STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019

R million	Notes	30 June 2019[1, 2]	30 June 2018
ASSETS			
Non-current assets			
Property, plant and equipment		**14 541**	13 626
Investment properties		**119**	119
Intangible assets		**24 024**	18 427
Investments – Equity accounted	6	**71 183**	73 722
– Available-for-sale		**–**	3 067
– Financial assets at fair value through other comprehensive income (FVOCI)		**3 727**	–
Financial assets at fair value through profit and loss (FVPL)		**147**	–
Retirement benefits		**748**	737
Long-term loans and debtors		**311**	697
Deferred taxation		**199**	158
		114 999	110 553
Current assets		**40 539**	40 375
Inventories		**12 034**	10 967
Biological agricultural assets		**866**	807
Debtors and short-term loans		**9 543**	8 599
Financial assets at FVPL		**148**	12
Taxation		**108**	81
Investment in money market funds		**5 175**	3 996
Cash and cash equivalents		**12 662**	12 169
		40 536	36 631
Assets held for sale		**3**	3 744
Total assets		**155 538**	150 928
EQUITY AND LIABILITIES			
Stated capital		**13 416**	13 416
Reserves		**88 251**	84 865
Treasury shares		**(570)**	(183)
Shareholders' equity		**101 097**	98 098
Non-controlling interest		**15 092**	15 348
Total equity		**116 189**	113 446
Non-current liabilities		**26 770**	25 891
Retirement benefits		**186**	195
Long-term loans	7	**21 020**	20 316
Deferred taxation		**5 563**	5 268
Financial liability at FVPL		**1**	112
Current liabilities		**12 579**	11 591
Trade and other payables		**11 106**	9 904
Short-term loans		**1 376**	1 557
Financial liabilities at FVPL		**54**	77
Taxation		**43**	53
Total equity and liabilities		**155 538**	150 928

(1) *Since 11 May 2018 and 2 July 2018, Remgro consolidated its investments in Distell and Siqalo Foods, respectively, and therefore, certain line items are not directly comparable with the prior year. Refer to "Comparison with the prior year" on page 134 for further detail.*
(2) *Refer to "Change in accounting policies" on page 131 for the impact of the implementation of new accounting standards.*

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

R million	Notes	30 June 2019	30 June 2018
CONTINUING OPERATIONS			
Revenue	13	56 968	31 115
Inventory expenses		(33 606)	(17 814)
Staff costs		(8 576)	(5 641)
Depreciation		(1 303)	(810)
Other net operating expenses		(10 205)	(5 590)
Trading profit		3 278	1 260
Dividend income		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		(7 218)	(201)
Loss allowances on loans		(274)	(1)
Profit on sale and dilution of investments		137	5 188
Consolidated profit/(loss) before tax		(4 096)	6 239
Taxation		(987)	(423)
Consolidated profit/(loss) after tax		(5 083)	5 816
Share of after-tax profit of equity accounted investments	6	4 517	2 893
Net profit/(loss) for the year from continuing operations		(566)	8 709
DISCONTINUED OPERATIONS[1]			
Profit for the year from discontinued operations		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

[1] *On 30 June 2018 the investment in Unilever was transferred from "investments - equity accounted" to "assets held for sale" (refer to "Related party transactions" on page 142). Profit from discontinued operations consists of the equity accounted earnings of Unilever as well as the profit on its subsequent disposal.*

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

R million	30 June 2019	30 June 2018
Net profit for the year	**7 752**	9 199
Other comprehensive income, net of tax	**55**	(311)
Items that may be reclassified subsequently to the income statement:		
Exchange rate adjustments	**(377)**	2 012
Fair value adjustments for the year	**(25)**	(149)
Deferred taxation on fair value adjustments	**7**	55
Reclassification of other comprehensive income to the income statement	**(90)**	(206)
Other comprehensive income of equity accounted investments	**1 232**	(2 127)
Items that will not be reclassified to the income statement:		
Fair value adjustments on financial assets for the year	**206**	–
Deferred taxation on fair value adjustments	**57**	–
Remeasurement of post-employment benefit obligations	**23**	189
Deferred taxation on remeasurement of post-employment benefit obligations	**(7)**	(53)
Change in reserves of equity accounted investments	**(971)**	(32)
Total comprehensive income for the year	**7 807**	8 888
Total comprehensive income attributable to:		
Equity holders	**7 423**	8 374
Non-controlling interest	**384**	514
	7 807	8 888

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

R million	30 June 2019	30 June 2018
Balance at the beginning of the year	**113 446**	95 302
Change in accounting policies[1]	**(1 116)**	–
Restated balance at the beginning of the year	**112 330**	95 302
Total comprehensive income for the year	**7 807**	8 888
Dividends paid	**(3 759)**	(2 934)
Transactions with non-controlling shareholders	**(9)**	40
Other movements	**11**	18
Long-term share incentive scheme reserve	**205**	182
Purchase of treasury shares by wholly owned subsidiary	**(396)**	–
Non-controlling shareholders' interest in acquisition of subsidiary	**–**	11 953
Non-controlling shareholders' interest in disposal of subsidiary	**–**	(3)
Balance at the end of the year	**116 189**	113 446

[1] *Refer to "Change in accounting policies" on page 131 for the impact of the implementation of new accounting standards.*

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

R million	30 June 2019	30 June 2018
Cash flows – operating activities		
Cash generated from operations	**4 372**	2 096
Interest received	**1 256**	879
Taxation paid	**(1 217)**	(657)
Dividends received[(1)]	**3 381**	3 789
Finance costs	**(1 492)**	(1 159)
Cash available from operating activities	**6 300**	4 948
Dividends paid	**(3 759)**	(2 934)
Cash inflow/(outflow) from operating activities	**2 541**	2 014
Cash flows – investing activities		
Investment in property, plant and equipment and other assets	**(2 636)**	(1 268)
Proceeds on disposal of property, plant and equipment and intangible assets	**69**	246
Proceeds on disposal of assets held for sale[(2)]	**5 084**	43
Businesses acquired[(3)]	**(61)**	1 223
Proceeds on disposal of investments and loans[(4)]	**1 004**	407
Additions to investments and loans[(5)]	**(4 484)**	(339)
Acquisition of money market funds	**(1 179)**	(100)
Disposal of money market funds	**–**	1 992
Business disposed	**–**	4
Cash inflow/(outflow) from investing activities	**(2 203)**	2 208
Cash flows – financing activities		
Loans repaid	**(600)**	(118)
Purchase of treasury shares	**(396)**	–
Other movements	**180**	196
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)

(1) The dividend received from RMI in respect of the reinvestment alternative (refer to "Investment activities" on page 121), amounting to R300 million (2018: R471 million), is not included in "Dividends received" and "Additions to investments and loans" for cash flow purposes.

(2) Includes the R4 900 million cash received on the disposal of the investment in Unilever. Refer to "Investment activities" on page 121.

(3) The prior year includes the net cash and cash equivalents of Distell at acquisition date amounting to R1 306 million.

(4) Includes the repayment of the loan granted to MCSH. Refer to "Investment activities" on page 121.

(5) Include the investments in CIVH and Prescient. Refer to "Investment activities" on page 121.

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. BASIS OF PREPARATION

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

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated Annual Financial Statements, with the exception of the implementation of *IFRS 9: Financial Instruments* and *IFRS 15: Revenue from Contracts with Customers*. Refer to "Change in accounting policies" for further detail on the implementation of these standards and amendments. During the year under review various other interpretations and amendments became effective, but their implementation had no impact on the results of either the current or prior years. The financial statements have been prepared under the supervision of the Chief Financial Officer, Neville Williams CA(SA).

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

2. 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.

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 requires 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.

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.

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 sub-totals 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

3. COMPARISON WITH THE PRIOR YEAR

On 2 July 2018 the Unilever Spreads business, Siqalo Foods Proprietary Limited (Siqalo Foods), became a wholly owned subsidiary of Remgro (refer to "Related party transactions" for further detail). Furthermore and as previously reported, Remgro holds the majority of voting rights in Distell Group Holdings Limited (Distell) since 11 May 2018, which resulted in the investment in Distell being consolidated from that date.

As a result of the above transactions, certain line items in the statement of financial position and income statement are not directly comparable with the prior year. The accounting for these business combinations has been completed and the fair values at the acquisition dates were as follows:

R million	At acquisition date Siqalo Foods 2 July 2018	Distell 11 May 2018
Property, plant and equipment	493	6 608
Intangible assets	1 687	10 169
Inventories	124	7 765
Debtors and short-term loans	–	2 149
Cash and cash equivalents less bank overdraft	–	1 306
Other net assets	–	1 229
Long-term loans	–	(4 378)
Deferred taxation (assets and liabilities)	(498)	(3 693)
Trade and other payables	(14)	(3 857)
Non-controlling interest	–	(11 893)
Fair value of net assets acquired	1 792	5 405
Goodwill	5 208	3 535
Total purchase consideration	7 000	8 940

Siqalo Foods and Distell's revenue contributions for the year under review are R2 626 million and R26 180 million (30 June 2018: R4 219 million), respectively.

4. HEADLINE EARNING RECONCILIATION

R million	30 June 2019	30 June 2018
CONTINUING OPERATIONS		
Net profit/(loss) for the year attributable to equity holders (earnings)	**(999)**	8 453
– Impairment of equity accounted investments[1]	**5 533**	580
– Reversal of impairment of equity accounted investments[1]	**–**	(529)
– Impairment of available-for-sale investments	**–**	44
– Impairment of property, plant and equipment[2]	**757**	71
– Reversal of impairment of property, plant and equipment	**(3)**	–
– Impairment of intangible and other assets[3]	**931**	34
– Profit on sale and dilution of equity accounted investments	**(60)**	(5 156)
– Loss on sale and dilution of equity accounted investments	**16**	52
– Profit on sale of available-for-sale investments	**–**	(116)
– Profit on disposal of property, plant and equipment	**(208)**	(114)
– Loss on disposal of property, plant and equipment	**39**	–
– Recycling of foreign currency translation reserves	**(90)**	(10)
– Loss on sale of subsidiary	**–**	42
– Non-headline earnings items included in equity accounted earnings of equity accounted investments	**3 198**	4 726
– (Profit)/loss on disposal of property, plant and equipment	**7**	(44)
– Profit on sale of investments	**(537)**	(583)
– Loss on sale of investments	**16**	78
– Impairment of investments, assets and goodwill[4]	**3 729**	5 935
– Recycling of foreign currency translation reserves	**(6)**	(647)
– Other headline earnings adjustable items	**(11)**	(13)
– Taxation effect of adjustments	**(450)**	32
– Non-controlling interest	**(469)**	(35)
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 of equity accounted investments[5]	**(8 318)**	–
– Non-headline earnings items included in equity accounted earnings of equity accounted investments		
– Loss on disposal of property, plant and equipment	**–**	12
– Taxation effect of adjustments	**–**	(3)
Headline earnings from discontinued operations	**–**	499
Total headline earnings from continuing and discontinued operations	**8 195**	8 573
Option remeasurement[6]	**(112)**	(261)
Headline earnings, excluding option remeasurement	**8 083**	8 312

(1) *Refer to "Net impairments of equity accounted investments" on page 137 for further detail.*
(2) *Included in "Impairment of property, plant and equipment" is an amount of R744 million relating to the Sugar business unit in RCL Foods.*
(3) *"Impairment of intangible and other assets" includes an impairment of R888 million of the goodwill recognised on the acquisition of Siqalo Foods.*
(4) *"Impairment of investments, assets and goodwill" from equity accounted investments for the year under review includes Remgro's portion of the impairments of Mediclinic's properties and trade names in Switzerland and its investment in Spire of R2 873 million (2018: R5 257 million).*
(5) *"Profit on sale of equity accounted investments" consists of the profit realised on the disposal of Unilever.*
(6) *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.*

5. EARNINGS AND DIVIDENDS

Cents	30 June 2019	30 June 2018
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
Dividends per share		
Ordinary	**564.00**	532.00
– Interim	**215.00**	204.00
– Final	**349.00**	328.00

6. INVESTMENTS – EQUITY ACCOUNTED

R million		
Associates	**65 417**	70 735
Joint ventures	**5 766**	2 987
	71 183	73 722

EQUITY ACCOUNTED INVESTMENTS RECONCILIATION

Carrying value at the beginning of the year	**73 722**	80 883
Change in accounting policies[1]	**(1 093)**	–
Restated balance at the beginning of the year	**72 629**	80 883
Share of net attributable profit	**4 517**	3 383
Dividends received	**(3 615)**	(4 259)
Exchange rate differences	**(472)**	1 779
Investments made[2]	**3 252**	675
Net impairments	**(5 534)**	(52)
Derecognition of equity accounted investments in Distell and Capevin	**–**	(3 885)
Transfer of Unilever to non-current assets held for sale	**–**	(3 588)
Businesses acquired	**–**	968
Equity accounted movements on reserves	**239**	(2 145)
Other movements	**167**	(37)
Carrying value at the end of the year	**71 183**	73 722

(1) *Refer to "Change in accounting policies" on page 131 for the impact of the implementation of new accounting standards.*
(2) *The year under review includes an investment of R2 855 million into CIVH.*

6. INVESTMENTS – EQUITY ACCOUNTED (continued)
NET IMPAIRMENTS OF EQUITY ACCOUNTED INVESTMENTS

Reversal of impairments/(impairments) were recognised for the following investments:

R million	30 June 2019	30 June 2018
Mediclinic	(3 898)	–
Best Global Brands Limited	(524)	–
PGSI	(378)	42
Grindrod	(300)	487
Other impairments	(434)	(581)
	(5 534)	(52)

The listed market value of the investment in Mediclinic is 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.

Best Global Brands Limited (BGB), a Distell associate, was impaired due to a significant devaluation of approximately 50% of the Angolan kwanza and its resulting impact on the Angolan economy which negatively affected the earnings of BGB. The recoverable amount is the fair value less cost of disposal.

6. INVESTMENTS – EQUITY ACCOUNTED (continued)
SHARE OF AFTER-TAX PROFIT OF EQUITY ACCOUNTED INVESTMENTS

R million	30 June 2019	30 June 2018
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)
	4 517	3 383
Continuing operations	**4 517**	2 893
Discontinued operations	**–**	490

7. LONG-TERM LOANS

	30 June 2019	30 June 2018
20 000 Class A 7.5% cumulative redeemable preference shares(1)	**3 488**	3 512
10 000 Class B 8.3% cumulative redeemable preference shares(1)	**4 312**	4 382
Exchangeable bonds with an effective interest rate of 4.5%	**6 117**	6 090
Various other loans	**7 205**	7 533
	21 122	21 517
Short-term portion of long-term loans	**(102)**	(1 201)
	21 020	20 316
8. ADDITIONS TO AND REPLACEMENT OF PROPERTY, PLANT AND EQUIPMENT	**2 543**	1 153
9. CAPITAL AND INVESTMENT COMMITMENTS(2) (Including amounts authorised but not yet contracted for)	**5 204**	4 366
10. GUARANTEES AND CONTINGENT LIABILITIES	**5**	9
11. DIVIDENDS RECEIVED FROM EQUITY ACCOUNTED INVESTMENTS SET OFF AGAINST INVESTMENTS	**3 615**	4 259

(1) *Refer to "Financing Activities" on page 122 for details pertaining to the refinancing of preference shares.*
(2) *During the year under review an investment commitment of R1 266 million was made to Milestone China Opportunities Fund IV.*

12. FAIR VALUE REMEASUREMENTS

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

- Financial instruments available-for-sale, at fair value through other comprehensive income (FVOCI), at fair value through profit and loss (FVPL) and investment in money market funds: Fair value is based on quoted market prices or, in the case of unlisted instruments, appropriate valuation methodologies, being discounted cash flow, liquidation valuation and actual net asset value of the investment.
- Derivative instruments: The fair values of derivative instruments, which are included in financial instruments at FVPL, are determined by using appropriate valuation methodologies and mark-to-market valuations.

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

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

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

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

12. FAIR VALUE REMEASUREMENTS (continued)

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

R million	Financial assets at FVOCI	Financial assets at FVPL	Financial liability at FVPL	Total
ASSETS				
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
LIABILITIES				
Balances at 1 July 2018	–	–	43	43
Put option exercised	–	–	(20)	(20)
Put option remeasurement	–	–	(23)	(23)
Balances at 30 June 2019	–	–	–	–

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. SEGMENT REVENUE

R million	Year ended 30 June 2019	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
Consolidated	**56 968**	31 115

DISAGGREGATED REVENUE INFORMATION

R million	Year ended 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 inter-segment revenue	**(102)**
Total revenue	**56 968**

14. RELATED PARTY TRANSACTIONS

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, 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%

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%).

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

For other related party transactions refer to note 6 and 11.

15. EVENTS AFTER YEAR-END

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

ANNEXURE A

SEGMENT REPORT
FOR THE YEAR ENDED 30 JUNE 2019

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						
Cash at the centre/Finance income	755	15 727	15 727	524	13 704	13 704
Debt at the centre/Finance costs	(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 in the Annual Financial Statements that is published on the Company's website at www.remgro.com.

[1] *Refer to note 4 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.*