBT

R million	30 June 2019	30 June 2018
Owing by subsidiary		
Interest-free loan with no fixed term of repayment	**1 122**	7 516
Owing to subsidiaries		
Interest-free loan with no fixed term of repayment	**(979)**	(4 207)
Included in trade and other payables	**(2)**	(9)
	141	3 300

Intercompany loans receivable are repayable on demand and are interest free. Expected credit losses on these loans are realised based on the counter party's ability to settle its debt on the reporting date. In the event that the counter party has insufficient liquid assets to settle its debt, the entity's strategy is to recover the outstanding balance over time, in which case the expected cash flows are discounted at the effective rate of the intercompany loan, i.e. 0%. Consequently, expected credit losses are realised to the extent that the counter party has insufficient assets to repay its debt. During the year, there were no material expected credit losses.

4. STATED CAPITAL

The detail of the stated capital is presented in note 7.1 of the consolidated Annual Financial Statements.

5. TRADE AND OTHER PAYABLES

R million	30 June 2019	30 June 2018
Subsidiary	2	9
Other	16	18
	18	27

6. FINANCIAL GUARANTEES

The Company entered into various guarantee agreements as guarantor for debt raised by its subsidiaries and a joint venture. As a result of the Company acting as guarantor, the subsidiaries and joint venture negotiated favourable interest rates on the debt instruments.

Guarantees to subsidiaries

Since the Company does not receive a guarantee fee from the subsidiaries, the beneficial interest increment is regarded as a deemed income received by the Company for accounting purposes. A guarantee fee liability was raised on entering these agreements and annual guarantee fee income will be recognised in the income statement until settlement of the underlying debt. The financial guarantees are not recognised on consolidation as separate contracts, since it is included in the Group's liability to the third party. During the year under review the underlying debt was refinanced which included an extension of the term. As a result an additional expense was recognised.

Guarantees to a joint venture

The Company issued a guarantee to Rand Merchant Bank for a loan facility amounting to R3.5 billion, the latter granted to CIVH. The Company will receive a guarantee fee income unless CIVH refinances its debt by 7 December 2019. Since it is expected that CIVH will refinance prior to 7 December 2019, an expected credit loss was recognised on the financial guarantee receivable during the year under review. A guarantee fee liability was raised on entering the agreement and an annual guarantee fee income will be recognised in the income statement until settlement of the underlying debt.

7. OTHER NET OPERATING EXPENSES

Other net operating expenses are stated after taking into account directors' emoluments of R4 million (2018: R4 million). The detail of the remuneration and benefits received by each director of the Company is presented in notes 8 and 9 of the consolidated Annual Financial Statements.

8. TAXATION

No provision has been made for income tax as the Company does not have taxable income.

The Company has a calculated capital loss of R3 907 million (2018: R3 907 million), which can be set off against future capital gains. No deferred tax asset has been recognised in respect of this capital loss as it is improbable that future taxable capital gains will arise against which the loss can be utilised.

9. CASH FLOW INFORMATION

R million	30 June 2019	30 June 2018
Decrease/(increase) in working capital		
Increase/(decrease) in trade and other payables	(9)	3

10. RELATED PARTY INFORMATION

Subsidiaries

Details of income from and investments in subsidiaries are disclosed in the income statement and note 2 respectively.

Key management personnel

Only Remgro's directors and members of the Management Board are key management personnel. Information on directors' emoluments and their shareholding in the Company appear in notes 8 and 9 of the consolidated Annual Financial Statements as well as on page 113.

Shareholders

A detailed analysis of shareholders appears on pages 111 and 112.

Related party transactions (R million)	30 June 2019	30 June 2018
Transactions of Remgro Limited with:		
Principal shareholder		
Dividends paid	**(212)**	(197)
Balances due by/(owed to) related parties:		
Subsidiaries	**141**	3 300

No security is given for any outstanding balances. No provisions for bad debts against outstanding balances with related parties have been made.

11. FINANCIAL INSTRUMENTS

The Company has the following exposure to financial risks resulting from the use of financial instruments:

11.1 CREDIT RISK

Credit risk is the risk of financial loss should a counterparty fail to meet its contractual obligations and arises from credit exposure from outstanding loans and debtors. The risk in terms of outstanding loans and debtors is limited as it consists primarily of intergroup debt and the maximum exposure to credit risk at the reporting date is the carrying value of this class of asset.

The Company is also exposed to credit risk as it acts as guarantor for debt raised by its subsidiaries and a joint venture. The exposure from these guarantees amounts to R16 969 million (2018: R16 172 million). The directors assessed the credit risk as low, since the underlying subsidiaries hold Mediclinic shares in excess of the debt balance.

11.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Cash resources are managed centrally by the Group's treasury division and flexibility in funding is ensured through the availability of guaranteed credit lines.

The Company's liabilities consist of financial guarantees, a loan due to a subsidiary as well as trade and other payables. The risk in terms of the financial guarantees is limited as the Company guarantees repayment of debt incurred by its subsidiaries and a joint venture. The exposure from these guarantees amounts to R16 969 million (2018: R16 172 million). The risks in terms of the outstanding loan are limited as it is repayable to a subsidiary and the loan has no fixed date of repayment, while the risk in terms of outstanding trade and other payables is also low due to the size of the amount involved.

The Company provided letters of support to certain subsidiaries, which enable them to perform all their obligations of whatsoever nature in the conduct of business for as long as they remain subsidiaries of the Company.

11. FINANCIAL INSTRUMENTS (continued)

11.3 MARKET RISK

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and market prices of equity instruments will affect the Company's income.

Foreign exchange risk

The Company has no transactions in foreign currency and as such is not exposed to any foreign currency risk.

Interest rate risk

The Company has no exposure to interest rate risk as its loan payable to and loan receivable from its subsidiaries are interest-free.

Price risk

The Company is not exposed to price risk as it does not have any investments in equity instruments that are accounted for at fair value.

11.4 FAIR VALUE

At 30 June 2019 and 30 June 2018 the fair value of financial assets and liabilities disclosed in the statement of financial position approximate their carrying value.

11.5 CAPITAL MANAGEMENT

There are no limitations on the borrowing powers of the Company in respect of loans and guaranteed debts. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue shares or repurchase shares from shareholders.

SHAREHOLDERS' INFORMATION

STATISTICS AT 30 JUNE 2019

	30 June 2019		30 June 2018	
	%	**Number of shares**	%	Number of shares
MAJOR BENEFICIAL SHAREHOLDERS				
Ordinary shares				
Public Investment Corporation	**13.66**	**72 273 810**	14.56	77 048 485
Other	**86.34**	**456 943 197**	85.44	452 168 522
	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

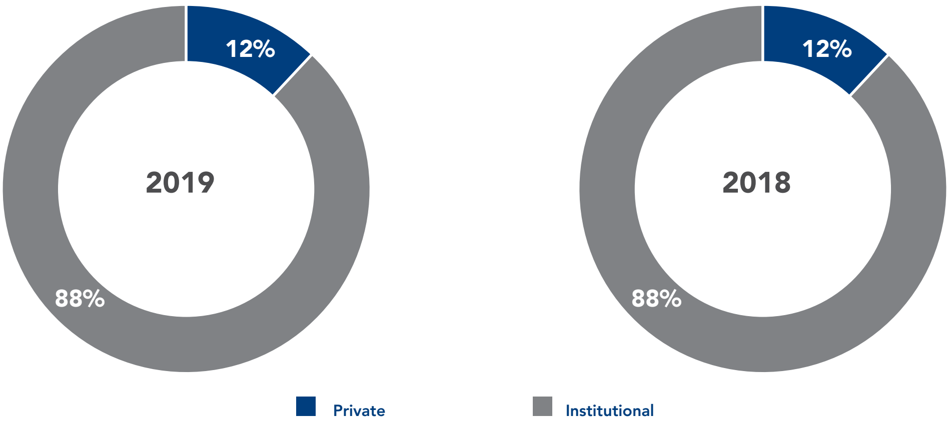
No other shareholder held a beneficial interest of more than 5% in the ordinary shares of the Company on 30 June 2019.

	30 June 2019	30 June 2018	30 June 2017	30 June 2016
DISTRIBUTION OF SHAREHOLDERS				
Ordinary shares				
Public shareholders	**54 812**	60 496	64 552	60 890
Percentage of shareholders	**99.91**	99.93	99.88	99.85
Number of shares	**504 306 132**	513 954 491	512 476 207	465 687 383
Percentage of shares issued	**95.29**	97.12	96.84	96.80
Non-public shareholders				
Directors and their associates/Share Trust/Treasury shares	**48**	44	78	90
Percentage of shareholders	**0.09**	0.07	0.12	0.15
Number of shares	**24 910 875**	15 262 516	16 740 800	15 418 987
Percentage of shares issued	**4.71**	2.88	3.16	3.20
Number of shareholders	**54 860**	60 540	64 630	60 980

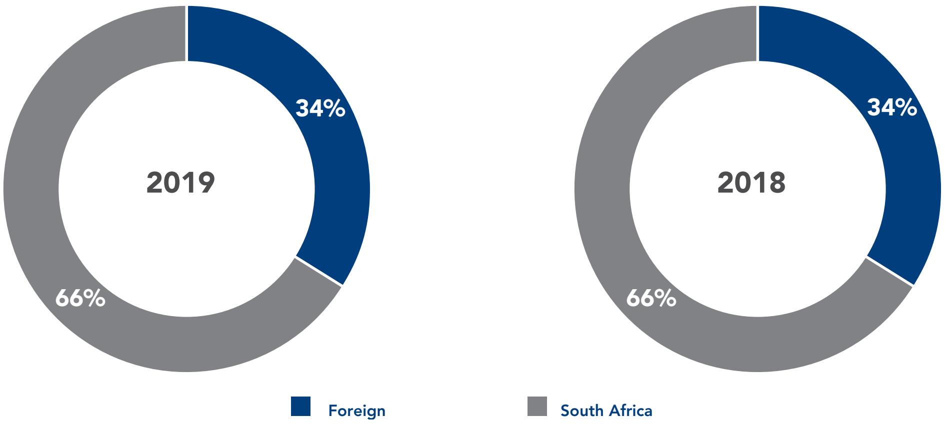
	30 June 2019	30 June 2018	30 June 2017	30 June 2016
NUMBER OF SHARES IN ISSUE				
– Ordinary shares of no par value	**529 217 007**	529 217 007	529 217 007	481 106 370
– Unlisted B ordinary shares of no par value	**39 056 987**	39 056 987	39 056 987	35 506 352
Total number of shares in issue	**568 273 994**	568 273 994	568 273 994	516 612 722
Number of shares held in treasury				
Ordinary shares repurchased and held in treasury	**(3 334 936)**	(1 389 033)	(1 666 638)	(1 725 393)
	564 939 058	566 884 961	566 607 356	514 887 329
Weighted number of shares	**565 619 396**	566 773 693	553 423 346	524 628 257

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 2019				
S E N De Bruyn	**497**	**–**	**–**	**497**
J J Durand	**–**	**849 376**	**1 650**	**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**	**2 224 995**	**142 982**	**2 656 058**
M Lubbe	**32 184**	**–**	**–**	**32 184**
N P Mageza	**–**	**296**	**–**	**296**
J Malherbe	**48 670**	**–**	**1 161 565**	**1 210 235**
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	**3 266 830**	**9 561 780**	**13 398 773**

* *Messrs J P Rupert and A E Rupert are both directors of an Associate that holds 7 551 005 ordinary shares in Remgro Limited.*

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
N P Mageza	–	296	–	296
J Malherbe	48 670	–	1 161 565	1 210 235
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.

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.

www.remgro.com