Remgro Limited

2018 ANNUAL FINANCIAL STATEMENTS

CONTENTS

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 12.

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
19 September 2018

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 2018

AUDIT AND RISK COMMITTEE REPORT

TO THE SHAREHOLDERS OF REMGRO LIMITED

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

COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

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

COMPOSITION OF THE COMMITTEE

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

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

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

ROLE AND RESPONSIBILITIES

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

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

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

More information about the functioning of the committee and the matters dealt with in this report can be found in the Corporate Governance Report and Risk and Opportunities Management Report, 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 2018
- Determined the fees to be paid to the external auditor and their terms of engagement
- Ensured that the appointment of the external auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors
- Determined the nature and extent of any non-audit services that the external auditor may provide to the Company and its wholly owned subsidiaries administered by Remgro Management Services Limited (RMS)
- Pre-approved any proposed agreement with the external auditor for the provision of non-audit services to the Company and its wholly owned subsidiaries administered by RMS

EXTERNAL AUDIT

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

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

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

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

INTERNAL FINANCIAL CONTROL AND ACCOUNTING SYSTEMS

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

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

EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

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

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

- **Accounting for equity accounted investments**
  Management exercises judgement when investments are classified as associates rather than subsidiaries or financial instruments at fair value. Remgro may have *de facto* control over certain associates, with specific reference to the investment in Mediclinic International plc (Mediclinic), in which Remgro holds less than 50% of the voting rights. The committee considered these judgements and is satisfied with these classifications. Refer to note 4.1 to the annual financial statements 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. Refer to note 2 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, Mediclinic, 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 2018

REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2018

Dear Shareholder

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

NATURE OF ACTIVITIES

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

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

RESULTS

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

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

INVESTMENT ACTIVITIES

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

DISTELL GROUP HOLDINGS LIMITED (DISTELL)

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

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

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

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

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

RMI HOLDINGS LIMITED (RMI HOLDINGS)

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

GRINDROD LIMITED (GRINDROD)

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

KAGISO INFRASTRUCTURE EMPOWERMENT FUND (KIEF)

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

INVENFIN PROPRIETARY LIMITED (INVENFIN)

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

PEMBANI REMGRO INFRASTRUCTURE FUND (PRIF)

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

OTHER

Other smaller investments amounted to R114 million.

EVENTS AFTER YEAR-END

UNILEVER SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED (UNILEVER)

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

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

RMI HOLDINGS

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

COMMUNITY INVESTMENT VENTURES HOLDINGS PROPRIETARY LIMITED (CIVH)

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

MILESTONE CAPITAL STRATEGIC HOLDINGS LIMITED (MCSH)

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

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

CASH RESOURCES AT THE CENTRE

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

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

On 30 June 2018, approximately 29% (R3 996 million) of the available cash at the centre was invested in money market funds which are not classified as cash and cash equivalents on the statement of financial position. Refer to note 5 to the annual financial statements for further details.

GROUP FINANCIAL REVIEW

STATEMENT OF FINANCIAL POSITION

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

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

INCOME STATEMENT

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

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

SHARE INCENTIVE SCHEME

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

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

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

Refer to note 8 to the annual financial statements for further details on the SAR Scheme.

TREASURY SHARES

At 30 June 2017, 1 666 638 Remgro ordinary shares (0.3%) were held as treasury shares by a wholly owned subsidiary of Remgro. As previously reported, these shares were acquired for the purpose of hedging Remgro's share incentive scheme.

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

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

PRINCIPAL SHAREHOLDER

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

An analysis of the shareholders appears on pages 101 and 102.

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 14 to 15 of the Integrated Annual Report.

Mr W E Bührmann has retired as an executive director from the Board of Remgro on 30 April 2018. He has reached his normal retirement age of 63 for executive directors. The Board wishes to thank him for his valuable contribution over many years.

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

DIRECTORS' INTERESTS

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

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

An analysis of directors' interests in the issued capital of the Company appears on page 103.

DIRECTORS' EMOLUMENTS

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

ACQUISITION OF SHARES OF THE COMPANY

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

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

AUTHORITY TO PLACE ORDINARY SHARES UNDER THE CONTROL OF THE DIRECTORS

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

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

DECLARATION OF CASH DIVIDEND

DECLARATION OF CASH DIVIDEND NO. 36

Notice is hereby given that a final gross dividend of 328 cents (2017: 301 cents) per share has been declared out of income reserves in respect of both the ordinary shares of no par value and the unlisted B ordinary shares of no par value, for the year ended 30 June 2018.

A dividend withholding tax of 20% or 65.6 cents per share will be applicable, resulting in a net dividend of 262.4 cents per share, unless the shareholder concerned is exempt from paying dividend withholding tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

The total gross dividend per share for the year ended 30 June 2018 therefore amounts to 532 cents, compared to 495 cents for the year ended 30 June 2017.

The issued share capital at the declaration date is 529 217 007 ordinary shares and 39 056 987 B ordinary shares. The income tax number of the Company is 9500-124-71-5.

PAYMENT

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

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

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

SECRETARY

The name and address of the Company Secretary appears on page 17 of the Integrated Annual Report.

APPROVAL

The comprehensive Annual Financial Statements set out on pages 21 to 100 have been approved by the Board.
Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
19 September 2018

INDEPENDENT AUDITOR'S REPORT

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 2018, 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 (IFRS) 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 21 to 100 comprise:

- the consolidated statement of financial position as at 30 June 2018 and the separate statement of financial position as at 30 June 2018;
- 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.

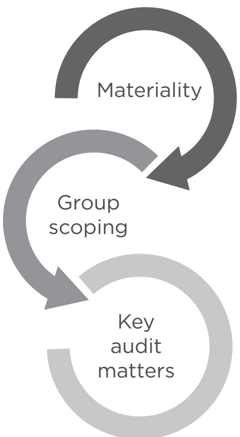
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

OUR AUDIT APPROACH

OVERVIEW



Overall Group materiality

- R510 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, independent reviews or specified procedures were performed for components that are financially significant in aggregate with other components; and
- High level analytical procedures were performed over the remaining non-significant components.

Key audit matters

Consolidated financial statements

- Accounting for equity accounted investments;
- Accounting for the restructuring of the ownership structure of Distell Group Holdings Limited;
- Impairment assessment of equity accounted investments; 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 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	R510 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 3.1 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 nine components, of which these 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 line item or items were considered to be significant or an area of higher risk. In addition, full scope audits, independent reviews 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 high level 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 judgement, 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, 4.2 and 10.9 of the consolidated financial statements) The Group holds significant investments which are equity accounted for 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 2018 was R2 893 million from continuing operations and R490 million from discontinued operations and the carrying value of the Group's equity accounted investments was R73 722 million at 30 June 2018. 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 investments' 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; and • The conversion of Mediclinic's financial information from its presentation currency (British Pound) to the Group's presentation currency as at 30 June 2018.	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 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 to 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 agreeing the Group's share in equity accounted earnings, other comprehensive income and equity movements to the financial statements of the investee companies, and tracing them 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 associates and joint ventures 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 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, 4.2 and 10.9 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 in order to identify any significant or abnormal transactions that occurred in the period from 1 April 2018 to 30 June 2018, 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 2018. 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 procedures to identify subsequent events that occurred between Mediclinic's year-end (31 March 2018) 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.
Accounting for the restructuring of the ownership structure of Distell Group Holdings Limited (refer to note 15.1 of the consolidated financial statements) The restructuring of the multi-tiered ownership structure of Distell Group Limited was concluded during the current year. In terms of the restructuring, the Group exchanged its shareholding in Capevin Holdings Limited (Capevin) and Remgro-Capevin Investments Proprietary Limited (Remgro-Capevin) for a shareholding in Distell Group Holdings Limited (Distell), a newly listed entity substantially similar to Distell Group Limited. The restructuring had no impact on Remgro's intrinsic net asset value and Remgro retained its 31.8% economic interest in Distell, but increased its voting rights in Distell to 56.0%. The voting rights obtained give Remgro the power to control decisions at a Distell board level and consequently the relevant activities. Accordingly, Distell is classified as a subsidiary following the restructuring. In accordance with *IFRS 3 Business Combinations*, the Group has consolidated Distell from the business combination acquisition date. The Group's previously held equity accounted investments in Capevin and Remgro-Capevin were treated as if they were disposed of in return for the controlling interest in the subsidiary. Remgro recognised a profit of R5 150 million on the derecognition of these investments. Based on the provisional amounts in the initial business combination accounting prepared by management, the transaction resulted in the recognition of identifiable net assets at fair value acquired of R17 298 million, non-controlling interest of R11 893 million and goodwill of R3 535 million.	The following audit procedures were performed for the restructuring transaction and the business combination accounting of the tangible and intangible assets identified: • In order to gain an understanding of the transaction, we obtained the contractual agreements relating to the transaction and read significant contract terms relevant to the accounting and disclosures in the financial statements. We recalculated Remgro's effective interest and voting rights in Distell and noted no variances; • We inspected the Memorandum of Incorporation of Distell in order to assess whether the rights attached to the unlisted B shares held by Remgro give it the power to control Distell's relevant activities. We found that the current voting rights held give Remgro the power to control Distell's relevant activities; and • Taking into account the understanding obtained from the agreements and significant contract terms, we tested the profit recognised as well as the journal entries and supporting workings relating to the derecognition of the equity accounted investments in Capevin and Remgro-Capevin. No material differences were noted. Regarding the purchase price consideration and 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 expertise to assess the methodology adopted by management and the underlying assumptions applied by management which included the following: – the purchase consideration (the fair value of the investments in Capevin and Remgro-Capevin);

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Accounting for the restructuring of the ownership structure of Distell Group Holdings Limited (refer to note 15.1 of the consolidated financial statements) *(continued)*

We considered the accounting for the restructuring of the ownership structure of Distell to be a matter of most significance to our current year audit due to the following:

- The materiality of the transaction and the judgement involved in the business combination accounting of the tangible and intangible assets identified;
- The valuation of the intangible assets required specialist skills and knowledge; and
- Management assigned indefinite useful lives to certain intangible assets acquired.

  - the discount rate; and
  - the appropriateness of the methods used to determine the fair value of the various intangible assets.

  We found the methodology adopted by management and the assumptions applied by management to be reasonable;

- We recalculated the purchase consideration based on the traded share price of Distell and Capevin on the day of the acquisition, taking into consideration any control premium and a discount for lack of marketability. We noted no material differences;
- Our valuation experts 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 report used by management. No material differences were noted. We assessed whether the expert used by management was independent of the Group and registered with an appropriate professional body. We found management's expert to be independent and registered with an appropriate professional body. On a sample basis, our component team inspected the title deeds of the properties included in the valuation and they found the selected properties to be owned by Distell;
- We instructed our component team to perform specific procedures on the opening balance sheet of Distell at the acquisition date focusing on cut-off. No material differences were noted;
- We specifically considered the completeness of liabilities (including provisions for contractual commitments and for legal and other contingencies) to assess whether the opening balance sheet was appropriately stated at fair value. This was done, among others, through the circulation of lawyers confirmations by our component team. We found the opening balance sheet to be reasonably stated at fair value; and
- We further inspected the working papers of the component audit team, held meetings to discuss the outcome of their procedures and reviewed all deliverables submitted by the component audit team. We found the procedures performed by the component team to be in line with the set objectives.

Regarding the indefinite useful lives assigned by management to certain intangible assets, we inspected the relevant strategic plans of Distell to corroborate the indefinite useful lives applied to these brands recognised in the acquisition. We further 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 reasonable.

We reviewed the disclosures regarding the transaction in the consolidated financial statements and no material differences were noted.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Impairment assessment of equity accounted investments (refer to notes 2 and 4.4 of the consolidated financial statements)
 	
The Group has significant equity accounted investments. In terms of *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 as at 30 June 2018. Based on management's assessment, impairment losses to the value of R581 million were recognised on the investments in Business Partners Limited, eMedia Investments Proprietary Limited, Main Street 1131 (RF) Proprietary Limited, PressureRite Proprietary Limited and Premier Team Holdings 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 fair value less costs of disposal using:
 	
• discounted cash flows; or
• net asset values of the underlying assets; or
• comparable market price at 30 June 2018.
 	
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 and key assumptions in calculating the recoverable amounts of the equity accounted investments. The key assumptions applied by management included the discount rate, the growth rate and cash flow projections.
	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 equity accounted investments that have listed shares, we agreed the market values of the listed investment to quoted market prices at the reporting date. No impairment indicators were noted;
	• For unlisted equity accounted investments, we obtained management's valuations of the unlisted investments and performed the following procedures:
	  – We challenged management by utilising our valuation expertise 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 and corroborated the assumptions within the discount rates with third party sources. We found the calculation to be within a reasonable range; and
	  – 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.

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 which mainly originated from the acquisition of Distell in the current year and New Foodcorp Holdings Proprietary Limited in a previous year. 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. Based on their impairment assessment and impairment calculations, management did not recognise any impairment loss and consequently, no impairment losses were allocated to goodwill and indefinite life intangible assets.	Our audit procedures included, among 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 revenue growth, discount rate, perpetuity growth rate and working capital assumptions. We agreed these key inputs to the business plans approved by the Board 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 expertise to test the appropriateness and reasonableness of the discount rate by comparing the discount rate to industry norms and we found the discount rate used by management to be within an acceptable range.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Goodwill and indefinite life intangible asset impairment assessments (refer to note 10.3 of the consolidated financial statements) ***(continued)*** Management performed a sensitivity analysis by varying the key assumptions used (discount rate and perpetuity growth rate) to assess the impact on the valuations. Refer to note 10.3 to the consolidated financial statements for the results of management's sensitivity analysis. We considered the impairment assessments of goodwill and the impairment assessment of 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; • The applicable disclosure requirements; and • The judgement and assumptions applied by management in their impairment assessment.	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 determine the degree by which the key assumptions needed to change in order to trigger an impairment. We found a reasonable head room for impairment and the key assumptions applied by management to be 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 investment 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 R10 746 million was recognised in the current year, reflecting a write-down to the investment's recoverable amount at 30 June 2018. The impairment assessment of the investment in this subsidiary performed by management and the impairment loss recognised was considered to be a matter of most significance to our current year audit because of the financial significance of impairment loss recognised to the Company's financial statements.	We obtained management's calculation of the investment's recoverable amount and obtained an understanding of the process followed by management. We agreed the value of the shares held in Mediclinic to the quoted market price at 30 June 2018 which would be the recoverable amount. We recalculated the shortfall between the investment's cost and recoverable amount and agreed it to the impairment loss recognised in the Company's financial statements by management. No material differences were noted in this regard.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the *Remgro Limited 2018 Annual Financial Statements* which include 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 *Remgro Limited 2018 Integrated Annual Report*. Other information does not include the consolidated and 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 IFRS 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 50 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 70 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: A Wentzel
Registered Auditor

Stellenbosch
19 September 2018

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2018

R million	Notes	30 June 2018	30 June 2017
ASSETS			
Non-current assets			
Property, plant and equipment	10.1	**13 626**	6 668
Investment properties	10.2	**119**	129
Intangible assets	10.3	**18 427**	4 927
Investments – Equity accounted	4.1	**73 722**	80 883
– Available-for-sale	4.3	**3 067**	3 345
Retirement benefits	10.4	**737**	201
Loans		**697**	562
Deferred taxation	11.1	**158**	23
		110 553	96 738
Current assets		**40 375**	22 317
Inventories	10.5	**10 967**	3 055
Biological agricultural assets	10.6	**807**	791
Debtors and short-term loans	10.7	**8 599**	4 885
Derivative instruments	6.3	**12**	1
Taxation		**81**	84
Investment in money market funds	5.1	**3 996**	5 888
Cash and cash equivalents	5.2	**12 169**	7 524
		36 631	22 228
Assets held for sale	10.9	**3 744**	89
Total assets		**150 928**	119 055
EQUITY AND LIABILITIES			
Stated capital	7.1	**13 416**	13 416
Reserves	7.2	**84 865**	79 235
Treasury shares		**(183)**	(219)
Shareholders' equity		**98 098**	92 432
Non-controlling interest	7.3	**15 348**	2 870
Total equity		**113 446**	95 302
Non-current liabilities		**25 891**	18 493
Retirement benefits	10.4	**195**	173
Long-term loans	6.1	**20 316**	16 446
Deferred taxation	11.1	**5 268**	1 511
Derivative instruments	6.3	**112**	363
Current liabilities		**11 591**	5 260
Trade and other payables	10.8	**9 904**	4 710
Short-term loans	6.2	**1 557**	480
Derivative instruments	6.3	**77**	62
Taxation		**53**	7
		11 591	5 259
Liabilities held for sale	10.9	**–**	1
Total equity and liabilities		**150 928**	119 055

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

R million	Notes	30 June 2018	30 June 2017
CONTINUING OPERATIONS			
Sales	12.1	**31 115**	27 600
Inventory expenses		**(17 814)**	(16 138)
Staff costs	12.2	**(5 641)**	(4 972)
Depreciation	12.3	**(810)**	(752)
Other net operating expenses	12.3	**(5 590)**	(4 978)
Trading profit		**1 260**	760
Dividend income	4.5	**112**	61
Interest received		**886**	633
Fair value adjustment on exchangeable bonds' option		**261**	687
Finance costs		**(1 266)**	(1 255)
Net impairment of investments, loans, assets and goodwill	12.3	**(202)**	105
Profit on sale and dilution of investments	12.3	**5 188**	199
Consolidated profit before tax		**6 239**	1 190
Taxation	11.3	**(423)**	(227)
Consolidated profit after tax		**5 816**	963
Share of after-tax profit of equity accounted investments	4.2	**2 893**	7 099
Net profit for the year from continuing operations		**8 709**	8 062
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	10.9	**490**	446
Net profit for the year		**9 199**	8 508
Attributable to:			
Equity holders		**8 943**	8 431
Continuing operations		**8 453**	7 985
Discontinued operations		**490**	446
Non-controlling interest		**256**	77
		9 199	8 508
EARNINGS PER SHARE (cents)	3.2		
Basic		**1 577.9**	1 523.4
Continuing operations		**1 491.4**	1 442.8
Discontinued operations		**86.5**	80.6
Diluted		**1 567.5**	1 517.2
Continuing operations		**1 481.1**	1 436.8
Discontinued operations		**86.4**	80.4

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

R million	Equity reserves	Other reserves	Fair value reserves	Retained earnings	Share-holders' equity	Non-controlling interest	Total equity
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
30 June 2017							
Net profit for the year				8 431	8 431	77	8 508
Other comprehensive income, net of tax	300	(2 299)	84	(178)	(2 093)	(4)	(2 097)
Items that may be reclassified subsequently to the income statement:							
Exchange rate adjustments	(1 958)	(2 289)	1	(227)	(4 473)	(4)	(4 477)
Fair value adjustments for the year	–	(1)	70	–	69	–	69
Deferred taxation on fair value adjustments	–	–	21	–	21	–	21
Reclassification of other comprehensive income to the income statement	(3)	(9)	(8)	1	(19)	(1)	(20)
Other comprehensive income of equity accounted investments	2 245	–	–	–	2 245	–	2 245
Items that will not be reclassified to the income statement:							
Remeasurement of post-employment benefit obligations	–	–	–	66	66	2	68
Deferred taxation on remeasurement of post-employment benefit obligations	–	–	–	(18)	(18)	(1)	(19)
Change in reserves of equity accounted investments	16	–	–	–	16	–	16
Total comprehensive income for the year	300	(2 299)	84	8 253	6 338	73	6 411

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

R million	Stated and issued capital	Treasury shares	Equity reserves	Other reserves	Fair value reserves	Retained earnings	Share-holders' equity	Non-controlling interest	Total equity
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**
30 June 2017									
Balances at 1 July	3 605	(217)	28 582	1 844	728	44 302	78 844	2 813	81 657
Total comprehensive income for the year	–	–	300	(2 299)	84	8 253	6 338	73	6 411
Dividends paid	–	–	–	–	–	(2 657)	(2 657)	(51)	(2 708)
Transactions with non-controlling shareholders	–	–	–	3	–	(2)	1	17	18
Transfer between reserves and other movements	–	–	(107)	121	–	–	14	4	18
Transfer of retained income of equity accounted investments	–	–	3 895	–	–	(3 895)	–	–	–
Long-term share incentive scheme reserve	–	30	–	83	–	–	113	14	127
Shares issued	9 945	–	–	–	–	–	9 945	–	9 945
Share issue costs	(134)	–	–	–	–	–	(134)	–	(134)
Purchase of treasury shares by wholly owned subsidiary	–	(32)	–	–	–	–	(32)	–	(32)
Balances at 30 June	13 416	(219)	32 670	(248)	812	46 001	92 432	2 870	95 302

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

R million	Notes	30 June 2018	30 June 2017
Cash flows – operating activities			
Trading profit		**1 260**	760
Adjustments	5.3.1	**1 121**	870
Trading profit before working capital changes		**2 381**	1 630
Working capital changes	5.3.2	**(285)**	611
Cash generated from operations		**2 096**	2 241
Cash flow generated from returns on investments		**4 668**	4 796
Interest received		**879**	633
Dividends received	5.3.3	**3 789**	4 163
Finance costs		**(1 159)**	(1 179)
Taxation paid	5.3.4	**(657)**	(363)
Cash available from operating activities		**4 948**	5 495
Dividends paid	5.3.5	**(2 934)**	(2 708)
Cash inflow from operating activities		**2 014**	2 787
Cash flows – investing activities			
Investment in property, plant and equipment to maintain operations		**(522)**	(402)
Investment in property, plant and equipment and other assets to expand operations		**(746)**	(955)
Proceeds on disposal of property, plant and equipment and other assets		**289**	235
Additions to investments and loans		**(339)**	(1 014)
Businesses acquired	15	**1 223**	–
Businesses disposed	16	**4**	–
Proceeds on disposal of investments and loans		**407**	402
Acquisition of money market funds		**(100)**	(4 838)
Disposal of money market funds		**1 992**	–
Cash inflow/(outflow) from investing activities		**2 208**	(6 572)
Cash flows – financing activities			
Proceeds from shares issued		**–**	9 945
Share issue costs		**–**	(134)
Purchase of treasury shares		**–**	(32)
Loans repaid		**(118)**	(1 477)
Loans advanced		**156**	233
Investments in subsidiary companies		**(6)**	–
Capital invested by non-controlling shareholders		**46**	18
Cash inflow from financing activities		**78**	8 553
Net increase in cash and cash equivalents		**4 300**	4 768
Exchange rate profit/(loss) on foreign cash		**213**	(424)
Cash and cash equivalents at the beginning of the year		**7 472**	3 128
Cash and cash equivalents at the end of the year		**11 985**	7 472
Cash and cash equivalents – per statement of financial position		**12 169**	7 524
Bank overdraft		**(184)**	(52)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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 the amendments to *IAS 7: Cash Flow Statements*, *IAS 12: Income Taxes* and *IFRS 12: Disclosure of Interest in Other Entities*. The implementation of these standards had no impact on the results of either the current or prior years.

The 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 DURING THE YEAR UNDER REVIEW ON THE FINANCIAL STATEMENTS

Effective 11 May 2018, Distell Group Limited's multi-tiered ownership structure was restructured (refer to note 15 for further details). In terms of the restructuring, Remgro exchanged its equity accounted investments in Remgro-Capevin Investments Proprietary Limited (RCI) (a joint venture) and Capevin Holdings Limited (Capevin) (an associate) for a direct investment in a new listed entity, Distell Group Holdings Limited (Distell). Remgro retained its 31.8% effective economic interest in the underlying Distell business. However, as part of the reorganisation, Remgro acquired all Distell's unlisted B shares that increased its voting rights in that company to 56.0%. As Remgro gained the majority of Distell's voting rights, the equity accounted investments 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 and financial position are therefore not comparable to that of the current year on a line-by-line basis due to the effect of the transaction.

Effective 2 July 2018, Remgro disposed of its investment in Unilever South Africa Holdings Proprietary Limited (refer to note 10.9). 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 discontinuing operation. Accordingly, the Group's 2017 results were restated to make the required disclosures.

(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 IAS 39 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.

(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 available-for-sale financial assets 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 2018	30 June 2017	Movement (%)
CLOSING EXCHANGE RATES			
SA rand/British pound	**18.0986**	17.0648	*(6.1)*
SA rand/USA dollar	**13.7095**	13.1062	*(4.6)*
SA rand/Swiss franc	**13.8316**	13.6612	*(1.2)*
SA rand/Euro	**16.0041**	14.9701	*(6.9)*
AVERAGE EXCHANGE RATES			
SA rand/British pound	**17.2904**	17.2386	*(0.3)*
SA rand/USA dollar	**12.8506**	13.5915	*5.5*
SA rand/Swiss franc	**13.2329**	13.7121	*3.5*
SA rand/Euro	**15.3230**	14.8204	*(3.4)*

(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 instruments carried at amortised cost**

  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.

1. ACCOUNTING POLICIES (continued)

(IV) IMPAIRMENT OF ASSETS (continued)

Other assets (continued)

- **Financial instruments carried at amortised cost (continued)**

  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**

  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 twelve months after the reporting date, or the Group does not have an unconditional right to defer settlement for at least twelve 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.

(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.

(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 4.1 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.

1. ACCOUNTING POLICIES (continued)

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

Critical judgements in applying the Group's accounting policies (continued)

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:

- Associates' and joint ventures' carrying values are mainly recovered through non-taxable dividends and deferred tax on temporary differences is therefore raised at nil percent.
- Available-for-sale financial instruments' 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 (specifically referring to the consolidation of Distell in the current year).

Other significant estimates and assumptions

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

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

Additional segmental information is disclosed in note 12.1.

(1) *Refer to note 3.1 for the calculation of headline earnings.*
(2) *Total book value equals shareholders' equity.*

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.

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 are determined as follows:

- **Listed investments** – number of shares held multiplied by the quoted share price at the reporting date (Level 1)
- **Unlisted investments** – directors' valuations using valuation methodology as indicated below (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 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 "available-for-sale" is included in "other net corporate assets".

The disclosed values for Distell for the previous year include the investment in Capevin.

Valuation of unlisted investments

Remgro values its unlisted investments taking into account relevant shareholders' agreements that impact Remgro's rights and obligations pertaining to each investment. Accordingly, an average market participant who may not have these specific rights and obligations may come to different conclusions regarding the value of the investments.

The main assumptions used in the valuation of unlisted investments were discount rates, which varied between 10.1% and 14.1% (2017: 10.7% and 13.9%), and terminal growth rates, which varied between 4.0% and 1.0% (2017: 4.6% and 1.0%).

It is Remgro's policy not to apply a control premium to the valuation of investments where it holds a controlling interest. 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)
CIV group	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
Unilever	Agreed transaction price (2017: Discounted cash flow method)
Wispeco	Discounted cash flow method

Non-current assets, amounting to R38 222 million (2017: R38 271 million), are located in foreign countries.

3. RESULTS

3.1 EARNINGS AND DIVIDENDS

R million	30 June 2018 Gross	Net	30 June 2017 Gross	Net
HEADLINE EARNINGS RECONCILIATION				
CONTINUING OPERATIONS				
Net profit for the year attributable to equity holders (earnings)		**8 453**		7 985
– Impairment of equity accounted investments	**580**	**580**	177	177
– Reversal of impairment of equity accounted investments	**(529)**	**(529)**	(479)	(479)
– Impairment of available-for-sale investments	**44**	**44**	5	5
– Impairment of property, plant and equipment	**71**	**46**	181	102
– Profit on sale and dilution of equity accounted investments	**(5 156)**	**(5 156)**	(208)	(208)
– Loss on sale and dilution of equity accounted investments	**52**	**39**	9	9
– Profit on sale of available-for-sale investments	**(116)**	**(92)**	(15)	(13)
– Loss on sale of available-for-sale investments	**–**	**–**	15	17
– Profit on disposal of property, plant and equipment	**(114)**	**(78)**	(110)	(67)
– Recycling of foreign currency translation reserves	**(10)**	**(10)**	–	–
– Impairment of intangible assets	**34**	**10**	–	–
– Loss on sale of subsidiary	**42**	**42**	–	–
– Non-headline earnings items included in equity accounted earnings of equity accounted investments	**4 726**	**4 725**	220	244
– Profit on disposal of property, plant and equipment	**(44)**	**(40)**	(22)	(21)
– Profit on the sale of investments	**(583)**	**(583)**	(351)	(330)
– Loss on the sale of investments	**78**	**78**	26	26
– Impairment of investments, assets and goodwill	**5 935**	**5 929**	668	670
– Recycling of foreign currency translation reserves	**(647)**	**(647)**	(83)	(83)
– Other headline earnings adjustable items	**(13)**	**(12)**	(18)	(18)
Headline earnings from continuing operations		**8 074**		7 772
DISCONTINUED OPERATIONS				
Net profit for the year attributable to equity holders (earnings)		**490**		446
– Non-headline earnings items included in equity accounted earnings of equity accounted investments				
– Loss on disposal of property, plant and equipment	**12**	**9**	3	3
Headline earnings from discontinued operations		**499**		449
Total headline earnings from continuing and discontinued operations		**8 573**		8 221
Option remeasurement		**(261)**		(687)
Headline earnings, excluding option remeasurement		**8 312**		7 534

Included in headline earnings is a positive fair value adjustment of R261 million (2017: positive fair value adjustment of R687 million), relating to the change 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 2018	30 June 2017
EARNINGS PER SHARE		
Headline earnings per share		
Basic	1 512.6	1 485.5
Continuing operations	1 424.6	1 404.4
Discontinued operations	88.0	81.1
Diluted	1 504.5	1 479.5
Continuing operations	1 416.5	1 398.5
Discontinued operations	88.0	81.0
Headline earnings per share, excluding option remeasurement		
Basic	1 466.5	1 361.3
Continuing operations	1 378.5	1 280.2
Discontinued operations	88.0	81.1
Diluted	1 458.4	1 355.5
Continuing operations	1 370.4	1 274.5
Discontinued operations	88.0	81.0
Earnings per share		
Basic	1 577.9	1 523.4
Continuing operations	1 491.4	1 442.8
Discontinued operations	86.5	80.6
Diluted	1 567.5	1 517.2
Continuing operations	1 481.1	1 436.8
Discontinued operations	86.4	80.4
DIVIDEND PER SHARE		
Ordinary	532	495
Interim	204	194
Final	328	301
ASSET VALUE PER SHARE		
Intrinsic net asset value (Rand)	256.97	251.48
Book net asset value (Rand)	173.04	163.13
Remgro share price (Rand)	204.29	213.46
Percentage discount to intrinsic net asset value (%)	20.5	15.1

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 2018 Number of shares	30 June 2017 Number of shares
Number of shares in issue at the beginning of the year	568 273 994	516 612 722
Adjustment for the rights issue during the previous year	–	9 994 195
Weighted number of shares issued during the year	–	28 539 094
Weighted number of treasury shares	(1 500 301)	(1 722 665)
Weighted number of shares	566 773 693	553 423 346

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 Appreciation Right Scheme (the SAR Scheme), 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, R53 million (2017: R23 million) and R41 million (2017: R23 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 2018, R41 million (2017: R23 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 2018 Number of shares	30 June 2017 Number of shares
Weighted number of shares	566 773 693	553 423 346
Adjustment for potential dilutive effect of the SAR Scheme	355 859	714 157
Diluted weighted number of shares	567 129 552	554 137 503

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 328 cents (2017: 301 cents) per share has been declared out of income reserves in respect of both the ordinary shares of no par value and the unlisted B ordinary shares of no par value, for the year ended 30 June 2018.

A dividend withholding tax of 20% or 65.6 cents per share will be applicable, resulting in a net dividend of 262.4 cents per share, unless the shareholder concerned is exempt from paying dividend withholding tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

The total gross dividend per share for the year ended 30 June 2018 therefore amounts to 532 cents, compared to 495 cents for the year ended 30 June 2017.

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

4. INVESTMENTS

R million	30 June 2018	30 June 2017
Associates	70 735	75 392
Joint ventures	2 987	5 491
Investments – equity accounted	**73 722**	80 883
Investments – available-for-sale	3 067	3 345
Total investments	**76 789**	84 228

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. 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.

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 Holdings	Associate	South African investment holding company with significant investments in the insurance sector
CIV group	Joint venture	South African holding company that builds, owns, maintains and monitors its fibre-optic network and related infrastructure

4.1.1 ASSOCIATES

R million	30 June 2018 *Listed*	30 June 2018 *Unlisted*	30 June 2018 Total	30 June 2017 *Listed*	30 June 2017 *Unlisted*	30 June 2017 Total
Shares – at cost	**38 034**	**4 846**	**42 880**	37 754	7 141	44 895
Equity adjustment	**23 410**	**4 249**	**27 659**	25 591	4 673	30 264
Carrying value	**61 444**	**9 095**	**70 539**	63 345	11 814	75 159
Long-term loans	**–**	**196**	**196**	–	233	233
	61 444	**9 291**	**70 735**	63 345	12 047	75 392
Market values of listed investments	**95 424**			96 606		

Reconciliation of carrying value at the beginning and end of the year (R million)	30 June 2018	30 June 2017
Carrying value at the beginning of the year	**75 392**	73 418
Share of net attributable profit of associates	**2 912**	7 160
Dividend received from associates	**(4 076)**	(3 614)
Investments made[(1)]	**675**	442
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 10.9)	**(3 588)**	–
Transfers to joint venture	**(162)**	–
Dilutionary effects	**(3)**	132
Exchange rate differences	**1 783**	(4 950)
Net reversal of impairments[(2)]	**32**	317
Equity accounted movements on reserves	**(2 110)**	2 420
Loans advanced	**20**	69
Loan repaid	**(56)**	(2)
Carrying value at the end of the year	**70 735**	75 392

(1) *The year under review includes an investment in RMI Holdings of R471 million. The previous year includes investments in Capevin of R265 million, Dynamic Commodities of R82 million and Joya Brands of R51 million.*

(2) *Certain investments were impaired to their fair values less cost of disposal (refer note 4.4). In previous financial years, Grindrod was impaired by R1.9 billion. This impairment has subsequently been reversed by R487 million (2017: R478 million) as the listed market price of the investment significantly exceeded its previously impaired carrying value.*

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 Holdings	RMH	FirstRand	Mediclinic
Summarised statement of comprehensive income				
Revenue	14 297	26	49 098	49 421
Profit before tax	5 403	8 582	36 094	(8 248)
Taxation	(1 136)	(22)	(7 950)	86
Profit after tax	4 267	8 560	28 144	(8 162)
Attributable to non-controlling shareholders	(370)	–	(1 598)	(310)
Attributable profit 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%	44.58%*
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)

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.

R million	Year ended 30 June 2017 RMI Holdings	30 June 2017 RMH	FirstRand	31 March 2017 Mediclinic
Summarised statement of comprehensive income				
Revenue	14 200	16	44 917	50 609
Profit before tax	4 789	8 207	33 157	5 652
Taxation	(1 084)	(5)	(7 018)	(1 178)
Profit after tax	3 705	8 202	26 139	4 474
Attributable to non-controlling shareholders	(378)	–	(1 567)	(258)
Attributable profit for the year	3 327	8 202	24 572	4 216
Headline earnings	3 441	7 927	23 762	4 216
Other comprehensive income attributable to shareholders	(620)	(698)	(1 998)	7 474
Total comprehensive income attributable to shareholders	2 707	7 504	22 574	11 690
Summarised statement of financial position				
Net advances, loans and bank-related securities	672	–	131 852	–
Intangible assets	90	–	1 686	36 792
Property, plant and equipment and other	1 338	–	9 388	63 549
Investments and loans	36 837	43 578	7 842	8 072
Current assets	2 478	56	9 025	18 242
Total assets	41 415	43 634	159 793	126 655
	(22 140)	(2 253)	(50 909)	(56 928)
Non-controlling interest	(1 215)	–	(8 300)	(1 331)
Non-current liabilities	(19 536)	(2 166)	(25 318)	(45 529)
Current liabilities	(1 389)	(87)	(17 291)	(10 068)
Net assets	19 275	41 381	108 884	69 727
Reconciliation to carrying value				
Remgro's effective interest	29.86%	28.15%	3.92%	44.58%*
Remgro's effective interest in net assets	5 756	11 651	4 267	31 086
Goodwill/bargain purchase adjustment	1 521	2 365	744	2 941
Dividends received subsequent to associates' reporting date	–	–	–	(264)
Carrying value at 30 June 2017	7 277	14 016	5 011	33 763
Fair value of listed investments	17 532	23 350	10 365	41 568
Dividends received	531	1 216	521	441

* *Remgro's interest in Mediclinic on 31 March 2017. 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 2018	30 June 2017
Information pertaining to Remgro's other associates is aggregated:		
Carrying value	**12 012**	15 325
The Group's share of:		
– Profit from operations	**2 087**	1 005
– Other comprehensive income	**603**	(343)
– Total comprehensive income	**1 484**	662
– Headline earnings	**1 404**	1 162

4.1.2 JOINT VENTURES

Unlisted shares – at cost	**2 197**	1 958
Equity adjustment	**415**	3 160
Carrying value	**2 612**	5 118
Long-term loans	**375**	373
	2 987	5 491
Reconciliation of carrying value at the beginning and end of the year		
Carrying value at the beginning of the year	**5 491**	5 147
Share of net attributable profit of joint ventures	**471**	385
Dividend received from joint ventures	**(183)**	(247)
Investment made[1]	**–**	329
Businesses acquired (refer note 15)	**120**	–
Dilutionary effects	**(1)**	64
Exchange rate differences	**(4)**	3
Impairments[2]	**(84)**	(17)
Equity accounted movements on reserves	**(35)**	(164)
Loans advanced	**47**	45
Loan repaid	**(44)**	(54)
Derecognition of equity accounted investment in Distell (refer note 15)	**(2 953)**	–
Transfers from associate	**162**	–
Carrying value at the end of the year	**2 987**	5 491

(1) *During the previous year, Remgro invested R329 million in CIV group.*
(2) *The investment in Mainstreet 1131 was impaired to its fair value less cost of disposal (refer note 4.4).*

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 the CIV group, the Group's most significant joint venture that is accounted for using the equity method.

The investment in Distell (which was held through RCI) was reclassified as a subsidiary investment during the year under review following a restructuring of the Distell ownership structure. Refer to note 15 for further details.

R million	30 June 2018 CIV group	30 June 2017 CIV group	30 June 2017 Distell
Summarised statement of comprehensive income			
Revenue	**1 917**	1 630	22 259
Depreciation and amortisation	**(584)**	(499)	(439)
Interest income	**4**	7	69
Interest expense	**(533)**	(409)	(289)
Profit before tax	**65**	23	1 913
Taxation	**(35)**	(48)	(616)
Profit after tax	**30**	(25)	1 297
Attributable to non-controlling shareholders	**(2)**	1	–
Attributable profit for the year	**28**	(24)	1 297
Headline earnings	**29**	153	1 553
Other comprehensive income attributable to shareholders	**–**	–	(537)
Total comprehensive income attributable to shareholders	**28**	(24)	760
Summarised statement of financial position			
Non-current assets	**9 653**	8 164	8 492
Cash and cash equivalents	**141**	93	1 183
Other current assets	**486**	347	10 811
Total assets	**10 280**	8 604	20 486
	(6 390)	(4 742)	(9 944)
Non-controlling interest	**(30)**	19	(301)
Non-current financial liabilities	**(4 273)**	(3 253)	(3 567)
Other non-current liabilities	**(266)**	(206)	(954)
Current financial liabilities (excluding trade and other payables and provisions)	**(1 196)**	(880)	(1 276)
Current liabilities	**(625)**	(422)	(3 846)
Net assets	**3 890**	3 862	10 542
Reconciliation to carrying value			
Remgro's effective interest	**51.04%**	51.04%	26.74%
Remgro's effective interest in net assets	**1 985**	1 971	2 819
Goodwill/purchase adjustment bargain	**(41)**	(41)	–
Carrying value at 30 June	**1 944**	1 930	2 819

R million	30 June 2018	30 June 2017*
Information pertaining to Remgro's other joint ventures is aggregated:		
Carrying value	**1 043**	784
The Group's share of:		
– Profit from operations	**456**	50
– Other comprehensive income	**(48)**	9
– Total comprehensive income	**408**	59
– Headline earnings	**398**	57

* *The information represented in this column in the 2017 Annual Financial Statements included information for CIV group that is disaggregated for the 2018 Annual Financial Statements.*

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 2018
Business Partners	31 March	Year ended 31 March 2018
eMedia Investments	31 March	Year ended 31 March 2018
Grindrod	31 December	12 months ended 30 June 2018
Mediclinic	31 March	Year ended 31 March 2018
PGSI	25 December	12 months ended 25 June 2018
SEACOM	31 December	12 months ended 30 June 2018
Total	31 December	12 months ended 30 June 2018
Unilever	31 December	12 months ended 30 June 2018
Joint venture		
CIV group	31 March	Year ended 31 March 2018

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 and the conversion of Mediclinic at the 30 June 2018 exchange rate as its presentation currency is British pound.

4.2 EQUITY ADJUSTMENT

R million	30 June 2018	30 June 2017
Share of after-tax profit of equity accounted investments		
Profit before taking into account impairments and non-recurring items	**10 035**	10 066
Net impairment of investments, assets and goodwill	**(5 935)**	(668)
Profit on the sale of investments	**505**	325
Recycling of foreign currency translation reserves	**647**	83
Other headline earnings adjustable items	**13**	18
Profit before tax and non-controlling interest	**5 265**	9 824
Taxation	**(1 499)**	(1 895)
Non-controlling interest	**(383)**	(384)
Share of net attributable profit of equity accounted investments – per income statement	**3 383**	7 545
Continuing operations	**2 893**	7 099
Discontinued operations	**490**	446
Dividends received from equity accounted investments	**(4 259)**	(3 861)
Share of net profit retained by equity accounted investments	**(876)**	3 684
Non-controlling interest of subsidiaries	**(2)**	(14)
Dilution gain/(loss) of interest in equity accounted investments	**(2 891)**	225
Equity adjustment transferred to non-distributable reserves (Refer to statement of changes in equity)	**(3 769)**	3 895
Portion of the share of net attributable profit of equity accounted investments, that has been accounted for from unaudited interim reports and management accounts	**1 078**	362
The results of these equity accounted investments will be audited in later financial periods that coincide with their financial year-ends		

4. INVESTMENTS (continued)

4.3 INVESTMENTS – AVAILABLE-FOR-SALE

Other long-term financial instruments are classified as available-for-sale and are carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial instruments are recognised through other comprehensive income in the period in which they arise. When these financial instruments are either derecognised or impaired, the accumulated fair value adjustments are realised and included in the income statement.

	30 June 2018			30 June 2017		
R million	*Listed*	*Unlisted*	Total	*Listed*	*Unlisted*	Total
Investments – available-for-sale Shares	**914**	**2 153**	**3 067**	1 179	2 166	3 345
Market values of listed investments	**914**	**–**	**914**	1 179	–	1 179
Directors' valuation of unlisted investments	**–**	**2 153**	**2 153**	–	2 166	2 166
Market values and directors' valuation	**914**	**2 153**	**3 067**	1 179	2 166	3 345

Reconciliation of carrying value at the beginning and end of the year (R million)	30 June 2018	30 June 2017
Carrying value at the beginning of the year	**3 345**	3 408
Fair value adjustments for the year	**(121)**	70
Businesses acquired (refer note 15)	**57**	–
Investments made	**106**	119
Exchange rate adjustments	**81**	(180)
Disposals	**(357)**	(67)
Impairments (refer note 4.4)	**(44)**	(5)
Carrying value at the end of the year	**3 067**	3 345

4.4 NET IMPAIRMENT OF INVESTMENTS

	30 June 2018	30 June 2017
Reversal of impairments/(impairments) were recognised for the following investments:		
Associates	**32**	317
Business Partners	**(164)**	–
eMedia Investments	**(247)**	–
Grindrod	**487**	478
PGSI	**42**	(86)
Premier Team Holdings	**(85)**	(74)
PressureRite	**(1)**	(1)
Joint venture		
Mainstreet 1131	**(84)**	(17)
Investments – Available-for-sale	**(44)**	(5)
VisionChina Media	**–**	(5)
Pembani Remgro Infrastructure SA Fund	**(44)**	–

4.5 DIVIDEND INCOME

	30 June 2018	30 June 2017
Included in profit:		
Listed	**43**	37
Unlisted	**69**	24
	112	61
Dividends from equity accounted investments set off against investments	**4 259**	3 861

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 2018	30 June 2017
Money market fund investments are held in the following currencies:		
SA rand	**3 915**	3 815
British pound (2018: £4.5 million; 2017: £15 million)	**81**	256
USA dollar (2017: $139 million)	**–**	1 817
	3 996	5 888

Investments in offshore money market funds relate to investments in shares of J P Morgan liquidity funds, specifically the Sterling GILT Liquidity Fund. The previous year also included investments in the US Treasury Liquidity Fund and US Government Liquidity Fund. All of these funds have Aaa Moody's Ratings. The portfolio of the funds on 30 June 2018 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 and STANLIB Collective Investments mandated to invest only in money market instruments of major South African banks, government securities and government-related entities. These instruments carry very low 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".

5.2 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 2018	30 June 2017
Cash at the centre	**9 723**	6 350
Operating subsidiaries	**2 446**	1 174
	12 169	7 524
The cash is held in the following currencies:		
SA rand	**6 920**	5 323
British pound	**411**	132
USA dollar	**4 372**	2 055
Swiss franc	**6**	5
Euro	**125**	–
Botswana pula	**100**	–
New Taiwan dollar	**107**	–
Kenyan shilling	**62**	–
Other	**66**	9
	12 169	7 524
At year-end cash and cash equivalents earned interest at effective interest rates that varied between 4.90% and 7.73% (2017: 6.95% and 8.02%) per annum at local financial institutions and between 0.43% and 6.61% (2017: 0.20% and 7.03%) per annum abroad.		
Cash and cash equivalents are represented by the following:		
Current accounts and call accounts	**12 167**	7 523
Cash on hand	**2**	1
	12 169	7 524

5. CASH POSITION (continued)

5.2 CASH AND CASH EQUIVALENTS (continued)

R million	30 June 2018	30 June 2017
At year-end the Group's cash was invested at financial institutions with the following Moody's credit rating (unless otherwise indicated):		
Aa2	**131**	942
Aa3	**2 251**	–
A1	**2 691**	1 421
A2	**325**	–
Baa3	**6 345**	4 360
BBB+ (GCR credit rating)	**100**	100
AAA (S&P rating)	**–**	700
AA- (S&P rating)	**322**	–
AA(NA) (GCR credit rating)	**2**	–
Cash on hand	**2**	1
	12 169	7 524

5.3 CASH FLOW INFORMATION

R million	30 June 2018	30 June 2017
5.3.1 ADJUSTMENTS		
Amortisation of intangible assets and depreciation	**985**	874
Movement in retirement benefits and provisions	**14**	1
Net movement in derivative instruments	**6**	(57)
Share scheme cost	**214**	144
Profit on the sale of property, plant and equipment	**(114)**	(110)
Other	**16**	18
	1 121	870
5.3.2 DECREASE/(INCREASE) IN WORKING CAPITAL		
Decrease/(increase) in inventories and biological agricultural assets	**(145)**	379
Decrease/(increase) in trade and other receivables	**(1 540)**	350
Increase/(decrease) in trade and other payables	**1 400**	(118)
	(285)	611
5.3.3 RECONCILIATION OF DIVIDENDS RECEIVED		
Receivable at the beginning of the year	**264**	505
Per income statement	**112**	61
Dividends from equity accounted investments set off against investments	**4 259**	3 861
Dividends reinvested	**(471)**	–
Receivable at the end of the year	**(375)**	(264)
Cash received	**3 789**	4 163
5.3.4 RECONCILIATION OF TAXATION PAID WITH THE AMOUNT DISCLOSED IN THE INCOME STATEMENT		
Paid in advance at the beginning of the year	**84**	41
Unpaid at the beginning of the year	**(7)**	(12)
Per income statement	**(517)**	(315)
Businesses acquired	**(182)**	–
Businesses disposed	**(7)**	–
Unpaid at the end of the year	**53**	7
Paid in advance at the end of the year	**(81)**	(84)
Cash paid	**(657)**	(363)
5.3.5 RECONCILIATION OF DIVIDENDS PAID		
Per statement of changes in equity	**(2 862)**	(2 657)
Paid by subsidiaries to non-controlling shareholders	**(72)**	(51)
Cash paid	**(2 934)**	(2 708)

5.3.6 RECONCILIATION OF LONG-TERM AND SHORT-TERM LOANS

R million	30 June 2017 Carrying value	*Loans (repaid)/ advanced*	*Businesses acquired/ (disposed)*	*Non-cash flow movements*[(1)]	30 June 2018 Carrying value
Included in debt at the centre	13 547	**–**	**–**	**437**	**13 984**
RCL Foods	3 124	**(57)**	**–**	**33**	**3 100**
Distell	–	**55**	**4 378**	**–**	**4 433**
Other loans	203	**40**	**–**	**(71)**	**172**
Total long-term and short-term loans (excluding bank overdrafts)	16 874	**38**	**4 378**	**399**	**21 689**

(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.

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 2018	30 June 2017
Included in debt at the centre	**13 984**	13 547
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]	**6 090**	5 650
20 000 Class A 7.7% cumulative redeemable preference shares[2] Redeemable on 12 January 2020 with bi-annual dividend payments	**3 512**	3 512
10 000 Class B 8.3% cumulative redeemable preference shares[2] Redeemable on 15 March 2021 with bi-annual dividend payments	**4 382**	4 382
Unsecured loans with varying terms and interest rates	**–**	3
Distell	**4 433**	–
Secured-term facility rand loans, bearing interest at variable rates between 8.25% and 8.60% per annum. Interest is payable quarterly and the loans are repayable in the 2020, 2021 and 2023 financial years respectively[3]	**2 800**	–
Secured inventory British pound facility, bearing interest at the Bank of England base rate plus 1.35%, for a minimum period of five years from February 2017[3]	**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[3]	**700**	–
Secured loans with varying terms and interest rates	**13**	–
RCL Foods	**3 100**	3 124
Term-funded debt package consisting of two bullet loans, repayable in 2020 and 2019 respectively. The loans bear interest at an effective rate of Jibar with a margin of between 1.80% and 2.25% (2017: between 1.65% and 2.25%) and is guaranteed by RCL Foods	**2 852**	2 852
Liabilities resulting from various capitalised finance leases and instalment sale agreements payable in monthly, quarterly and annual instalments at variable interest rates between 7.0% and 10.0% per annum[4]	**175**	180
Secured long-term loan with a fixed rate of 4% (2017: 8.5% to 9.0%) per annum repayable annually, over a maximum period of three years[5]	**16**	32
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% (2017: 1.5% and 4.25%)	**43**	49
Unsecured loans with varying terms and interest rates	**14**	11
	21 517	16 671
Instalments payable within one year transferred to short-term interest-bearing loans (refer note 6.2)	**(1 201)**	(225)
	20 316	16 446
Payable – two to five years	**18 430**	16 308
Payable thereafter	**1 886**	138
	20 316	16 446

(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) The preference shares were issued by Remgro Healthcare Holdings Proprietary Limited, a wholly owned subsidiary of Remgro.
(3) 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.
(4) These liabilities are secured by plant, machinery and equipment and vehicles with a book value of R135.5 million (2017: R150 million).
(5) Secured by cessions over the production of the suppliers to whom the loans were made.

Loans' carrying values approximate their fair values.

6. FINANCING AND COMMITMENTS (continued)

6.2 SHORT-TERM LOANS

R million	30 June 2018	30 June 2017
Interest-bearing loans		
Portion of long-term interest-bearing loans payable within one year	**1 201**	225
Bank overdrafts	**184**	52
Various secured and unsecured loans with varying terms and interest rates	**167**	200
	1 552	477
Interest-free loans with no fixed repayment conditions	**5**	3
	1 557	480

6.3 DERIVATIVE INSTRUMENTS

The Group was party to the following derivative instruments:

R million	30 June 2018	30 June 2017
Non-current liabilities		
Embedded derivative – exchangeable bonds (refer note 6.3.1)	**112**	363
Current liabilities		
Foreign exchange contracts	**9**	1
Commodity option contracts	**21**	1
Interest rate collar option	**–**	3
Embedded derivative – rental swap	**4**	9
Put option on ordinary shares	**43**	48
	77	62
Current assets		
Foreign exchange contracts	**6**	1
Commodity option contracts	**6**	–
	12	1

6.3.1 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 approximately 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 2018	30 June 2017
Dividend yield (%)	**1.1**	1.0
Risk-free rate (%)	**1.0**	0.7
Volatility (%)	**36.0**	30.4

6. FINANCING AND COMMITMENTS (continued)

6.4 COMMITMENTS

R million	30 June 2018	30 June 2017
Capital commitments		
Uncompleted contracts for capital expenditure	**812**	165
Capital expenditure authorised but not yet contracted	**2 730**	502
Investments	**824**	580
	4 366	1 247
Operating lease commitments – future minimum lease payments		
Land and buildings	**1 178**	534
Due within one year	**295**	92
Due – two to five years	**662**	210
Due thereafter	**221**	232
Machinery and equipment	**106**	28
Due within one year	**46**	15
Due – two to five years	**60**	13
Due thereafter	**–**	–
	1 284	562
Finance leases		
Gross finance lease liabilities – minimum lease payments	**285**	304
Due within one year	**27**	25
Due – two to five years	**89**	92
Due thereafter	**169**	187
Future finance charges on finance lease liabilities	**(110)**	(124)
Present value of finance lease liabilities	**175**	180
Due within one year	**12**	10
Due – two to five years	**40**	40
Due thereafter	**123**	130
	175	180

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

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 2018	30 June 2017
Guarantees by subsidiaries to third parties	**9**	26

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 2018	30 June 2017
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

	30 June 2018 Number of shares	30 June 2017 Number of shares
Movement in ordinary shares in issue for the year:		
Balances at the beginning of the year	**529 217 007**	481 106 370
Shares issued	**–**	48 110 637
Balances at the end of the year	**529 217 007**	529 217 007
Movement in B ordinary shares in issue for the year:		
Balances at the beginning of the year	**39 056 987**	35 506 352
Shares issued	**–**	3 550 635
Balances at the end of the year	**39 056 987**	39 056 987

Each ordinary share has one vote.
Each B ordinary share has ten votes.

During October 2016 Remgro completed a rights issue whereby 48 110 637 new ordinary shares and 3 550 635 new B ordinary shares were issued at a subscription price of R192.50 per share for a total consideration of R9 945 million. The offer to both ordinary and B ordinary shareholders was made in the ratio of ten rights issue shares for each 100 shares held on the record date of the rights issue. Rights issue costs incurred amounted to R134 million.

7. EQUITY POSITION (continued)

7.1 STATED AND ISSUED CAPITAL (continued)

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 2018 Number of shares	30 June 2017 Number of shares
Balances at the beginning of the year	**1 666 638**	1 725 393
Shares purchased during the year	**–**	165 787
Shares utilised to settle share incentive scheme obligation	**(277 605)**	(224 542)
Balances at the end of the year	**1 389 033**	1 666 638

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 (the 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.

7.1.3 SHARES IN ISSUE

	30 June 2018 Number of shares	30 June 2017 Number of shares
Stated capital	**568 273 994**	568 273 994
Treasury shares	**(1 389 033)**	(1 666 638)
	566 884 961	566 607 356

7.2 RESERVES

7.2.1 COMPOSITION OF RESERVES

R million	30 June 2018	30 June 2017
The Company		
Retained earnings	**30 148**	33 109
Separate financial statements	**7 859**	21 377
Elimination of intergroup transactions	**22 289**	11 732
Subsidiaries	**27 512**	13 456
Fair value reserve	**661**	812
Other reserves*	**734**	(248)
Retained earnings	**26 117**	12 892
Equity accounted companies		
Equity reserves	**27 205**	32 670
	84 865	79 235

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

7. EQUITY POSITION (continued)

7.2 RESERVES (continued)

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 2018 Total**	30 June 2017 Total
Balances at the beginning of the year	**(1 974)**	**(844)**	**(125)**	**586**	**(2 357)**	2 118
Exchange rate adjustments during the year	**555**	**963**	**14**	**276**	**1 808**	(4 473)
Reclassification to the income statement	**–**	**(100)**	**–**	**89**	**(11)**	(2)
Balances at the end of the year	**(1 419)**	**19**	**(111)**	**951**	**(560)**	(2 357)

7.3 NON-CONTROLLING INTEREST

R million	**30 June 2018**	30 June 2017
Balances at the beginning of the year	**2 870**	2 813
Total comprehensive income for the year	**514**	73
Net profit for the year	**256**	77
Exchange rate adjustments	**204**	(4)
Fair value adjustments for the year	**(18)**	–
Reclassification to the income statement	**–**	(1)
Remeasurement of post-employment benefit obligations	**72**	1
Dividends paid	**(72)**	(51)
Transactions with non-controlling shareholders	**39**	17
Long-term share incentive scheme reserve	**43**	14
Businesses acquired (refer note 15)	**11 953**	–
Businesses disposed (refer note 16)	**(3)**	–
Other movements	**4**	4
Balances at the end of the year	**15 348**	2 870
RCL Foods	**3 056**	2 837
Distell	**12 258**	–
Other non-wholly owned subsidiaries	**34**	33

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 77.0% (2017: 77.2%) and 31.8% respectively.

RCL Foods consists of three business divisions, namely Consumer (food producer and manufacturer), Sugar and 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 23.0% (2017: 22.8%) of RCL Foods.

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. Refer to note 15 for further details on this transaction. Distell's non-controlling shareholders own 68.2% of Distell at 30 June 2018.

7. EQUITY POSITION (continued)

7.3 NON-CONTROLLING INTEREST (continued)

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

R million	30 June 2018 RCL Foods	30 June 2018 Distell	30 June 2017 RCL Foods	30 June 2017 Distell*
Statement of financial position				
ASSETS				
Non-current assets	**11 516**	**10 006**	11 363	8 492
Current assets	**9 475**	**12 120**	8 145	11 994
	20 991	**22 126**	19 508	20 486
EQUITY AND LIABILITIES				
Shareholders' equity	**11 131**	**11 641**	10 349	10 542
Non-controlling interest	**49**	**315**	38	301
Non-current liabilities	**3 361**	**5 593**	4 467	4 521
Current liabilities	**6 450**	**4 577**	4 654	5 122
	20 991	**22 126**	19 508	20 486
Income statement				
Income				
Revenue	**24 426**	**24 449**	24 951	22 259
Finance income	**63**	**47**	41	69
Fair value adjustment – biological assets	**370**	**–**	364	–
Share of profit of equity accounted investments	**80**	**31**	158	59
Expenses				
Finance costs	**315**	**345**	374	289
Fair value adjustment – derivative instruments	**(1)**	**–**	329	(6)
Repairs and maintenance	**880**	**243**	791	230
Depreciation, amortisation and impairments	**776**	**566**	971	747
Operating lease and rental charges	**369**	**338**	414	295
Taxation	**220**	**631**	126	616
Profit for the year	**878**	**1 668**	476	1 297
Profit for the year attributable to equity holders	**922**	**1 646**	515	1 297
Profit for the year attributable to non-controlling interest	**(44)**	**22**	(39)	–
Statement of comprehensive income				
Other comprehensive income	**(2)**	**263**	(15)	(536)
Total comprehensive income	**876**	**1 931**	461	761
Total comprehensive income attributable to equity holders	**920**	**1 911**	500	760
Total comprehensive income attributable to non-controlling interest	**(44)**	**20**	(39)	1
Dividends paid to non-controlling interest	**2**	**4**	1	2
Cash flow information				
Cash inflow from operating activities	**1 104**	**2 267**	1 583	1 864
Cash outflow from investing activities	**(838)**	**(1 145)**	(486)	(950)
Cash outflow from financing activities	**(57)**	**(458)**	(406)	(681)

* *Included for comparative purposes.*

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 023 million (2017: R2 813 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, as well as RCL Foods' and Distell's share scheme.

Background to the Remgro Equity Settled Share Appreciation Right Scheme

The valuation of the share scheme 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 (THE 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 2018	30 June 2017
Share-based payment cost included in the income statement (in accordance with IFRS 2)	51	65
Fair value of offers made during the year	54	74

8. SHARE-BASED PAYMENTS (continued)

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

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

	30 June 2018 Number of SARs	30 June 2018 Rand	30 June 2017 Number of SARs	30 June 2017 Rand
Carried forward from previous financial years	**4 065 291**	**190.34**	3 495 182	180.64
Offered during current financial year	**736 471**	**206.59**	1 053 218	211.74
Forfeited during the year	**(25 787)**	**223.29**	(827)	250.78
Expired during the year	**(4 506)**	**253.62**	(28 762)	245.90
Exercised during the year	**(568 973)**	**112.26**	(453 520)	112.34
Outstanding at the end of the year	**4 202 496**	**203.18**	4 065 291	190.34
Exercisable at the end of the year	**1 541 837**	**170.97**	1 236 606	240.83

Exercise prices of all options:

	30 June 2018 Number of SARs outstanding at year-end	30 June 2018 Weighted average remaining contract lifetime in years	30 June 2017 Number of SARs outstanding at year-end	30 June 2017 Weighted average remaining contract lifetime in years
R90.00 – R99.99	**–**	**–**	376 980	0.42
R100.00 – R109.99	**–**	**–**	18 837	1.39
R140.00 – R149.99	**762 589**	**1.34**	878 328	2.40
R160.00 – R169.99	**–**	**–**	14 457	2.73
R170.00 – R179.99	**230 455**	**1.77**	230 455	2.77
R180.00 – R189.99	**437 385**	**2.32**	476 308	3.18
R200.00 – R209.99	**1 695 581**	**5.63**	971 238	6.40
R210.00 – R219.99	**29 646**	**5.12**	14 034	4.85
R220.00 – R229.99	**72 766**	**4.57**	70 514	5.50
R230.00 – R239.99	**7 988**	**3.86**	8 619	4.81
R240.00 – R249.99	**396 005**	**3.51**	409 062	4.57
R250.00 – R259.99	**38 263**	**4.51**	38 263	5.51
R260.00 – R269.99	**531 818**	**4.16**	558 196	5.39

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

Assumption	**30 June 2018**	30 June 2017
Weighted average Remgro share price for the year (R)	**218.97**	226.26
Exercise price (R)	**196.63 – 244.60**	202.80 – 270.26
Average expected exercise period (years)	**5 – 6**	5 – 6
Price volatility (%)	**20.62 – 22.17**	19.73 – 21.61
Risk-free rate (%)	**7.64 – 8.65**	7.59 – 8.64
Expected dividend yield (%)	**1.88 – 2.02**	1.63 – 1.84

8. SHARE-BASED PAYMENTS (continued)

8.2 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 R50 million (2017: R53 million) relating to equity settled share-based payments was recognised in Distell's income statement for the year ended 30 June 2018. Remgro included an expense of R28 million since the consolidation of Distell on 11 May 2018.

8.3 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 R134 million (2017: R79 million) relating to these schemes was recognised in the income statement.

9. DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S EMOLUMENTS

	30 June 2018			30 June 2017		
R'000	***Executive***	***Non-executive***	**Total**	*Executive*	*Non-executive*	Total
Executive directors						
Fees	**1 323**	**–**	**1 323**	1 204	–	1 204
Salaries	**18 179**	**–**	**18 179**	18 102	–	18 102
Retirement fund contributions	**3 945**	**–**	**3 945**	3 810	–	3 810
Other benefits	**1 348**	**–**	**1 348**	1 269	–	1 269
Subtotal	**24 795**	**–**	**24 795**	24 385	–	24 385
Non-executive directors						
Independent	**–**	**3 455**	**3 455**	–	3 361	3 361
Non-independent	**–**	**690**	**690**	–	642	642
Total	**24 795**	**4 145**	**28 940**	24 385	4 003	28 388
Share options exercised						
Increase in value – Remgro SAR Scheme*	**20 646**	**–**	**20 646**	7 741	6 872	14 613

* *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.*

	30 June 2018			30 June 2017		
R'000	***Fees***	***Salaries and other***	**Total**	*Fees*	*Salaries and other*	Total
Paid by:						
The Company	**4 145**	**–**	**4 145**	4 003	–	4 003
Subsidiaries	**1 323**	**23 472**	**24 795**	1 204	23 181	24 385
Total	**5 468**	**23 472**	**28 940**	5 207	23 181	28 388

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

Directors: Fixed pay

R'000	30 June 2018 Fees	Salaries	Retire-ment fund	Other benefits[6]	Total	30 June 2017 Fees	Salaries	Retire-ment fund	Other benefits[6]	Total
Executive										
W E Bührmann[1]	288	2 286	587	278	3 439	321	3 000	659	314	4 294
J J Durand	345	10 482	2 147	349	13 323	321	10 506	2 147	344	13 318
M Lubbe[2]	345	1 512	369	361	2 587	241	1 179	263	272	1 955
N J Williams	345	3 899	842	360	5 446	321	3 417	741	339	4 818
Subtotal	1 323	18 179	3 945	1 348	24 795	1 204	18 102	3 810	1 269	24 385
Non-executive (independent)										
G T Ferreira	403	–	–	–	403	375	–	–	–	375
P K Harris	403	–	–	–	403	375	–	–	–	375
N P Mageza[3]	533	–	–	–	533	455	–	–	–	455
P J Moleketi	475	–	–	–	475	428	–	–	–	428
M Morobe	445	–	–	–	445	348	–	–	–	348
F Robertson	533	–	–	–	533	482	–	–	–	482
S E N de Bruyn	663	–	–	–	663	508	–	–	–	508
H Wessels[4]	–	–	–	–	–	390	–	–	–	390
Subtotal	3 455	–	–	–	3 455	3 361	–	–	–	3 361
Non-executive (non-independent)										
E de la H Hertzog	345	–	–	–	345	321	–	–	–	321
J Malherbe	345	–	–	–	345	321	–	–	–	321
J P Rupert[5]	–	–	–	–	–	–	–	–	–	–
Subtotal	690	–	–	–	690	642	–	–	–	642
Total	5 468	18 179	3 945	1 348	28 940	5 207	18 102	3 810	1 269	28 388

[1] *Mr W E Bührmann retired on 30 April 2018.*
[2] *Mrs M Lubbe was appointed as executive director with effect from 20 September 2016.*
[3] *During the year under review Mr N P Mageza also received R654 000 (2017: R538 000) as director's fees from RCL Foods, a subsidiary of Remgro.*
[4] *Mr H Wessels retired on 1 December 2016. In addition to his director's fees and fee as chairman of the Audit and Risk Committee and chairman of the Social and Ethics Committee, an amount of R96 000 was also paid to Mr H Wessels during the previous year for his attendance of meetings of subcommittees of the Audit and Risk Committee.*
[5] *Mr J P Rupert receives no emoluments.*
[6] *Benefits include medical scheme contributions and vehicle benefits.*

Prescribed officers: Fixed pay

R'000	30 June 2018 Salaries	Retire-ment fund	Other benefits[2]	Total	30 June 2017 Salaries	Retire-ment fund	Other benefits[2]	Total
P R Louw	2 585	513	361	3 459	2 399	476	339	3 214
R S M Ndlovu[1]	337	73	60	470	–	–	–	–
P J Uys	5 496	1 090	361	6 947	5 144	1 020	339	6 503
Total	8 418	1 676	782	10 876	7 543	1 496	678	9 717

[1] *Mr R S M Ndlovu was appointed on 1 May 2018.*
[2] *Benefits include medical scheme contributions and vehicle benefits.*
[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

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 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 are 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 payment and delivery.*

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

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

DIRECTORS (continued)

Participant	Offer date[4]	Offer price[5] (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2016	Adjusted offer price[6] (Rand)	SARs accepted/ (exercised) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year[7] (R'000)	Balance of SARs accepted as at 30 June 2017
Executive										
W E Bührmann	29-Nov-10	108.69	23 548	785	23 548	92.83	(23 548)	220.40	3 004	–
	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	–	209.11	82 971			82 971
L Crouse[1]	26-Nov-14	253.53	23 587	1 618	23 587	245.53	(23 587)	–	–	–
J J Durand	29-Nov-10	108.69	235 895	7 868	157 262	92.83				157 262
	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	–	209.11	150 872			150 872
M Lubbe[2]	29-Nov-10	108.69	20 620	687	–	92.83	–	205.69	2 327	–
	29-Nov-12	147.25	13 961	554	–	142.04	13 961			13 961
	4-Dec-13	191.70	7 444	405	–	185.07	7 444			7 444
	26-Nov-14	253.53	4 011	275	–	245.53	4 011			4 011
	24-Nov-15	272.00	8 036	650	–	262.77	8 036			8 036
	1-Dec-16	209.11	65 632	4 591	–	209.11	65 632			65 632
N J Williams	23-Nov-09	87.50	54 228	1 515	18 076	73.67	(18 076)	207.00	2 410	–
	29-Nov-10	108.69	38 652	1 289	19 768	92.83				19 768
	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	–	209.11	98 716			98 716
Subtotal					1 215 545		366 432		7 741	1 581 977
Non-executive										
J Malherbe[3]	23-Nov-09	87.50	75 761	2 116	50 506	73.67	(50 506)	209.73	6 872	–
Subtotal					50 506		(50 506)		6 872	–
Total					1 266 051		315 926		14 613	1 581 977

(1) *Mr L Crouse retired as Chief Financial Officer with effect from 31 March 2016. 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 23 587 SARs expired on 31 March 2017 as the Remgro share price was less than the offer price.*

(2) *Mrs M Lubbe was appointed as executive director with effect from 20 September 2016. SARs accepted/(exercised) during the year include the balance of SARs granted and accepted by her prior to 20 September 2016. The 20 620 SARs granted and accepted by her on 29 November 2010 were exercised after 20 September 2016.*

(3) *Subsequent to the acquisition of VenFin Limited during November 2009, Remgro SARs were awarded to Mr J Malherbe to compensate him for the cancellation of the VenFin Share Appreciation Right Scheme. Mr Malherbe does not qualify for any further allocation of SARs.*

(4) *Unless otherwise indicated, one-third of the SARs are 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.*

(5) *Offer price is equal to face value on grant date.*

(6) *In terms of the rules of the SAR Scheme, the offer price of SARs that were awarded prior to the Remgro rights issue was reduced to ensure that participants were placed in substantially the same position as they were prior to the right issue.*

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

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

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

PRESCRIBED OFFICERS

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 on 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 are 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 payment and delivery.*

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 2016	Adjusted offer price[3] (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 2017
P R Louw	29-Nov-10	108.69	27 432	915	27 432	92.83				27 432
	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	–	209.11	91 120			91 120
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	–	209.11	91 463			91 463
Total					326 503		182 583		–	509 086

(1) *Unless otherwise indicated, one-third of the SARs are 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.*
(2) *Offer price is equal to face value on grant date.*
(3) *In terms of the rules of the SAR Scheme, the offer price of SARs that were awarded prior to the Remgro rights issue was reduced to ensure that participants were placed in substantially the same position as they were prior to the right issue.*
(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 payment and delivery.*

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 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 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 2018	30 June 2017
Bearer plants	5.0 – 10.0	10.0
Buildings	1.7 – 50.0	2.0 – 50.0
Machinery and equipment	2.2 – 50.0	2.5 – 33.3
Vehicles	3.0 – 50.0	5.0 – 33.3
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 2016	2 602	3 123	472	95	208	6 500
Cost	3 608	6 808	1 033	221	265	11 935
Accumulated depreciation	(1 006)	(3 685)	(561)	(126)	(57)	(5 435)
Additions	142	497	487	30	72	1 228
Disposals	(6)	(14)	(11)	(2)	(9)	(42)
Depreciation	(114)	(456)	(103)	(22)	(53)	(748)
Impairments	(5)	(164)	(12)	–	–	(181)
Transfers and other	(91)	18	(13)	(3)	–	(89)
Carrying value at 30 June 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)**

RCL Foods' liabilities resulting from mortgage loans, finance leases and instalment sale agreements are secured by assets with a book value of R136 million (2017: R150 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 R754 million (2017: R291 million) are still under construction.

Impairment assessment on RCL Foods' Chicken business unit

During the prior year, RCL Foods implemented a revised business model in the Chicken business. Steps taken include a reduction in shifts and the decision to dispose of an operation, the sale of which was completed during the year under review. The decision to implement the revised business model resulted in the identification of a separate Individually Quick Frozen (IQF) cash-generating unit (CGU). The Chicken business unit has historically been accounted for as a CGU. Specific assets, which became redundant as a result of the restructure, were identified separately from the IQF CGU. These assets were impaired to their recoverable amounts since RCL Foods' management did not expect these assets to generate any future economic benefits. The IQF CGU was tested for impairment and the assets amounting to R172 million were fully impaired. The assets of the Tzaneen operation were impaired to their recoverable amounts and subsequently classified as held for sale.

RCL Foods has assessed whether there is any indication that the previous impairment loss no longer exists or has decreased. At 30 June 2018, there were no indications that any previously recognised impairment losses within the Chicken business unit should be reversed.

10. OTHER ASSETS AND LIABILITIES (continued)

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.

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 2018 Cost	30 June 2018 Accumulated depreciation	30 June 2018 Carrying value	30 June 2017 Cost	30 June 2017 Accumulated depreciation	30 June 2017 Carrying value
Land	3	–	3	3	–	3
Buildings	124	(8)	116	130	(4)	126
	127	(8)	119	133	(4)	129

Reconciliation of carrying value at the beginning and end of the year (R million)	Land	Buildings	30 June 2018	Land	Buildings	30 June 2017
Balances at the beginning of the year	3	126	129	3	104	107
Additions	–	55	55	–	26	26
Depreciation	–	(4)	(4)	–	(4)	(4)
Transfers and other	–	(61)	(61)	–	–	–
Balances at the end of the year	3	116	119	3	126	129

During the 2018 financial year, additions to the properties, of which construction commenced during the 2017 financial year, were completed. The Group assessed the expected useful lives and residual values of the significant components of the additions to investment properties. Accordingly, depreciation rates between 4% and 20% per annum were applied on these components.

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 R632 million (2017: R629 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. OTHER ASSETS AND LIABILITIES (continued)

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.

R million	Goodwill	Trade marks	Customer and supplier relationships	Software	Industrial property rights	Total
Carrying value at 1 July 2016	2 700	1 525	686	82	–	4 993
Cost	3 089	1 813	995	186	–	6 083
Accumulated amortisation/ impairment	(389)	(288)	(309)	(104)	–	(1 090)
Additions	–	–	–	41	–	41
Amortisation	–	(1)	(99)	(22)	–	(122)
Transfers and other	–	–	–	15	–	15
Carrying value at 30 June 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)**

10. OTHER ASSETS AND LIABILITIES (continued)

10.3 INTANGIBLE ASSETS (continued)

Amortisation periods (years)	30 June 2018	30 June 2017
Trade marks	5 – 20	15 – 20
Customer and supplier relationships	3 – 20	4 – 20
Software	3 – 20	3 – 20
Industrial property rights	60	–

Distell recognised impairments on trade marks and industrial property rights of R18 million and R16 million respectively.

Software with a book value of R18 million is still in the development phase (2017: R25 million).

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	*Distell and its subsidiaries*[(1)]	*RCL Foods and its subsidiaries*[(2)]	*Wispeco and its subsidiaries*	30 June 2018 Total
Carrying value (R million)	3 535	2 539	40	6 114
Basis of valuation of cash-generating units	Fair value less cost to sell	Value in use	Value in use	
Discount rate (pre-tax) (%)		14.5 – 17.6	13.2	
Growth rate (%)		5.0 – 6.0	2.7 – 9.0	
Period (years)		5	5	

[(1)] *Goodwill amounting to R3 535 million was provisionally recognised with the acquisition of Distell.*
[(2)] *Goodwill amounting to R2 735 million and R287 million was initially recognised with the acquisition of New Foodcorp Holdings Proprietary Limited (Foodcorp) and Vector Logistics Proprietary Limited respectively.*

Indefinite life intangible assets	*Distell and its subsidiaries*[(1)]	*RCL Foods and its subsidiaries*[(2)]	30 June 2018 Total
Carrying value (R million)	8 404	1 521	9 925
Basis of valuation	Value in use and fair value less cost to sell	Value in use	
Royalty relief rates (%)	2.5 – 7.0	–	
Discount rate (pre-tax) (%)	6.5 – 17.3	13.9 – 20.3	
Growth rate (%)	2.0 – 7.7	6.0	
Period (years)	4 – 15	5	

[(1)] *Relates to the acquisition of Distell.*
[(2)] *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:

Assumption (R million)	*Movement*	30 June 2018 Impairment	30 June 2017 Impairment
Discount rate (%)	+2.0	570	316
Growth rate (%)	-0.5	159	15
Royalty relief rates (%)	-0.5	70	–

No intangible assets were pledged as security.

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 2018	30 June 2017
Statement of financial position obligations		
Retirement benefits	(11)	(11)
Post-employment medical benefits	(184)	(162)
	(195)	(173)
Statement of financial position assets	737	201
Retirement benefits	147	76
Defined-contribution fund employer's surplus	109	125
Post-employment medical benefits	481	–
Net defined-benefit post-retirement asset	542	28
Represented by:		
Retirement benefits (refer note 10.4.1)	136	65
Post-employment medical benefits (refer note 10.4.2)	297	(162)
Defined-contribution fund employer's surplus	109	125
	542	28
Income statement*		
Retirement benefits	(3)	3
Post-employment medical benefits	19	28
Expense	16	31
Statement of comprehensive income – other comprehensive income		
Retirement benefits (refer note 10.4.1)	(33)	(52)
Post-employment medical benefits (refer note 10.4.2)	(156)	(16)
Income	(189)	(68)

* *Refer note 12.2 on page 77.*

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 1 July 2016	529	(299)	(216)	14		
Current service cost	–	(5)	–	(5)	5	–
Net interest income/(expense)	48	(25)	(21)	2	(2)	–
Change in effect of the asset limit	–	–	66	66	–	(66)
Fund expense	(1)	1	–	–	–	–
Contributions	2	–	–	2	–	–
Exchange rate differences	(4)	4	–	–	–	–
Benefit payments	(16)	16	–	–	–	–
Remeasurements:						
– Return on plan assets excluding interest	(34)	–	–	(34)	–	34
– Change in financial assumptions	–	20	–	20	–	(20)
Balances at 30 June 2017	524	(288)	(171)	65	3	(52)
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)**

* *The Financial Sector Conduct Authority approved the surplus allocation scheme on 6 September 2005. The present value of economic benefits recognised in the financial statements is limited to the value of the surplus allocated to the Employer Surplus Account. The Trustees have decided not to allocate any of the current surpluses in the Fund. The Group has no unfunded liabilities.*

10. OTHER ASSETS AND LIABILITIES (continued)

10.4 RETIREMENT BENEFITS (continued)

10.4.1 RETIREMENT BENEFITS (continued)

R million	30 June 2018	30 June 2017
Actual return on plan assets	**63**	14
Expected contributions to retirement funds for the year ending 30 June 2019: R2 million		
Number of members	**234**	82
Composition of plan assets (%)		
Cash	**6.6**	10.3
Equity	**48.7**	37.1
Bonds	**15.9**	8.3
Property	**2.7**	4.2
International	**22.2**	31.5
Other	**3.9**	8.6
	100.0	100.0
Principal actuarial assumptions on reporting date (%)		
Discount rate	**0.5 – 9.4**	0.4 – 9.4
Future salary increases	**8.1**	8.4
Future pension increases	**6.1**	6.4
Inflation rate	**1.2 – 6.1**	1.1 – 6.4

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

	30 June 2018			30 June 2017		
	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%**	**(30)**	**39**	1.0%	(19)	22
Inflation rate	**1.0%**	**39**	**30**	1.0%	23	(19)
Switzerland						
Discount rate	**0.5%**	**(2)**	**2**	0.5%	(2)	2
Inflation rate	**0.5%**	**2**	**(2)**	0.5%	2	(1)

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 2018	30 June 2017
Present value of funded obligations	**(1 010)**	(89)
Fair value of plan assets	**1 449**	70
Excess/(deficit) of the funded plans	**439**	(19)
Present value of unfunded obligations	**(142)**	(143)
Asset/(liability) included in the statement of financial position	**297**	(162)

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 *Fair value of plan assets*	*Present value of funded obligations*	*Amount recognised in statement of financial position*	Income statement *(Income)/ expense included in staff costs*	Statement of other compre-hensive income *(Income)/ expense*
Balances at 1 July 2016	70	(260)	(190)		
Current service cost	–	(7)	(7)	7	–
Net interest income/(expense)	7	(26)	(19)	19	–
Past service cost	–	(2)	(2)	2	–
Benefit payments	(2)	10	8	–	–
Liability settled	–	32	32	–	–
Remeasurements:					
– Change in financial assumptions	–	13	13	–	(13)
– Return on plan assets excluding interest income	(5)	–	(5)	–	5
– Gain/(loss) due to experience adjustment	–	8	8	–	(8)
Balances at 30 June 2017	70	(232)	(162)	28	(16)
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)**

R million	30 June 2018	30 June 2017
Amount of plan assets represented by investment in the entity's own financial instruments	**25**	1
Actual return on plan assets	**43**	2
Expected medical premiums for the year ending 30 June 2019: R6 million		
Number of members	**4 155**	704
Composition of plan assets (%)		
Cash	**12.3**	4.4
Equity	**60.9**	85.0
Bonds	**22.9**	10.6
Property	**0.4**	–
International	**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 2018	30 June 2017
Discount rate	**7.9 – 10.8**	8.9 – 11.6
Annual increase in healthcare costs	**7.4 – 9.2**	8.3 – 10.7

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

	30 June 2018 Impact on post-employment medical liability			30 June 2017 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%**	**(169)**	**220**	1.0%	(31)	36
Healthcare cost inflation	**1.0%**	**221**	**(173)**	1.0%	38	(31)

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 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 2018	30 June 2017
Raw materials	**617**	715
Finished products	**4 758**	2 004
Work in progress	**4 752**	26
Consumables	**840**	310
	10 967	3 055
Inventory expensed during the year	**17 814**	16 138
Inventory carried at net realisable value	**198**	103

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.

10. OTHER ASSETS AND LIABILITIES (continued)

10.6 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 2016	349	263	352	4	968
Additions	915	3 829	–	–	4 744
Decrease due to harvest	(1 016)	(3 898)	–	–	(4 914)
Fair value adjustment	25	13	318	7	363
Transfers	–	(15)	(351)	(4)	(370)
Carrying value at 30 June 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**

10. OTHER ASSETS AND LIABILITIES (continued)

10.6 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 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**

Description	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable input to fair value	Fair value at 30 June 2017 R million
Chicken stock	Replacement cost of the components of growing the stock	Eggs per hen	163 to 174 per hen	The higher the eggs per hen, the higher the fair value	
		Cost of a day-old breeder bird	R58.08 to R66.33 per chick	The higher the cost per chick, the higher the fair value	
		Mortality rates	2.9% to 7.8%	The higher the mortality, the lower the fair value	
		Average live mass	1.51 kg to 1.79 kg per bird	The higher the average live mass, the higher the fair value	
		Feed cost	R5 115 to R6 634 per ton	The higher the feed cost per ton, the higher the fair value	465
Sugar cane plants	Recoverable value	Recoverable value (price per ton of sucrose) less harvesting, transport and other cost to sell	R3 269 to R3 841 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	319
Banana fruit	Recoverable value	Market-related selling price per ton of bananas less harvesting, transport and other costs to sell	R3 874 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	7

10. OTHER ASSETS AND LIABILITIES (continued)

10.6 BIOLOGICAL AGRICULTURAL ASSETS (continued)

Sensitivity analysis

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

INPUT	SENSITIVITY
Feed cost – chicken stock	A five percent change in feed cost would result in a R5 million (2017: R6 million) change in fair value.
Recoverable value price per ton – sugar cane plants	A change of one percent in recoverable value would result in a R4 million (2017: R4 million) change in fair value.

10.7 DEBTORS AND SHORT-TERM LOANS

R million	30 June 2018	30 June 2017
Trade debtors (gross)	7 029	3 381
Less: Provision for impairments	(135)	(75)
Trade debtors (net)	6 894	3 306
Dividends receivable	375	264
Short-term loans	86	611
Advance payments	285	65
Other	959	639
	8 599	4 885

Debtors with a carrying value of R3 401 million (2017: R2 517 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.

Movements on the provision for impairments of trade debtors are as follows:

R million	30 June 2018	30 June 2017
Balances at the beginning of the year	75	90
Provision for impairments on debtors	97	20
Debtors written off as uncollectable during the year	(10)	(5)
Unused amounts written back	(27)	(27)
Exchange rate difference	–	(3)
Balances at the end of the year	135	75

During the year, bad debts amounting to R10 million (2017: R5 million) were written off. The other classes of assets in debtors and short-term loans have no assets where impairments were made. Refer to note 13 for further details.

10.8 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 2018	30 June 2017
Trade payables	5 858	2 382
Accrued expenses	2 749	2 328
Excise duty	1 261	–
Financial guarantee[(1)]	36	–
	9 904	4 710

[(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 the CIV group.*

10. OTHER ASSETS AND LIABILITIES (continued)

10.9 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 2018	30 June 2017
Assets held for sale comprise of:		
Discontinued operations	**3 588**	–
Other assets held for sale	**156**	89
Liabilities held for sale	**–**	(1)
	3 744	88
The details are as follows:		
Discontinued operations – Unilever		
The competition authorities approved Unilever's acquisition of 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 is 2 July 2018. Refer to note 10.9.1 as well as the events after year-end in note 17 for additional information. The carrying value of the investment is	**3 588**	–
Other assets held for sale		
Due to a decline in profitability within the Speciality business unit, particularly within the Prepared categories, RCL Foods decided to exit the Prepared category and focus on driving growth in the Bakery categories. The assets relating to the Prepared category have been classified as held for sale as the disposal is expected to be 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 fair value of the Prepared lines operation is based on the expected selling price, with the remaining operations' fair value being determined on a discounted cash flow method. The Prepared lines operation does 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 is	**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 are actively marketed for sale and is expected to be sold in the 2019 financial year. The carrying value of property, plant and equipment is	**1**	–
RCL Foods disposed of its Tzaneen operations in the Chicken business during the year under review. The carrying value of the assets and liabilities held for sale was	**–**	72
Property, plant and equipment	**–**	55
Biological agricultural assets	**–**	15
Inventory	**–**	3
Trade and other payables	**–**	(1)
The Group disposed of a corporate aircraft during the year under review. The carrying value of property, plant and equipment was	**–**	13
RCL Foods disposed of cane trucks and a premix plant within the Sugar and Milling business during the year under review. The carrying value of property, plant and equipment was	**–**	3
Net non-current assets held for sale	**3 744**	88

10. OTHER ASSETS AND LIABILITIES (continued)

10.9 ASSETS HELD FOR SALE (continued)

10.9.1 DISCONTINUED OPERATIONS

R million	30 June 2018	30 June 2017
Profit for the year from discontinued operation:		
Share of after-tax profit of equity accounted investment	490	446
Cash flows for the year from discontinued operations:		
Operating activities	633	304

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.

11.1 DEFERRED TAXATION

R million	30 June 2018	30 June 2017
Deferred taxation liability	5 268	1 511
Property, plant and equipment	1 821	844
Inventories and biological assets	196	222
Intangible assets	3 342	596
Provisions	(28)	(163)
Investments	165	188
Tax losses	(161)	(179)
Other	(67)	3
Deferred tax asset	(158)	(23)
Property, plant and equipment	44	8
Inventories	35	(1)
Intangible assets	(1)	–
Tax losses	(142)	–
Provisions	(71)	(25)
Investments	(5)	–
Other	(18)	(5)
Net deferred taxation	5 110	1 488
The movement between balances of deferred taxation at the beginning and end of the year can be analysed as follows:		
Beginning of the year	1 488	1 581
As per income statement	(94)	(88)
Accounted for in other comprehensive income	(36)	(5)
Businesses disposed	9	–
Businesses acquired	3 693	–
Foreign exchange translation reserve	50	–
	5 110	1 488

11. TAXATION (continued)

11.2 TAX LOSSES

R million	30 June 2018	30 June 2017
Estimated tax losses available for set-off against future taxable income	**1 448**	1 104
Utilised to create deferred tax asset	**(1 180)**	(648)
	268	456

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 R268 million (2017: R456 million)
- Capital losses amounting to R3 440 million (2017: R3 440 million)
- Capital losses amounting to R5 300 million (2017: R5 299 million), which can be utilised against future capital gains in limited circumstances

R million	30 June 2018	30 June 2017
11.3 TAXATION IN INCOME STATEMENT		
Current – current year – South African normal taxation	**477**	324
– Capital gains tax	**34**	8
– Foreign income	**20**	9
– Foreign taxation	**6**	7
– previous year – South African normal taxation	**(20)**	(33)
	517	315
Deferred – current year	**(90)**	(121)
– previous year	**(4)**	33
	423	227
11.4 TAX RATE RECONCILIATION		
Effective tax rate	**6.8**	19.1
Reduction/(increase) in standard rate as a result of:		
Exempt dividend income	**0.5**	1.5
Non-taxable capital profit	**0.4**	2.5
Non-deductible expenditure[(1)]	**(9.7)**	–
Non-taxable income[(2)]	**29.4**	6.2
Foreign taxation	**(0.3)**	(1.3)
Previous year taxation	**0.2**	0.6
Tax losses utilised	**0.7**	(0.6)
Standard rate	**28.0**	28.0

(1) Non-deductible finance costs amounting to R890 million has a tax effect of R249 million, resulting in an increase in the effective tax rate of 4.0%.

(2) The impact of the non-taxable profit of R5 150 million resulting from the Distell restructuring has a tax effect of R1 442 million, or a decrease in the effective tax rate of 23.1%.

12. OTHER INCOME AND EXPENSES

12.1 REVENUE

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue includes excise duty and is disclosed net of value added tax, returns, rebates and discounts 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 and distribution services where the Group acts as an agent on behalf of a principal and earns commission, as well as consulting services.

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.

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 sales for the year (R million)	30 June 2018	30 June 2017
Consumer products		
Distell	**4 219**	–
RCL Foods	**24 426**	24 951
Industrial		
Wispeco	**2 265**	2 231
Media and sport		
Other media and sport interests	**205**	418
Consolidated	**31 115**	27 600

Geographical segmental information: Sales, amounting to R1 303 million (2017: R55 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 2018	30 June 2017
Salaries and wages	**4 810**	4 271
Share-based payments	**213**	144
Pension costs – defined-contribution	**335**	275
Pension costs – return on defined-contribution asset	**(11)**	(4)
Pension costs – defined-benefit	**(3)**	3
Post-employment medical benefits	**19**	28
Other	**278**	255
	5 641	4 972

12. OTHER INCOME AND EXPENSES (continued)

12.3 PROFIT

R million	30 June 2018	30 June 2017
Profit is stated after taking the following into account:		
Income		
Fair value adjustment – biological assets	**370**	363
Fair value adjustment – derivative instruments	**1**	359
Rental income – investment properties	**25**	23
Profit on sale and dilution of investments	**5 188**	199
Dilution profit of interest in equity accounted investments	**(1)**	199
Equity accounted investments	**5 105**	–
Available-for-sale investments	**116**	–
Recycled foreign currency translation reserves	**38**	–
Subsidiaries	**(70)**	–
Expenses		
Amortisation of intangible assets	**175**	122
Expenses – investment properties	**9**	8
Rental	**484**	459
Land and buildings	**318**	270
Machinery and equipment	**75**	75
Vehicles	**47**	82
Office equipment	**44**	32
Repairs and maintenance	**1 004**	850
Research and development costs written off	**15**	3
Auditors' remuneration – audit fees	**35**	33
– other services	**8**	4
Loss on the sale of property, plant and equipment	**114**	110
Net impairment of investments, loans and assets	**201**	(114)
Investments and loans included in equity accounted investments (refer note 4.4)	**96**	(295)
Property, plant and equipment (refer note 10.1)	**71**	181
Intangible assets (refer note 10.3)	**34**	–
Impairment of loans not included in equity accounted investments	**1**	9
Professional fees	**297**	138
Depreciation	**810**	752
Property, plant and equipment (refer note 10.1)	**806**	748
Investment properties (refer note 10.2)	**4**	4
Exchange rate losses	**21**	86
Water and electricity	**406**	317
Fuel and gas	**185**	154
Transportation and vehicle expenses	**990**	580
Advertising expenses	**132**	18
Sugar industry levy	**254**	301

13. FINANCIAL INSTRUMENTS

Financial instruments disclosed in the financial statements include cash and cash equivalents, investment in money market funds, other investments, derivative instruments, debtors and short-term loans, trade and other payables and borrowings. Financial instruments are initially recognised at fair value, including transaction costs, when the Group becomes party to the contractual terms of the instruments. The transaction costs relating to the acquisition of financial instruments held at fair value through profit and loss are expensed. Subsequent to initial recognition, these instruments are measured as follows:

Loans and receivables
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
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 cumulative 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.

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.

13. FINANCIAL INSTRUMENTS (continued)

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.

13.1 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*	*Assets at fair value through profit and loss*	*Available-for-sale*	*Carrying value*	*Fair value*
30 June 2018						
Investments – Available-for-sale	**–**	**–**	**–**	**3 067**	**3 067**	**3 067**
Loans	**–**	**697**	**–**	**–**	**697**	**697**
Loans to equity accounted investments	**–**	**571**	**–**	**–**	**571**	**571**
Debtors and short-term loans	**1 242**	**7 357**	**–**	**–**	**8 599**	**8 599**
Derivative instruments	**–**	**–**	**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**
30 June 2017						
Investments – Available-for-sale	–	–	–	3 345	3 345	3 345
Loans	–	562	–	–	562	562
Loans to equity accounted investments	–	606	–	–	606	606
Debtors and short-term loans	705	4 180	–	–	4 885	4 885
Derivative instruments	–	–	1	–	1	1
Investment in money market funds	–	–	5 888	–	5 888	5 888
Cash and cash equivalents	–	7 524	–	–	7 524	7 524
Assets held for sale	89	–	–	–	89	89
	794	12 872	5 889	3 345	22 900	22 900

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 fair value through profit and loss	Carrying value	Fair value
30 June 2018					
Long-term loans	**–**	**20 316**	**–**	**20 316**	**20 316**
Non-current derivative instruments	**–**	**–**	**112**	**112**	**112**
Trade and other payables	**203**	**9 701**	**–**	**9 904**	**9 904**
Short-term loans	**–**	**1 557**	**–**	**1 557**	**1 557**
Current derivative instruments	**–**	**–**	**77**	**77**	**77**
	203	**31 574**	**189**	**31 966**	**31 966**
30 June 2017					
Long-term loans	–	16 446	–	16 446	16 574
Non-current derivative instruments	–	–	363	363	363
Trade and other payables	77	4 633	–	4 710	4 710
Short-term loans	–	480	–	480	480
Current derivative instruments	–	–	62	62	62
Liabilities held for sale	–	1	–	1	1
	77	21 560	425	22 062	22 190

Fair value

The fair value of the financial instruments approximates their carrying value on 30 June 2018. On 30 June 2017 the fair value of financial instruments, except for the term-funded debt package (refer to note 6.1) with a fair value of R2 980 million, approximates their carrying value.

Fair value estimation

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

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

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 2018				
Available-for-sale	**934**	**41**	**2 092**	**3 067**
Derivative instruments	**–**	**12**	**–**	**12**
Investment in money market funds	**3 996**	**–**	**–**	**3 996**
	4 930	**53**	**2 092**	**7 075**
30 June 2017				
Available-for-sale	1 178	–	2 167	3 345
Derivative instruments	–	1	–	1
Investment in money market funds	5 888	–	–	5 888
	7 066	1	2 167	9 234

13. FINANCIAL INSTRUMENTS (continued)

13.1 CLASSES OF FINANCIAL INSTRUMENTS AND FAIR VALUE (continued)

Fair value estimation (continued)

Reconciliation of carrying value of level 3 assets at the beginning and end of the year (R million)	**30 June 2018**	30 June 2017
Available-for-sale		
Balances at the beginning of the year	**2 167**	2 148
Additions	**103**	119
Disposals	**(356)**	(67)
Exchange rate adjustments	**81**	(178)
Fair value adjustments through comprehensive income	**97**	145
Balances at the end of the year	**2 092**	2 167

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 2018				
Non-current derivative instruments	**–**	**112**	**–**	**112**
Current derivative instruments	**–**	**34**	**43**	**77**
	–	**146**	**43**	**189**
30 June 2017				
Non-current derivative instruments	–	363	–	363
Current derivative instruments	–	13	49	62
	–	376	49	425

Reconciliation of carrying value of level 3 liabilities at the beginning and end of the year (R million)	**30 June 2018**	30 June 2017
Derivative instruments		
Balances at the beginning of the year	**49**	54
Put option exercised	**(6)**	(5)
Balances at the end of the year	**43**	49

There were no transfers between the different levels.

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

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

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

13. FINANCIAL INSTRUMENTS (continued)

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 "Investments available-for-sale", investment in money market funds and investments in commodity future contracts, as well as the embedded derivative included in the exchangeable bonds.

"Investments available-for-sale" 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.

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), as well as the exchangeable bonds and its embedded derivative (notes 6.1 and 6.3).

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.

13. FINANCIAL INSTRUMENTS (continued)

13.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk (continued)

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 2018			30 June 2017		
	Change	Income statement R million	Equity R million	Change	Income statement R million	Equity R million
Interest rates	+2.0%	170	–	+2.0%	159	–
Foreign exchange	+5.0%	(33)	65	+5.0%	(2)	21
Equity prices	+10.0%	(4)	242	+10.0%	(4)	259
Dividend yield	+1.0%	11	–	+1.0%	39	–
Volatility	+10.0%	(137)	–	+10.0%	(280)	–

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 debtors

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 debtors are determined by the respective credit policies of each operating subsidiary, i.e. RCL Foods, Distell and Wispeco.

The following table indicates the age analysis of trade debtors in arrears and the corresponding outstanding amount of debtors at year-end:

	Age analysis of trade debtors in arrears				Total trade debtors in arrears
Debtors (R million)	30 days	60 days	90 days	120 days +	
30 June 2018	712	110	34	138	994
30 June 2017	326	14	18	14	372

A provision for doubtful debts of R135 million (2017: R75 million) was made. Refer to note 10.7.

13. FINANCIAL INSTRUMENTS (continued)

13.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)

Trade debtors (continued)

The credit quality of trade debtors against whom no impairment was provided, is as follows:

R million	30 June 2018	30 June 2017
Existing customers (history of more than six months) – no past defaults	5 554	2 885
Existing customers (history of more than six months) – with past defaults	279	33
New customers (history of less than six months)	67	16
	5 900	2 934

Derivative instrument transactions and cash investments

Derivative instruments consist mainly of foreign exchange contracts with financial institutions. Other derivative instruments 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.

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	1 to 5 years	5 years and longer
30 June 2018					
Long-term loans	20 316	21 039	612	20 218	209
Trade and other payables	9 903	9 903	9 903	–	–
Short-term loans	1 557	1 653	1 653	–	–
Non-current derivative instruments	112	112	–	112	–
Current derivative instruments	77	77	77	–	–
Financial guarantee	–	–	36	–	–
	31 965	32 784	12 281	20 330	209
30 June 2017					
Long-term loans	16 446	17 184	348	16 803	33
Trade and other payables	4 711	4 753	4 753	–	–
Short-term loans	480	511	511	–	–
Non-current derivative instruments	363	363	–	363	–
Current derivative instruments	62	62	62	–	–
	22 062	22 873	5 674	17 166	33

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 2018	30 June 2017
Transactions of Remgro Limited and its subsidiaries with:		
Principal shareholder		
Dividends	**(197)**	(183)
Equity accounted investments		
Interest received	**117**	126
Interest paid	**(377)**	(371)
Dividends received	**4 259**	3 861
Administration fees received	**40**	37
Administration fees paid	**(12)**	(15)
Sales	**117**	48
Purchases	**(1 248)**	(1 014)
Corporate finance transactions and underwriting fees paid	**–**	(129)
Key management personnel		
Salaries and other benefits	**(30)**	(29)
Retirement benefits	**(6)**	(5)
Share-based payments	**24**	(29)
Balances due from/(to) related parties:		
Equity accounted investments	**(6 507)**	(4 727)
Equity accounted investments	**1 686**	2 060

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 2018 %	 30 June 2017 %
Distell Group Holdings Limited	*	27 846 659 000	**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	**62.5**	60.7
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)	288 000 000	**100.0**	100.0
Partnership in Mining Proprietary Limited		100	**100.0**	100.0
RCL Foods Limited	*	10 087 241 114	**77.0**	77.2
Remgro Beverages Proprietary Limited		8 940 134 266	**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
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 2018 Shares held	 Effective interest %	30 June 2017 Shares held	 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
Consumer products					
Unilever South Africa Holdings Proprietary Limited	U	**–**	**–**	5 348 135	25.8
Capevin Holdings Limited[1], [2]	L	**–**	**–**	167 645 356	19.0
– indirectly held by Capevin Holdings Limited through Remgro-Capevin Investments Proprietary Limited:					
– Distell Group Limited (19%)	L		**–**		5.1
Remgro-Capevin Investments Proprietary Limited	U	**–**	**–**	50	50.0
– held by Remgro-Capevin Investments Proprietary Limited:					
– Distell Group Limited (53%)	L		**–**		26.7
Insurance					
RMI Holdings Limited	L	**461 553 730**	**30.3**	449 665 168	29.9
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	34.9
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**	**23.0**	173 183 235	23.1
Grindrod Shipping Holdings Limited – Singapore	L	**4 329 580**	**22.7**	–	–
Community Investment Ventures Holdings Proprietary Limited	U	**162 501**	**51.0**	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	**74 011 714**	**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.
[2] Capevin Holdings Limited was delisted during June 2018.

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. RELATED PARTIES (continued)

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 103.

14.5 SHAREHOLDERS

A detailed analysis of shareholders appears on pages 101 and 102.

15. BUSINESSES ACQUIRED

15.1 DISTELL GROUP HOLDINGS LIMITED

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

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

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

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

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

A critical judgement exercised relates to the classification of the investment in Distell as a subsidiary rather than an equity accounted investment. Remgro has an effective economic interest of 31.8% in Distell but holds 56.0% of the voting rights which gives it the power to control decisions at a Distell board level and, consequently, the relevant activities of the investee company.

Goodwill consists of synergies between Distell's assets. Distell owns farms, cellars and other production facilities and a distribution network. The scale and integration of these assets, as well as the business' established workforce, contribute to larger cash inflows than would have been possible to generate with loose-standing assets. The established workforce and synergies mentioned do not meet the criteria to be separately recognised as intangible assets in terms of IFRS 3.

15. BUSINESSES ACQUIRED (continued)

15.1 DISTELL GROUP HOLDINGS LIMITED (continued)

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

R million	At acquisition date
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

Distell's revenue contribution to the income statement for the year under review is R4 219 million while the contribution to net profit for the year, after taking into account additional IFRS 3 amortisation expenses, amounted to R124 million. If the business combination had taken place on 1 July 2017, the Group would have reported consolidated sales of R51 127 million and net profit for the year of R10 598 million.

15. BUSINESSES ACQUIRED (continued)

15.2 OTHER BUSINESS COMBINATIONS

The Group, mainly through its subsidiaries RCL Foods and Wispeco, acquired various other business interests during the year under review which are individually immaterial for disclosure, hence aggregated information is provided. These business interests consist of Matzonox Proprietary Limited (50% interest), the Sweeteners operations of Nutri Pharma Solutions Proprietary Limited and Namibia Extrusions Windhoek Proprietary Limited (51% interest).

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)	117
Inventories	17
Debtors and short-term loans	3
Liabilities	
Long-term loans	(1)
Bank overdraft	(3)
Taxation	(2)
Non-controlling interest	(60)
Fair value of net assets acquired	71
Goodwill (refer note 10.3)	9
Total purchase consideration	80
Cash outflow on acquisitions	83

16. BUSINESSES DISPOSED

On 15 May 2018 the Group disposed of its investments in Experiential Marketing Proprietary Limited and EXP Momentum Limited, which were accounted for as subsidiaries. Losses of R50 million were realised on these disposals which include the recycling of foreign currency translation reserve losses amounting to R17 million. The future impact of these transactions on the Group's results is not expected to be material.

The assets and liabilities disposed of are as follows:

R million	At disposal date
Assets	
Property, plant and equipment (refer note 10.1)	7
Intangible assets (refer note 10.3)	1
Deferred taxation (refer note 11.1)	9
Debtors and short-term loans	94
Taxation	7
Liabilities	
Long-term loans	(1)
Trade and other payables	(77)
Bank overdraft	(4)
Non-controlling interest	(3)
Net assets disposed	33
Loss on disposal	(33)
Consideration settled in cash	–
Bank overdraft of subsidiaries disposed	4
Cash inflow on disposal	4

17. EVENTS AFTER YEAR-END

UNILEVER SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED (UNILEVER)

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

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

RMI HOLDINGS LIMITED (RMI HOLDINGS)

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

COMMUNITY INVESTMENT VENTURES HOLDINGS PROPRIETARY LIMITED (CIVH)

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

MILESTONE CAPITAL STRATEGIC HOLDINGS LIMITED (MCSH)

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

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

18. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Management considered all new accounting standards, interpretations and amendments to IFRS that were issued prior to 30 June 2018, but not yet effective on that date.

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

The following new standards, amendments and interpretations are expected to have an impact on the financial statements in the period of initial application.

- IFRS 9: Financial Instruments
  (effective date – financial periods commencing on/after 1 January 2018)
  The IASB issued the final version of *IFRS 9: Financial Instruments* that replaces *IAS 39: Financial Instruments: Recognition and Measurement*. IFRS 9 combines all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are applied prospectively.

  The Group will adopt the new standard on 1 July 2018 and will not restate comparative information. During the 2018 financial year, the Group performed an impact assessment of all three aspects of IFRS 9. The assessment is based on information that is currently available and is subject to change as and when further reasonable and reliable information becomes available during the 2019 financial year.

  a) Classification and measurement
  The Group does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of IFRS 9.

  The Group intends to hold equity shares for the foreseeable future. These shares are currently classified as available-for-sale financial assets in terms of IAS 39, with gains and losses recorded in other comprehensive income. The Group will select the IFRS 9 option to continue to present fair value changes in other comprehensive income. Unlike IAS 39, under IFRS 9 the cumulative fair value gains or losses cannot be recycled to the income statement upon the derecognition or disposal of an equity investment.

  Loans and trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows that are solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of such instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification of these instruments is not required with the adoption of IFRS 9.

  b) Impairment
  IFRS 9 requires the Group to record expected credit losses on all loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected credit losses on all trade receivables. For all other loans, expected credit losses will be measured on a 12-month basis.

  c) Hedge accounting
  The Group determined that all existing hedge relationships currently designated as effective hedging relationships will continue to qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of accounting for effective hedges, applying the hedging requirements of IFRS 9 will not have a significant impact on the Group's financial statements.

  d) Impact on results
  The Group expects no significant impact on its statement of financial position and equity due to the implementation of IFRS 9. The Group expects a slight increase in the expected loss allowance that will result in a negative impact on equity. Based on current estimates, the Group has determined that the expected loss allowance for receivables balance will not be material, as Distell's current provision is not material and RCL Foods has a history of minimal bad debt write-offs and has credit insurance in place.

  The new impairment model will have a significant impact on Remgro's associate, FirstRand (and by extension, also on RMH and Remgro). The current indication received from FirstRand is that the impact will be between 47 to 57 basis points on its Common Equity Tier 1 capital.

  Remgro's other associates and joint ventures do not expect a material impact on their results due to the implementation of IFRS 9.

18. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

- IFRS 15: Revenue from Contracts with Customers
  (effective date – financial periods commencing on/after 1 January 2018)
  IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

  The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or modified retrospective application is required for annual periods beginning on or after 1 January 2018. The Group will adopt the new standard from 1 July 2018 using the modified retrospective application method, but will not restate comparative numbers.

  During the 2018 financial year, the Group performed an impact assessment of IFRS 15. The assessment is based on information that is currently available and is subject to change as and when further reasonable and reliable information becomes available during the 2019 financial year.

  Revenue primarily comprises sales of goods (alcoholic beverages, milling, agricultural produce and consumer goods as well as aluminium products) to customers. The recognition and measurement of revenue does not differ materially from the principles applied by the Group under IAS 18. Preliminary assessments received from RCL Foods and Distell have indicated that the adoption of IFRS 15 will not have a significant impact on profit or loss.

  The presentation and disclosure requirements in IFRS 15 are more comprehensive than under the current IFRS standards. The Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

- IFRS 16: Leases
  (effective date – financial periods commencing on/after 1 January 2019)
  The new standard addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements concerning the leasing activities of both lessees and lessors. The key change arising from IFRS 16 is that the distinction between operating and finance leases is eliminated for lessees. As a result a new lease asset, which represents the right to use the leased item, and a lease liability, which represents the obligation to pay rentals, are recognised on the statement of financial position for lessees. The standard replaces *IAS 17: Leases*, and related interpretations. In the 2019 financial year, the Group will evaluate the effect of IFRS 16 on its consolidated financial statements.

The following new accounting standards, interpretations and amendments will have no material impact on the financial statements:

- Amendments to IFRS 2: Share-based Payments
  (effective date – financial periods commencing on/after 1 January 2018)
  These amendments clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

- Amendments to IFRS 4: Insurance Contracts
  (effective date – financial periods commencing on/after 1 January 2018)
  These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will give all companies that issue insurance contracts the option to apply:

  – IFRS 9 and give a further option to recognise the volatility either in other comprehensive income or in profit or loss; or
  – Defer applying IFRS 9 to 2021 and continue to apply IAS 39.

  RMI Holdings, Remgro's only investment that operates in the insurance sector, indicated that it will apply IFRS 9 from its effective date. Accordingly, the amendment will not have an impact on its results.

- IFRS 17: Insurance Contracts
  (effective date – financial periods commencing on/after 1 January 2021)
  IFRS 17 will replace the current *IFRS 4: Insurance Contracts*. IFRS 4 allows users to use local GAAP while IFRS 17 defines clear and consistent rules that significantly increase 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.

18. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

- 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)
  These 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.

- Amendments to IAS 40: Investment Property
  (effective date – financial periods commencing on/after 1 January 2018)
  These amendments clarify that to transfer to, or from, investment properties there must be a change in use.

- IFRIC 22: Foreign Currency Transactions and Advance Consideration
  (effective date – financial periods commencing on/after 1 January 2018)
  This IFRIC addresses foreign currency transactions or parts of transactions where the consideration is denominated or priced in a foreign currency. Guidance is provided on single and/or multiple payments in order to reduce diversity in application.

- 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.

- Annual improvements cycle 2014-2016
  (effective date – financial periods commencing on/after 1 January 2018)
  These amendments impact two standards at the end of 2018:

  – IFRS 1: First-time Adoption of IFRS – regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19 and IFRS 10; and
  – IAS 28: Investments in Associates and Joint Ventures – regarding measuring an associate or joint venture at fair value. IAS 28 allows venture capital organisations, mutual funds, unit trusts and similar entities to elect measuring their investments in associates or joint ventures at fair value through profit or loss. The Board clarified that this election should be made separately for each associate or joint venture at initial recognition.

- Annual improvements cycle 2015-2017
  (effective date – financial periods commencing on/after 1 January 2019)
  These amendments include minor changes to:

  – IFRS 3: Business Combination – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
  – IFRS 11: Joint Arrangements – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  – IAS 12: Income Taxes – the amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
  – IAS 23: Borrowing Costs – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

- Amendments to IFRS 9: Prepayment Features with Negative Compensation and Modification of Financial Liabilities
  (effective date – financial periods commencing on/after 1 January 2019)
  These narrow-scope amendments cover two issues:

  – These amendments allow companies to measure particular prepayable 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 or loss. It is likely to have the biggest impact on banks and other financial services entities; and
  – How 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 19: Plan Amendment, Curtailment or Settlement
  (effective date – financial periods commencing on/after 1 January 2019)
  These 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
  – to 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.

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2018

R million	Notes	30 June 2018	30 June 2017
ASSETS			
Non-current assets			
Investments – subsidiaries	2	**18 419**	29 165
Financial guarantee receivable	6	**38**	–
		18 457	29 165
Current assets			
Intergroup debt	3	**7 516**	7 361
Total assets		**25 973**	36 526
EQUITY AND LIABILITIES			
Stated capital	4	**13 416**	13 416
Retained earnings		**7 859**	21 377
Shareholders' equity		**21 275**	34 793
Current liabilities		**4 698**	1 733
Financial guarantees	6	**464**	617
Trade and other payables	3, 5	**27**	24
Intergroup debt	3	**4 207**	1 092
Total equity and liabilities		**25 973**	36 526

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

R million	Note	30 June 2018	30 June 2017
Dividend income		**–**	9
Guarantee fee income		**191**	138
Other net operating expenses		**(93)**	(71)
Impairment of investment in subsidiary		**(10 746)**	(11 115)
Net loss before taxation		**(10 648)**	(11 039)
Taxation	8	**–**	–
Net loss for the year		**(10 648)**	(11 039)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

R million	30 June 2018	30 June 2017
Net loss for the year	(10 648)	(11 039)
Other comprehensive income	–	–
Total comprehensive income for the year	(10 648)	(11 039)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

R million	30 June 2018	30 June 2017
Balances at 1 July	34 793	38 686
Issued capital	13 416	3 605
Retained earnings	21 377	35 081
Shares issued	–	9 945
Share issue costs	–	(134)
Total comprehensive income for the year	(10 648)	(11 039)
Dividends paid	(2 870)	(2 665)
Balances at 30 June	21 275	34 793

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

R million	Note	30 June 2018	30 June 2017
Cash flows – operating activities			
Other net operating expenses		(93)	(71)
Working capital changes	9	3	(4)
Cash utilised by operations		(90)	(75)
Dividends received		–	9
Dividends paid		(2 870)	(2 665)
Taxation paid		–	4
Cash outflow from operating activities		(2 960)	(2 727)
Cash flows – investing activities			
Increase in intergroup debt		(155)	(5 923)
Cash outflow from investing activities		(155)	(5 923)
Cash flows – financing activities			
Proceeds from shares issued		–	9 945
Share issue costs		–	(134)
(Increase)/decrease in intergroup debt		3 115	(1 161)
Cash inflow from financing activities		3 115	8 650
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		–	–

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. Refer to note 1 of the consolidated Annual Financial Statements for detailed accounting policies.

2. INVESTMENTS – SUBSIDIARIES

R million	30 June 2018	30 June 2017
Unlisted shares – at cost	**40 280**	40 280
Less: Provision for impairment	**(21 861)**	(11 115)
	18 419	29 165

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 (Level 2 in the fair value hierarchy) is its fair value less costs to sell of R14 683 million (2017: R25 429 million). The fair value is determined with reference to the listed share price of Mediclinic International plc (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 R10 746 million (2017: R11 115 million) on its investment in RHH.

Percentage interest held in unlisted shares (%)		
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**	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

Owing by subsidiary		
Interest-free loan with no fixed term of repayment	**7 516**	7 361
Owing to subsidiaries		
Interest-free loan with no fixed term of repayment	**(4 207)**	(1 092)
Included in trade and other payables	**(9)**	(8)
	3 300	6 261

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 2018	30 June 2017
Subsidiary	**9**	8
Other	**18**	16
	27	24

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.

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 the CIV group. The Company will receive a guarantee fee income, hence a financial guarantee receivable was recognised and is accounted for at amortised cost using the effective interest rate method. 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 (2017: 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 906 million (2017: R3 906 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 2018	30 June 2017
Decrease/(increase) in working capital		
Increase/(decrease) in trade and other payables	**3**	(4)

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 103.

Shareholders

A detailed analysis of shareholders appears on pages 101 and 102.

Related party transactions (R million)	30 June 2018	30 June 2017
Transactions of Remgro Limited with:		
Principal shareholder		
Dividends paid	**(197)**	(183)
Subsidiaries		
Dividends received	**–**	9
Balances due by/(owed to) related parties:		
Subsidiaries	**3 300**	6 261

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 172 million (2017: R13 907 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 172 million (2017: R13 907 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.

11.3 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 2018 and 30 June 2017 the fair value of financial assets and liabilities disclosed in the statement of financial position approximate their carrying value.

11.5 CAPITAL RISK 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 2018

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

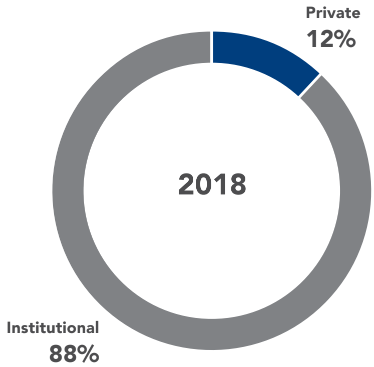
No other shareholder held a beneficial interest of more than 5% in the ordinary shares of the Company on 30 June 2018.

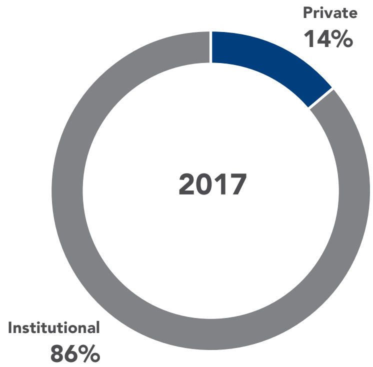
	30 June 2018	30 June 2017	30 June 2016	30 June 2015
DISTRIBUTION OF SHAREHOLDERS				
Ordinary shares				
Public shareholders	**60 496**	64 552	60 890	59 141
Percentage of shareholders	**99.93**	99.88	99.85	99.86
Number of shares	**513 954 491**	512 476 207	465 687 383	465 119 986
Percentage of shares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

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

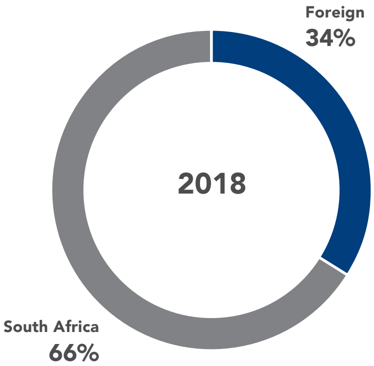
ADDITIONAL INFORMATION

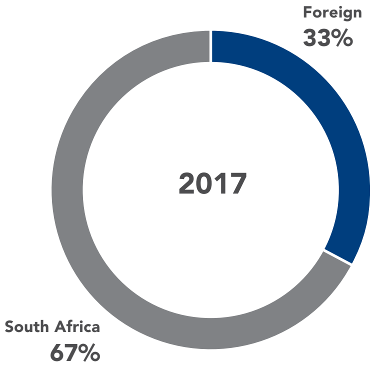
INSTITUTIONAL AND PRIVATE SHAREHOLDING IN REMGRO LIMITED ORDINARY SHARES





FOREIGN AND LOCAL SHAREHOLDING IN REMGRO LIMITED ORDINARY SHARES





INTERESTS OF THE DIRECTORS IN THE ISSUED CAPITAL OF THE COMPANY

ORDINARY SHARES

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

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

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

B ORDINARY SHARES

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

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

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