

# STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2020

R million	Notes	30 June 2020 <sup>(1)</sup>	30 June 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		16 845	14 541
Investment properties		109	119
Intangible assets	6	21 067	24 024
Investments – Equity accounted	7	50 991	71 183
– Financial assets at fair value through other comprehensive income (FVOCI) <sup>(2)</sup>		12 505	3 727
Financial assets at fair value through profit and loss (FVPL)		309	147
Hedge derivatives		101	–
Retirement benefits		868	748
Long-term loans and debtors		181	311
Deferred taxation		190	199
		<b>103 166</b>	114 999
<b>Current assets</b>			
Inventories		12 032	12 034
Biological agricultural assets		805	866
Debtors and short-term loans		9 958	9 543
Financial assets at FVPL		11	148
Taxation		258	108
Investment in money market funds		4 945	5 175
Cash and cash equivalents		15 631	12 662
		<b>43 640</b>	40 536
Assets held for sale		293	3
<b>Total assets</b>		<b>147 099</b>	155 538
<b>EQUITY AND LIABILITIES</b>			
Stated capital		13 416	13 416
Reserves		73 921	88 251
Treasury shares		(564)	(570)
<b>Shareholders' equity</b>		<b>86 773</b>	101 097
Non-controlling interest		14 670	15 092
<b>Total equity</b>		<b>101 443</b>	116 189
<b>Non-current liabilities</b>			
Retirement benefits		141	186
Long-term loans	8	15 167	21 020
Lease liabilities		1 725	–
Deferred taxation		6 106	5 563
Financial liability at FVPL		–	1
<b>Current liabilities</b>		<b>22 517</b>	12 579
Trade and other payables		11 616	11 106
Short-term loans <sup>(3)</sup>		10 158	1 376
Lease liabilities		310	–
Financial liabilities at FVPL		279	54
Taxation		154	43
<b>Total equity and liabilities</b>		<b>147 099</b>	155 538

<sup>(1)</sup> Refer to "Change in accounting policies" on page 130 for the impact of the implementation of new accounting standards.

<sup>(2)</sup> With effect from 8 June 2020 Remgro ceased to have significant influence over FirstRand, due to among others the RMH Unbundling, and the investment was reclassified from an equity accounted investment to an investment at FVOCI.

<sup>(3)</sup> As the exchangeable bonds of £350 million have a maturity date of 22 March 2021, they were classified as short-term loans during the 2020 financial year.

# INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

R million	Notes	30 June 2020	30 June 2019
<b>CONTINUING OPERATIONS</b>			
Revenue	14	54 732	56 968
Inventory expenses		(32 291)	(33 606)
Staff costs		(8 451)	(8 576)
Depreciation		(1 682)	(1 303)
Other net operating expenses		(10 763)	(10 205)
Trading profit		1 545	3 278
Dividend income		45	78
Interest received		862	1 268
Fair value adjustment on exchangeable bonds' option		2	112
Finance costs		(1 876)	(1 477)
Net impairment of investments, assets and goodwill		(4 234)	(7 218)
Loss allowances on loans		(290)	(274)
Bargain purchase gain		278	–
Profit on sale and dilution of investments		4 220	137
Consolidated profit/(loss) before tax		552	(4 096)
Taxation		(452)	(987)
Consolidated profit/(loss) after tax		100	(5 083)
Share of after-tax profit/(loss) of equity accounted investments	7	(2 272)	1 708
Net loss for the year from continuing operations		(2 172)	(3 375)
<b>DISCONTINUED OPERATIONS<sup>(1)</sup></b>			
Profit for the year from discontinued operations		8 755	11 127
<b>Net profit for the year</b>		<b>6 583</b>	<b>7 752</b>
<b>Attributable to:</b>			
Equity holders		6 646	7 319
Continuing operations		(2 109)	(3 808)
Discontinued operations		8 755	11 127
Non-controlling interest		(63)	433
		<b>6 583</b>	<b>7 752</b>

<sup>(1)</sup> On 31 March 2020 the investment in RMH was transferred from "investment – equity accounted" to "assets held for distribution" (refer to "Related party transactions" on page 139). Profit from discontinued operations include the equity accounted income of RMH for both financial years presented, as well as the profit realised on the RMH Unbundling. The prior year also includes the profit realised on the disposal of Unilever.



# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

R million	30 June 2020	30 June 2019
Net profit for the year	6 583	7 752
Other comprehensive income, net of tax	6 554	55
<b>Items that may be reclassified subsequently to the income statement:</b>		
Exchange rate adjustments	6 880	(377)
Fair value adjustments for the year	(3)	(25)
Deferred taxation on fair value adjustments	6	7
Reclassification of other comprehensive income to the income statement	(1 073)	(90)
Other comprehensive income of equity accounted investments	2 671	1 232
<b>Items that will not be reclassified to the income statement:</b>		
Fair value adjustments for the year	(1 210)	206
Deferred taxation on fair value adjustments	(668)	57
Remeasurement of post-employment benefit obligations	133	23
Deferred taxation on remeasurement of post-employment benefit obligations	(37)	(7)
Change in reserves of equity accounted investments	(145)	(971)
<b>Total comprehensive income for the year</b>	<b>13 137</b>	<b>7 807</b>
<b>Total comprehensive income attributable to:</b>		
Equity holders	12 900	7 423
Non-controlling interest	237	384
	<b>13 137</b>	<b>7 807</b>

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

R million	30 June 2020	30 June 2019
Balance at the beginning of the year	116 189	112 330
Change in accounting policies <sup>(1)</sup>	(323)	–
Restated balance at the beginning of the year	115 866	112 330
Total comprehensive income for the year	13 137	7 807
Dividends paid	(3 883)	(3 759)
Dividends <i>in specie</i>	(23 716)	–
Transactions with non-controlling shareholders	58	(9)
Other movements	(25)	11
Long-term share incentive scheme reserve	6	205
Purchase of treasury shares by wholly owned subsidiary	–	(396)
<b>Balance at the end of the year</b>	<b>101 443</b>	<b>116 189</b>

<sup>(1)</sup> Refer to "Change in accounting policies" on page 130 for the impact of the implementation of new accounting standards.

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

R million	30 June 2020	30 June 2019
<b>Cash flows – operating activities</b>		
Cash generated from operations	4 340	4 372
Interest received	777	1 256
Taxation paid	(772)	(1 217)
Dividends received <sup>(1)</sup>	2 984	3 381
Finance costs	(1 592)	(1 492)
Cash available from operating activities	5 737	6 300
Dividends paid	(3 883)	(3 759)
Cash inflow from operating activities	1 854	2 541
<b>Cash flows – investing activities</b>		
Investment in property, plant and equipment and other assets	(2 467)	(2 636)
Proceeds on disposal of property, plant and equipment and intangible assets	131	69
Proceeds on disposal of assets held for sale <sup>(2)</sup>	10	5 084
Businesses acquired	110	(61)
Proceeds on disposal of investments and loans	925	1 004
Additions to investments and loans <sup>(3)</sup>	(417)	(4 484)
Investment in money market funds	(2 275)	(1 179)
Withdrawal of money market funds	2 505	–
Cash outflow from investing activities	(1 478)	(2 203)
<b>Cash flows – financing activities</b>		
Loans repaid	(11)	(600)
Lease payments	(406)	–
Purchase of treasury shares	–	(396)
Other movements	166	180
Cash outflow from financing activities	(251)	(816)
Net increase/(decrease) in cash and cash equivalents	125	(478)
Exchange rate profit on foreign cash	1 549	38
Cash and cash equivalents at the beginning of the year	11 545	11 985
Cash and cash equivalents at the end of the year	13 219	11 545
Cash and cash equivalents – per statement of financial position	15 631	12 662
Bank overdraft	(2 412)	(1 117)

<sup>(1)</sup> The dividend received from RMI in the comparative year in respect of the reinvestment alternative amounting to R300 million was not included in "Dividends received" and "Additions to investments and loans" for cash flow purposes.

<sup>(2)</sup> The comparative year includes the R4 900 million cash received on the disposal of the investment in Unilever.

<sup>(3)</sup> The comparative year includes the investments in CIVH and Prescient amounting to R3 683 million.

# NOTES TO THE SUMMARY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

## 1. BASIS OF PREPARATION

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

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated Annual Financial Statements, with the exception of the implementation of *IFRS 16: Leases*. Refer to "Change in accounting policies" for further detail on the implementation of this standard. During the year under review various other interpretations and amendments became effective, but their implementation had no impact on the results of either the current or prior years. The financial statements have been prepared under the supervision of the Chief Financial Officer, Neville Williams CA(SA).

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

## 2. CHANGE IN ACCOUNTING POLICIES

The Group adopted *IFRS 16: Leases* retrospectively from 1 July 2019, but has not restated comparatives for the 30 June 2019 reporting period as permitted under the specific transition provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 July 2019.

On adoption of *IFRS 16*, the Group recognised lease liabilities in relation to leases that had previously been classified as operating leases under the principles of *IAS 17: Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 July 2019. The weighted average incremental borrowing rates applied to the lease liabilities on 1 July 2019 were as follows for each major subsidiary:

Distell	8.7%
RCL Foods	8.6%
Wispeco	10.0%

Under *IAS 17*, operating lease payments were expensed on a straight-line basis. Under *IFRS 16*, lease liabilities with corresponding right-of-use assets are recognised. Finance charges are accrued on the lease liabilities and the right-of-use assets are depreciated over their useful lives. Lease repayments are accounted for against the lease liabilities.

A number of transition options are available to lessees under *IFRS 16*. The Group applied the modified retrospective approach where two options are available on a lease-by-lease basis:

- The lease liability is measured at the present value of the remaining lease payments over the period of the lease at the incremental borrowing rate measured at 1 July 2019. The right-of-use asset is measured retrospectively as if *IFRS 16* had always been applied with an adjustment to retained earnings.
- The lease liability is measured at the present value of the remaining lease payments over the period of the lease at the incremental borrowing rate measured at 1 July 2019. The right-of-use asset is measured at an amount equal to the lease liability, adjusted for prepayments.

As allowed under *IFRS 16*, the right-of-use assets were determined to be equal to their respective lease liabilities.

In applying *IFRS 16* for the first time, the Group has used the following practical expedients as permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Accounting for operating leases with a remaining lease term of less than 12 months at 1 July 2019 as short-term leases;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

## 2. CHANGE IN ACCOUNTING POLICIES (continued)

Significant judgements:

- The most significant judgements required for the implementation of *IFRS 16* relate to variable rental payments on RCL Foods Limited's (RCL Foods) contract grower property and equipment, solar panels and sugar cane farms, as well as accounting for leases with extensions and termination options by that subsidiary. These assessments will be reviewed if significant events or changes in circumstances occur. During the current financial period there were no revisions of lease terms resulting from changes in management's assessment of extension or termination options.

The change in accounting policy affected the following items on the statement of financial position on 1 July 2019:

R million	Increase/ (decrease)
Property, plant and equipment	1 474
Debtors and short-term loans	(1)
Trade and other payables	(30)
Lease liabilities	1 705
Long-term loans	(181)
Short-term loans	(21)
Net impact on retained earnings	–

Reconciliation of operating lease commitments disclosed in the 2019 Annual Financial Statements to the lease liability recognised on 1 July 2019:

R million	Increase/ (decrease)
Operating lease commitments disclosed as at 30 June 2019	1 125
Discounted using the lessee's incremental borrowing rate at 1 July 2019	(194)
	931
Less: Short-term leases not recognised as a liability	(41)
Less: Low-value leases not recognised as a liability	(24)
Adjustments as a result of a different treatment of extension and termination options	309
Arrangements containing a lease	126
Finance lease liabilities recognised as at 30 June 2019	202
Contracts reassessed as lease contracts	208
Other	(6)
Lease liabilities recognised as at 1 July 2019	1 705
Of which are:	
Non-current lease liabilities	1 383
Current lease liabilities	322
	1 705

The main contributors to Remgro's adoption of *IFRS 16* were RCL Foods and Distell Group Holdings Limited (Distell).

The Group's equity accounted investments also implemented *IFRS 16* on the same basis as stated above. The impact of their adoption of *IFRS 16* on the statement of financial position on 1 July 2019 was as follows:

R million	Decrease
Investments – Equity accounted	323
Equity accounted reserves	323

### 3. COMPARISON WITH THE PRIOR YEAR

As a result of the unbundling of Remgro's 28.2% interest in RMB Holdings Limited (RMH) (RMH Unbundling), earnings and headline earnings measures are presented for continuing operations and discontinued operations. The investment in RMH is treated as a discontinued operation and, accordingly, discontinued operations include the equity accounted income of RMH for both financial years presented, as well as the profit realised on the RMH Unbundling. For the year under review the investment in RMH was equity accounted for the nine months to 31 March 2020 (2019: twelve months to 30 June 2019). Discontinued operations for the prior year also includes the profit realised on the disposal of Unilever South Africa Holdings Proprietary Limited (Unilever).

It should also be noted that with effect from 8 June 2020, Remgro ceased to have significant influence over FirstRand Limited (FirstRand), due to among others the RMH Unbundling, and therefore the investment was reclassified from an equity accounted investment to an investment at fair value through other comprehensive income (FirstRand Reclassification). For the year under review the investment in FirstRand was equity accounted until 8 June 2020. In future only dividend income will be accounted for FirstRand in the income statement.

During the year under review the platforms under which the results of investee companies are being reported, were changed. Previously RMH and FirstRand were classified under *Banking* and Rand Merchant Investment Holdings Limited (RMI) was classified under *Insurance*. As a result of the RMH Unbundling, these investee companies are included under the *Financial services* platform. Comparative figures have been presented accordingly.

### 4. HEADLINE EARNINGS RECONCILIATION

R million	30 June 2020	30 June 2019
<b>CONTINUING OPERATIONS</b>		
<b>Net loss for the year attributable to equity holders (earnings)</b>	<b>(2 109)</b>	(3 808)
– Impairment of equity accounted investments <sup>(1)</sup>	<b>930</b>	5 533
– Reversal of impairment of equity accounted investments	<b>(73)</b>	–
– Impairment of property, plant and equipment	<b>639</b>	757
– Reversal of impairment of property, plant and equipment	<b>(2)</b>	(3)
– Impairment of investment properties	<b>10</b>	–
– Impairment of intangible and other assets <sup>(2)</sup>	<b>2 730</b>	931
– Bargain purchase gain	<b>(278)</b>	–
– Profit on sale and dilution of equity accounted investments <sup>(3)</sup>	<b>(4 241)</b>	(60)
– Loss on sale and dilution of equity accounted investments	<b>21</b>	16
– Profit on disposal of property, plant and equipment	<b>(56)</b>	(208)
– Loss on disposal of property, plant and equipment	<b>18</b>	39
– Recycling of foreign currency translation reserves	<b>–</b>	(90)
– Non-headline earnings items included in equity accounted earnings of equity accounted investments	<b>4 725</b>	3 427
– Loss on disposal of property, plant and equipment	<b>16</b>	12
– Profit on sale of investments	<b>(130)</b>	(250)
– Loss on sale of investments	<b>8</b>	16
– Impairment of investments, assets and goodwill <sup>(4)</sup>	<b>4 810</b>	3 666
– Recycling of foreign currency translation reserves	<b>–</b>	(6)
– Other headline earnings adjustable items	<b>21</b>	(11)
– Taxation effect of adjustments	<b>(204)</b>	(514)
– Non-controlling interest	<b>(373)</b>	(469)
<b>Headline earnings from continuing operations</b>	<b>1 737</b>	5 551
<b>DISCONTINUED OPERATIONS</b>		
<b>Net profit for the year attributable to equity holders (earnings)</b>	<b>8 755</b>	11 127
– Profit on sale of equity accounted investments <sup>(5)</sup>	<b>(7 360)</b>	(8 318)
– Non-headline earnings items included in equity accounted earnings of equity accounted investments	<b>35</b>	(165)
– Profit on disposal of property, plant and equipment	<b>–</b>	(5)
– Loss/(profit) on sale of investments	<b>35</b>	(287)
– Impairment of investments, assets and goodwill	<b>–</b>	63
– Taxation effect of adjustments	<b>–</b>	64
<b>Headline earnings from discontinued operations</b>	<b>1 430</b>	2 644
<b>Total headline earnings from continuing and discontinued operations</b>	<b>3 167</b>	8 195

<sup>(1)</sup> Refer to "Net impairments of equity accounted investments" on page 134 for further detail.

<sup>(2)</sup> Refer to "Intangible assets" on page 133 for further detail.

<sup>(3)</sup> "Profit on sale and dilution of equity accounted investments" for the year under review includes the profit realised on the FirstRand Reclassification of R4 228 million.

<sup>(4)</sup> "Impairment of investments, assets and goodwill" from equity accounted investments for the year under review includes Remgro's portion of the impairments of Mediclinic's assets in Switzerland and the Middle East, as well as its investment in Spire of R4 330 million (2019: R2 873 million).

<sup>(5)</sup> "Profit on sale of equity accounted investments" for the year under review consists of the profit realised on the RMH Unbundling. The comparative year consists of the profit realised on the disposal of Unilever.

## 5. EARNINGS AND DIVIDENDS

Cents	30 June 2020	30 June 2019
<b>Total headline earnings per share</b>		
– Basic	<b>560.6</b>	1 448.9
Continuing operations	<b>307.5</b>	981.4
Discontinued operations	<b>253.1</b>	467.5
– Diluted	<b>558.4</b>	1 445.9
Continuing operations	<b>305.6</b>	978.8
Discontinued operations	<b>252.8</b>	467.1
<b>Earnings per share</b>		
– Basic	<b>1 176.4</b>	1 294.0
Continuing operations	<b>(373.3)</b>	(673.2)
Discontinued operations	<b>1 549.7</b>	1 967.2
– Diluted	<b>1 173.6</b>	1 292.0
Continuing operations	<b>(373.9)</b>	(673.7)
Discontinued operations	<b>1 547.5</b>	1 965.7
<b>Dividends per share</b>		
Ordinary	<b>265.00</b>	564.00
– Interim	<b>215.00</b>	215.00
– Final	<b>50.00</b>	349.00

## 6. INTANGIBLE ASSETS

R million	30 June 2020	30 June 2019
<b>Carrying value at the beginning of the year</b>	<b>24 024</b>	18 427
Additions	<b>149</b>	90
Businesses acquired	<b>8</b>	6 919
Impairments	<b>(2 730)</b>	(927)
Amortisation	<b>(523)</b>	(493)
Foreign exchange translation	<b>132</b>	–
Transfers and other	<b>7</b>	8
<b>Carrying value at the end of the year</b>	<b>21 067</b>	24 024

At 30 June 2020, Remgro recognised an impairment amounting to R1 809 million relating to the goodwill allocated to Distell with the business combination of the Company during May 2018. The Covid-19 national lockdown and accompanying ban on the sale of alcohol had a significant impact on Distell's business. Accordingly, the cash flows forecast in the discounted cash flow model used to determine Distell's value in use was diminished. This resulted in a lower recoverable amount. Revenue and cash flow projections for a five-year period were estimated and reflect management's best view of future earnings. A discount rate of 11.4% and a terminal growth rate of 4.5% were used to determine the value in use.

RCL Foods recognised an impairment on goodwill (R598 million) relating to its Vector (R287 million), Beverages (R123 million), Pies (R114 million) and Speciality (R74 million) business units, including indefinite life intangible assets of R315 million in the Milling business unit. The impairments were due to the negative impact of the Covid-19 pandemic on the global and South African economy. The recoverable amounts of the RCL Foods' cash-generating units (CGU) were based on their value in use.

Remgro recognised no additional impairment on the goodwill allocated to Siqalo Foods Proprietary Limited (Siqalo Foods) (2019: R888 million). The recoverable amount of the investment in Siqalo Foods, that exceeds its carrying value, is its value in use and was determined using the discounted cash flow method. Cash flow projections for a five-year period were estimated and reflect management's best view of future earnings. A discount rate of 12.1% and a terminal growth rate of 5.5% were used.



## 7. INVESTMENTS – EQUITY ACCOUNTED

R million	30 June 2020	30 June 2019
Associates	46 347	65 417
Joint ventures	4 644	5 766
	50 991	71 183
<b>EQUITY ACCOUNTED INVESTMENTS RECONCILIATION</b>		
Carrying value at the beginning of the year	71 183	72 629
Change in accounting policies <sup>(1)</sup>	(323)	–
Restated balance at the beginning of the year	70 860	72 629
Share of net attributable profit/(loss)	(878)	4 517
Dividends received	(2 620)	(3 615)
Exchange rate differences	5 527	(472)
Investments made	254	3 252
RMH Unbundling <sup>(2)</sup>	(17 182)	–
FirstRand Reclassification <sup>(3)</sup>	(6 061)	–
Dark Fibre Africa loans reclassified to short-term loans	(468)	–
Net impairments	(885)	(5 534)
Equity accounted movements on reserves	2 526	239
Other movements	(82)	167
<b>Carrying value at the end of the year</b>	<b>50 991</b>	<b>71 183</b>

<sup>(1)</sup> Refer to “Change in accounting policies” on page 130 for the impact of the implementation of new accounting standards.

<sup>(2)</sup> On 31 March 2020 the investment in RMH was transferred from “investment – equity accounted” to “assets held for distribution”.

<sup>(3)</sup> With effect from 8 June 2020 Remgro ceased to have significant influence over FirstRand, due to among others the RMH Unbundling, and the investment was reclassified from an equity accounted investment to an investment at FVOCI.

## NET IMPAIRMENTS OF EQUITY ACCOUNTED INVESTMENTS AND LOSS ALLOWANCES ON LOANS

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

R million	30 June 2020	30 June 2019
Mediclinic (refer below)	–	(3 898)
Best Global Brands Limited (BGB) <sup>(1)</sup>	(144)	(524)
PGSI	–	(378)
Grindrod <sup>(2)</sup>	(596)	(300)
Grindrod Shipping <sup>(2)</sup>	(112)	(277)
Other impairments	(33)	(157)
	(885)	(5 534)

<sup>(1)</sup> The further significant devaluation of the Angolan kwanza during the year under review has negatively affected the earnings of BGB. The recoverable amount was based on a fair value less cost to sell calculation.

<sup>(2)</sup> These investments were impaired to their listed market prices following a significant decline in the share price.

The listed market value of the investment in Mediclinic International plc (Mediclinic) was R18 769 million on 30 June 2020 (2019: R17 891 million), which is significantly lower than the carrying value of R27 443 million (2019: R27 917 million) before impairment. Mediclinic reported losses for its year ended 31 March 2020. Accordingly, management assessed for impairment by means of a value in use calculation. The value in use calculation is based on a discounted cash flow model. The calculation requires the use of estimates in respect of cash flows, growth and discount rates and it assumes a stable regulatory environment. These estimates are based on publicly available information such as analysts’ consensus forecast and guidance provided by Mediclinic in its annual results. Given that Mediclinic, in terms of London Stock Exchange listing requirements and its Disclosure Guidance and Transparency Rules, must monitor such publicly available information for reasonability against its internal budgets and forecast and publish guidance should there be a significant deviance, management has comfort that the estimates used in the discounted cash flow calculation are reasonable.

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

	Discount rate (%)	Terminal growth rate (%)
South Africa	13.0	4.5
Switzerland	5.0	1.6
Middle East	8.8	3.0

Any increase in the discount rate or decreases in the short-term cash flow projections or terminal growth rate could give rise to further impairment charges in future. The value in use of the investment is R28 776 million on 30 June 2020 and, as a result, no further impairment was recognised.

**7. INVESTMENTS – EQUITY ACCOUNTED (continued)****SHARE OF AFTER-TAX PROFIT/(LOSS) OF EQUITY ACCOUNTED INVESTMENTS**

R million	30 June 2020	30 June 2019
Profit before taking into account impairments and non-recurring items	5 176	9 228
Net impairment of investments, assets and goodwill	(4 810)	(3 729)
Profit on the sale of investments	87	521
Recycling of foreign currency translation reserves	–	6
Other headline earnings adjustable items	(21)	11
<b>Profit before tax and non-controlling interest</b>	<b>432</b>	<b>6 037</b>
Taxation	(952)	(1 160)
Non-controlling interest	(358)	(360)
	<b>(878)</b>	<b>4 517</b>
Continuing operations	<b>(2 272)</b>	1 708
Discontinued operations	<b>1 394</b>	2 809
<b>8. LONG-TERM LOANS</b>		
20 000 Class A 7.5% cumulative redeemable preference shares	<b>3 507</b>	3 488
10 000 Class B 8.3% cumulative redeemable preference shares	<b>4 313</b>	4 312
Exchangeable bonds with an effective interest rate of 4.5% (maturity at 22 March 2021)	<b>7 468</b>	6 117
Various other loans	<b>7 456</b>	7 205
	<b>22 744</b>	21 122
Short-term portion of long-term loans	<b>(7 577)</b>	(102)
	<b>15 167</b>	21 020
<b>9. ADDITIONS TO AND REPLACEMENT OF PROPERTY, PLANT AND EQUIPMENT</b>	<b>2 976</b>	2 543
<b>10. CAPITAL AND INVESTMENT COMMITMENTS<sup>(1)</sup></b> (Including amounts authorised but not yet contracted for)	<b>2 299</b>	5 204
<b>11. GUARANTEES AND CONTINGENT LIABILITIES<sup>(2)</sup></b>	<b>3 353</b>	5
<b>12. DIVIDENDS RECEIVED FROM EQUITY ACCOUNTED INVESTMENTS SET OFF AGAINST INVESTMENTS</b>	<b>2 620</b>	3 615

<sup>(1)</sup> The comparative year includes an investment commitment of R1.3 billion to Milestone China Opportunities Fund IV which subsequently lapsed.

<sup>(2)</sup> Remgro issued a guarantee to Rand Merchant Bank for a loan facility, which was granted to CIVH to fund the Vumatel acquisition. Remgro's exposure at 30 June 2020 amounted to R3 329 million.

### 13. FAIR VALUE REMEASUREMENTS

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

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

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

R million	Level 1	Level 2	Level 3	Total
<b>30 June 2020</b>				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Financial assets at FVOCI	10 542	101	1 963	12 606
Financial assets at FVPL	–	–	309	309
<b>Current assets</b>				
Financial assets at FVPL	–	11	–	11
Investment in money market funds	4 945	–	–	4 945
	<b>15 487</b>	<b>112</b>	<b>2 272</b>	<b>17 871</b>
<b>LIABILITIES</b>				
Current instruments at FVPL	–	279	–	279
	–	<b>279</b>	–	<b>279</b>
<b>30 June 2019</b>				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Financial assets at FVOCI	1 532	14	2 181	3 727
Financial assets at FVPL	–	–	147	147
<b>Current assets</b>				
Financial assets at FVPL	–	7	141	148
Investment in money market funds	5 175	–	–	5 175
	<b>6 707</b>	<b>21</b>	<b>2 469</b>	<b>9 197</b>
<b>LIABILITIES</b>				
Non-current instruments at FVPL	–	1	–	1
Current instruments at FVPL	–	54	–	54
	–	<b>55</b>	–	<b>55</b>

**13. FAIR VALUE REMEASUREMENTS (continued)**

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

R million	Financial assets at FVOCI	Financial assets at FVPL	Total
<b>ASSETS</b>			
<b>Balances at 1 July 2019</b>	<b>2 181</b>	<b>288</b>	<b>2 469</b>
Additions	136	132	268
Disposals	(691)	(141)	(832)
Exchange rate adjustment	284	–	284
Fair value adjustments through other comprehensive income	53	–	53
Fair value adjustments through profit and loss	–	30	30
<b>Balances at 30 June 2020</b>	<b>1 963</b>	<b>309</b>	<b>2 272</b>

Level 3 financial assets consist mainly of investments in the Milestone China entities (Milestone) and the Pembani Remgro Infrastructure Fund (PRIF) amounting to R1 299 million and R341 million, respectively. These investments are all valued based on the fair value of each investment's underlying assets, which are valued using a variety of valuation methodologies. Listed entities are valued at the last quoted share price on the reporting date, whereas unlisted entities' valuation methods include discounted cash flow valuations, appropriate earnings and revenue multiples.

Milestone's fair value consists of listed investments (13%), cash and cash equivalents (2%), and unlisted investments (85%). Unlisted investments included at transaction prices in Milestone's fair value amounted to R988 million, while its remaining three unlisted investments were valued at R117 million. PRIF's main assets are the investments in ETG Group, Octotel, RSAWeb, Lumos Global, Solar Saver, GPR Leasing and Icolo. ETG Group was valued using a market based approach, specifically the comparable company method (Enterprise value/EBITDA), while the other investments were valued using the discounted cash flow method.

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

**14. SEGMENT REVENUE**

R million	Year ended 30 June	
	2020	2019
<b>Consumer products</b>		
Distell	22 370	26 180
RCL Foods	27 659	25 786
Siqalo Foods	2 712	2 626
<b>Industrial</b>		
Wispeco	1 991	2 376
<b>Total revenue</b>	<b>54 732</b>	<b>56 968</b>

## 14. SEGMENT REVENUE (continued) DISAGGREGATED REVENUE INFORMATION

R million	Year ended 30 June	
	2020	2019
<b>Distell</b>		
Spirits	8 942	9 263
Wine	5 656	7 179
Cider and RTDs	7 725	9 714
Other	47	24
	<b>22 370</b>	26 180
<b>RCL Foods<sup>(1)</sup></b>		
Groceries	4 984	4 832
Baking	5 195	5 061
Chicken	8 814	8 632
Sugar	7 622	6 613
Vector	2 589	2 183
Sales between RCL Foods' business units	(1 566)	(1 535)
Group	166	102
	<b>27 804</b>	25 888
<b>Siqalo Foods</b>		
Spreads	2 712	2 626
<b>Wispeco</b>		
Extrusions and related products	1 721	2 135
Other	270	241
	<b>1 991</b>	2 376
Elimination of intersegment revenue	(145)	(102)
<b>Total revenue</b>	<b>54 732</b>	56 968

<sup>(1)</sup> RCL Foods restructured their segments in September 2019, resulting in the revision of segments disclosures.

## 15. RELATED PARTY TRANSACTIONS FIRSTRAND AND RMH

On 19 November 2019, Remgro announced its intention to pursue the distribution to shareholders, in full or in part, of Remgro's exposure to FirstRand and RMH. In parallel with this, RMH announced that it had made the strategic decision to restructure the RMH portfolio of assets and liabilities, which would include the distribution of its shareholding in FirstRand to its shareholders (FirstRand Unbundling).

However, on 31 March 2020 Remgro announced that it will proceed with the full distribution of its 28.2% interest in RMH (RMH Unbundling) and during April 2020 a detailed terms announcement was distributed to shareholders. Remgro's investment in RMH was previously classified as an associate and accounted for using the equity method. With effect from 31 March 2020 the investment met the criteria to be classified as a disposal group under IFRS 5 and was classified as a non-current asset held for distribution. On 8 June 2020 Remgro distributed 397 447 747 ordinary shares in RMH to shareholders in the ratio of 0.69939 RMH ordinary shares for every 1 Remgro share held. The market value of the interim dividend *in specie* amounted to R23 855 million and an accounting profit of R7 360 million was realised on the distribution.

On 31 March 2020 Remgro also announced that it will retain its 3.9% direct interest in FirstRand (being 219 828 140 FirstRand ordinary shares). Remgro's investment in FirstRand was previously classified as an associate and accounted for using the equity method. With effect from 8 June 2020 Remgro ceased to have significant influence over FirstRand, due to among others the RMH Unbundling, and the investment was classified as a financial asset at fair value through other comprehensive income. In future only dividend income will be accounted for FirstRand in the income statement. The market value of the investment on that date amounted to R9 927 million and an accounting profit of R4 228 million was realised on the reclassification of the investment.

**15. RELATED PARTY TRANSACTIONS (continued)****COMMUNITY INVESTMENT VENTURES HOLDINGS PROPRIETARY LIMITED (CIVH)**

During the 2019 financial year Remgro advanced a loan amounting to R100 million to CIVH and earned underwriting fees of R58 million on a CIVH rights issue. As previously reported, the loan and outstanding amount of the underwriting fee would be converted to CIVH shares. On 31 March 2020 Remgro invested a further R167 million in CIVH in exchange for the loan and outstanding underwriting fee, which marginally increased Remgro's interest in CIVH to 54.7% (2019: 54.4%).

**RCL FOODS**

During June 2020 Remgro acquired a further 10 573 857 RCL Foods shares for a total amount of R100 million. At 30 June 2020 Remgro's effective interest in RCL Foods was 77.1% (2019: 77.5%).

**INVENFIN PROPRIETARY LIMITED (INVENFIN)**

During the year under review Invenfin (a wholly owned subsidiary of Remgro) invested a further R103 million in Bos Brands Proprietary Limited.

**OTHER**

For other related party transactions refer to note 7 and 12.

**16. EVENTS AFTER YEAR-END****DISTELL**

On 12 July 2020 the South African government announced new measures to curb the spread of Covid-19. These measures included a ban on the sale of alcoholic beverages, which was lifted again from 18 August 2020 when Distell was allowed to trade again. Distell was still allowed to manufacture products in South Africa during the ban on the sale of alcohol and to continue with its normal export activities. Other major territories in which Distell operates have not been impacted to this extent and was able to trade mostly normally in line with general economic constraints in the various territories. Distell evaluated the adverse consequences of the alcohol ban on its liquidity forecast and concluded that it remains a going concern.

Other than the above-mentioned events, there were no other significant events subsequent to 30 June 2020.