

Air Products' and Wispeco's contribution to headline earnings amounted to R289 million and R122 million respectively (2017: R298 million and R169 million), while PGSI contributed R4 million to Remgro's headline earnings (2017: R25 million).

INFRASTRUCTURE

Grindrod's contribution to Remgro's headline earnings amounted to a loss of R46 million (2017: a loss of R48 million), impacted by stock impairments in the rail assembly business due to the closure of this business unit. This decrease was partly offset by improved results across core businesses mainly due to increased commodity demand and stronger drybulk shipping rates.

For the year under review the CIV group contributed R48 million to headline earnings (2017: R110 million). This decrease is mainly due to higher finance costs and depreciation due to increased infrastructure spend. Despite the decrease in earnings, the CIV group's monthly annuity income increased to R138 million (2017: R115 million).

Remgro's share of SEACOM's profit amounted to R15 million (2017: loss of R33 million). This increase is mainly due to improved results in South Africa and Kenya, as well as a once-off realisation of deferred revenue relating to the early termination of long-term contracts.

MEDIA AND SPORT

Media and sport primarily consist of the interests in eMedia Investments and various sport interests, including interests in rugby franchises, as well as the Stellenbosch Academy of Sport.

eMedia Investments' contribution to Remgro's headline earnings decreased to R1 million (2017: R49 million). This decrease is mainly due to a significant decline in licence revenue resulting from a renegotiated DStv agreement, and the continued investment in the Openview platform.

OTHER INVESTMENTS

The contribution from other investments to headline earnings amounted to R66 million (2017: R70 million), of which Business Partners' contribution was R65 million (2017: R54 million).

CENTRAL TREASURY AND OTHER NET CORPORATE COSTS

Finance income amounted to R524 million (2017: R349 million). This increase is mainly due to higher average cash balances as a result of the Remgro rights issue in the comparative year. Finance costs amounted to R891 million (2017: R903 million). The positive fair value adjustment of R261 million (2017: R687 million) relates to the decrease in the value of the exchange option of the exchangeable bonds. Other net corporate costs amounted to R282 million (2017: R143 million). The increase in other net corporate costs is mainly due to transaction costs amounting to R109 million, incurred on the Distell ownership restructuring and the Unilever Spreads business acquisition.

EARNINGS

Earnings increased by 6.1% to R8 943 million (2017: R8 431 million). This increase is mainly due to the profit realised on the Distell restructuring transaction of R5 150 million, as well as the increase in headline earnings as explained above. This increase is partly offset by Remgro's portion of the impairments of Mediclinic's investments in Hirslanden and Spire of R5 257 million, as well as the lower positive fair value adjustment, relating to the decrease in value of the exchange option of the exchangeable bonds of R261 million (2017: R687 million).

CASH AT THE CENTRE AND FOREIGN EXCHANGE RATES

On 30 June 2018 Remgro's cash at the centre amounted to R13 704 million (2017: R12 223 million), of which 33% was invested offshore (2017: 35%). The cash is held in different currencies of which approximately 67% was held in SA rand, 30% in USA dollar and 3% in British pound.

Foreign exchange profits amounting to R205 million (2017: losses of R414 million) were accounted for during the year under review, mainly as a result of the weakening of the SA rand against the USA dollar from R13.11 = \$1.00 at 30 June 2017, to R13.71 = \$1.00 at 30 June 2018. For accounting purposes these exchange movements are accounted for directly in equity.

Remgro's offshore cash is earmarked for potential new investments and the expansion of existing offshore investments (USA dollar), as well as to service foreign debt (British pound).

EXTERNAL FUNDING

On 13 January 2016 Remgro (through its wholly owned subsidiary, Remgro Healthcare Holdings Proprietary Limited (Remgro Healthcare)) issued fixed rate cumulative redeemable preference shares amounting to R3.5 billion to fund its participation in a Mediclinic International Limited rights issue as part of the Spire acquisition. These preference shares have a tenure of four years and the dividend rate is fixed at 7.7%, payable semi-annually.

On 16 March 2016 and 22 March 2016 Remgro issued further fixed rate cumulative redeemable preference shares (through its wholly owned subsidiary, Remgro Healthcare) amounting to R4.4 billion and exchangeable bonds (through its wholly owned subsidiary, Remgro Jersey GBP Limited) amounting to £350.0 million, respectively, to fund the Al Noor/Mediclinic transaction. The preference shares have a tenure of five years and a fixed dividend rate of 8.3%, payable semi-annually, while the exchangeable bonds have a tenure of five years and a fixed coupon rate of 2.625%, payable semi-annually. The exchangeable bonds are exchangeable into approximately 30.9 million Mediclinic shares and/or cash, and the exchange price for the bonds is £11.3086 per Mediclinic share, representing a 30% premium above the weighted average price on the London Stock Exchange (LSE) between launch and pricing of the bond offering. Upon exchange or