ANNUAL
FINANCIAL STATEMENTS
2020

Remgro
Limited

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ANNUAL FINANCIAL STATEMENTS

CONSOLIDATED

THE COMPANY

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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 (Companies Act), 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 Board also confirms its compliance with the Companies Act and the Company's memorandum of incorporation for the reporting period.

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 11.

Signed on behalf of the Board of Directors.

Johann Rupert.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
28 September 2020

STATEMENT BY THE **COMPANY SECRETARY**

I, Danielle Ivelene Dreyer, 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.

Dreyer

Danielle Dreyer
Company Secretary

Stellenbosch
28 September 2020

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 2020.

COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

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

COMPOSITION OF THE COMMITTEE

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

* *Abridged curriculum vitae of all the directors of the Company are set out on pages 18 and 19 of the Integrated Annual Report.*

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

ROLE AND RESPONSIBILITIES

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

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

The committee has also satisfied itself that there are effective boards and audit committees (where applicable) functioning at Remgro's significant operating subsidiaries (RCL Foods Limited (RCL Foods), Distell Group Holdings Limited (Distell), Siqalo Foods Proprietary Limited (Siqalo Foods) and Wispeco Holdings Proprietary Limited (Wispeco)), associates and joint ventures, whose minutes of meetings held are also included in the committee's agenda.

More information about the functioning of the committee and the matters dealt with in this report can be found in the Corporate Governance Report and Risk and Opportunities Management Report, which are included in the Integrated Annual Report.

STATUTORY DUTIES

In its execution of its mandate, 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 2020
- 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 52 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 72 years. The committee is satisfied with PwC's independence from the Company, notwithstanding its tenure as external auditor.

PwC has confirmed its compliance with the ethical requirements regarding independence and is considered independent with respect to the Group as required by the codes endorsed and administered by the Independent Regulatory Board for Auditors, the South African Institute of Chartered Accountants and the International Federation of Accountants. As required by section 3.84(g)(iii) of the JSE Listings Requirements, the committee obtained the information listed in paragraph 22.15(h) of the JSE Listings Requirements and satisfied itself that the external auditor and audit partner, Mr Anton Wentzel, have the necessary accreditation and are suitable for re-appointment. The committee nominated, for approval at the Annual General Meeting on 30 November 2020, PwC as external auditor for the 2021 financial year. The committee is also satisfied that the designated partner is not on the JSE's list of disqualified individuals. In terms of the requirements of the Independent Regulatory Board for Auditors, the Company is obliged to rotate its external auditor for the 2024 financial year. The committee has already taken steps to ensure that audit firm rotation is implemented in time.

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

INTERNAL FINANCIAL CONTROL AND ACCOUNTING SYSTEMS

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

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

EXPERTISE AND EXPERIENCE OF THE CFO AND FINANCE FUNCTION

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

The committee has furthermore considered and 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 FirstRand Limited (FirstRand) and RMB Holdings Limited (RMH)**

  On 31 March 2020 Remgro announced that it will proceed with the full distribution of its 28.2% interest in RMH (RMH Unbundling). Remgro's investment in RMH was previously classified as an associate and accounted for using the equity method, but 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. For the year under review the investment in RMH was equity accounted for the nine months to 31 March 2020. As a result of the RMH Unbundling, earnings and headline earnings measures are also 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 accounting profit realised on the RMH Unbundling.

  FirstRand was equity accounted until 8 June 2020, the date on which 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 a financial asset at fair value through other comprehensive income realising an accounting profit on the reclassification (FirstRand Reclassification).

  The committee considered the assumptions and key judgements made by management in accounting for the investments in RMH and FirstRand, as well as the RMH Unbundling and FirstRand Reclassification. The committee is further satisfied with the accounting treatment thereof as detailed in note 10.11 to the Annual Financial Statements.

- **Valuation of investments and consideration of possible impairments**

  The intrinsic net asset value (INAV) is one of the measures used to assess shareholder value created. Investee companies, which represent operating segments, are valued and included in the INAV. The committee considered the methodologies, assumptions and judgements applied by management in determining the intrinsic value of assets and is satisfied that the approach taken was appropriate.

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

Refer to notes 2, 4.4 and 10.3 to the Annual Financial Statements for further detail.

- **Accounting for equity accounted investments**

  The Company holds significant investments which are equity accounted for in terms of *IAS 28: Investments in Associates and Joint Ventures*. Some of the equity accounted investments have year-ends which are non-coterminous with that of the Company, the most significant investment in this regard being Mediclinic. These investments are equity accounted from results for a financial period ended within three months from the Group's financial year-end. Significant transactions that occur after the equity accounted investments' period-end, but before the Company's year-end, are accounted for in Remgro's consolidated financial statements. Significant adjustments for the current year related to dividends received from equity accounted investments and the conversion of Mediclinic's financial information from its presentation currency (British pound) to the Company's presentation currency as at 30 June 2020. The committee considered these transactions and is satisfied with the accounting treatment thereof. Refer to note 4.1 to the Annual Financial Statements for further detail.

- **Going concern**

  The committee has reviewed a documented assessment by management of the going concern premise of the Company. Based on the facts and circumstances known and the possible scenarios about how the Covid-19 pandemic and various levels of lockdown could evolve, management and the committee determined that there is not a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern, and therefore the committee recommended 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 Operational Sub-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 Community Investment Ventures Holdings Proprietary Limited, RMH, Rand Merchant Investment 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
28 September 2020

REPORT OF THE **BOARD OF DIRECTORS**

FOR THE YEAR ENDED 30 JUNE 2020

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 financial services; healthcare; consumer products; industrial; infrastructure as well as media and sport.

RESULTS

Year ended	30 June 2020	30 June 2019
Total headline earnings (R million)	**3 167**	8 195
– per share (cents)	**560.6**	1 448.9
– diluted (cents)	**558.4**	1 445.9
Headline earnings from continuing operations (R million)*	**1 737**	5 551
– per share (cents)	**307.5**	981.4
– diluted (cents)	**305.6**	978.8
Earnings – net profit for the year (R million)	**6 646**	7 319
– per share (cents)	**1 176.4**	1 294.0
– diluted (cents)	**1 173.6**	1 292.0
Dividends (R million)**	**1 506**	3 205
– ordinary – per share (cents)	**265.00**	564.00

* *Headline earnings from continuing operations is calculated by excluding the equity accounted income of RMB Holdings Limited due to the unbundling of the investment.*

** *A final dividend of 50 cents (2019: 349 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 material investment activities during the year under review were as follows:

FIRSTRAND LIMITED (FIRSTRAND) AND RMB HOLDINGS LIMITED (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.

With the RMH Unbundling, Remgro's investment view on its 3.9% stake in FirstRand has changed, and the stake is now viewed as a portfolio investment. In line with this view it was decided to enter into a hedging transaction on part of this stake, whilst still maintaining full downside risk and upside potential on the majority of the stake. Remgro entered into a zero cost collar hedging transaction with Nedbank Limited (Nedbank) during June 2020 for 60 000 000 of the FirstRand shares that it owns. At the same time, Remgro entered into a script lending transaction with Nedbank to optimise the pricing of the zero cost collar.

Remgro will be allowed to vote these shares at the FirstRand Annual General Meeting and is entitled to any dividends declared. However, all dividends received on FirstRand shares for which Nedbank holds a direct or indirect short position for the purpose of hedging its exposure under the zero cost collar (to maximum of 60 000 000 FirstRand shares), will be transferred to Nedbank. The reference price of the zero cost collar is R40.51 and it expires in two years. The strike prices vary between R36.46 and R51.97 on the put options and call options, respectively. These FirstRand shares are hedged on a 1:1 basis and the zero cost collar is recognised at fair value with changes in the fair value accounted for in other comprehensive income. The zero cost collar was valued as an asset at R101 million on 30 June 2020.

On 8 June 2020, 3 297 213 Remgro ordinary shares were held as treasury shares. As a result of the RMH Unbundling, Remgro received 2 306 037 RMH ordinary shares, which also qualified Remgro to receive 3 025 266 FirstRand ordinary shares on 29 June 2020 as a result of the FirstRand Unbundling. Both these investments were classified as financial assets at fair value through other comprehensive income and only dividend income will in the future be accounted for in the income statement.

MILESTONE CHINA FUNDS

During the year under review, Remgro invested a further $2 million in Milestone China Opportunities Fund III (Milestone III) and received distributions of $46 million, thereby increasing its cumulative investment to $100 million and cumulative distributions received to $71 million. As at 30 June 2020 the fair value of Remgro's investment in Milestone III amounted to $72 million.

During the prior year Remgro received JHL Biotech, Inc. bonds (JHL bonds), valued at $10 million, from its disposal of its investment in Milestone Capital Strategic Holdings Limited. The JHL bonds were redeemed during January 2020 for a total consideration of $12 million.

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 LIMITED (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%).

PEMBANI REMGRO INFRASTRUCTURE FUND (PRIF)

During the year under review Remgro invested a further R62 million in PRIF, thereby increasing its cumulative investment to R372 million. As at 30 June 2020 the fair value of Remgro's investment in PRIF amounted to R341 million and remaining commitment to PRIF amounted to R278 million.

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 (Bos Brands).

OTHER

Other smaller investments amounted to R180 million.

EVENTS AFTER YEAR-END

DISTELL GROUP HOLDINGS LIMITED (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.

CASH RESOURCES AT THE CENTRE

The Company's cash resources at 30 June 2020 were as follows:

	30 June 2020			30 June
R million	**Local**	**Offshore**	**Total**	2019
Per consolidated statement of financial position	**4 313**	**11 318**	**15 631**	12 662
Investment in money market funds	**4 945**	**–**	**4 945**	5 175
Less: Cash of operating subsidiaries	**(2 553)**	**(950)**	**(3 503)**	(2 110)
Cash at the centre	**6 705**	**10 368**	**17 073**	15 727

On 30 June 2020, approximately 25% (R4 350 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

COMPARISON WITH PRIOR YEAR

As a result of the unbundling of Remgro's 28.2% interest in RMH, 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, 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.

COVID-19

The Covid-19 pandemic caused a severe downturn in the global economy, as is evident from the decrease in headline earnings from continuing operations to R1 737 million (2019: R5 551 million) (refer to notes 3.1 and 3.2 to the Annual Financial Statements). This event also served as an impairment indicator and, accordingly, all non-financial assets were tested for impairment. Significant impairment losses were accounted for property, plant and equipment, intangible assets and investments. Refer to notes 10.1, 10.3 and 4.4 to the Annual Financial Statements for further details. Furthermore, the grim financial outlook impacted debtors' ability to repay their debts, thus leading to increased expected credit losses on loans and receivables (refer to notes 10.5 and 13.2 to the Annual Financial Statements for further detail). As an indirect consequence of the pandemic, the value of assets measured at fair value also decreased in line with the global recession.

The Board will continue to monitor the effects of the Covid-19 pandemic on the Group. Based on the facts and circumstances known and the possible scenarios about how the Covid-19 pandemic and various levels of lockdown could evolve, management has determined that there is not a material uncertainty that may cast significant doubt upon Remgro's ability to continue as a going concern.

CHANGE IN ACCOUNTING POLICY

During the year under review, Remgro 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. 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.

Refer to note 17 to the Annual Financial Statements for the full impact of the adoption.

STATEMENT OF FINANCIAL POSITION

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

	30 June 2020		30 June 2019	
	R million	**R per share**	R million	R per share
Equity employed				
Attributable to equity holders	**86 773**	**153.59**	101 097	178.95
Employment of equity				
Financial services	**16 804**	**29.74**	31 405	55.59
Healthcare	**27 443**	**48.57**	24 019	42.52
Consumer products	**20 602**	**36.47**	23 187	41.04
Industrial	**6 107**	**10.81**	6 318	11.18
Infrastructure	**5 576**	**9.87**	6 664	11.80
Media and sport	**1 126**	**1.99**	1 042	1.84
Other investments	**4 400**	**7.79**	4 620	8.18
Central treasury				
– Cash at the centre	**17 073**	**30.22**	15 727	27.84
– Debt at the centre	**(15 288)**	**(27.06)**	(13 919)	(24.64)
Other net corporate assets	**2 930**	**5.19**	2 034	3.60
	86 773	**153.59**	101 097	178.95

INCOME STATEMENT

	30 June 2020		30 June 2019	
	R million	**%**	R million	%
Source of headline earnings				
Financial services	**2 686**	**85**	4 898	60
Healthcare	**1 655**	**52**	1 693	21
Consumer products	**545**	**17**	918	11
Industrial	**103**	**3**	944	12
Infrastructure	**(716)**	**(23)**	(174)	(2)
Media and sport	**97**	**3**	20	–
Other investments	**(66)**	**(2)**	39	–
Central treasury				
– Finance income	**479**	**15**	755	9
– Finance costs	**(951)**	**(30)**	(823)	(10)
– Option remeasurement	**2**	**–**	112	1
Other net corporate costs	**(667)**	**(20)**	(187)	(2)
	3 167	**100**	8 195	100

R million	**30 June 2020**	30 June 2019
Composition of headline earnings		
Subsidiaries	**(713)**	763
Profits	**783**	1 612
Losses	**(1 496)**	(849)
Associates and joint ventures	**3 880**	7 432
Profits	**5 060**	7 835
Losses	**(1 180)**	(403)
	3 167	8 195

SHARE INCENTIVE SCHEMES

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

In terms of the SAR Scheme and SAR Plan, participants are offered Remgro ordinary shares to the value of the appreciation of their rights to a specified number of Remgro ordinary shares that can be exercised at different intervals but before the expiry of seven years from date of grant. The earliest intervals at which the share appreciation rights vest and are exercisable are as follows:

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

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

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

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

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

TREASURY SHARES

At 30 June 2019, 3 334 936 Remgro ordinary shares (0.6%) 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 schemes.

During the year under review 37 723 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants.

At 30 June 2020, 3 297 213 Remgro ordinary shares (0.6%) were held as treasury shares.

PRINCIPAL SHAREHOLDER

Rupert Beleggings Proprietary Limited (Rupert Beleggings) holds all the issued unlisted B ordinary shares of the Company and is entitled to 42.62% (2019: 42.62%) of the total votes.

An analysis of the shareholders appears on pages 121 and 122.

SUBSIDIARIES AND INVESTMENTS

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

DIRECTORS

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

The following changes were effective 28 November 2019:

- Dr E de la H Hertzog retired as co-deputy Chairman and non-executive director from the Board;
- Mr G T Ferreira retired as the lead independent non-executive director from the Board;
- Mr F Robertson was appointed as co-deputy Chairman with Mr J Malherbe;
- Ms S E N De Bruyn was appointed as the lead independent non-executive director of the Board;
- Mr P J Neethling was appointed as a non-executive director, which director's appointment will in terms of the Company's Memorandum of Incorporation have to be confirmed by the shareholders at the next Annual General Meeting;
- Mr G G Nieuwoudt was appointed as an independent non-executive director and member of the Investment Committee, which director's appointment will in terms of the Company's Memorandum of Incorporation have to be confirmed by the shareholders at the next Annual General Meeting;
- Mr K M S Rantloane was appointed as an alternate independent non-executive director to Mr P K Harris, which alternate directors' appointment will in terms of the Company's Memorandum of Incorporation have to be confirmed by the shareholders at the next Annual General Meeting; and
- Mr P J Moleketi was appointed as a member of the Remuneration and Nomination Committee.

The Board wishes to thank Dr E de la H Hertzog and Mr G T Ferreira for their valuable contributions over many years and wishes to welcome Messrs P J Neethling and G G Nieuwoudt as directors to the Company and K M S Rantloane as an alternate director to Mr P K Harris.

In terms of the provision of the Memorandum of Incorporation, Mses S E N De Bruyn and M Lubbe, Messrs 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 2020 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 3.37% (2019: 2.53%).

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 123.

DIRECTORS' EMOLUMENTS

The total directors' fees for services rendered as directors during the past financial year amounted to R5.7 million (2019: R5.5 million).

ACQUISITION OF SHARES OF THE COMPANY

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

A special resolution to grant this general authority to the Board is incorporated in the notice of the Annual General Meeting that appears on page 147 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 147 of the Integrated Annual Report.

DECLARATION OF CASH DIVIDEND

DECLARATION OF CASH DIVIDEND NO. 40

Notice is hereby given that a final gross dividend of 50 cents (2019: 349 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 2020. The final dividend was adjusted downwards to take into account the RMH Unbundling and the impact of the Covid-19 pandemic.

A dividend withholding tax of 20% or 10 cents per share will be applicable, resulting in a net dividend of 40 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 2020 therefore amounts to 265 cents, compared to 564 cents for the year ended 30 June 2019.

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, 16 November 2020, to shareholders of the Company registered at the close of business on Friday, 13 November 2020.

Share certificates may not be dematerialised or rematerialised between Wednesday, 11 November 2020, and Friday, 13 November 2020, both days inclusive.

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

SECRETARY

The name and address of the Company Secretary appears on page 21 of the Integrated Annual Report.

APPROVAL

The comprehensive Annual Financial Statements set out on pages 19 to 120 have been approved by the Board.

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
28 September 2020

REPORT OF THE
INDEPENDENT AUDITOR

TO THE SHAREHOLDERS OF REMGRO LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Remgro Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2020, 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 19 to 120 comprise:

- the consolidated and company statements of financial position as at 30 June 2020;
- the consolidated and company income statements for the year then ended;
- the consolidated and company statements of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company statements 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.

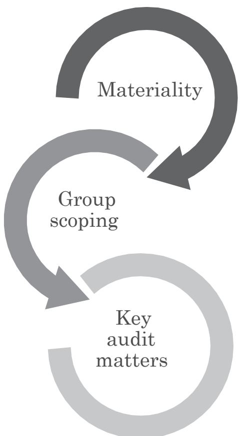
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards).*

OUR AUDIT APPROACH

OVERVIEW



Overall Group materiality

- R466 million, which represents 5% of a three-year average consolidated profit before tax and share of profit of equity accounted investments before tax, adjusted for non-recurring items.

Group audit scope

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

Key audit matters

Consolidated financial statements

- Accounting for equity accounted investments;
- Impairment assessment of equity accounted investments;
- Accounting for the RMB Holdings Limited ("RMBH") unbundling; and
- Goodwill and indefinite life intangible asset impairment assessments.

Separate financial statements

- Impairment assessment of investment in subsidiaries and investment in associate.

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 misstatement. 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	R466 million
How we determined it	5% of a three-year average consolidated profit before tax and share of profit of equity accounted investments before tax, adjusted for non-recurring items.
Rationale for the materiality benchmark applied	We chose consolidated profit before tax 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, and is a generally accepted benchmark. Due to the volatility of the results in the current year as a result of abnormal circumstances due to Covid-19 and to reflect normalised profitability levels, we used a three-year average consolidated profit before tax and share of profit of equity accounted investments before tax. The three-year average consolidated profit before tax and share of profit of equity accounted investments before tax was adjusted for non-recurring items, as reflected in note 3 to the consolidated financial statements, to better reflect the profit from normal operations. 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, the accounting processes and controls, and the industry in which the Group operates.

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

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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.

CONSOLIDATED FINANCIAL STATEMENTS

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Accounting for equity accounted investments **(Refer to notes 4.1 and 4.2 of the consolidated financial statements)** The Group holds significant investments which are equity accounted in terms of International Accounting Standard *IAS 28: Investments in associates and joint ventures*. The Group's share of the after-tax loss of equity accounted investments for the year ended 30 June 2020 was R2 272 million from continuing operations and a profit of R8 755 million from discontinued operations, and the carrying value of the Group's equity accounted investments was R50 991 million at 30 June 2020. 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 based on results for a financial year ended within three months before the Group's financial year-end. Any significant transactions that occur between the equity accounted investment's year-end and the Group's year-end are accounted for in the consolidated financial statements for the Group at year-end. Significant adjustments for the current period related to the conversion of Mediclinic's financial information from its presentation currency (British pound) to the Group's presentation currency at 30 June 2020.	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 in management's calculation to the number of shares held by the Group and the issued share capital of the investee company. We noted no material differences; and • We tested the mathematical accuracy of the equity analysis by recalculating the Group's share in equity accounted earnings, other comprehensive income and equity movements and tracing it to the consolidation journals and the consolidation sheets. We noted no material differences. We recalculated management's consolidation workings to test for mathematical accuracy and assessed the completeness of journal entries with reference to the prior year journal entries and corporate transactions executed by the Group during the current year. We found no material inconsistencies. The financial information of significant equity accounted investments was audited by component auditors. We performed the following procedures regarding the work of the component auditors: • We held discussions with the component auditors and issued them with Group instructions as described in the section '*How we tailored our Group audit scope*'; • We assessed the competence, knowledge and experience of the component auditors; and • To assess the adequacy of the procedures performed by the component auditors of significant components to support our audit work, we examined their working papers on significant risks as well as the information they reported to us. We found the work performed by the component auditors to be sufficient and appropriate for our purposes.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Accounting for equity accounted investments (Refer to notes 4.1 and 4.2 of the consolidated financial statements) ***(continued)***	For investments which have year-ends that are non-coterminous with that of the Group, the following procedures were performed: • We read and examined minutes of board meetings and discussed with the Group's nominated directors to identify any significant or abnormal transactions that occurred in the period from 1 April 2020 to 30 June 2020, 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 2020. No material 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 and Community Investment Ventures Holdings Proprietary Limited ("CIVH") to perform, and report to us, procedures to identify significant events that occurred between Mediclinic and CIVH's year-end (31 March 2020) and the Group's year-end which could have an effect on the financial results equity accounted by the Group. We examined the reports received from the component auditors in this regard and assessed the impact thereof on the consolidated financial statements. No significant events other than those adjusted by management relating to Mediclinic were identified from these procedures.
Impairment assessment of equity accounted investments (Refer to note 4.4 of the consolidated financial statements) The Group has significant equity accounted investments. In terms of *IAS 28*: *Investments in associates and joint ventures* and *IAS 36*: *Impairment of assets,* impairment assessments should be performed if any indicators of impairment are identified. During the current year, management identified impairment indicators in relation to certain investments held at 30 June 2020. Based on management's assessment, impairment losses to the value of R930 million were recognised on the investments in Best Global Brands Limited, HMH Rainbow Limited, Grindrod Limited, Grindrod Shipping Holdings Limited and TD Spirits LLC. The impairment losses represent a write-down of the equity accounted carrying value of the investments to the recoverable amount. Management calculated the recoverable amount based on the higher of fair value less cost of disposal or value-in-use using: • discounted cash flows; or • net asset values of the underlying assets; or • the comparable market price at 30 June 2020. Management assessed the recoverable amount of Mediclinic as at 30 June 2020 to determine whether an impairment loss should be recognised. Based on the value-in-use recoverable amount, management determined that no impairment loss should be recognised.	We obtained management's impairment assessment and independently assessed the equity accounted investments for indicators of impairment by comparing the carrying value to the fair value of the investment. We noted no material additional investments that required a detailed impairment test. We tested management's impairment assessment by performing the following procedures: • For Grindrod Limited and Grindrod Shipping Holdings Limited, we agreed the fair value less cost of disposal to the quoted market prices at the reporting date. No material differences were noted. • For HMH Rainbow Limited, TD Spirits LLC, Mediclinic and Best Global Brands Limited, we obtained management's calculations of the recoverable amount based on fair value less cost of disposal or value-in-use. Using this information we performed the following procedures: • Using our valuation expertise, we challenged management's key assumptions by comparing profit forecasts, growth rates and discount rates to industry benchmarks and economic forecasts. We found the assumptions applied by management to be consistent with industry benchmarks. • 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 evidence for variances noted.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment assessment of equity accounted investments (Refer to note 4.4 of the consolidated financial statements) ***(continued)*** The impairment assessment was considered a matter of most significance to our current year audit because of the following: • The financial significance of impairment losses recognised to the consolidated financial results; and • The impairment assessment required management to apply judgement in determining the key assumptions in calculating the recoverable amounts of the equity accounted investments. The key assumptions applied by management included the discount rate, terminal growth rate and cash flow projections.	For the impairments recognised, we recalculated the write-down of the equity accounted carrying value of the investments to the recoverable amounts and noted no material variances. For investments where no impairment loss was required, we compared the recoverable amount to the carrying value and noted no material impairment losses. We assessed the disclosures regarding the impairment losses and the impairment assessments in the consolidated financial statements. We noted no material differences.
Accounting for the RMB Holdings Limited ("RMBH") unbundling **(Refer to note 1(i) and 10.11 of the consolidated financial statements)** On 31 March 2020, the Group announced its decision to distribute its shareholding in RMBH to its shareholders. The distribution was completed on 8 June 2020. RMBH met the criteria for classification as a non-current asset held for distribution and a discontinued operation in terms of *IFRS 5: Non-current assets held for sale and discontinued operations* on 31 March 2020. The investment was equity accounted until 31 March 2020 and measured at the lowest of its equity accounted carrying value and fair value less cost of disposal from this date. On the date of distribution, the investment was distributed at its fair value and a profit of R7 360 million was recognised on the distribution. Remgro concluded that it no longer exercised significant influence over FirstRand Limited ("FirstRand") from the date of the RMBH distribution. From this date, the investment was classified as an investment at fair value through other comprehensive income. A profit of R4 228 million was recognised on reclassification of the investment, representing the difference between the fair value and the equity accounted carrying value. We considered the accounting for the unbundling of RMBH to be a matter of most significance to our current year audit due to the following: • Judgement required regarding the date on which RMBH met the definition as a non-current asset held for distribution; • Judgement required in assessing the classification of the investment in FirstRand following the distribution; • Estimation involved in determining financial results from RMBH and FirstRand for purposes of cut-off for equity accounting to 31 March 2020 and 8 June 2020 respectively; and • The financial significance of the transaction in the context of the consolidated financial statements.	In assessing the date that RMBH met the criteria for classification as a non-current asset held for distribution, we inspected minutes of the relevant board meetings and announcements to shareholders and assessed it against the classification criteria in *IFRS 5*. We noted no material inconsistencies to management's conclusion that the criteria were met on 31 March 2020. In assessing the classification of FirstRand following the distribution, we considered the Group's remaining voting power and influence through board representation. We noted no inconsistencies to management's assessment that the Group does not have significant influence over FirstRand following the distribution. We obtained the calculations performed by management to determine the equity accounted earnings for RMBH and FirstRand to the dates of distribution and reclassification of the respective investments. We recalculated the values determined by management by: • Agreed results for the full financial year ended 30 June 2020 to audited results published by the investees; • Agreed results for the six months to 31 December 2019 to published interim results of the investees. • Calculated the results for the six months to 30 June 2020 as the difference between the results for the year to 30 June 2020 and the results for the six months ended 31 December 2019. • Recalculated the results from RMBH and FirstRand for the period 1 January 2020 to 31 March 2020 and 1 January 2020 to 8 June 2020 respectively. • Added the results for the six months to 31 December 2019 to the results for the period to 31 March 2020 and 8 June 2020 for RMBH and FirstRand respectively. • Recalculated the Group's effective interest in RMBH and FirstRand by agreeing it to the number of shares held by the Group and the issued share capital of the investee company on the respective dates. • Recalculated the Group's share in equity accounted earnings, other comprehensive income and equity movements.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Accounting for the RMB Holdings Limited ("RMBH") unbundling **(Refer to note 1(i) and 10.11 of the consolidated financial statements)** ***(continued)***	We compared the results of our recalculation to management's calculation and noted no material differences. We performed an independent recalculation to determine the equity accounted earnings for RMBH and FirstRand to the dates of distribution and reclassification of the respective investments and noted no material differences to management's calculation. We discussed the outcome of management's calculation and our independent recalculation with the relevant component auditors and noted no material inconsistencies. We agreed the fair value of the investment in RMBH and FirstRand respectively to the listed market prices on 8 June 2020. We tested the mathematical accuracy of the calculation of the other comprehensive income reclassified to profit and loss, relating to the investment in RMBH and FirstRand respectively. We noted no material differences. We recalculated the profits recognised on the distribution of RMBH and reclassification of FirstRand respectively. We noted no material differences to management's calculations.
Goodwill and indefinite life intangible asset impairment assessments **(Refer to note 10.3 of the consolidated financial statements)** The Group's net assets include a significant amount of goodwill and indefinite life intangible assets amounting to R8 010 million and R10 752 million respectively. Management performs annual impairment tests, in line with *IAS 36: Impairment of assets,* to assess the recoverability of the carrying value of goodwill and indefinite life intangible assets. The assessment in the current year was performed using value-in-use calculations for the relevant cash-generating units (CGUs). Based on the impairment assessment, management recognised an impairment loss of R1 809 million on the goodwill allocated to Distell Group Holdings Limited ("Distell") and an impairment loss on the goodwill (R598 million) (Pies, Speciality, Beverages and Vector business units) and indefinite life intangible assets (R315 million) (Milling business unit) relating to RCL Foods Limited ("RCL Foods") in the current year. Management performed sensitivity analyses on the non-impaired assets by varying the key assumptions used (discount rates and perpetuity growth rates) to assess the impact on the valuation and available headroom, as disclosed in note 10.3 to the consolidated financial statements. We considered the impairment assessment of goodwill and indefinite life intangible assets to be a matter of most significance to our audit due to the following: • The judgement and assumptions (discount rates and terminal growth rates) applied by management in their impairment assessment; and • The magnitude of the related goodwill and indefinite life intangible asset balances and the impairment loss recognised in the current year.	We held discussions with management to obtain an understanding of the methodology applied by management in performing its impairment test for each of the relevant CGUs and we found the approach adopted by management in the valuation models to be consistent with market practice and the applicable requirements of *IAS 36: Impairment of assets.* We tested management's calculation for each model by: • We tested the mathematical accuracy of management's impairment calculations. • Using our valuation expertise, we challenged management's key assumptions by comparing terminal growth rates and discount rates to industry benchmarks and economic forecasts. • We agreed cash flows to the business plans approved by the respective boards. • 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. Based on our work performed, we accepted the recoverable amounts based on management's value-in-use calculations. We performed independent sensitivity calculations on the impairment assessments in order to ascertain the impact of changes to the key assumptions on the available headroom and the level of impairment recognised in the current year. Based on the outcome of our procedures, we accepted management's assessment. We assessed the disclosure of management's impairment testing, in note 10.3 to the consolidated financial statements, against the requirements of *IAS 36: Impairment of assets.*

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment assessment of investments in subsidiaries and investment in associate **(Refer to notes 2 and 3 in the separate financial statements for the related disclosures).** The Company holds investments in subsidiaries and an investment in an associate with a historical cost of R40 279 million and of R14 224 million respectively. A significant decline in the listed market price of Rand Merchant Investment Holdings Limited ("RMI") and of Remgro Healthcare Holdings Proprietary Limited's ("RHH") underlying investment in Mediclinic was identified as an impairment indicator relating to these investments. Based on management's assessment, a loss of R516 million was required to impair the investment in RMI to its recoverable value based on its listed market value. The value-in-use recoverable amount of RHH exceeded the carrying value and accordingly no impairment loss was required on this investment. We considered this to be a matter of most significance to our current year audit because of the financial significance of the impairment loss relating to RMI to the Company's financial statements and the estimation involved in determining the recoverable amount of RHH.	For the investment in RMI, we obtained the listed share price at 30 June 2020 and recalculated the market value of the investment at that date. We recalculated the impairment loss based on the difference between the carrying value and the recoverable amount and noted no material variances. We obtained management's calculation of the recoverable amount for RHH and performed the following procedures: • We agreed the recoverable amount to the calculation performed by management. We challenged management by utilising our valuation expertise to test the reasonableness of key assumptions, including the selection of growth rates and discount rates, and comparing the relevant assumptions to industry benchmarks and economic forecasts. Based on our work performed, we accepted the key assumptions as falling within reasonable ranges. • We agreed the underlying cash flow forecasts to approved budgets and current trading performance of the underlying operations and obtained reasons for the growth profiles used. We followed up on variances and obtained evidence for variances noted. • We assessed the disclosures regarding the impairment assessment in the financial statements.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Remgro Limited Annual Financial Statements 2020", which includes the Statement by the Company Secretary, the Audit and Risk Committee Report and the Report of the Board of Directors as required by the Companies Act of South Africa, and the document titled "Remgro Limited Integrated Annual Report 2020". The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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 52 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 72 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: A Wentzel
Registered Auditor

Stellenbosch
28 September 2020

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2020

R million	Notes	30 June 2020	30 June 2019
ASSETS			
Non-current assets			
Property, plant and equipment	10.1	**16 845**	14 541
Investment properties	10.2	**109**	119
Intangible assets	10.3	**21 067**	24 024
Investments – Equity accounted	4.1	**50 991**	71 183
– Financial assets at fair value through other comprehensive income (FVOCI)	4.3	**12 505**	3 727
Financial assets at fair value through profit and loss (FVPL)	6.4	**309**	147
Hedge derivatives	6.5	**101**	–
Retirement benefits	10.4	**868**	748
Long-term loans and debtors	10.5	**181**	311
Deferred taxation	11.1	**190**	199
		103 166	114 999
Current assets		**43 933**	40 539
Inventories	10.6	**12 032**	12 034
Biological agricultural assets	10.7	**805**	866
Debtors and short-term loans	10.8	**9 958**	9 543
Financial assets at FVPL	6.4	**11**	148
Taxation		**258**	108
Investment in money market funds	5.1	**4 945**	5 175
Cash and cash equivalents	5.2	**15 631**	12 662
		43 640	40 536
Assets held for sale	10.10	**293**	3
Total assets		**147 099**	155 538
EQUITY AND LIABILITIES			
Stated capital	7.1	**13 416**	13 416
Reserves	7.2	**73 921**	88 251
Treasury shares		**(564)**	(570)
Shareholders' equity		**86 773**	101 097
Non-controlling interest	7.3	**14 670**	15 092
Total equity		**101 443**	116 189
Non-current liabilities		**23 139**	26 770
Retirement benefits	10.4	**141**	186
Long-term loans	6.1	**15 167**	21 020
Lease liabilities	6.3	**1 725**	–
Deferred taxation	11.1	**6 106**	5 563
Financial liability at FVPL	6.4	**–**	1
Current liabilities		**22 517**	12 579
Trade and other payables	10.9	**11 616**	11 106
Short-term loans	6.2	**10 158**	1 376
Lease liabilities	6.3	**310**	–
Financial liabilities at FVPL	6.4	**279**	54
Taxation		**154**	43
Total equity and liabilities		**147 099**	155 538

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

R million	Notes	30 June 2020	30 June 2019
CONTINUING OPERATIONS			
Revenue	12.1	**54 732**	56 968
Inventory expenses		**(32 291)**	(33 606)
Staff costs	12.2	**(8 451)**	(8 576)
Depreciation	12.3	**(1 682)**	(1 303)
Other net operating expenses	12.3	**(10 763)**	(10 205)
Trading profit		**1 545**	3 278
Dividend income	4.5	**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	12.3	**(4 234)**	(7 218)
Loss allowances on loans		**(290)**	(274)
Bargain purchase gain	15.1	**278**	–
Profit on sale and dilution of investments	12.3	**4 220**	137
Consolidated profit/(loss) before tax		**552**	(4 096)
Taxation	11.3	**(452)**	(987)
Consolidated profit/(loss) after tax		**100**	(5 083)
Share of after-tax profit/(loss) of equity accounted investments	4.2	**(2 272)**	1 708
Net loss for the year from continuing operations		**(2 172)**	(3 375)
DISCONTINUED OPERATIONS[1]			
Profit for the year from discontinued operations	10.11	**8 755**	11 127
Net profit for the year		**6 583**	7 752
Attributable to:			
Equity holders		**6 646**	7 319
Continuing operations		**(2 109)**	(3 808)
Discontinued operations		**8 755**	11 127
Non-controlling interest		**(63)**	433
		6 583	7 752
EARNINGS PER SHARE (cents)	3.2		
Basic		**1 176.4**	1 294.0
Continuing operations		**(373.3)**	(673.2)
Discontinued operations		**1 549.7**	1 967.2
Diluted		**1 173.6**	1 292.0
Continuing operations		**(373.9)**	(673.7)
Discontinued operations		**1 547.5**	1 965.7

[1] *On 31 March 2020 the investment in RMH was classified as a discontinued operation. Comparative information has been represented accordingly. Refer to note 10.11 for further detail.*

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

R million	Equity reserves	Other reserves	Fair value reserves	Retained earnings	Share-holders' equity	Non-controlling interest	Total equity
30 June 2020							
Net profit for the year				6 646	6 646	(63)	6 583
Other comprehensive income, net of tax	2 549	4 223	(1 780)	1 262	6 254	300	6 554
Items that may be reclassified subsequently to the income statement:							
Exchange rate adjustments	1 096	4 247	26	1 209	6 578	302	6 880
Fair value adjustments for the year	–	(33)	101	–	68	(71)	(3)
Deferred taxation on fair value adjustments	–	9	(23)	–	(14)	20	6
Reclassification of other comprehensive income to the income statement	(1 073)	–	–	–	(1 073)	–	(1 073)
Other comprehensive income of equity accounted investments	2 671	–	–	–	2 671	–	2 671
Items that will not be reclassified to the income statement:							
Fair value adjustments for the year	–	–	(1 215)	–	(1 215)	5	(1 210)
Deferred taxation on fair value adjustments	–	–	(669)	–	(669)	1	(668)
Remeasurement of post-employment benefit obligations	–	–	–	73	73	60	133
Deferred taxation on remeasurement of post-employment benefit obligations	–	–	–	(20)	(20)	(17)	(37)
Change in reserves of equity accounted investments	(145)	–	–	–	(145)	–	(145)
Total comprehensive income for the year	2 549	4 223	(1 780)	7 908	12 900	237	13 137
30 June 2019							
Net profit for the year				7 319	7 319	433	7 752
Other comprehensive income, net of tax	(7)	(300)	283	128	104	(49)	55
Items that may be reclassified subsequently to the income statement:							
Exchange rate adjustments	(321)	(152)	18	106	(349)	(28)	(377)
Fair value adjustments for the year	–	(8)	–	–	(8)	(17)	(25)
Deferred taxation on fair value adjustments	–	2	–	–	2	5	7
Reclassification of other comprehensive income to the income statement	52	(142)	–	–	(90)	–	(90)
Other comprehensive income of equity accounted investments	1 231	–	–	–	1 231	1	1 232
Items that will not be reclassified to the income statement:							
Fair value adjustments for the year	–	–	209	–	209	(3)	206
Deferred taxation on fair value adjustments	–	–	56	–	56	1	57
Remeasurement of post-employment benefit obligations	–	–	–	31	31	(8)	23
Deferred taxation on remeasurement of post-employment benefit obligations	–	–	–	(9)	(9)	2	(7)
Change in reserves of equity accounted investments	(969)	–	–	–	(969)	(2)	(971)
Total comprehensive income for the year	(7)	(300)	283	7 447	7 423	384	7 807

STATEMENT OF **CHANGES IN EQUITY**

FOR THE YEAR ENDED 30 JUNE 2020

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 2020									
Balances at 1 July	**13 416**	**(570)**	**25 823**	**231**	**527**	**61 670**	**101 097**	**15 092**	**116 189**
Change in accounting policies (refer note 17)	**–**	**–**	**(323)**	**–**	**–**	**–**	**(323)**	**–**	**(323)**
Restated balances at 1 July	**13 416**	**(570)**	**25 500**	**231**	**527**	**61 670**	**100 774**	**15 092**	**115 866**
Total comprehensive income for the year	**–**	**–**	**2 549**	**4 223**	**(1 780)**	**7 908**	**12 900**	**237**	**13 137**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(3 187)**	**(3 187)**	**(696)**	**(3 883)**
Dividends *in specie*	**–**	**–**	**–**	**–**	**–**	**(23 716)**	**(23 716)**	**–**	**(23 716)**
Transactions with non-controlling shareholders	**–**	**–**	**(1)**	**(2)**	**–**	**(6)**	**(9)**	**67**	**58**
Transfer between reserves and other movements	**–**	**–**	**–**	**14**	**–**	**(13)**	**1**	**(26)**	**(25)**
Transfer of retained income of equity accounted investments	**–**	**–**	**(17 234)**	**–**	**–**	**17 234**	**–**	**–**	**–**
Transfer of gain on disposal of FVOCI investments to retained earnings	**–**	**–**	**–**	**–**	**(407)**	**407**	**–**	**–**	**–**
Long-term share incentive scheme reserve	**–**	**6**	**–**	**4**	**–**	**–**	**10**	**(4)**	**6**
Balances at 30 June	**13 416**	**(564)**	**10 814**	**4 470**	**(1 660)**	**60 297**	**86 773**	**14 670**	**101 443**
30 June 2019									
Balances at 1 July	13 416	(183)	26 112	734	661	56 255	96 995	15 335	112 330
Total comprehensive income for the year	–	–	(7)	(300)	283	7 447	7 423	384	7 807
Dividends paid	–	–	–	–	–	(3 069)	(3 069)	(690)	(3 759)
Transactions with non-controlling shareholders	–	–	–	1	–	(13)	(12)	3	(9)
Transfer between reserves and other movements	–	–	(386)	(337)	–	737	14	(3)	11
Transfer of retained income of equity accounted investments	–	–	104	–	–	(104)	–	–	–
Transfer of gain on disposal of FVOCI investments to retained earnings	–	–	–	–	(417)	417	–	–	–
Long-term share incentive scheme reserve	–	9	–	133	–	–	142	63	205
Purchase of treasury shares by wholly owned subsidiary	–	(396)	–	–	–	–	(396)	–	(396)
Balances at 30 June	13 416	(570)	25 823	231	527	61 670	101 097	15 092	116 189

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

R million	Notes	30 June 2020	30 June 2019
Cash flows – operating activities			
Trading profit		**1 545**	3 278
Adjustments	5.3.1	**2 515**	2 112
Trading profit before working capital changes		**4 060**	5 390
Working capital changes	5.3.2	**280**	(1 018)
Cash generated from operations		**4 340**	4 372
Cash flows generated from returns on investments		**3 761**	4 637
Interest received		**777**	1 256
Dividends received	5.3.3	**2 984**	3 381
Finance costs		**(1 592)**	(1 492)
Taxation paid	5.3.4	**(772)**	(1 217)
Cash available from operating activities		**5 737**	6 300
Dividends paid	5.3.5	**(3 883)**	(3 759)
Cash inflow from operating activities		**1 854**	2 541
Cash flows – investing activities			
Investment in property, plant and equipment to maintain operations		**(847)**	(1 001)
Investment in property, plant and equipment and other assets to expand operations		**(1 620)**	(1 635)
Proceeds on disposal of property, plant and equipment and intangible assets		**131**	69
Proceeds on disposal of assets held for sale		**10**	5 084
Additions to investments and loans		**(417)**	(4 484)
Businesses acquired	15.1	**110**	(61)
Proceeds on disposal of investments and loans		**925**	1 004
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)
Cash flows – financing activities			
Loans repaid		**(11)**	(600)
Loans advanced		**271**	245
Lease payments		**(406)**	–
Investments in subsidiary companies		**(105)**	(132)
Purchase of treasury shares		**–**	(396)
Capital invested by non-controlling shareholders		**–**	67
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)

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

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NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2020

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.

Management assessed the impact of the Covid-19 pandemic and the resultant lockdown and economic restrictions imposed on businesses both in South Africa and worldwide. Management has implemented and will continue to implement measures to monitor and mitigate the effects of Covid-19 on the Group. These measures include ongoing board representation and monitoring budgets and cash flow projections. Based on the facts and circumstances known and the possible scenarios about how the Covid-19 pandemic and resulting government measures could evolve, management has determined that there is not a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and, therefore, the use of the going concern assumption is appropriate.

These financial statements incorporate accounting policies that have been consistently applied to all periods presented and are consistent with those applied in the previous financial year, with the exception of the adoption of *IFRS 16: Leases*. The impact of the implementation of this standard is disclosed in note 17. Various other changes in IFRS became effective for the financial year under review, but did not impact the Group.

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

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

(I) IMPACT OF MAJOR TRANSACTIONS ON THE FINANCIAL STATEMENTS

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, 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 include the profit realised on the disposal of Unilever South Africa Holdings Proprietary Limited.

Note that FirstRand Limited (FirstRand) was equity accounted until 8 June 2020, the date on which Remgro ceased to have significant influence over FirstRand, due to among other factors, the RMH Unbundling, and the investment was reclassified from an equity accounted investment to an investment at fair value through other comprehensive income (FirstRand Reclassification). In future, only dividend income will be accounted for FirstRand in the income statement.

(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.

1. ACCOUNTING POLICIES (continued)

(II) CONSOLIDATION (continued)

Consolidation – subsidiaries (continued)

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.

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 an asset or liability are recognised in accordance with *IFRS 9: Financial Instruments* either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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

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

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

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

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

(III) FOREIGN CURRENCIES

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at the date of the transactions. Except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges, foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of foreign currency denominated monetary assets and liabilities are recognised in the income statement. Translation differences on non-monetary items are accounted for based on the classification of the underlying items. Foreign exchange gains and losses on financial instruments classified as at fair value through other comprehensive income 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); and
- 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 the reporting date.

Foreign currencies used

	30 June 2020	30 June 2019	*Movement (%)*
CLOSING EXCHANGE RATES			
SA rand/British pound	**21.4537**	17.8775	*(20.0)*
SA rand/USA dollar	**17.3475**	14.0682	*(23.3)*
SA rand/Swiss franc	**18.3145**	14.4221	*(27.0)*
SA rand/euro	**19.5021**	16.0037	*(21.9)*
AVERAGE EXCHANGE RATES			
SA rand/British pound	**19.7171**	18.3618	*(7.4)*
SA rand/USA dollar	**15.6594**	14.1865	*(10.4)*
SA rand/Swiss franc	**16.0512**	14.2635	*(12.5)*
SA rand/euro	**17.3139**	16.1847	*(7.0)*

(IV) IMPAIRMENT OF ASSETS

Goodwill and intangible assets with indefinite lives

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

Other assets

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

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

- Investment properties, property, plant and equipment and intangible assets with finite useful lives
  Where these assets are identified as being impaired, that is when the recoverable amount has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. Such written-off amounts are accounted for in the income statement.

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

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

  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.

1. ACCOUNTING POLICIES (continued)

(IV) IMPAIRMENT OF ASSETS (continued)

Other assets (continued)

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

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

(V) CURRENT/NON-CURRENT DISTINCTION

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

(VI) INCOME STATEMENT

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

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

(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. The Group elected not to disclose alternative earnings measures for the year under review.

In accordance with paragraph 3.4(b)(v) of the JSE Listings Requirements, the Company again confirms the use of headline earnings per share for trading statement purposes. This is still considered an appropriate measure given that, as an investment holding company, the assessment of headline earnings is a key performance measure.

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

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

Critical judgements in applying the Group's accounting policies

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

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 this most fairly presents the economic effects of the underlying transactions, events and conditions. The structure holding the Group's exchangeable bonds also has a strong British pound residual risk, both through the underlying investment in Mediclinic and the external funding obtained. The funding is largely separate from Remgro as the funding comes from bondholders and the underlying investments.

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

1. ACCOUNTING POLICIES (continued)

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

Accounting for the effect of the RMH Unbundling

On 31 March 2020 Remgro announced that it will proceed with the full distribution of its 28.2% interest in RMH (RMH Unbundling). Judgement was applied to determine the effective date of the transaction and the date that significant influence in FirstRand was lost. Based on an analysis of the relevant criteria, it was concluded that the investment in RMH met the criteria for classification as an asset held for distribution at 31 March 2020, as it was highly likely at that stage that the distribution would occur within a year.

Remgro's investment in RMH was previously classified as an associate and accounted for using the equity method, but 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. For the year under review the investment in RMH was equity accounted for the nine months to 31 March 2020. As a result of the RMH Unbundling, earnings and headline earnings measures are also 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 accounting profit realised on the RMH Unbundling.

FirstRand was equity accounted until 8 June 2020, the date on which Remgro ceased to have significant influence over FirstRand, due to the RMH Unbundling and Remgro no longer being entitled to board representation, and the investment was reclassified from an equity accounted investment to a financial asset at fair value through other comprehensive income realising an accounting profit on the reclassification (FirstRand Reclassification).

Critical estimates and assumptions

Deferred tax on investments

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

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

Impairments and expected credit losses

The Covid-19 pandemic caused a severe downturn in the global economy and affected the Group's investments across several industries. These factors were considered to represent impairment indicators and, accordingly, non-financial assets were tested for impairment in terms of the Group's accounting policies as stated above. Significant impairment losses were accounted for property, plant and equipment (note 10.1), intangible assets (note 10.3) and investments (note 4.4). Refer to these notes for further detail.

Furthermore, the grim financial outlook impacted debtors' ability to repay their debts, thus leading to increased expected credit losses on loans and receivables. Refer to notes 10.5 and 13.2 for further detail.

As an indirect consequence of the pandemic, the value of assets measured at fair value decreased in line with the global recession.

Higher inventory levels of certain categories of products resulted in additional inventory provisions due to the impact of vintage changes in the next financial year. Refer to note 10.6 for further detail.

Other significant estimates and assumptions

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

- the derivative instrument embedded in the exchangeable bonds;
- the useful lives and residual values of investment properties, 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 2020 Headline earnings[1]	30 June 2020 Net assets Book value[2]	30 June 2020 Net assets Intrinsic value	Year ended 30 June 2019 Headline earnings[1]	30 June 2019 Net assets Book value[2]	30 June 2019 Net assets Intrinsic value
Financial services						
RMI	**599**	**9 736**	**13 708**	1 161	9 335	15 947
FirstRand	**657**	**7 068**	**7 068**	1 093	5 825	15 069
RMH	**1 430**	**–**	**–**	2 644	16 245	33 545
Healthcare						
Mediclinic	**1 655**	**27 443**	**18 769**	1 693	24 019	17 891
Consumer products						
RCL Foods	**92**	**7 189**	**6 029**	254	7 968	7 960
Distell – entity contribution	**165**	**7 128**	**5 330**	459	9 055	9 060
– *IFRS 3* charge[3]	**(47)**	**–**	**–**	(47)	–	–
Siqalo Foods – entity contribution	**414**	**6 285**	**6 145**	332	6 164	6 164
– *IFRS 3* charge[3]	**(79)**	**–**	**–**	(80)	–	–
Industrial						
Air Products	**333**	**1 264**	**3 979**	343	1 093	4 264
Total	**(20)**	**2 029**	**2 515**	328	2 174	2 722
KTH	**(164)**	**1 601**	**1 961**	161	1 816	2 127
Wispeco	**80**	**1 008**	**810**	121	933	866
PGSI	**(126)**	**205**	**309**	(9)	302	302
Infrastructure						
CIVH	**(649)**	**4 458**	**10 584**	(204)	5 064	8 403
Grindrod	**(12)**	**532**	**532**	72	1 049	1 049
Grindrod Shipping	**(46)**	**208**	**208**	(65)	292	292
SEACOM	**(10)**	**8**	**909**	(2)	–	912
Other infrastructure interests	**1**	**370**	**376**	25	259	259
Media and sport						
eMedia Investments	**78**	**805**	**947**	39	773	773
Other media and sport interests	**19**	**321**	**321**	(19)	269	267
Other investments[4]	**(66)**	**4 400**	**4 439**	39	4 620	4 795
Central treasury						
Finance income/Cash at the centre	**479**	**17 073**	**17 073**	755	15 727	15 727
Finance costs/Debt at the centre	**(949)**	**(15 288)**	**(15 288)**	(711)	(13 919)	(13 919)
Other net corporate costs/assets	**(667)**	**2 930**	**3 599**	(187)	2 034	2 499
	3 167	**86 773**	**90 323**	8 195	101 097	136 974
Potential CGT liability			**(3 050)**			(5 327)
Total		**86 773**	**87 273**		101 097	131 647

Change to platforms

Remgro changed the platforms under which the results of investee companies are being reported. Previously RMH and FirstRand were classified under *Banking* and RMI was classified under *Insurance*. As a result of the RMH Unbundling, these investee companies are included under *Financial services*. Comparative figures have been represented accordingly.

Additional segmental information is disclosed in note 12.1.

(1) *Refer to note 3.1 for the calculation of headline earnings.*
(2) *Total book value equals shareholders' equity.*
(3) *IFRS 3 charge represents the amortisation and depreciation expenses, net of tax, relating to the additional assets identified when Remgro obtained control over these entities.*
(4) *Consists mainly of the investments in Business Partners and the Milestone entities.*

2. SEGMENT REPORT (continued)

Segmental information

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

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

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

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

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

Valuation of unlisted investments

The main assumptions used in the valuation of unlisted investments were discount rates, which varied between 11.0% and 13.8% (2019: 10.6% and 14.2%), and terminal growth rates, which varied between 5.5% and 1.0% (2019: 5.5% and 1.0%). Where the discounted cash flow method is used as valuation methodology, the forecast free cash flow period is limited to a maximum of five years.

Where Remgro holds a non-controlling interest, a tradeability discount (or discount for lack of control) is applied. No control premiums are applied.

Since the previous reporting period, Covid-19 and the resultant lockdown regulations decimated an already weak economy, exposing longstanding fault lines. Different sectors in the economy were affected to various degrees and additional work was performed on the cash flow projections to understand the potential (and often uncertain) impact on the reliability of future cash flows. Discussions with investee companies' management centered on the expected impact on revenue, operating margins, capital expenditure, cost containment, working capital requirements and measures undertaken to remain profitable.

Remgro's unlisted investments were valued as follows:

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

Non-current assets, amounting to R35 913 million (2019: R36 103 million), are located in foreign countries.

2. SEGMENT REPORT (continued)

Segmental Income Statement

R million	RCL Foods	Distell	Siqalo Foods	Wispeco	Inter-segment elimi-nations	Other segments	Total as per income statement
30 June 2020							
Revenue	**27 804**	**22 370**	**2 712**	**1 991**	**(145)**	**–**	**54 732**
Depreciation	**(838)**	**(702)**	**(46)**	**(60)**	**–**	**(36)**	**(1 682)**
Amortisation	**(97)**	**(107)**	**(3)**	**–**	**–**	**(316)**	**(523)**
Interest received	**33**	**54**	**24**	**–**	**–**	**751**	**862**
Finance costs	**(488)**	**(435)**	**(1)**	**(7)**	**–**	**(945)**	**(1 876)**
Net impairments of investments, assets and goodwill	**(1 520)**	**(252)**	**–**	**–**	**–**	**(2 462)**	**(4 234)**
Equity accounted investments	**(19)**	**(203)**	**–**	**–**	**–**	**(635)**	**(857)**
Property, plant and equipment	**(588)**	**(49)**	**–**	**–**	**–**	**–**	**(637)**
Intangible and other assets	**(913)**	**–**	**–**	**–**	**–**	**(1 827)**	**(2 740)**
Profit on sale and dilution of investments	**–**	**11**	**–**	**–**	**–**	**4 209**	**4 220**
Fair value adjustment on exchangeable bonds' option	**–**	**–**	**–**	**–**	**–**	**2**	**2**
Bargain purchase gain	**278**	**–**	**–**	**–**	**–**	**–**	**278**
Taxation	**156**	**(305)**	**(122)**	**(22)**	**–**	**(159)**	**(452)**
Share of after-tax profit/(loss) of equity accounted investments	**165**	**97**	**–**	**–**	**–**	**(2 534)**	**(2 272)**
Discontinued operation	**–**	**–**	**–**	**–**	**–**	**8 755**	**8 755**
Net profit for the year	**(959)**	**394**	**300**	**78**	**–**	**6 770**	**6 583**
Attributable to equity holders	**(901)**	**312**	**300**	**76**	**–**	**6 859**	**6 646**
Non-controlling interest	**(58)**	**82**	**–**	**2**	**–**	**(89)**	**(63)**
30 June 2019							
Revenue	25 888	26 180	2 626	2 376	(102)	–	56 968
Depreciation	(697)	(475)	(54)	(42)	–	(35)	(1 303)
Amortisation	(94)	(290)	(109)	–	–	–	(493)
Interest received	35	70	18	–	–	1 145	1 268
Finance costs	(312)	(341)	–	(3)	–	(821)	(1 477)
Net impairments of investments, assets and goodwill	(764)	(536)	(888)	(21)	–	(5 009)	(7 218)
Equity accounted investments	–	(524)	–	–	–	(5 009)	(5 533)
Property, plant and equipment	(746)	(8)	–	–	–	–	(754)
Intangible and other assets	(18)	(4)	(888)	(21)	–	–	(931)
Profit on sale and dilution of investments	–	–	–	–	–	137	137
Profit on disposal of intangible assets	–	–	491	–	(491)	–	–
Fair value adjustment on exchangeable bonds' option	–	–	–	–	–	112	112
Taxation	(6)	(587)	(102)	(37)	–	(255)	(987)
Share of after-tax profit of equity accounted investments	128	62	–	–	–	1 518	1 708
Discontinued operations	–	–	–	–	–	11 127	11 127
Net profit for the year	(184)	770	(145)	104	(491)	7 698	7 752
Attributable to equity holders	(83)	241	(145)	102	(491)	7 695	7 319
Non-controlling interest	(101)	529	–	2	–	3	433

3. RESULTS

3.1 EARNINGS

R million	30 June 2020 Gross	30 June 2020 Net	30 June 2019 Gross	30 June 2019 Net
HEADLINE EARNINGS RECONCILIATION				
CONTINUING OPERATIONS				
Net loss for the year attributable to equity holders (earnings)		**(2 109)**		(3 808)
– Impairment of equity accounted investments	**930**	**788**	5 533	5 176
– Reversal of impairment of equity accounted investments	**(73)**	**(73)**	–	–
– Impairment of property, plant and equipment	**639**	**342**	757	416
– Reversal of impairment of property, plant and equipment	**(2)**	**(2)**	(3)	(2)
– Impairment of investment properties	**10**	**6**	–	–
– Impairment of intangible and other assets	**2 730**	**2 456**	931	924
– Bargain purchase gain	**(278)**	**(191)**	–	–
– Profit on sale and dilution of equity accounted investments	**(4 241)**	**(4 234)**	(60)	(60)
– Loss on sale and dilution of equity accounted investments	**21**	**21**	16	16
– Capital gains taxation on investments at FVOCI	**–**	**20**	–	(12)
– Profit on disposal of property, plant and equipment	**(56)**	**(21)**	(208)	(108)
– Loss on disposal of property, plant and equipment	**18**	**12**	39	19
– Recycling of foreign currency translation reserves	**–**	**–**	(90)	(90)
– Non-headline earnings items included in equity accounted earnings of equity accounted investments	**4 725**	**4 722**	3 427	3 080
– Loss on disposal of property, plant and equipment	**16**	**15**	12	13
– Profit on sale of investments	**(130)**	**(129)**	(250)	(224)
– Loss on sale of investments	**8**	**8**	16	16
– Impairment of investments, assets and goodwill	**4 810**	**4 807**	3 666	3 292
– Recycling of foreign currency translation reserves	**–**	**–**	(6)	(6)
– Other headline earnings adjustable items	**21**	**21**	(11)	(11)
Headline earnings from continuing operations		**1 737**		5 551
DISCONTINUED OPERATIONS				
Net profit for the year attributable to equity holders (earnings)		**8 755**		11 127
– Profit on sale of equity accounted investments	**(7 360)**	**(7 360)**	(8 318)	(8 318)
– Non-headline earnings items included in equity accounted earnings of equity accounted investments	**35**	**35**	(229)	(165)
– Profit on disposal of property, plant and equipment	**–**	**–**	(5)	(5)
– Loss/(profit) on sale of investments	**35**	**35**	(287)	(223)
– Impairment of investments, assets and goodwill	**–**	**–**	63	63
Headline earnings from discontinued operations		**1 430**		2 644
Total headline earnings from continuing and discontinued operations		**3 167**		8 195

3. RESULTS (continued)
3.2 PER SHARE MEASURES

Cents	30 June 2020	30 June 2019
EARNINGS PER SHARE		
Total headline earnings per share		
Basic	560.6	1 448.9
Continuing operations	307.5	981.4
Discontinued operations	253.1	467.5
Diluted	558.4	1 445.9
Continuing operations	305.6	978.8
Discontinued operations	252.8	467.1
Earnings per share		
Basic	1 176.4	1 294.0
Continuing operations	(373.3)	(673.2)
Discontinued operations	1 549.7	1 967.2
Diluted	1 173.6	1 292.0
Continuing operations	(373.9)	(673.7)
Discontinued operations	1 547.5	1 965.7
DIVIDEND PER SHARE		
Ordinary	265	564
Interim	215	215
Final	50	349
ASSET VALUE PER SHARE		
Intrinsic net asset value (Rand)	154.47	233.03
Book net asset value (Rand)	153.59	178.95
Remgro share price (Rand)	99.90	187.90
Percentage discount to intrinsic net asset value (%)	35.3	19.4

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 2020 Number of shares	30 June 2019 Number of shares
Number of shares in issue at the beginning of the year	568 273 994	568 273 994
Weighted number of treasury shares	(3 312 695)	(2 654 598)
Weighted number of shares	564 961 299	565 619 396

Diluted earnings per share

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

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

Some subsidiary and equity accounted investments have similar management incentive schemes as well as other instruments that can dilute these companies' earnings in the future. To calculate Remgro's diluted earnings per share, R7 million (2019: R6 million) and R8 million (2019: R10 million) were offset against earnings and headline earnings respectively to account for the potential dilutive effect.

Reconciliation of the weighted number of shares in issue for diluted earnings per share	30 June 2020 Number of shares	30 June 2019 Number of shares
Weighted number of shares	564 961 299	565 619 396
Adjustment for potential dilutive effect of the Remgro share schemes	779 809	428 880
Diluted weighted number of shares	565 741 108	566 048 276

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 50 cents (2019: 349 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 2020. The final dividend was adjusted downwards to take into account the RMH Unbundling and the impact of the Covid-19 pandemic.

A dividend withholding tax of 20% or 10 cents per share will be applicable, resulting in a net dividend of 40 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 2020 therefore amounts to 265 cents, compared to 564 cents for the year ended 30 June 2019.

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 2020	30 June 2019
Associates	**46 347**	65 417
Joint ventures	**4 644**	5 766
Investments – equity accounted	**50 991**	71 183
Financial assets at fair value through other comprehensive income	**12 505**	3 727
Total investments	**63 496**	74 910

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 equal or exceed 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 lower recoverable amounts 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 attendance and voting patterns by shareholders at Mediclinic's shareholders meetings. These 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 had significant influence over the investment in FirstRand, although it had an interest of less than 20% in this entity. As Remgro had board representation, was one of the major shareholders of this investment and had a shareholders agreement in place, its influence over FirstRand's financial and operating policies was significant. Accordingly, this investment was classified as an associate and not as a financial instrument at fair value. In June 2020, due to the unbundling of RMH, Remgro lost significant influence over FirstRand and reclassified the investment at fair value held through other comprehensive income.

Remgro also has investments in which it holds more than 50% of the voting rights but where an assessment of its influence over the business's relevant activities indicated that it does not have control. With particular reference to CIVH in which Remgro held 54.7% at 30 June 2020, the limitations placed on shareholders by the entity's Memorandum of Incorporation effectively gives Remgro joint control over the entity.

4. INVESTMENTS (continued)

4.1 INVESTMENTS – EQUITY ACCOUNTED (continued)

The Group's principal associates and joint ventures are:

INVESTMENT	CLASSIFICATION	BUSINESS
FirstRand[(1)]	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[(2)]	Associate	South African investment holding company which mainly held a 34% interest in FirstRand until 28 June 2020
RMI	Associate	South African investment holding company with significant investments in the insurance sector
CIVH	Joint venture	South African holding company that builds, owns, maintains and monitors its fibre-optic network and related infrastructure

(1) *FirstRand was reclassified as a FVOCI investment during the year under review.*
(2) *RMH was unbundled during the year under review.*

4.1.1 ASSOCIATES

	30 June 2020			30 June 2019		
R million	***Listed***	***Unlisted***	**Total**	*Listed*	*Unlisted*	Total
Shares – at cost	**24 554**	**3 473**	**28 027**	33 858	4 094	37 952
Equity adjustment	**13 964**	**4 245**	**18 209**	23 427	3 844	27 271
Carrying value	**38 518**	**7 718**	**46 236**	57 285	7 938	65 223
Long-term loans	**–**	**111**	**111**	–	194	194
	38 518	**7 829**	**46 347**	57 285	8 132	65 417
Market values of listed investments	**33 611**			84 187		

Reconciliation of carrying value at the beginning and end of the year (R million)	**30 June 2020**	30 June 2019
Carrying value at the beginning of the year	**65 417**	69 642
Change in accounting policies (refer note 17)	**(323)**	–
Restated balance at the beginning of the year	**65 094**	69 642
Share of net attributable profit/(loss) of associates	**(99)**	4 785
Dividend received from associates	**(2 589)**	(3 608)
Investments made[(1)]	**64**	355
Investments disposed	**–**	(107)
Dilutionary effects	**(21)**	(4)
Exchange rate differences[(2)]	**5 560**	(422)
Impairments (refer note 4.4)	**(899)**	(5 485)
Equity accounted movements on reserves	**2 537**	262
Loans advanced	**9**	16
Loan repaid	**(66)**	(17)
RMH Unbundling (refer note 10.11)	**(17 182)**	–
FirstRand reclassified to investment – FVOCI (refer note 10.11)	**(6 061)**	–
Carrying value at the end of the year	**46 347**	65 417

(1) *The prior year includes an investment in RMI of R300 million.*
(2) *Mainly due to exchange rate differences between GBP and ZAR on Mediclinic.*

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 were accounted for using the equity method.

	Year ended			
	30 June 2020			31 March 2020
R million	RMI	RMH[1]	FirstRand[2]	Mediclinic[3]
Summarised statement of comprehensive income				
Revenue	16 575	22	62 915	57 837
Profit/(loss) before tax	2 941	32 689	23 628	(5 159)
Taxation	(1 031)	(93)	(4 848)	(450)
Profit/(loss) after tax	1 910	32 596	18 780	(5 609)
Attributable to non-controlling shareholders	(318)	–	(614)	(394)
Attributable profit/(loss) for the year	1 592	32 596	18 166	(6 003)
Headline earnings	1 956	5 377	17 326	3 715
Other comprehensive income attributable to shareholders	1 583	(821)	6 468	2 983
Total comprehensive income attributable to shareholders	3 175	31 775	24 634	(3 020)
Summarised statement of financial position				
Net advance, loans and bank-related securities	1 338	–	155 345	–
Intangible assets	117	–	11 638	25 122
Property, plant and equipment and other	1 706	–	17 844	93 967
Investments and loans	45 478	4 292	9 593	4 076
Current assets	2 742	762	11 854	26 023
Total assets	51 381	5 054	206 274	149 188
	(25 533)	(94)	(68 745)	(87 188)
Non-controlling interest	(1 697)	–	(14 391)	(2 424)
Non-current liabilities	(22 054)	(18)	(32 817)	(68 266)
Current liabilities	(1 782)	(76)	(21 537)	(16 498)
Net assets	25 848	4 960	137 529	62 000
Reconciliation to carrying value				
Remgro's effective interest	30.65%	–	–	44.56%
Remgro's effective interest in net assets	7 922	–	–	27 626
Goodwill/bargain purchase adjustment	1 814	–	–	3 715
Dividends received subsequent to associates' reporting date	–	–	–	–
Cumulative impairment	–	–	–	(3 898)
Carrying value at 30 June 2020	9 736	–	–	27 443
Fair value of listed investments	13 708	–	–	18 769
Dividends received	516	787	655	200

(1) *RMH was classified as a discontinued operation on 31 March 2020 and unbundled as a dividend in specie on 8 June 2020. RMH's results disclosed here are for the 12 months ended 30 June 2020.*

(2) *FirstRand was reclassified as an investment – FVOCI on 8 June 2020. FirstRand's results disclosed here are for the 12 months ended 30 June 2020.*

(3) *Remgro's interest in Mediclinic on 31 March 2020. 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	RMI	RMH	FirstRand	Mediclinic
	Year ended			
	30 June 2019			31 March 2019
Summarised statement of comprehensive income				
Revenue	15 170	26	60 457	52 805
Profit/(loss) before tax	5 470	9 996	41 672	(2 467)
Taxation	(1 096)	(18)	(9 912)	126
Profit/(loss) after tax	4 374	9 978	31 760	(2 341)
Attributable to non-controlling shareholders	(327)	–	(1 549)	(378)
Attributable profit/(loss) for the year	4 047	9 978	30 211	(2 719)
Headline earnings	3 801	9 390	27 887	3 801
Other comprehensive income attributable to shareholders	(98)	(16)	(143)	2 197
Total comprehensive income attributable to shareholders	3 949	9 962	30 068	(522)
Summarised statement of financial position				
Net advances, loans and bank-related securities	691	–	161 938	–
Intangible assets	101	–	10 491	28 372
Property, plant and equipment and other	1 401	–	8 026	63 411
Investments and loans	42 512	53 070	9 023	3 629
Current assets	1 942	188	8 845	19 504
Total assets	46 647	53 258	198 323	114 916
	(22 108)	(3 955)	(68 650)	(58 584)
Non-controlling interest	(1 602)	–	(14 920)	(2 056)
Non-current liabilities	(19 109)	(3 760)	(30 165)	(46 052)
Current liabilities	(1 397)	(195)	(23 565)	(10 476)
Net assets	24 539	49 303	129 673	56 332
Reconciliation to carrying value				
Remgro's effective interest	30.65%	28.15%	3.92%	44.56%*
Remgro's effective interest in net assets	7 521	13 881	5 082	25 101
Goodwill/bargain purchase adjustment	1 814	2 364	743	3 096
Dividends received subsequent to associates' reporting date	–	–	–	(280)
Impairment	–	–	–	(3 898)
Carrying value at 30 June 2019	9 335	16 245	5 825	24 019
Fair value of listed investments	15 947	33 545	15 069	17 891
Dividends received	511	1 435	624	473

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

4. INVESTMENTS (continued)

4.1 INVESTMENTS – EQUITY ACCOUNTED (continued)

4.1.1 ASSOCIATES (continued)

R million	30 June 2020	30 June 2019
Information pertaining to Remgro's other associates is aggregated as follows:		
Carrying value	**9 168**	9 992
The Group's share of:		
– Profit/(loss) from operations	**(44)**	767
– Other comprehensive income	**(274)**	(372)
– Total comprehensive income	**(318)**	395
– Headline earnings	**(213)**	1 049

4.1.2 JOINT VENTURES

R million	30 June 2020	30 June 2019
Unlisted shares – at cost	**5 249**	5 045
Equity adjustment	**(782)**	67
Carrying value	**4 467**	5 112
Long-term loans	**177**	654
	4 644	5 766
Reconciliation of carrying value at the beginning and end of the year		
Carrying value at the beginning of the year	**5 766**	2 987
Share of net attributable loss of joint ventures	**(779)**	(268)
Dividend received from joint ventures	**(31)**	(7)
Investments made[(1)]	**190**	2 897
Exchange rate differences	**(33)**	(50)
(Impairments)/reversal of impairments (refer note 4.4)	**14**	(49)
Equity accounted movements on reserves	**(11)**	(23)
Loans advanced	**168**	279
Investments disposed	**4**	–
Dark Fibre Africa loans reclassified to short-term loans	**(468)**	–
Loans repaid	**(176)**	–
Carrying value at the end of the year	**4 644**	5 766

(1) *During the prior year, Remgro participated in CIVH's rights issue by investing R2 855 million.*

4. INVESTMENTS (continued)

4.1 INVESTMENTS – EQUITY ACCOUNTED (continued)

4.1.2 JOINT VENTURES (continued)

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

R million	30 June 2020 CIVH	30 June 2019 CIVH
Summarised statement of comprehensive income		
Revenue	3 704	2 349
Depreciation and amortisation	(1 446)	(777)
Interest income	100	104
Interest expense	(1 915)	(837)
Loss before tax	(1 223)	(585)
Taxation	5	(1)
Loss after tax	(1 218)	(586)
Attributable to non-controlling shareholders	10	–
Attributable loss for the year	(1 208)	(586)
Headline earnings	(1 269)	(463)
Other comprehensive income attributable to shareholders	–	–
Total comprehensive income attributable to shareholders	(1 208)	(586)
Summarised statement of financial position		
Non-current assets	25 871	14 136
Cash and cash equivalents	523	172
Other current assets	914	513
Total assets	27 308	14 821
	(20 342)	(10 623)
Non-controlling interest	(57)	(3)
Non-current financial liabilities	(16 639)	(7 838)
Other non-current liabilities	(1 537)	(470)
Current financial liabilities (excluding trade and other payables and provisions)	(870)	(1 659)
Current liabilities	(1 239)	(653)
Net assets	6 966	4 198
Reconciliation to carrying value		
Remgro's effective interest	54.69%	54.44%
Remgro's effective interest in net assets	3 810	2 285
Additional purchase after CIVH 31 March year-end	–	2 041
Goodwill/bargain purchase adjustment	180	162
Carrying value at 30 June	3 990	4 488

R million	30 June 2020	30 June 2019
Information pertaining to Remgro's other joint ventures is aggregated as follows:		
Carrying value	653	1 278
The Group's share of:		
– Profit/(loss) from operations	(121)	46
– Other comprehensive income	(4)	(6)
– Total comprehensive income	(125)	40
– Headline earnings	(17)	46

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 2020
Business Partners	31 March	Year ended 31 March 2020
eMedia Investments	31 March	Year ended 31 March 2020
Grindrod	31 December	12 months ended 30 June 2020
Grindrod Shipping	31 December	12 months ended 30 June 2020
Mediclinic	31 March	Year ended 31 March 2020
PGSI	25 December	12 months ended 25 June 2020
SEACOM	31 December	12 months ended 30 June 2020
Total	31 December	12 months ended 30 June 2020
Joint venture		
CIVH	31 March	Year ended 31 March 2020

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 events and transactions in the intermediate period are adjusted for. Significant adjustments for the current period relate to the conversion of Mediclinic at the 30 June 2020 exchange rate as its presentation currency is British pound.

No adjustments as a result of Covid-19 were made to the results of any equity accounted investments on any lag period between the individual companies and 30 June 2020. The individual equity accounted investments have already provided for Covid-19 adjustments in their respective reported results and have not reported any significant subsequent post-balance sheet events.

4.2 EQUITY ADJUSTMENT

R million	30 June 2020	30 June 2019
Share of after-tax profit/(loss) of equity accounted investments		
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
Profit before tax and non-controlling interest	**432**	6 037
Taxation	**(952)**	(1 160)
Non-controlling interest	**(358)**	(360)
Share of net attributable profit/(loss) of equity accounted investments – per income statement	**(878)**	4 517
Continuing operations	**(2 272)**	1 708
Discontinued operations	**1 394**	2 809
Dividends received from equity accounted investments	**(2 620)**	(3 615)
Share of net (loss)/profit retained by equity accounted investments	**(3 498)**	902
Non-controlling interest of subsidiaries	**(21)**	(18)
RMH Unbundling	**(9 136)**	–
FirstRand Reclassification	**(4 440)**	–
Dilution loss of interest in equity accounted investments	**(139)**	(780)
Equity adjustment transferred to non-distributable reserves (Refer to statement of changes in equity)	**(17 234)**	104

4.3 INVESTMENTS – FVOCI

Other long-term financial instruments are classified at initial recognition by applying irrevocable choice to designate the instruments as at fair value through other comprehensive income and are carried at fair value. Unrealised gains and losses arising from changes in the fair value of these financial instruments are recognised through other comprehensive income in the period in which they arise. Accumulated fair value adjustments relating to financial instruments at fair value through other comprehensive income are never reclassified to the income statement.

4. INVESTMENTS (continued)

4.3 INVESTMENTS – FVOCI (continued)

	30 June 2020			30 June 2019		
R million	***Listed***	***Unlisted***	**Total**	*Listed*	*Unlisted*	Total
Investments – FVOCI	**10 542**	**1 963**	**12 505**	1 532	2 195	3 727
Fair values of listed investments	**10 542**	**–**	**10 542**	1 532	–	1 532
Valuation of unlisted investments	**–**	**1 963**	**1 963**	–	2 195	2 195
Fair values and unlisted valuations	**10 542**	**1 963**	**12 505**	1 532	2 195	3 727

Reconciliation of carrying value at the beginning and end of the year (R million)	**30 June 2020**	30 June 2019
Carrying value at the beginning of the year	**3 727**	3 067
Fair value adjustments for the year[(1)]	**(1 213)**	206
Investments made[(2)]	**137**	1 113
Received as a dividend *in specie*	**138**	–
Exchange rate adjustments	**495**	28
Disposals[(3)]	**(706)**	(687)
Reclassification of FirstRand from equity accounted investment (refer note 10.11)	**9 927**	–
Carrying value at the end of the year	**12 505**	3 727

(1) *The year under review includes a negative fair value adjustment on the investment in FirstRand amounting to R1 558 million.*
(2) *The prior year includes investments made consisting of Prescient China Equity Fund of R727 million and Li Ning of R171 million.*
(3) *The year under review includes a partial disposal in Milestone III of R686 million, due to the distribution done by Milestone (2019: disposal of Milestone Capital Strategic Holdings Limited amounting to R393 million, as well as the disposal of Li Ning shares amounting to R163 million).*

4.4 INVESTMENTS – NET IMPAIRMENTS AND LOSS ALLOWANCES ON LOANS

R million	**30 June 2020**	30 June 2019
Reversal of impairments/(impairments) and loss allowances on loans were recognised for the following equity accounted investments:		
Associates	**(899)**	(5 485)
ArcAqua (loan)	**(28)**	–
Best Global Brands Limited (Distell associate) (refer note 4.4.1)	**(144)**	(524)
eMedia Investments	**–**	(107)
Grindrod[(1)]	**(596)**	(300)
Grindrod Shipping[(1)]	**(112)**	(277)
HMH Rainbow Limited (RCL Foods associate)	**(19)**	–
Mediclinic (refer note 4.4.2)	**–**	(3 898)
PGSI	**–**	(378)
PressureRite (loan)	**–**	(1)
Joint ventures	**14**	(49)
TD Spirits LLC (Distell joint venture)	**(59)**	–
Mainstreet 1131[(2)]	**73**	(49)

(1) *These investments were impaired to their listed market prices following a significant decline in the share price.*
(2) *The reversal of impairment is as a result of an increase in the recoverable amount of the investment.*

The current South African economic environment, further exacerbated by the Covid-19 related lockdown regulations and limitations on economic activity, led to decreased profitability in several of Remgro's investments. For this reason, management performed an impairment assessment on all its investments. The recoverable amounts of the investments impaired were based on fair value less cost to sell. Refer to note 2 for information regarding the valuation methods and assumptions used to value Remgro's unlisted investments.

4. INVESTMENTS (continued)

4.4 INVESTMENTS – NET IMPAIRMENTS AND LOSS ALLOWANCES ON LOANS (continued)

4.4.1 BEST GLOBAL BRANDS LIMITED (BGB)

The further significant devaluation of the Angolan kwanza during the year under review, and its impact on the Angolan economy has negatively affected the earnings of BGB, the owner of the Best brand. Although BGB has grown volumes and maintained market share since Distell's investment, profit margins declined substantially as a large component of raw materials used in production is imported and paid for in foreign currency. The impairment calculation indicated that the carrying value of the investment is not supported by the most recent cash flow projections.

The recoverable amount was based on a fair value less cost to sell calculation. Post-tax cash flow projections are based on financial budgets approved by BGB management covering a five to ten-year period. A perpetual growth rate of 3.0% (2019: 4.0%) and a post-tax discount rate of 16.5% (2019: 16.1%) was assumed. A 0.5% increase in the discount rate will result in an additional impairment of R6 million. A 0.5% decrease in the growth rate will result in an additional impairment of R3 million. The fair value is classified as a level 3 fair value as the valuation inputs are unobservable.

4.4.2 MEDICLINIC

The listed market value of the investment in 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 an impairment charge in future.

The value in use of the investment is R28 776 million and, since it is higher than the carrying value, no impairment was recognised for the year under review. An impairment of R3 898 million was recognised during the prior year.

Sensitivity analysis of assumptions used in the impairment test:

	Movement in discount rates	Movement in growth rates
South Africa (%)	**+0.50**	**-0.50**
Switzerland (%)	**+0.25**	**-0.25**
Middle East (%)	**+0.50**	**-0.50**
Potential impairment (R million)	**2 293**	**–**

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

4. INVESTMENTS (continued)

4.5 DIVIDEND INCOME

R million	30 June 2020	30 June 2019
Included in profit:		
Listed	**40**	48
Unlisted	**5**	30
	45	78
Dividends from equity accounted investments set off against investments	**2 620**	3 615

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 daily.

R million	30 June 2020	30 June 2019
Money market fund investments are held in the following currencies:		
SA rand	**4 945**	5 095
British pound (2020: £nil million; 2019: £4.5 million)	**–**	80
	4 945	5 175

Local money market funds relate to investments in South African unit trusts offered by Nedgroup Collective Investments, STANLIB Collective Investments, Absa Money Market Fund and Ninety One Corporate Money Market Fund mandated to invest only in money market instruments of major South African banks, government securities and government-related entities. These instruments carry very low credit risk (with AA+ GCR credit ratings) 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". Investments in offshore money market funds in the previous year related to investments in shares of J P Morgan liquidity funds, specifically the Sterling GILT Liquidity Fund. This fund had an Aaa Moody's Rating. The portfolio of the funds on 30 June 2019 consisted of government bonds with maturities of up to one year and bank repurchase agreements to ensure liquidity on demand as the shares in the funds were callable on a daily basis. Distributions from these funds were disclosed as dividend income.

5. CASH POSITION (continued)

5.2 CASH AND CASH EQUIVALENTS

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

R million	30 June 2020	30 June 2019
Cash at the centre	12 723	10 967
Operating subsidiaries	2 908	1 695
	15 631	12 662
The cash is held in the following currencies:		
SA rand	4 196	5 176
British pound	7 924	2 209
USA dollar	2 929	4 747
Euro	196	150
Botswana pula	76	64
New Taiwan dollar	20	69
Kenyan shilling	144	149
Namibian dollar	44	9
Eswatini lilangeni	30	–
Other	72	89
	15 631	12 662

At year-end cash and cash equivalents earned interest at effective interest rates that varied between 0.48% and 12.57% (2019: 0.13% and 8.00%) per annum at local financial institutions and between 0.02% and 6.90% (2019: 0.25% and 6.95%) per annum abroad.

R million	30 June 2020	30 June 2019
Cash and cash equivalents are represented by the following:		
Current accounts and call accounts	15 629	12 660
Cash on hand	2	2
	15 631	12 662
At year-end the Group's cash was invested at financial institutions with the following Moody's credit rating (unless otherwise indicated):		
Aa2	–	1 396
Aa3	4 071	4 617
A1	5 271	570
A2	–	356
Ba1	6 076	–
Baa2	–	3
Baa3	–	4 614
BBB+ (GCR credit rating)	–	100
A- (GCR credit rating)	50	–
AA- (S&P rating)	–	1 003
AA (S&P rating)	159	–
AA(NA) (GCR credit rating)	2	1
Cash on hand	2	2
	15 631	12 662

Remgro considered the expected credit losses on its investments in cash and cash equivalents and concluded that those losses would be negligible.

5.3 CASH FLOW INFORMATION

5.3.1 ADJUSTMENTS

R million	30 June 2020	30 June 2019
Amortisation of intangible assets and depreciation	2 205	1 796
Movement in retirement benefits and provisions	174	257
Net movement in derivative instruments	14	(5)
Share scheme cost	207	281
Profit on the sale of property, plant and equipment	(39)	(168)
Other	(46)	(49)
	2 515	2 112

5. CASH POSITION (continued)

5.3 CASH FLOW INFORMATION (continued)

	R million	30 June 2020	30 June 2019
5.3.2	DECREASE/(INCREASE) IN WORKING CAPITAL		
	Decrease/(increase) in inventories and biological agricultural assets	**183**	(1 027)
	Decrease/(increase) in trade and other receivables	**(312)**	(928)
	Increase/(decrease) in trade and other payables	**409**	937
		280	(1 018)
5.3.3	RECONCILIATION OF DIVIDENDS RECEIVED		
	Receivable at the beginning of the year	**393**	375
	Per income statement	**45**	78
	Dividends from equity accounted investments set off against investments	**2 620**	3 615
	Dividends reinvested	**–**	(300)
	Dividends from investment held for sale	**–**	6
	Receivable at the end of the year	**(74)**	(393)
	Cash received	**2 984**	3 381
5.3.4	RECONCILIATION OF TAXATION PAID WITH THE AMOUNT DISCLOSED IN THE INCOME STATEMENT		
	Paid in advance at the beginning of the year	**108**	81
	Unpaid at the beginning of the year	**(43)**	(53)
	Per income statement	**(741)**	(1 180)
	Foreign exchange translation	**8**	–
	Unpaid at the end of the year	**154**	43
	Paid in advance at the end of the year	**(258)**	(108)
	Cash paid	**(772)**	(1 217)
5.3.5	RECONCILIATION OF DIVIDENDS PAID		
	Per statement of changes in equity	**(3 187)**	(3 069)
	Paid by subsidiaries to non-controlling shareholders	**(696)**	(690)
	Cash paid	**(3 883)**	(3 759)

5.3.6 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

R million	30 June 2019 Carrying value	*Loans advanced*	*Loans and leases repaid*	*Non-cash flow move-ments*[(1)]	30 June 2020 Carrying value
Included in debt at the centre	13 917	**–**	**–**	**1 371**	**15 288**
RCL Foods	2 831	**111**	**(265)**	**1 694**	**4 371**
Distell	4 524	**160**	**(130)**	**697**	**5 251**
Other loans and leases	7	**–**	**(22)**	**53**	**38**
Total loan and lease liabilities (excluding bank overdrafts)	21 279	**271**	**(417)**	**3 815**	**24 948**
Per statement of financial position:					
Long-term and short-term loans	22 396				**25 325**
Current and non-current lease liabilities	–				**2 035**
Less: Bank overdrafts	(1 117)				**(2 412)**

(1) *Non-cash flow movements relate mainly to foreign exchange translation reserves, accrued interest, lease liabilities recognised in terms of IFRS 16 as well as the corresponding interest incurred and remeasurements.*

6. FINANCING AND COMMITMENTS

Borrowings

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

Compound financial liabilities

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

6. FINANCING AND COMMITMENTS (continued)

Financial instruments at fair value through profit and loss

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

6.1 LONG-TERM LOANS

R million	30 June 2020	30 June 2019
Included in debt at the centre	**15 288**	13 917
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]	**7 468**	6 117
20 000 Class A 7.5% cumulative redeemable preference shares Redeemable on 15 January 2024 with bi-annual dividend payments (refer note 6.1.1)	**3 507**	3 488
10 000 Class B 8.3% cumulative redeemable preference shares Redeemable on 17 March 2025 with bi-annual dividend payments (refer note 6.1.1)	**4 313**	4 312
Distell	**4 892**	4 524
Secured term and revolving facility rand loans, bearing interest at variable rates of between 5.908% – 6.108% (2019: 8.458% – 8.658%) per annum. Interest is payable quarterly and the loans are repayable in the 2022, 2023 and 2024 financial years respectively[2] & [3]	**3 500**	3 500
Secured inventory UK pound facility, bearing interest at the Bank of England base rate plus 1.35%, for a minimum period of five years from February 2017[3]	**1 392**	1 024
RCL Foods	**2 564**	2 681
Term-funded debt package consisting of two bullet loans, repayable in 2023. The loans bear interest at an effective rate of Jibar with a margin of between 1.50% and 1.55% (2019: between 1.50% and 1.55%) and is guaranteed by RCL Foods[4]	**2 350**	2 350
Liabilities resulting from various capitalised finance leases and instalment sale agreements payable in monthly, quarterly and annual instalments at varying interest rates of between 7.0% and 10.0% per annum[5]	**–**	202
Secured long-term loan with a fixed rate of 3-month Jibar plus 4.08% per annum repayable annually, over a maximum period of three years[6]	**80**	–
Secured long-term loan with a fixed rate of prime less 1.50% (2019: between prime less 3.75% and 1.50%) repayable annually, over a maximum period of three years[7]	**2**	21
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 1.50% and 1.55% (2019: 1.50% and 4.25%)	**35**	38
Unsecured loans with varying terms and interest rates	**97**	70
	22 744	21 122
Instalments payable within one year transferred to short-term interest-bearing loans	**(7 577)**	(102)
	15 167	21 020
Payable – two to five years	**15 089**	21 003
Payable thereafter	**78**	17
	15 167	21 020

Refer to note 13.1 for the fair value of loans.

(1) *The exchangeable bonds may be redeemed in either cash, Mediclinic shares or a combination thereof. The bonds are classified as a compound financial instrument and the liability and derivative components were determined at initial recognition. The derivative instrument is included in note 6.4.*

(2) *During the previous year Distell refinanced the secured term borrowings to extend the maturity dates and improve interest rates. The modification of the loan terms was not considered to result in an extinguishment of the initial borrowings. Discounting the cash flows of the modified borrowings at the original effective interest rate resulted in an insignificant gain and no amount was therefore recognised in profit or loss. The related covenants have been amended for the 30 June 2020 measurement period due to the impact that the regulations to contain the spread of Covid-19 had on the operating activities of Distell. The covenants are measured by net debt to EBITDA (5:1, previously 2.75:1), interest cover (3.5:1) and various guarantor ratios.*

(3) *Distell's borrowings include secured liabilities of R4 892 million (2019: R4 524 million).These borrowings are secured by mortgages over Distell's immovable property, general notarial bonds over movable assets and a cession over trade and other receivables of specific subsidiaries to a maximum of R5 500 million.*

(4) *During the previous year, RCL Foods restructured its term-funded debt package. The restructuring resulted in the existing loan of R2.9 billion being replaced with a R2.4 billion debt package. The covenants require compliance with a senior leverage ratio of <3:1 and senior interest cover of <3.5:1. For the year under review RCL Foods was within the limits of its financial covenants.*

(5) *During the previous year these liabilities were secured by plant, machinery and equipment and vehicles with a book value of R154 million.*

(6) *Secured by notarial bond, bank accounts and shares held by non-controlling shareholders in Matzonox Proprietary Limited.*

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

6. FINANCING AND COMMITMENTS (continued)

6.1 LONG-TERM LOANS (continued)

6.1.1 CLASS A AND CLASS B CUMULATIVE REDEEMABLE PREFERENCE SHARES

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

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

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

6.2 SHORT-TERM LOANS

R million	30 June 2020	30 June 2019
Interest-bearing loans		
Portion of long-term interest-bearing loans payable within one year	**7 577**	102
Bank overdrafts	**2 412**	1 117
Various secured and unsecured loans with varying terms and interest rates	**165**	153
	10 154	1 372
Interest-free loans with no fixed repayment conditions	**4**	4
	10 158	1 376

6.3 LEASES

The Group leases various items of property, plant and equipment under non-cancellable operating lease agreements. The leases have varying terms, renewal rights and escalation clauses. The majority of escalation clauses are linked to the consumer price index or equivalent inflation rate and there are no contingent or restrictive lease arrangements.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of property for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Accounting policies applied from 1 July 2019

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if applicable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the incremental borrowing rate of the Group entity incurring the lease is used. That is the rate that the individual company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, for example term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

6. FINANCING AND COMMITMENTS (continued)

6.3 LEASES (continued)

Accounting policies applied from 1 July 2019 (continued)

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. A lease agreement of which the underlying asset's value is R85 000 or less will be considered a low-value lease.

Some property and equipment leases contain extension and termination options. These options provide operational flexibility for managing the assets required for the Group's operations. The majority of extension and termination options held are exercisable only by the Group lessee entity and not by the respective lessor.

The Group sometimes provides residual value guarantees for vehicle leases to optimise costs.

Accounting policies applied until 30 June 2019

Capitalised leased assets are assets leased in terms of finance lease agreements where the Group has, substantially, all the risks and rewards of ownership. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased item or the present value of the minimum lease payments. Depreciation is provided on the straight-line method over the shorter of the lease term and its estimated useful life. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases of assets in terms of which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease term.

6. FINANCING AND COMMITMENTS (continued)

6.3 LEASES (continued)

R million	30 June 2020	30 June 2019
Lease liabilities		
Non-current	1 725	–
Current	310	–
	2 035	–
Gross lease liabilities – minimum lease payments	2 977	–
Due within one year	461	–
Due – two to five years	1 345	–
Due thereafter	1 171	–
Future finance charges on lease liabilities	(942)	–
Present value of lease liabilities	2 035	–
Due within one year	310	–
Due – two to five years	849	–
Due thereafter	876	–
	2 035	–
Right-of-use assets are included in:		
Buildings	1 515	–
Machinery and equipment	60	–
Vehicles	211	–
	1 786	–
Additions to right-of-use assets during the year	664	–
In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as "finance leases" under *IAS 17: Leases*. The assets were presented in property, plant and equipment and the liabilities as part of the Group's borrowings. For adjustments recognised on the adoption of *IFRS 16* on 1 July 2019, refer to note 17.		
The following relating to leases are recognised in the income statement:		
Depreciation charge of right-of-use assets	400	–
Buildings	296	–
Machinery and equipment	20	–
Vehicles	84	–
Interest expense (included in finance costs)	174	–
Expense relating to short-term leases	539	–
Expense relating to leases of low-value assets (not included as short-term leases)	40	–
Expense relating to variable lease payments not included in lease liabilities	98	–
Lease repayments made during the year included in the statement of cash flows	406	–

6. FINANCING AND COMMITMENTS (continued)
6.3 LEASES (continued)

R million	30 June 2020	30 June 2019
Accounting treatment applied prior to 1 July 2019		
Gross finance lease liabilities – minimum lease payments	–	308
Due within one year	–	39
Due – two to five years	–	118
Due thereafter	–	151
Future finance charges on finance lease liabilities	–	(106)
Present value of finance lease liabilities	–	202
Due within one year	–	21
Due – two to five years	–	66
Due thereafter	–	115
	–	202
Operating lease commitments – future minimum lease payments		
Land and buildings	–	940
Due within one year	–	251
Due – two to five years	–	541
Due thereafter	–	148
Machinery and equipment	–	185
Due within one year	–	62
Due – two to five years	–	116
Due thereafter	–	7
	–	1 125

6.4 FINANCIAL INSTRUMENTS AT FVPL

The Group was party to the following instruments:

R million	30 June 2020	30 June 2019
Non-current assets		
Put option derivative (refer note 6.4.1)	177	147
Investment in LIVEKINDLY co (refer note 6.4.2)	132	–
	309	147
Current assets		
Foreign exchange contracts	10	7
Commodity option contracts	1	–
JHL Biotech, Inc. bonds (refer note 6.4.3)	–	141
	11	148
Non-current liabilities		
Embedded derivative – exchangeable bonds (refer note 6.4.4)	–	1
Current liabilities		
Foreign exchange contracts	23	3
Commodity option contracts	20	4
Interest rate collar options	102	46
Interest rate swaps (refer note 6.4.5)	134	–
Embedded derivative – rental swap	–	1
	279	54

6.4.1 PUT OPTION DERIVATIVE

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

6. FINANCING AND COMMITMENTS (continued)

6.4 FINANCIAL INSTRUMENTS AT FVPL (continued)

6.4.2 LIVEKINDLY co (LIVEKINDLY)

During January 2020 RCL Foods secured a minority shareholding in LIVEKINDLY for R114 million. LIVEKINDLY is a start-up Swiss entity with a vision to create a vertically integrated plant-based food and beverage value chain of scale and with global reach. The increase in value at year-end is due to the foreign exchange translation.

6.4.3 JHL BIOTECH, INC. BONDS

The bonds were received as part of the purchase consideration for the disposal of the investment in Milestone Capital Strategic Holdings Limited (refer note 4.3). The bonds were disposed of during the current financial year.

6.4.4 EXCHANGEABLE BONDS' OPTION

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

The assumptions used in the valuation are as follows:

Assumptions	30 June 2020	30 June 2019
Dividend yield (%)	**2.2**	1.7
Risk-free rate (%)	**(0.1)**	0.6
Volatility (%)	**32.5**	36.9

6.4.5 INTEREST RATE SWAPS

In order to hedge specific exposures in the interest rate repricing profile of existing borrowings the Group may use interest rate derivatives to generate the desired interest profile.

Covid-19 had a major impact on the fair value losses of the interest rate swaps as the South African Reserve Bank implemented deep interest rate cuts in the aftermath of the pandemic which flowed through to the market interest rates against which the swaps were taken out.

The interest rates on borrowings amounting to R1.7 billion were hedged at interest rates payable at between 7.19% and 7.29%, while interest is received at an interest rate of 3-month Jibar. The interest rate swap agreements reset every three months with the final reset on 19 April 2022 (for borrowings of R1.0 billion) and 17 April 2023 (for borrowings of R700 million).

6.5 HEDGE DERIVATIVES

6.5.1 ZERO COST COLLAR

Fair value hedge accounting

Remgro applies *IFRS 9* hedge accounting for qualifying designated instruments that hedge the fair value of recognised assets. The hedged item is an equity instrument for which Remgro has elected to present changes in fair value in other comprehensive income. Accordingly, the hedged exposure affects other comprehensive income and recognised hedge ineffectiveness, as well as the hedge effectiveness, is presented in other comprehensive income. Remgro separated the intrinsic value and time value of an option contract and designated as the hedging instrument only the change in intrinsic value of the option.

The change in the time value of such option is recognised in other comprehensive income to the extent it relates to the hedged item (aligned time value) and is accumulated in a separate component of equity.

Hedge accounting is discontinued prospectively only when the hedging relationship ceases to meet the qualifying criteria. If hedge accounting is discontinued in terms of *IFRS 9* for the hedging relationship that includes the change in intrinsic value of the option as the hedging instrument, the amount of the time value that has been accumulated in the separate component of equity shall be immediately reclassified into profit or loss as a reclassification adjustment.

Remgro hedged the fair value risk (i.e. the equity price risk) within a price range of the specifically designated portion of 60 million shares of its investment in FirstRand using a zero cost collar, which consist of put and call European options, which are referenced to the FirstRand share price. The effective date of the transaction was 17 June 2020 and the underlying options have an approximate lifetime of two years. The intrinsic value portion of the options was designated as a hedging instrument and is expected, over the lifetime of the instruments, to be an effective hedge. However, on measurement dates, hedge ineffectiveness is expected due to the nature of the measurement of the intrinsic value of an option using forward prices of a financial instrument versus the actual spot price thereof. A put and call option was entered into for each share hedged, resulting in a 1:1 hedge ratio. The hedge ratio remained 1:1 on the reporting date. Remgro also entered into a script lending agreement with the hedge provider in terms of which any dividends received on the hedged FirstRand shares during the contract term will be paid to the hedge provider as a cost of hedging.

6. FINANCING AND COMMITMENTS (continued)

6.5 HEDGE DERIVATIVES (continued)

6.5.1 ZERO COST COLLAR (continued)

The details of the options are as follows:

	Option 1	Option 2
30 June 2020		
Put strike price (Rand)	**36.46**	**40.51**
Call strike price (Rand)	**47.92**	**51.97**
Average forward price at 30 June 2020 (Rand)	**41.17**	**41.17**
Number of options (million)	**30**	**30**
Remaining option life at 30 June 2020 (years)	**2**	**2**

R million	30 June 2020	30 June 2019
The hedging instrument		
Fair value of collar instrument	**101**	–
Less: Intrinsic value of collar instrument	**–**	–
Time value of collar instrument	**101**	–
The change in fair value of the hedging instrument used as the basis for calculating hedge ineffectiveness for the period	**–**	–
The hedged item: 60 million FirstRand Limited shares		
Carrying value of hedged FirstRand shares included in investments – FVOCI	**2 284**	–
Investments – FVOCI included in the statement of financial position	**8 482**	–
The accumulated amount of fair value hedge adjustments on the hedged item	**–**	–
Change in value of the hedged shares that is used as the basis for recognising hedge ineffectiveness for the period	**(147)**	–
Hedge ineffectiveness (included in fair value adjustment of investments at FVOCI in the statement of other comprehensive income)	**(147)**	–

The intrinsic value of the options was calculated using the estimated forward price of FirstRand at the relevant date and the strike prices of the put and call options that established the collar. The intrinsic value of the options was Rnil at initial recognition and on the reporting date. The time value portion of the collar amounted to Rnil at initial recognition and R101 million on the reporting date.

6.6 COMMITMENTS

R million	30 June 2020	30 June 2019
Capital commitments		
Uncompleted contracts for capital expenditure	**639**	1 214
Capital expenditure authorised but not yet contracted	**1 174**	2 280
Investments	**486**	1 710
	2 299	5 204

6.7 BORROWING POWERS

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

6.8 GUARANTEES AND CONTINGENT LIABILITIES

R million	30 June 2020	30 June 2019
Guarantees to third parties	**3 353**	5

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.

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 2020**	30 June 2019
Stated and issued capital		
Authorised		
1 000 000 000 ordinary shares of no par value		
100 000 000 B ordinary shares of no par value		
Issued		
529 217 007 ordinary shares of no par value	**12 729**	12 729
39 056 987 B ordinary shares of no par value	**687**	687
	13 416	13 416

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

7.1.2 TREASURY SHARES

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

	30 June 2020 Number of shares	30 June 2019 Number of shares
Balances at the beginning of the year	**3 334 936**	1 389 033
Shares purchased during the year	**–**	2 000 000
Shares utilised to settle share incentive schemes' obligations	**(37 723)**	(54 097)
Balances at the end of the year	**3 297 213**	3 334 936

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.

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

7. EQUITY POSITION (continued)

7.1 STATED AND ISSUED CAPITAL (continued)

7.1.3 SHARES IN ISSUE

	30 June 2020 Number of shares	30 June 2019 Number of shares
Stated capital	568 273 994	568 273 994
Treasury shares	(3 297 213)	(3 334 936)
	564 976 781	564 939 058

7.2 RESERVES

7.2.1 COMPOSITION OF RESERVES

R million	30 June 2020	30 June 2019
Subsidiaries	63 107	62 428
Fair value reserve	(1 660)	527
Other reserves*	4 470	231
Retained earnings	60 297	61 670
Equity accounted investments		
Equity reserves	10 814	25 823
	73 921	88 251

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

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

R million	*Equity reserves*	*Other reserves*	*Fair value reserves*	*Retained earnings*	30 June 2020 Total	30 June 2019 Total
Balances at the beginning of the year	(1 688)	(275)	(93)	1 057	(999)	(560)
Exchange rate adjustments during the year	1 096	4 247	26	1 209	6 578	(349)
Reclassification to the income statement	–	–	–	–	–	(90)
Balances at the end of the year	(592)	3 972	(67)	2 266	5 579	(999)

7. EQUITY POSITION (continued)

7.3 NON-CONTROLLING INTEREST

R million	30 June 2020	30 June 2019
Balances at the beginning of the year	**15 092**	15 335
Total comprehensive income for the year	**237**	384
Net profit for the year	**(63)**	433
Exchange rate adjustments	**302**	(28)
Fair value adjustments for the year	**(45)**	(14)
Other comprehensive income of equity accounted investments	**–**	(1)
Remeasurement of post-employment benefit obligations	**43**	(6)
Dividends paid	**(696)**	(690)
Transactions with non-controlling shareholders	**67**	3
Long-term share incentive scheme reserve	**(4)**	63
Other movements	**(26)**	(3)
Balances at the end of the year	**14 670**	15 092
RCL Foods	**2 643**	2 870
Distell	**11 996**	12 189
Other non-wholly owned subsidiaries	**31**	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 77.1% (2019: 77.5%) and 31.8% (2019: 31.8%) respectively.

RCL Foods consists of five business divisions, namely Groceries (Culinary, Pies and Beverages operations), Baking (Milling, Speciality, Sunbake bakeries and Buns and Rolls operations), Chicken (including the Chicken and grain-based feed operations), Sugar (Sugar and molasses-based feed operations) and Vector Logistics Proprietary Limited (Vector) (specialist third-party logistics provider). The group's revenue and operating profit are mainly driven by these business divisions and are presented as trading profit in the income statement. RCL Foods' non-controlling shareholders own 22.9% (2019: 22.5%) of RCL Foods. During the year under review Remgro acquired further shares in RCL Foods for R100 million. The interest diluted due to shares issued by RCL Foods in terms of its RCL Employee Share Trust and a BEE transaction.

Distell derives its revenue primarily from the production, marketing and distribution of alcoholic beverages. Distell's non-controlling shareholders own 68.2% (2019: 68.2%) of Distell.

7. EQUITY POSITION (continued)

7.3 NON-CONTROLLING INTEREST (continued)

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

R million	30 June 2020 RCL Foods	30 June 2020 Distell	30 June 2019 RCL Foods	30 June 2019 Distell
Statement of financial position				
ASSETS				
Non-current assets	**11 647**	**11 737**	11 397	10 315
Current assets	**10 840**	**13 535**	9 010	13 228
	22 487	**25 272**	20 407	23 543
EQUITY AND LIABILITIES				
Shareholders' equity	**9 878**	**11 583**	10 831	11 614
Non-controlling interest	**(56)**	**409**	3	358
Non-current liabilities	**5 099**	**6 350**	3 984	5 681
Current liabilities	**7 566**	**6 930**	5 589	5 890
	22 487	**25 272**	20 407	23 543
Income statement				
Income				
Revenue	**27 804**	**22 370**	25 888	26 180
Finance income	**53**	**61**	49	70
Fair value adjustment – biological assets	**284**	**–**	353	–
Share of profit of equity accounted investments	**146**	**97**	127	62
Expenses				
Finance costs	**508**	**442**	325	341
Fair value adjustment – derivative instruments	**42**	**–**	20	–
Repairs and maintenance	**937**	**237**	933	258
Depreciation, amortisation and impairments	**2 442**	**1 033**	793	862
Operating lease and rental charges	**520**	**107**	460	377
Taxation	**(156)**	**305**	6	645
Profit/(loss) for the year	**(959)**	**394**	(184)	910
Profit/(loss) for the year attributable to equity holders	**(901)**	**312**	(110)	897
Profit/(loss) for the year attributable to non-controlling interest	**(58)**	**82**	(74)	13
Statement of comprehensive income				
Other comprehensive income	**31**	**613**	20	(79)
Total comprehensive income	**(928)**	**1 008**	(164)	830
Total comprehensive income attributable to equity holders	**(870)**	**926**	(90)	817
Total comprehensive income attributable to non-controlling interest	**(58)**	**82**	(74)	13
Dividends paid to non-controlling interest	**2**	**9**	1	4
Cash flow information				
Cash inflow from operating activities	**2 113**	**1 042**	108	2 010
Cash outflow from investing activities	**(818)**	**(2 000)**	(1 083)	(1 600)
Cash outflow from financing activities	**(154)**	**(908)**	(398)	(759)

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 R1 506 million (2019: R3 205 million) were declared. The investment in RMH, fair valued at R23 855 million, was distributed to shareholders as a dividend *in specie* on 8 June 2020.

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

8. SHARED-BASED PAYMENTS

Equity compensation plans

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

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

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

Background to the Remgro Share Schemes

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

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

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

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

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

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

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

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

Following the unbundling of RMH, the exercise prices of all options were reduced by between R47.82 and R95.43 in order to place participants in the same position they would have been had the unbundling not taken place. This change was treated as a modification to the scheme and resulted in an additional expense that will be amortised over the remaining option lives.

R million	30 June 2020	30 June 2019
Share-based payment cost included in the income statement	33	47
Fair value of offers made during the year	–	–

8. SHARE-BASED PAYMENTS (continued)

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

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

	30 June 2020 Number of SARs	30 June 2020 Weighted average option price* (Rand)	30 June 2019 Number of SARs	30 June 2019 Weighted average option price* (Rand)
Carried forward from previous financial years	**3 812 458**	**133.47**	4 202 496	203.18
Offered during current financial year	**–**	**–**	878	204.29
Forfeited during the year	**(50 925)**	**215.29**	(10 697)	214.2
Expired during the year	**(59 083)**	**228.62**	(154 349)	226.77
Exercised during the year	**(126 309)**	**126.65**	(225 870)	153.44
Outstanding at the end of the year	**3 576 141**	**130.97**	3 812 458	205.15
Exercisable at the end of the year	**2 121 656**	**132.86**	1 639 913	185.66

* *After adjusting for the unbundling of RMH.*

Exercise prices# of all options:

	30 June 2020 Number of SARs outstanding at year-end	30 June 2020 Weighted average remaining contract lifetime in years	30 June 2019 Number of SARs outstanding at year-end	30 June 2019 Weighted average remaining contract lifetime in years
R90.00 – R99.99	**471 898**	**0.42**	512 529	1.42
R110.00 – R119.99	**673 464**	**4.46**	673 464	5.46
R120.00 – R129.99	**1 432 811**	**2.18**	1 432 879	3.18
R130.00 – R139.99	**49 919**	**3.24**	49 919	4.24
R140.00 – R149.99	**65 630**	**0.97**	151 240	1.09
R150.00 – R159.99	**92 684**	**2.54**	92 684	3.54
R160.00 – R169.99	**302 370**	**1.42**	302 370	2.42
R170.00 – R179.99	**478 615**	**2.35**	478 615	3.35
R180.00 – R189.99	**8 750**	**0.70**	18 119	0.99
R200.00 – R209.99	**–**	**–**	61 438	0.38
R210.00 – R219.99	**–**	**–**	4 455	0.50
R240.00 – R249.99	**–**	**–**	8 549	0.36
R260.00 – R269.99	**–**	**–**	26 197	0.39

After adjusting for the unbundling of RMH for both periods presented.

The modification cost following the RMH Unbundling amounts to:

R million	**30 June 2020**	30 June 2021	30 June 2022	30 June 2023
Additional expense for the year	**3**	31	3	1

8. SHARE-BASED PAYMENTS (continued)

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

During the 2019 financial year, Remgro implemented two share-based payment plans to replace the Remgro Share Appreciation Rights Scheme.

Remgro Conditional Share Plan (CSP)

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

Awards under the CSP will vest as follows:

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

There were also special retention awards that vest as follows:

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

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

Remgro Share Appreciation Rights Plan (SAR Plan)

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

The earliest intervals at which the SARs vest and are exercisable are as follows:

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

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

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

Following the unbundling of RMH, the exercise prices of all options awarded under the SAR Plan were reduced by R92.69, while an additional 130 780 options were awarded under the CSP. These modifications to the plans were made to place participants in the same position they would have been had the unbundling not taken place. This change was treated as a modification to the scheme and resulted in an additional expense that will be amortised over the remaining option lives.

8. SHARE-BASED PAYMENTS (continued)

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

R million	30 June 2020	30 June 2019
Share-based payment cost included in the income statement	21	13
Fair value of offers made during the year	–	84

Number of all CSPs offered to participants of the CSP:

	30 June 2020 Number of CSPs	30 June 2019 Number of CSPs
Outstanding at the beginning of the year	378 963	–
Awarded during the year	–	380 616
Adjustment due to RMH Unbundling	130 780	–
Awarded following Remgro dividend	473	–
Exercised during the year	(10 083)	(26)
Forfeited during the year	(23 991)	(1 627)
Outstanding at the end of the year	476 142	378 963
Exercisable at the end of the year	–	–

All awards were offered on 5 December 2018.

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

	30 June 2020		30 June 2019	
	Number of SARs	Weighted average option price* (Rand)	Number of SARs	Weighted average option price* (Rand)
Outstanding at the beginning of the year	239 224	112.38	–	–
Offered during the year	–	–	239 224	205.07
Forfeited during the year	(15 665)	112.38	–	–
Outstanding at the end of the year	223 559	112.38	239 224	205.07
Exercisable at the end of the year	–	–	–	–

* *After adjusting for the unbundling of RMH.*

All awards were offered on 5 December 2018.

The modification cost following the RMH Unbundling amounts to:

R million	30 June 2021	30 June 2022	30 June 2023	30 June 2024
Additional expense for the year	6	6	7	1

8. SHARE-BASED PAYMENTS (continued)

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

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

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

In terms of the rules of the SAR Plan and the CSP, no award will be made if at the time of or as a result of the making of such award, the aggregate number of Remgro ordinary shares in respect of which any unexercised SAR Plan may be exercised or CSP awards, shall exceed 26 450 000 Remgro ordinary shares, being approximately 5% of issued ordinary shares.

If it is assumed that all awards made under the CSP vest in full and all of the participants to the SAR Plan exercise all options awarded to them based on Remgro's closing share price on 30 June 2020 of R99.90 (2019: R187.90), the number of Remgro ordinary shares available for new awards will be limited to:

	30 June 2020 Number of shares	30 June 2019 Number of shares
Overall limit, adjusted for unexercised SARs and CSPs, at the beginning of the year	**26 071 037**	26 450 000
CSP	**(97 179)**	(378 963)
Awarded during the year	**–**	(380 616)
Adjustment due to RMH Unbundling	**(130 780)**	–
Awarded following Remgro dividend	**(473)**	–
Exercised during the year	**10 083**	26
Forfeited during the year	**23 991**	1 627
SAR Plan	**–**	–
Options exercisable at the beginning of the year	**–**	–
Options exercisable at the end of the year	**–**	–
Overall limit, adjusted for unexercised SARs and CSPs, at the end of the year	**25 973 858**	26 071 037

8.3 DISTELL SHARE SCHEMES

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

The earliest intervals at which the SARs are exercisable are as follows:

- One-third after the third anniversary of the grant date
- Two-thirds after the fourth anniversary of the grant date
- The remainder after the fifth anniversary of the grant date

An expense of R16 million (2019: R66 million) relating to equity settled share-based payments was recognised in Distell's income statement for the year ended 30 June 2020.

8.4 RCL FOODS SHARE SCHEMES

RCL Foods has an equity settled share scheme, as well as a share appreciation right scheme, for certain of its employees in terms of which share options offered are exercisable in three equal tranches from two, three and four years (for the share scheme) and three, four and five years (for the share appreciation right scheme) after the grant date. Subject to the discretion of the RCL Foods Share Incentive Trust's trustees, options are forfeited if not exercised before termination of employment. An expense of R120 million (2019: R139 million) relating to these schemes was recognised in the income statement.

9. DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S EMOLUMENTS

R'000	30 June 2020 Executive	30 June 2020 Non-executive	30 June 2020 Total	30 June 2019 Executive	30 June 2019 Non-executive	30 June 2019 Total
Executive directors						
Fees	1 170	–	1 170	1 104	–	1 104
Salaries	16 560	–	16 560	17 324	–	17 324
Retirement fund contributions	3 486	–	3 486	3 639	–	3 639
Other benefits	1 211	–	1 211	1 136	–	1 136
Subtotal	22 427	–	22 427	23 203	–	23 203
Non-executive directors						
Independent	–	3 957	3 957	–	3 689	3 689
Non-independent	–	585	585	–	736	736
Total	22 427	4 542	26 969	23 203	4 425	27 628
Share options exercised						
Increase in value – Remgro SAR Scheme*	–	–	–	6 481	–	6 481

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

R'000	30 June 2020 Fees	30 June 2020 Salaries and other	30 June 2020 Total	30 June 2019 Fees	30 June 2019 Salaries and other	30 June 2019 Total
Paid by:						
The Company	4 542	–	4 542	4 425	–	4 425
Subsidiaries	1 170	21 257	22 427	1 104	22 099	23 203
Total	5 712	21 257	26 969	5 529	22 099	27 628

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

Directors: Fixed pay

R'000	30 June 2020 Fees	30 June 2020 Salaries	30 June 2020 Retirement fund	30 June 2020 Other benefits[6]	30 June 2020 Total[7]	30 June 2019 Fees	30 June 2019 Salaries	30 June 2019 Retirement fund	30 June 2019 Other benefits[6]	30 June 2019 Total
Executive										
J J Durand	**390**	**10 751**	**2 194**	**398**	**13 733**	368	11 286	2 296	372	14 322
M Lubbe	**390**	**1 834**	**435**	**410**	**3 069**	368	1 837	437	385	3 027
N J Williams	**390**	**3 975**	**857**	**403**	**5 625**	368	4 201	906	379	5 854
Subtotal	**1 170**	**16 560**	**3 486**	**1 211**	**22 427**	1 104	17 324	3 639	1 136	23 203
Non-executive (independent)										
S E N De Bruyn	**753**	**–**	**–**	**–**	**753**	709	–	–	–	709
G T Ferreira[1]	**228**	**–**	**–**	**–**	**228**	429	–	–	–	429
P K Harris	**456**	**–**	**–**	**–**	**456**	429	–	–	–	429
N P Mageza[2]	**603**	**–**	**–**	**–**	**603**	568	–	–	–	568
P J Moleketi[3]	**576**	**–**	**–**	**–**	**576**	506	–	–	–	506
M Morobe	**510**	**–**	**–**	**–**	**510**	480	–	–	–	480
G G Nieuwoudt[4]	**228**	**–**	**–**	**–**	**228**	–	–	–	–	–
F Robertson	**603**	**–**	**–**	**–**	**603**	568	–	–	–	568
Subtotal	**3 957**	**–**	**–**	**–**	**3 957**	3 689	–	–	–	3 689
Non-executive (non-independent)										
E de la H Hertzog[1]	**195**	**–**	**–**	**–**	**195**	368	–	–	–	368
J Malherbe	**390**	**–**	**–**	**–**	**390**	368	–	–	–	368
P J Neethling[4,5]	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
A E Rupert[5]	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
J P Rupert[5]	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Subtotal	**585**	**–**	**–**	**–**	**585**	736	–	–	–	736
Total	**5 712**	**16 560**	**3 486**	**1 211**	**26 969**	5 529	17 324	3 639	1 136	27 628

(1) *Mr G T Ferreira and Dr E de la H Hertzog retired on 28 November 2019.*
(2) *During the year under review Mr N P Mageza also received R704 000 (2019: R697 000) as director's fees from RCL Foods, a subsidiary of Remgro Limited.*
(3) *Mr P J Moleketi was appointed as a member of the Remuneration and Nomination Committee with effect from 28 November 2019.*
(4) *Messrs G G Nieuwoudt and P J Neethling were appointed as non-executive directors with effect from 28 November 2019.*
(5) *Messrs A E Rupert, J P Rupert and P J Neethling receive no emoluments.*
(6) *Benefits include medical scheme contributions, vehicle benefits and UIF contributions.*
(7) *Salary reduction of 30% due to Covid-19 during April, May and June 2020 for all executive directors.*

Prescribed officers: Fixed pay

R'000	30 June 2020 Salaries	30 June 2020 Retirement fund	30 June 2020 Other benefits[2]	30 June 2020 Total[3]	30 June 2019 Salaries	30 June 2019 Retirement fund	30 June 2019 Other benefits[2]	30 June 2019 Total
P R Louw	**2 688**	**529**	**410**	**3 627**	2 758	547	385	3 690
R S M Ndlovu[1]	**1 169**	**211**	**167**	**1 547**	2 379	472	379	3 230
P J Uys	**5 366**	**1 064**	**389**	**6 819**	6 070	1 156	385	7 611
Total	**9 223**	**1 804**	**966**	**11 993**	11 207	2 175	1 149	14 531

(1) *Mr R S M Ndlovu resigned on 30 November 2019.*
(2) *Benefits include medical scheme contributions, vehicle benefits and UIF contributions.*
(3) *Salary reduction of 30% due to Covid-19 during April, May and June 2020 for all prescribed officers.*
(4) *Messrs P R Louw and P J Uys are members of the Management Board and the Social and Ethics Committee.*

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

Share-based payments to directors and key management personnel

SHARE APPRECIATION RIGHTS (SARs)

DIRECTORS

Participant	Offer date[(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 2019	Adjusted offer price[(3)] (Rand)	SARs accepted/ (exercised or expired) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year[(4)] (R'000)	Balance of SARs accepted as at 30 June 2020[(5)]
Executive										
J J Durand	29-Nov-12[(6)]	147.25	271 258	10 763	271 258	94.22				271 258
	04-Dec-13	191.70	93 128	5 064	93 128	127.40				93 128
	26-Nov-14	253.53	108 468	7 442	108 468	164.57				108 468
	24-Nov-15	272.00	192 676	15 591	192 676	170.38				192 676
	01-Dec-16	209.11	150 872	10 554	150 872	125.95				150 872
	14-Dec-17	206.35	132 309	9 705	132 309	118.86				132 309
	05-Dec-18	205.07	87 135	5 436	87 135	112.38				87 135
M Lubbe	29-Nov-12[(6)]	147.25	13 961	554	13 961	94.22				13 961
	04-Dec-13	191.70	7 444	405	7 444	127.40				7 444
	26-Nov-14	253.53	4 011	275	4 011	164.57				4 011
	24-Nov-15	272.00	8 036	650	8 036	170.38				8 036
	01-Dec-16	209.11	65 632	4 591	65 632	125.95				65 632
	14-Dec-17	206.35	15 481	1 136	15 481	118.86				15 481
	05-Dec-18	205.07	14 648	914	14 648	112.38				14 648
N J Williams	29-Nov-12[(6)]	147.25	81 901	3 250	81 901	94.22				81 901
	04-Dec-13	191.70	22 221	1 208	22 221	127.40				22 221
	26-Nov-14	253.53	16 430	1 127	16 430	164.57				16 430
	24-Nov-15	272.00	27 492	2 225	27 492	170.38				27 492
	01-Dec-16	209.11	98 716	6 905	98 716	125.95				98 716
	14-Dec-17	206.35	55 677	4 084	55 677	118.86				55 677
	05-Dec-18	205.07	28 465	1 776	28 465	112.38				28 465
Total					1 495 961		–		–	1 495 961

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

(3) *In terms of the rules of the share schemes, the offer price of SARs that were awarded prior to unbundlings, rights issues, special dividends, etc., was reduced to ensure that the participants were placed in substantially the same position as they were prior to such corporate actions. For the year under review offer prices were reduced by between R47.82 and R92.69 (depending on the offer date) as a result of the RMH Unbundling.*

(4) *This refers to the increase in value of the SARs of the indicated participants from the offer date to the date of exercise.*

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

(6) *The expiry dates of these awards were extended because of restrictions under prohibited periods.*

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

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

SHARE APPRECIATION RIGHTS (SARs) (continued)

DIRECTORS (continued)

Participant	Offer date[2]	Offer price[3] (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2018	Adjusted offer price (Rand)	SARs accepted/ (exercised) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year[4] (R'000)	Balance of SARs accepted as at 30 June 2019[5]
Executive										
W E Bührmann[1]	29-Nov-12	147.25	98 817	3 921	98 817	142.04	(98 817)	203	6 024	–
	04-Dec-13	191.70	25 485	1 386	25 485	185.07	(25 485)	203	457	–
	26-Nov-14	253.53	8 958	615	8 958	245.53	(8 958)			–
	24-Nov-15	272.00	26 470	2 142	26 470	262.77	(26 470)			–
	01-Dec-16	209.11	82 971	5 804	82 971	209.11	(82 971)			–
J J Durand	29-Nov-12	147.25	271 258	10 763	271 258	142.04				271 258
	04-Dec-13	191.70	93 128	5 064	93 128	185.07				93 128
	26-Nov-14	253.53	108 468	7 442	108 468	245.53				108 468
	24-Nov-15	272.00	192 676	15 591	192 676	262.77				192 676
	01-Dec-16	209.11	150 872	10 554	150 872	209.11				150 872
	14-Dec-17	206.35	132 309	9 705	132 309	206.35				132 309
	05-Dec-18	205.07	87 135	5 436	–	205.07	87 135			87 135
M Lubbe	29-Nov-12	147.25	13 961	554	13 961	142.04				13 961
	04-Dec-13	191.70	7 444	405	7 444	185.07				7 444
	26-Nov-14	253.53	4 011	275	4 011	245.53				4 011
	24-Nov-15	272.00	8 036	650	8 036	262.77				8 036
	01-Dec-16	209.11	65 632	4 591	65 632	209.11				65 632
	14-Dec-17	206.35	15 481	1 136	15 481	206.35				15 481
	05-Dec-18	205.07	87 135	5 436	–	205.07	14 648			14 648
N J Williams	29-Nov-12	147.25	81 901	3 250	81 901	142.04				81 901
	04-Dec-13	191.70	22 221	1 208	22 221	185.07				22 221
	26-Nov-14	253.53	16 430	1 127	16 430	245.53				16 430
	24-Nov-15	272.00	27 492	2 225	27 492	262.77				27 492
	01-Dec-16	209.11	98 716	6 905	98 716	209.11				98 716
	14-Dec-17	206.35	55 677	4 084	55 677	206.35				55 677
	05-Dec-18	205.07	87 135	5 436	–	205.07	28 465			28 465
Total					1 608 414		(112 453)		6 481	1 495 961

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

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

(4) *This refers to the increase in value of the SARs of the indicated participants from the offer date to the date of exercise.*

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

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

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

SHARE APPRECIATION RIGHTS (SARs) (continued)

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 2019	Adjusted offer price[4] (Rand)	SARs expired during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year[5] (R'000)	Balance of SARs accepted as at 30 June 2020[6]
P R Louw	29-Nov-12[7]	147.25	22 646	899	22 646	94.22				22 646
	04-Dec-13	191.70	12 944	704	12 944	127.40				12 944
	26-Nov-14	253.53	5 952	408	5 952	164.57				5 952
	24-Nov-15	272.00	9 497	768	9 497	170.38				9 497
	01-Dec-16	209.11	91 120	6 374	91 120	125.95				91 120
	14-Dec-17	206.35	20 301	1 489	20 301	118.86				20 301
	05-Dec-18	205.07	17 881	1 116	17 881	112.38				17 881
R S M Ndlovu[1]	04-Dec-13[7]	191.70	375	20	375	185.07	(375)			–
	26-Nov-14	253.53	1 080	74	1 080	245.53	(1 080)			–
	24-Nov-15	272.00	10 699	866	10 699	262.77	(10 699)			–
	01-Nov-16	209.11	15 605	1 092	15 605	209.11	(15 605)			–
	14-Dec-17	206.35	10 267	753	10 267	206.35	(10 267)			–
	05-Dec-18	205.07	15 665	977	15 665	205.07	(15 665)			–
P J Uys	02-Apr-13[7]	183.15	218 400	10 519	218 400	121.67				218 400
	04-Dec-13	191.70	3 325	181	3 325	127.40				3 325
	26-Nov-14	253.53	14 774	1 014	14 774	164.57				14 774
	24-Nov-15	272.00	11 533	933	11 533	170.38				11 533
	01-Dec-16	209.11	91 463	6 398	91 463	125.95				91 463
	14-Dec-17	206.35	85 936	6 303	85 936	118.86				85 936
	05-Dec-18	205.07	35 822	2 235	35 822	112.38				35 822
Total					695 285		(53 691)		–	641 594

(1) *Mr R S M Ndlovu resigned on 30 November 2019 and forfeited all SARs.*

(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 grant date, upon which date unexercised SARs lapse.*

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

(4) *In terms of the rules of the share schemes, the offer price of SARs that were awarded prior to unbundlings, rights issues, special dividends, etc., was reduced to ensure that the participants were placed in substantially the same position as they were prior to such corporate actions. For the year under review offer prices were reduced by between R47.82 and R92.69 (depending on the offer date) as a result of the RMH Unbundling. The offer prices of Mr R S M Ndlovu's SARs were not adjusted due to his resignation.*

(5) *This refers to the increase in value of the SARs of the indicated participants from the offer date to the date of exercise.*

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

(7) *The expiry dates of these awards were extended because of restrictions under prohibited periods.*

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

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

SHARE APPRECIATION RIGHTS (SARs) (continued)

PRESCRIBED OFFICERS (continued)

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

(1) *Unless otherwise indicated, one-third of the SARs 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 grant date, upon which date unexercised SARs lapse.*

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

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

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

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

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

CONDITIONAL SHARE PLAN SHARES (CSPs)

DIRECTORS

Participant	Offer date[1]	Offer price[2] (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer date (R'000)	Balance of CSPs accepted as at 30 June 2019	Additional CSPs with RMH Unbundling[3]	Share price on vesting date[4] (Rand)	Cash value of CSPs vesting in year[5] (R'000)	Balance of CSPs accepted as at 30 June 2020[6, 7]
Executive									
J J Durand	**05-Dec-18**	**205.07**	**87 135**	**15 933**	87 135	**32 972**			**120 107**
M Lubbe	**05-Dec-18**	**205.07**	**14 648**	**2 678**	14 648	**5 543**			**20 191**
N J Williams	**05-Dec-18**	**205.07**	**28 465**	**5 205**	28 465	**10 772**			**39 237**
Total					130 248	**49 287**		**–**	**179 535**

(1) *Unless otherwise indicated, one-third of the CSPs vest, after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date.*
(2) *Offer price of CSPs granted is the five-day VWAP on offer date.*
(3) *As a result of the RMH Unbundling, additional CSPs, being a factor of 0.3784 of the CSPs held, were allocated during the year.*
(4) *Five-day VWAP of Remgro on vesting date.*
(5) *This refers to the total value of the CSP shares on vesting.*
(6) *CSPs have performance conditions and reflect the number of CSP shares as if performance conditions were fully met.*
(7) *Dividend equivalents will be accumulated and delivered in shares upon vesting.*

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

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

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

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

CONDITIONAL SHARE PLAN SHARES (CSPs) (continued)

PRESCRIBED OFFICERS

Participant	Offer date[2]	Offer price[3] (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer date (R'000)	Balance of CSPs accepted as at 30 June 2019	Additional CSPs with RMH Unbundling[4]	Share price on vesting date[5] (Rand)	Cash value of CSPs vesting in year[6] (R'000)	Balance of CSPs accepted as at 30 June 2020[7, 8]
P R Louw	05-Dec-18	205.07	17 881	3 270	17 881	6 767			24 648
R S M Ndlovu[1]	05-Dec-18	205.07	15 665	2 864	15 665	(15 665)			–
P J Uys	05-Dec-18	205.07	35 822	6 550	35 822	13 556			49 378
Total					69 368	4 658		–	74 026

[1] Mr R S M Ndlovu resigned on 30 November 2019 and forfeited all CSPs.
[2] Unless otherwise indicated, one-third of the CSPs vest, 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.
[3] Offer price of CSPs granted is the five-day VWAP on offer date.
[4] As a result of the RMH Unbundling, additional CSPs, being a factor of 0.3784 of the CSPs held, were allocated during the year.
[5] Five-day VWAP of Remgro on vesting date.
[6] This refers to the total value of the CSP shares on vesting date.
[7] CSPs have performance conditions and reflect the number of CSP shares as if performance conditions were fully met.
[8] Dividend equivalents will be accumulated and delivered in shares upon vesting.

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

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

10. OTHER ASSETS AND LIABILITIES

10.1 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment

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

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

Depreciation rates (%) are as follows:	30 June 2020	30 June 2019
Bearer plants	**5.0 – 10.0**	5.0 – 10.0
Buildings	**1.7 – 50.0**	1.7 – 50.0
Machinery and equipment	**2.2 – 50.0**	2.2 – 50.0
Vehicles	**3.0 – 50.0**	3.0 – 50.0
Office equipment	**5.0 – 50.0**	5.0 – 50.0

Leased assets

Accounting treatment subsequent from 1 July 2019

Refer to note 6.3 for the accounting treatment of right-of-use assets.

Accounting treatment up to 1 July 2019

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 2018	5 523	6 563	871	352	317	13 626
Cost	6 905	13 786	1 607	715	456	23 469
Accumulated depreciation	(1 382)	(7 223)	(736)	(363)	(139)	(9 843)
Additions	1 211	1 024	164	105	39	2 543
Businesses acquired	141	381	3	–	–	525
Disposals	(20)	(23)	(8)	(2)	(5)	(58)
Depreciation	(127)	(950)	(107)	(70)	(45)	(1 299)
Impairments	(63)	(691)	–	–	–	(754)
Transfers and other	(226)	185	(1)	–	–	(42)
Carrying value at 30 June 2019	6 439	6 489	922	385	306	14 541
Cost	7 954	15 070	1 717	784	479	26 004
Accumulated depreciation	(1 515)	(8 581)	(795)	(399)	(173)	(11 463)
Change in accounting policy (refer note 17)	**1 215**	**14**	**245**	**–**	**–**	**1 474**
Additions	**1 844**	**896**	**122**	**108**	**6**	**2 976**
Businesses acquired	**11**	**206**	**16**	**–**	**–**	**233**
Disposals	**(12)**	**(75)**	**(40)**	**–**	**(7)**	**(134)**
Depreciation	**(399)**	**(967)**	**(188)**	**(82)**	**(42)**	**(1 678)**
Impairments	**(259)**	**(357)**	**(18)**	**(3)**	**–**	**(637)**
Foreign exchange translation	**63**	**115**	**5**	**(1)**	**–**	**182**
Transfers and other	**(893)**	**787**	**25**	**22**	**(53)**	**(112)**
Carrying value at 30 June 2020	**8 009**	**7 108**	**1 089**	**429**	**210**	**16 845**
Cost	**10 179**	**16 773**	**2 023**	**895**	**401**	**30 271**
Accumulated depreciation	**(2 170)**	**(9 665)**	**(934)**	**(466)**	**(191)**	**(13 426)**

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

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

Assets, mainly buildings, with a book value of R1 436 million (2019: R1 424 million) are still under construction.

RCL Foods impairment assessments

The impact of the pandemic on global economies and especially considering South Africa's weak economic fundamentals and recent sovereign ratings downgrade, coupled with a lower forecast of growth into the future as a result of the lingering impact of Covid-19 throughout RCL Foods' business were the main drivers of the impairments.

During the year under review, a net impairment of R1 506 million was recognised across the RCL group. R593 million of this impairment relates to items of property, plant and equipment. This impairment consists of the following cash-generating units (CGU): Chicken (R346 million), Vector (R131 million), Sugar (R53 million), Beverages (R47 million) and other (R16 million). The Covid-19 pandemic significantly impacted the profitability of the Chicken and Sugar businesses, which is an indicator of impairment.

The Chicken CGU was reviewed in the current year. Historically, the Chicken processing operations were designated into two CGUs, namely Individually Quick-Frozen (IQF) and Non-IQF. The IQF specific assets which were allocated to the IQF CGU were fully impaired in prior periods with common assets allocated to the Non-IQF CGU. The impact of Covid-19 and the national lockdown, which resulted in the entire Quick Service Restaurant channel being shut down, led to the review of the CGU definitions for Chicken in the current year. The Chicken operation is now assessed as a single CGU.

The key assumptions used in the value in use calculation are presented below. These calculations use cash flow projections based on financial budgets approved by management, which include assumptions on profit before tax, working capital and capital maintenance expenditure.

The forecast cash flows used in the value in use calculations are the output of RCL Foods' five-year business planning process. Due to the impact of Covid-19 on results in the second half of the 2020 financial year and the poor economic outlook, the cash flows used in the forecast have been adjusted from the five-year approved business plans. RCL Foods applied a probability weighting to each of the scenarios to obtain the most appropriate value in use.

10. OTHER ASSETS AND LIABILITIES (continued)

10.1 PROPERTY, PLANT AND EQUIPMENT (continued)

RCL Foods impairment assessments (continued)

The assumptions used in the value in use calculations include:

- volume growth: RCL Foods is a food producer with products sold mainly in the South African market. Volume assumptions are therefore closely linked to population and gross domestic product (GDP) growth forecasts for South Africa. Compounded volume growth over the five-year period does not exceed long-term GDP forecasts, apart from additional volume resulting from recent capital investments which have yet to reach full production and innovation/new product launches serviced from existing capacity;
- selling price and cost growth are linked to consumer price index (CPI) and food inflation (which tracks ahead of CPI);
- capex: capex spend is limited to replacement capex, in line with the Group's maintenance programmes;
- working capital: working capital is held at a constant percentage of revenue based on the historic averages achieved in each CGU; and
- the cash flow beyond year five (terminal cash flow) has assumed a steady state of growth with capital expenditure equal to depreciation, volumes and profit margins maintained at year five levels with the growth beyond year five resulting solely from price inflation.

Except for impairment losses that were recognised during the year, there were no indications that other previously recognised impairment losses should be reversed.

In the previous financial year, a total impairment of R762 million was recognised within the Sugar business unit. R744 million of the impairment related to items of property, plant and equipment. The impairment was due to the significant challenges being experienced in the local sugar industry.

Further impairment losses of R5 million were recognised in the 2019 financial year in the Chicken business unit, while in the Baking business unit, impairments on assets with a net book value of R3 million were reversed.

Key assumptions	30 June 2020
Discount rate (pre-tax) (%)	12.2 – 17.7
Growth rate (%)	4.0
Period (years)	5

Sensitivity analysis of assumptions used in the impairment test:

Assumptions (R million)	*Movement*	30 June 2020 Additional impairment
Discount rate (%)	+1.0 – +1.1	2 254
Growth rate (%)	-0.5	1 765

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

Distell impairment assessments

The constrained trading environment has had a significant impact on the profitability of the South African operations. The significant adverse change to the market and economic environment and the decline of profits compared to the previous forecasts have been identified as impairment indicators.

Impairment assessments for specific assets resulted in additional impairments of R49 million in the current financial year. Impairment of assets under construction in the previous year relates to the projects, that were terminated and not commissioned.

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. Depreciation rates between 4% and 20% per annum are applied on significant components.

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

R million	30 June 2020 Cost	30 June 2020 Accumulated depreciation	30 June 2020 Carrying value	30 June 2019 Cost	30 June 2019 Accumulated depreciation	30 June 2019 Carrying value
Land	**3**	**–**	**3**	3	–	3
Buildings	**122**	**(16)**	**106**	128	(12)	116
	125	**(16)**	**109**	131	(12)	119

Reconciliation of carrying value at the beginning and end of the year (R million)	Land	Buildings	30 June 2020	Land	Buildings	30 June 2019
Balances at the beginning of the year	**3**	**116**	**119**	3	116	119
Additions	**–**	**4**	**4**	–	4	4
Depreciation	**–**	**(4)**	**(4)**	–	(4)	(4)
Impairments	**–**	**(10)**	**(10)**	–	–	–
Balances at the end of the year	**3**	**106**	**109**	3	116	119

The Group's diverse investment property portfolio was valued at 30 June 2020 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. The fair value of the investment properties (Level 3), VAT exclusive, is R760 million (2019: R671 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, but are annually tested for impairment.

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; and
- Management's commitment to continue to invest for the long term to extend the period over which the intangible asset is expected to continue to provide economic benefits.

Industrial property rights

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

Research and development costs

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

10. OTHER ASSETS AND LIABILITIES (continued)
10.3 INTANGIBLE ASSETS (continued)

R million	Goodwill	Trade marks	Customer and supplier relationships	Software	Industrial property rights	Total
Carrying value at 1 July 2018	6 114	10 730	1 266	299	18	18 427
Cost	6 491	11 059	1 789	673	41	20 053
Accumulated amortisation	(377)	(329)	(523)	(374)	(23)	(1 626)
Additions	–	–	–	90	–	90
Businesses acquired	5 227	1 159	533	–	–	6 919
Impairment	(927)	–	–	–	–	(927)
Amortisation	–	(71)	(341)	(81)	–	(493)
Transfers and other	3	–	1	7	(3)	8
Carrying value at 30 June 2019	10 417	11 818	1 459	315	15	24 024
Cost	11 721	12 201	2 323	766	37	27 048
Accumulated amortisation	(1 304)	(383)	(864)	(451)	(22)	(3 024)
Additions	**–**	**–**	**8**	**141**	**–**	**149**
Businesses acquired	**8**	**–**	**–**	**–**	**–**	**8**
Impairment	**(2 415)**	**(315)**	**–**	**–**	**–**	**(2 730)**
Amortisation	**–**	**(87)**	**(328)**	**(108)**	**–**	**(523)**
Foreign exchange translation	**–**	**127**	**9**	**1**	**(5)**	**132**
Transfers and other	**–**	**(15)**	**–**	**22**	**–**	**7**
Carrying value at 30 June 2020	**8 010**	**11 528**	**1 148**	**371**	**10**	**21 067**
Cost	**11 729**	**12 318**	**2 340**	**917**	**14**	**27 318**
Accumulated amortisation	**(3 719)**	**(790)**	**(1 192)**	**(546)**	**(4)**	**(6 251)**

Amortisation periods (years)	**30 June 2020**	30 June 2019
Trade marks	**5 – 20**	5 – 20
Customer and supplier relationships	**3 – 20**	3 – 20
Software	**3 – 20**	3 – 20
Industrial property rights	**60**	60

At 30 June 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 (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.

10. OTHER ASSETS AND LIABILITIES (continued)

10.3 INTANGIBLE ASSETS (continued)

Distell recognised no impairments on trade marks and industrial property rights.

Software with a book value of R13 million is still in the development phase (2019: R1 million).

No intangible assets were pledged as security.

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

Goodwill	*Siqalo Foods*[(1)]	*Distell and its subsidiaries*[(2)]	*RCL Foods and its subsidiaries*[(3)]	*Wispeco and its subsidiaries*	30 June 2020 Total
Carrying value (R million)	4 320	1 726	1 945	19	8 010
Basis of valuation of cash-generating units	Value in use	Value in use	Value in use	Value in use	
Discount rate (%)	12.1	11.4	15.7 – 18.1	13.8	
Growth rate (%)	5.5	4.5	4.0	6.8 – 8.8	
Period (years)	5	5	5	5	

(1) Goodwill of R5 208 million was recognised with the acquisition of Siqalo Foods. R888 million was impaired during the 2019 financial year.

(2) Goodwill of R3 535 million was recognised with the acquisition of Distell during May 2018. R1 809 million was impaired during the current financial year.

(3) Goodwill relates to the acquisition of Vector Logistics Proprietary Limited in 2005, New Foodcorp Holdings Proprietary Limited (Foodcorp) in 2013, the sweetener operation in 2018 and goodwill on the acquisition of the Driehoek Voere in the previous financial year. The carrying value includes accumulated impairments amounting to R993 million.

Indefinite life intangible assets	*Siqalo Foods*[(1)]	*Distell and its subsidiaries*[(2)]	*RCL Foods and its subsidiaries*[(3)]	30 June 2020 Total
Carrying value included in trade marks (R million)	1 153	8 387	1 212	10 752
Basis of valuation	Value in use	Value in use	Value in use	
Discount rate (%)	12.1	7.2 – 16.7	15.7 – 18.1	
Growth rate (%)	5.5	2.0 – 5.0	4.0	
Period (years)	5	5 – 10	5	

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

10. OTHER ASSETS AND LIABILITIES (continued)

10.3 INTANGIBLE ASSETS (continued)

Sensitivity analysis of assumptions used in the impairment tests:

SIQALO FOODS

Assumptions (R million)	*Movement*	30 June 2020 Potential impairment
Discount rate (%)	+1.0	140
Growth rate (%)	-1.0	140

The recoverable amount of Siqalo Foods, being its value in use, exceeded its carrying amount at 30 June 2020.

DISTELL

Assumptions (R million)	*Movement*	30 June 2020 Additional impairment
Discount rate (%)	+0.5	708
Growth rate (%)	-0.5	517

The carrying amount of the Distell CGU exceeded its recoverable amount, being its value in use, at 30 June 2020. Accordingly, goodwill amounting to R1 809 million was impaired during the year under review.

RCL FOODS

Assumptions (R million)	*Movement*	30 June 2020 Additional impairment
Discount rate (%)	+1.0	956
Growth rate (%)	-0.5	761

10. OTHER ASSETS AND LIABILITIES (continued)

10.4 RETIREMENT BENEFITS

Pension obligations

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

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

Past-service costs are immediately expensed.

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

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

Post-employment medical obligations

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

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

R million	30 June 2020	30 June 2019
Statement of financial position obligations		
Retirement benefits	–	(13)
Post-employment medical benefits	**(141)**	(173)
	(141)	(186)
Statement of financial position assets	**868**	748
Retirement benefits	**198**	177
Defined-contribution fund employer's surplus	**69**	89
Post-employment medical benefits	**601**	482
Net defined-benefit post-retirement asset	**727**	562
Represented by:		
Retirement benefits (refer note 10.4.1)	**198**	164
Post-employment medical benefits (refer note 10.4.2)	**460**	309
Defined-contribution fund employer's surplus	**69**	89
	727	562
Income statement*		
Retirement benefits	**(22)**	(8)
Post-employment medical benefits	**(18)**	3
Expense	**(40)**	(5)
Statement of comprehensive income – other comprehensive income		
Retirement benefits (refer note 10.4.1)	**(7)**	(16)
Post-employment medical benefits (refer note 10.4.2)	**(126)**	(7)
Income	**(133)**	(23)

* *Refer note 12.2 on page 95.*

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 the statement of financial position***	***(Income)/ expense included in staff costs***	***(Income)/ expense***
Balances at 30 June 2018	907	(545)	(226)	136		
Current service cost	–	(6)	–	(6)	6	–
Net interest income/(expense)	81	(46)	(21)	14	(14)	–
Change in effect of asset limit	–	–	52	52	–	(52)
Fund expenses	(1)	1	–	–	–	–
Contributions	5	–	–	5	–	–
Exchange rate differences	2	(3)	–	(1)	–	–
Benefit payments	(47)	47	–	–	–	–
Remeasurements:						
– Return on plan assets excluding interest	(65)	–	–	(65)	–	65
– Experience adjustments	–	16	–	16	–	(16)
– Change in financial assumptions	–	13	–	13	–	(13)
Balances at 30 June 2019	882	(523)	(195)	164	(8)	(16)
Current service cost	**–**	**(6)**	**–**	**(6)**	**6**	**–**
Past service cost	**–**	**12**	**–**	**12**	**(12)**	**–**
Net interest income/(expense)	**77**	**(43)**	**(18)**	**16**	**(16)**	**–**
Change in effect of asset limit	**–**	**–**	**5**	**5**	**–**	**(5)**
Fund expenses	**(2)**	**2**	**–**	**–**	**–**	**–**
Contributions	**4**	**–**	**–**	**4**	**–**	**–**
Exchange rate differences	**21**	**(20)**	**–**	**1**	**–**	**–**
Benefit payments	**(43)**	**43**	**–**	**–**	**–**	**–**
Liability settled*	**(54)**	**54**	**–**	**–**	**–**	**–**
Remeasurements:						
– Return on plan assets excluding interest	**(47)**	**–**	**16**	**(31)**	**–**	**31**
– Experience adjustments	**–**	**(2)**	**–**	**(2)**	**–**	**2**
– Change in financial assumptions	**–**	**35**	**–**	**35**	**–**	**(35)**
Balances at 30 June 2020	**838**	**(448)**	**(192)**	**198**	**(22)**	**(7)**

* *During the year, the pension fund in which V&R Management Services AG's employees participate changed the fund's rules. The fund no longer meets the definition of a defined-benefit fund and, accordingly, the liability was settled.*

10. OTHER ASSETS AND LIABILITIES (continued)

10.4 RETIREMENT BENEFITS (continued)

10.4.1 RETIREMENT BENEFITS (continued)

R million	30 June 2020	30 June 2019
Actual return on plan assets	30	16
Expected contributions to retirement funds for the year ending 30 June 2021: R2 million		
Number of members	192	210
Composition of plan assets (%)		
Cash	11.7	9.3
Equity	14.2	47.2
Bonds	45.8	15.7
Property	0.2	2.3
International	28.1	23.7
Other	–	1.8
	100.0	100.0
Principal actuarial assumptions on reporting date (%)		
Discount rate	0.0 – 9.4	0.0 – 9.3
Future salary increases	5	6.6 – 7.3
Future pension increases	4	6
Inflation rate	1.2 – 4.2	1.2 – 5.6

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

	30 June 2020 Impact on defined-benefit obligation			30 June 2019 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 Africa						
Discount rate	1.0%	(25)	29	1.0%	(26)	33
Inflation rate	1.0%	24	(21)	1.0%	33	(26)
Switzerland						
Discount rate	0.5%	n/a*	n/a*	0.5%	(2)	2
Inflation rate	0.5%	n/a*	n/a*	0.5%	2	(2)

* *n/a: the liability was settled during the year under review.*

The above sensitivity analysis 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 2020	30 June 2019
Present value of funded obligations	(803)	(972)
Fair value of plan assets	1 368	1 412
Excess/(deficit) of the funded plans	565	440
Present value of unfunded obligations	(105)	(131)
Asset/(liability) included in the statement of financial position	460	309

10. OTHER ASSETS AND LIABILITIES (continued)

10.4 RETIREMENT BENEFITS (continued)

10.4.2 POST-EMPLOYMENT MEDICAL BENEFITS (continued)

	Statement of financial position			Income statement	Statement of other compre-hensive income
R million	*Fair value of plan assets*	*Present value of funded obligations*	*Amount recognised in the statement of financial position*	*(Income)/ expense included in staff costs*	*(Income)/ expense*
Balances at 30 June 2018	1 449	(1 152)	297		
Current service cost	–	(47)	(47)	47	–
Net interest income/(expense)	155	(120)	35	(35)	–
Benefit payments	(32)	40	8	–	–
Liability settled	–	9	9	(9)	–
Remeasurements:					
– Change in financial assumptions	–	22	22	–	(22)
– Return on plan assets excluding interest income	(160)	–	(160)	–	160
– Gain/(loss) due to experience adjustment	–	145	145	–	(145)
Balances at 30 June 2019	1 412	(1 103)	309	3	(7)
Current service cost	**–**	**(38)**	**(38)**	**38**	**–**
Past service cost	**–**	**21**	**21**	**(21)**	**–**
Net interest income/(expense)	**153**	**(118)**	**35**	**(35)**	**–**
Benefit payments	**(34)**	**41**	**7**	**–**	**–**
Remeasurements:					
– Change in financial assumptions	**(14)**	**234**	**220**	**–**	**(220)**
– Return on plan assets excluding interest income	**(149)**	**–**	**(149)**	**–**	**149**
– Gain/(loss) due to experience adjustment	**–**	**55**	**55**	**–**	**(55)**
Balances at 30 June 2020	**1 368**	**(908)**	**460**	**(18)**	**(126)**

R million	**30 June 2020**	30 June 2019
Amount of plan assets represented by investment in the entity's own financial instruments	**28**	26
Actual return on plan assets	**4**	(5)
Expected medical premiums for the year ending 30 June 2020: R5 million		
Number of members	**3 649**	3 874
Composition of plan assets (%)		
Cash	**14.8**	13.9
Equity	**65.3**	57.7
Bonds	**19.4**	23.9
Property	**0.5**	0.8
International	**–**	3.7
	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 2020	30 June 2019
Discount rate	8.8 – 14.7	8.0 – 11.0
Annual increase in healthcare costs	6.0 – 11.0	7.0 – 9.2

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

	30 June 2020	Impact on post-employment medical liability		30 June 2019	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%	(112)	135	1.0%	(156)	193
Healthcare cost inflation	1.0%	140	(90)	1.0%	200	(157)

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

10.5 LONG-TERM LOANS AND DEBTORS

R million	30 June 2020	30 June 2019
Loans advanced to Distell and RCL Foods' producers and other unrelated parties with varying interest rates and repayment terms	62	60
Gross loans	74	67
Expected credit loss allowance	(12)	(7)
Loans advanced by Distell to related parties, denominated in SA rand and USA dollar, market-related interest rates and no specific repayment terms	57	–
Loans advanced to an RCL Foods producer. Secured by a second mortgage bond over properties. This loan is interest-free and repayable in ten years. (refer note 10.5.1)	28	56
Gross loans	65	56
Expected credit loss allowance	(37)	–
Other smaller loans advanced with varying interest rates	34	23
Proceeds receivable on the disposal of RCL Foods' operations. Effective interest rate of 6.80% per annum payable over two to three years	–	108
US dollar savings bonds of the Reserve Bank of Zimbabwe. Two-year tenure with an effective interest rate of 6.80% per annum (refer note 10.5.2)	–	64
Gross loans	436	330
Expected credit loss allowance	(436)	(266)
	181	311

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

10.5.1 LOSS ALLOWANCE ON LOANS ADVANCED TO AN RCL FOODS PRODUCER

RCL Foods has access to the results and forecast information for the forthcoming years in order to assess the borrowers capacity to meet its contractual cash flow obligations as they become due. In assessing the expected credit losses arising on the loan to this producer, both internal (current profitability and forward looking information) and external (current and future state of sugar industry and macroeconomic factors) factors were considered and concluded that the producer is facing major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to it not having adequate capacity to meet its financial commitments. Based on RCL Foods management's assessment, a R37 million loss allowance has been recognised.

10. OTHER ASSETS AND LIABILITIES (continued)

10.5 LONG-TERM LOANS AND DEBTORS (continued)

10.5.2 RESERVE BANK OF ZIMBABWE SAVINGS BONDS

During the previous period Distell invested $23.4 million in these bonds following foreign currency restrictions which severely limited the ability of a major customer in Zimbabwe to repatriate funds to South Africa. The credit risk increased significantly since initial recognition, as economic conditions deteriorated further, exacerbated by the Covid-19 pandemic, and the inflation rate grew exponentially. A lifetime expected loss allowance of R108 million (2019: R266 million) was recognised based on an expected credit loss ratio of 98.3% (2019: 73.4%) which factors in a probability of default of 100%, based on adjusted measure of an expected S&P Global Corporate Default rate for CCC-rated corporates, and a loss given default of 98.3% (2019: 73.4%). In assessing forward looking information, Distell took into account that the majority of Zimbabwe government debt is in arrears and that growth prospects do not indicate that a substantial economic recovery is imminent, and that the probability of default is very high.

10.6 INVENTORIES

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

R million	30 June 2020	30 June 2019
Raw materials	776	720
Finished products	4 422	5 411
Work in progress	5 991	4 985
Consumables	843	918
	12 032	12 034
Inventory expensed during the year	32 291	33 606
Inventory carried at net realisable value	133	252

Inventories at year-end consist primarily of RCL Foods' and Distell's inventories.

RCL Foods' net realisable value write-down of R69 million (2019: R72 million) processed in the previous financial year relates to the Chicken segment. Due to the fast-moving nature of the products, RCL Foods based its write-down calculation on actual selling price information available, post year-end, related to these products which supports the net realisable value of stock on hand.

RCL Foods has considered the impact of the Covid-19 pandemic on the valuations of inventories. No material change to the valuation of inventory was considered necessary due to the nature of the inventory holdings, being mainly food products.

Certain products in Distell's portfolio have a limited shelf-life. Due to the Covid-19 related ban on the sale of its products in some countries, Distell had to make provision for additional obsolete inventory. Higher inventory levels of certain categories of products, mainly in the wine category, resulted in additional inventory provisions due to the impact of vintage changes in the next financial year. Covid-19 is not expected to affect future selling prices in the short to medium term. Net selling prices, after the consideration of sales incentives in the future, are not expected to be lower than the cost of inventories and no further provisions are considered to arise as a result of it. Due to lower production volumes as a result of Covid-19, production overhead costs could not be fully recovered and resulted in additional write-offs to the income statement compared to the previous year. Inventory provisions amounted to R209 million (2019: R85 million) at year-end.

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 (2019: R5 500 million). Bank borrowings are secured by inventories of Distell for a maximum value of R1 277 million (2019: R1 076 million).

10. OTHER ASSETS AND LIABILITIES (continued)

10.7 BIOLOGICAL AGRICULTURAL ASSETS

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

Growing crops

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

- Sugar cane plants – sucrose content and age; and
- 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 2018	309	176	313	9	807
Additions	973	3 211	–	–	4 184
Decrease due to harvest	(962)	(3 191)	(316)	(9)	(4 478)
Fair value adjustment	31	13	290	19	353
Carrying value at 30 June 2019	351	209	287	19	866
Additions	**1 058**	**3 335**	**–**	**–**	**4 393**
Decrease due to harvest	**(1 050)**	**(3 381)**	**(287)**	**(19)**	**(4 737)**
Fair value adjustment	**8**	**14**	**258**	**3**	**283**
Carrying value at 30 June 2020	**367**	**177**	**258**	**3**	**805**

10. OTHER ASSETS AND LIABILITIES (continued)

10.7 BIOLOGICAL AGRICULTURAL ASSETS (continued)

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

Description	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable input to fair value	Fair value at 30 June 2020 R million
Chicken stock	Replacement cost of the components of growing the stock	Eggs per hen	140 to 170 per hen	The higher the eggs per hen, the higher the fair value	
		Cost of a day-old breeder bird	R64.43 to R70.70 per chick	The higher the cost per chick, the higher the fair value	
		Mortality rates	3.8% to 9.6%	The higher the mortality, the lower the fair value	
		Average live mass	1.57kg to 1.86kg per bird	The higher the average live mass, the higher the fair value	
		Feed cost	R5 373 to R5 544 per ton	The higher the feed cost per ton, the higher the fair value	544
Sugar cane plants	Recoverable value	Recoverable value (price per ton of sucrose) less harvesting, transport and other costs to sell	R3 039 to R3 305 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	258
Banana fruit	Recoverable value	Market-related selling price per ton of bananas less harvesting, transport and other costs to sell	R2 040 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	3

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

10. OTHER ASSETS AND LIABILITIES (continued)

10.7 BIOLOGICAL AGRICULTURAL ASSETS (continued)

Sensitivity analysis

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

INPUT	SENSITIVITY
Feed cost – chicken stock	A 5.0% change in feed cost would result in a R5.3 million (2019: R6.1 million) change in fair value.
Recoverable value price per ton – sugar cane plants	A change of 5.0% in recoverable value would result in a R18.0 million change in fair value (2019: R20.2 million).

10.8 DEBTORS AND SHORT-TERM LOANS

R million	30 June 2020	30 June 2019
Trade debtors (gross)	**8 004**	7 645
Less: Loss allowance	**(268)**	(186)
Trade debtors (net)	**7 736**	7 459
Dividends receivable	**74**	393
Dark Fibre Africa loans reclassified from joint venture loan	**468**	–
Short-term loans	**135**	66
Advance payments	**380**	322
VAT receivable	**115**	504
Accrued finance income	**36**	61
Other*	**1 014**	738
	9 958	9 543

* *Includes RCL Foods' Vector distribution contract of R505 million (2019: R396 million).*

Debtors with a carrying value of R4 629 million (2019: R3 515 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 (2019: R5 500 million).

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

R million	30 June 2020	30 June 2019
Balances at the beginning of the year	**186**	160
Loss allowance	**172**	51
Trade debtors written off as uncollectable during the year	**(88)**	(21)
Unused amounts written back	**(4)**	(4)
Exchange difference	**2**	–
Balances at the end of the year	**268**	186

During the year, bad debts amounting to R88 million (2019: R21 million) were written off. The other classes of assets in trade debtors and short-term loans have no assets where impairments were made. Refer to note 13 for further details.

Refer to note 13.2 regarding details of the expected credit loss and related Covid-19 impact.

10.9 TRADE AND OTHER 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 2020	30 June 2019
Trade payables	**6 307**	6 281
Accrued expenses	**3 207**	2 616
Excise duty	**1 812**	1 707
VAT payable	**290**	502
	11 616	11 106

10. OTHER ASSETS AND LIABILITIES (continued)

10.10 ASSETS HELD FOR SALE

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

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

- 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 resell.

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 2020	30 June 2019
Assets held for sale comprise:		
Assets held for sale	293	3
The details are as follows:		
During March 2020 Distell announced plans to sell the premium wine farms Alto and Plaisir de Merle on the open market. Various parties have shown an interest in the farms and it is highly probable that the farms and related enterprises, including trade marks, will be sold in the next financial year. The operating results of the trade marks and farming operations do not meet the criteria to be classified as major lines of business and have therefore not been disclosed separately as discontinued operations.		
The carrying value of the assets held for sale is	267	–
Property, plant and equipment	194	–
Intangible assets	15	–
Inventories	58	–
Wispeco's management decided to dispose of property located in Parow, Cape Town. The carrying value of the property, plant and equipment is	24	–
RCL Foods entered into sale agreements to dispose of certain properties within the Sugar and Milling division during the previous financial year. All but one transfer of the properties were finalised during the current financial year. The carrying value of the remaining property, plant and equipment is	1	3
During the current financial year RCL Foods made a decision to sell the Uitvlugt and Langdam farms within the Chicken business unit. The sales contract was signed in the current financial year and the property transfer is expected to occur in the first quarter of the 2021 financial year. The carrying value of the property, plant and equipment is	1	–
Non-current assets held for sale	**293**	3

10. OTHER ASSETS AND LIABILITIES (continued)

10.11 DISCONTINUED OPERATIONS

R million	30 June 2020	30 June 2019
Profit for the year from discontinued operations:		
Share of after-tax profit of equity accounted investment	**1 395**	2 809
Profit on unbundling of investment in RMH	**7 360**	–
Profit on sale of investment in Unilever	**–**	8 318
Cash flows for the year from discontinued operations:		
Operating activities	**787**	1 441
Investment activities	**–**	4 900

Unbundling of investment in RMB Holdings Limited

On 31 March 2020 Remgro announced the full distribution of its 28.2% interest in RMB Holdings Limited (RMH) (RMH Unbundling) and to retain its 3.9% direct interest in FirstRand Limited (FirstRand). The interest in RMH amounting to R23 855 million, being its fair value, was distributed to shareholders on 8 June 2020 in the ratio of 0.69939 RMH ordinary shares for every 1 Remgro share held.

As a result of the 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, 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).

It should also be noted that FirstRand Limited (FirstRand) was equity accounted until 8 June 2020, the date on which Remgro ceased to have significant influence over FirstRand, due to the RMH Unbundling and Remgro no longer being entitled to board representation, and the investment was reclassified from an equity accounted investment to an investment at fair value through other comprehensive income (FirstRand Reclassification). In future, only dividend income will be accounted for FirstRand in the income statement.

Disposal of Unilever South Africa Holdings Limited

Discontinued operations for the prior year include the profit realised on the disposal of the investment in Unilever South Africa Holdings Proprietary Limited.

11. TAXATION

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

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

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

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

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

11. TAXATION (continued)

11.1 DEFERRED TAXATION

Deferred tax assets

R million	Property, plant and equipment	Inventories and biological assets	Intangible assets	Provisions	Investments	Tax losses	Other	Total
At 1 July 2018	(43)	(35)	–	65	–	140	38	165
As per the income statement	(26)	3	3	50	–	(23)	20	27
Accounted for in other comprehensive income	–	–	–	–	–	1	(1)	–
Businesses acquired	5	–	–	4	–	–	(2)	7
At 30 June 2019	(64)	(32)	4	116	–	120	55	199
As per the income statement	**7**	**6**	**–**	**28**	**–**	**15**	**(6)**	**50**
Accounted for in other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**(7)**	**(7)**
Businesses disposed	**–**	**–**	**–**	**–**	**–**	**(5)**	**–**	**(5)**
Businesses acquired	**(65)**	**–**	**–**	**–**	**–**	**–**	**–**	**(65)**
Transfer between categories	**14**	**2**	**–**	**1**	**–**	**1**	**–**	**18**
At 30 June 2020	**(108)**	**(24)**	**4**	**145**	**–**	**131**	**42**	**190**

Deferred taxation liabilities

R million	Property, plant and equipment	Inventories and biological assets	Intangible assets	Provisions	Investments	Tax losses	Other	Total
At 1 July 2018	(1 911)	(194)	(3 260)	227	(184)	163	(107)	(5 266)
As per the income statement	197	22	40	(34)	(37)	(50)	28	166
Accounted for in other comprehensive income	–	–	–	(7)	56	–	(6)	43
Businesses acquired	(34)	–	(472)	–	–	–	–	(506)
At 30 June 2019	(1 748)	(172)	(3 692)	186	(165)	113	(85)	(5 563)
As per the income statement	**(42)**	**10**	**278**	**(50)**	**(11)**	**109**	**(55)**	**239**
Accounted for in other comprehensive income	**–**	**–**	**–**	**(8)**	**(1 539)**	**875**	**(20)**	**(692)**
Businesses acquired	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transfer between categories	**(14)**	**(2)**	**–**	**(1)**	**–**	**(1)**	**–**	**(18)**
Foreign exchange translation and other	**(10)**	**(2)**	**(56)**	**1**	**(7)**	**–**	**2**	**(72)**
At 30 June 2020	**(1 814)**	**(166)**	**(3 470)**	**128**	**(1 722)**	**1 096**	**(158)**	**(6 106)**

11. TAXATION (continued)

11.2 TAX LOSSES

R million	30 June 2020	30 June 2019
Estimated tax losses available for set-off against future taxable income	**1 357**	1 222
Utilised to create deferred tax asset	**(1 088)**	(846)
	269	376

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 R269 million (2019: R376 million);
- Capital losses amounting to R5 153 million (2019: R5 408 million); and
- Capital losses amounting to R3 437 million (2019: R3 437 million), which can be utilised against future capital gains in limited circumstances.

11.3 TAXATION IN INCOME STATEMENT

R million			30 June 2020	30 June 2019
Current	– current year	– South African normal taxation	**652**	1 115
		– Capital gains tax	**30**	37
		– Foreign income	**28**	31
		– Foreign taxation	**5**	4
	– previous year	– South African normal taxation	**26**	(7)
			741	1 180
Deferred	– current year		**(280)**	(183)
	– previous year		**(9)**	(10)
			452	987

11.4 TAX RATE RECONCILIATION

%	30 June 2020	30 June 2019
Effective tax rate	**5.7**	23.4
Reduction/(increase) in standard rate as a result of:		
Exempt dividend income	**0.2**	0.5
Non-taxable capital profit	**–**	3.7
Non-deductible expenditure(1)	**(111.2)**	(92.9)
Non-taxable income(2)	**134.5**	95.0
Foreign taxation	**(0.8)**	(0.9)
Previous year taxation	**(0.1)**	0.5
Tax losses utilised	**(0.3)**	(1.3)
Standard rate	**28.0**	28.0

(1) *Non-deductible expenditure mainly includes impairments of investments, assets and loans amounting to R4 524 million (2019: R7 492 million), as well as finance costs pertaining to debt at the centre amounting to R951 million (2019: R823 million). The finance costs have a tax effect of R266 million (2019: R230 million), resulting in a decrease in the effective tax rate of 3.3% (2019: increase of 5.5%).*

(2) *Includes the non-taxable profit of R7 360 million on the RMH Unbundling as well as R4 228 million on the FirstRand Reclassification (2019: R8 318 million profit on Unilever disposal).*

12. OTHER INCOME AND EXPENSES

12.1 REVENUE

Revenue

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

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

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

Revenue from the sale of goods is recognised only when the performance obligations arising from the contract with a customer are satisfied and the amount of revenue that it expects to be entitled to can be determined. For sales that include delivery (as indicated above), revenue from the sale of goods is recognised when the goods are transferred to the transport provider for delivery.

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

In instances where the delivery is a separate performance obligation (as indicated above), revenue from the sale of goods is recognised when the goods are transferred to the transport provider for delivery.

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

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

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

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

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

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

Recognition of other income

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

12. OTHER INCOME AND EXPENSES (continued)

12.1 REVENUE (continued)

Segment revenue

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

Disaggregated revenue information

R million	30 June 2020	30 June 2019
Distell		
Spirits	**8 942**	9 263
Wine	**5 656**	7 179
Cider and RTDs	**7 725**	9 714
Other	**47**	24
	22 370	26 180
RCL Foods[(1)]		
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
	27 804	25 888
Siqalo Foods		
Spreads	**2 712**	2 626
Wispeco		
Extrusions and related products	**1 721**	2 135
Other	**270**	241
	1 991	2 376
Elimination of intersegment revenue	**(145)**	(102)
Total revenue	**54 732**	56 968

(1) *RCL Foods restructured their segments in September 2019, resulting in the revision of segments disclosures.*

Geographical segmental information: Revenue from RCL Foods, Distell and Wispeco amounting to R6 570 million (2019: R6 902 million), is derived from outside of South Africa.

12. OTHER INCOME AND EXPENSES (continued)

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 2020	30 June 2019
Salaries and wages	7 394	7 479
Share-based payments	190	265
Pension costs – defined-contribution	603	573
Pension costs – return on defined-contribution asset	(2)	–
Pension costs – defined-benefit	(22)	(8)
Post-employment medical benefits	(18)	3
Other	306	264
	8 451	8 576

12.3 PROFIT

R million	30 June 2020	30 June 2019
Profit includes the following separately disclosable as well as significant income and expense items:		
Income		
Fair value adjustment – biological assets	283	353
Fair value adjustment – derivative instruments	207	134
Rental income – investment properties	13	18
Profit on sale and dilution of investments	4 220	137
Dilution profit of interest in equity accounted investments	(8)	(3)
Equity accounted investments	–	50
Profit on reclassification of FirstRand	4 228	–
Recycled foreign currency translation reserves	–	90
Net profit on the sale of property, plant and equipment	38	169
Exchange rate differences	251	7
Expenses		
Amortisation of intangible assets	523	493
Expenses – investment properties	5	6
Rental	–	895
Land and buildings	–	562
Machinery and equipment	–	102
Vehicles	–	126
Office equipment	–	105
Lease payments	677	–
Short-term leases	539	–
Low value assets	40	–
Variable lease payments	98	–
Repairs and maintenance	1 270	1 309
Research and development costs written off	32	37
Auditors' remuneration – audit fees	59	50
– other services	5	8
Net impairment of investments, assets and goodwill	4 234	7 218
Investments (refer note 4.4)	857	5 533
Property, plant and equipment (refer note 10.1)	637	754
Intangible and other assets	2 740	931
Loss allowances on loans	290	274
Professional fees	119	145
Depreciation	1 682	1 303
Property, plant and equipment (refer note 10.1)	1 678	1 299
Investment properties (refer note 10.2)	4	4
Water, electricity and municipal services	1 384	1 254
Fuel and gas	642	616
Transportation and vehicle expenses	1 323	1 594
Advertising expenses	1 711	2 130
Sugar industry levy	341	331

13. FINANCIAL INSTRUMENTS

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

Classification

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

- Those to be measured at fair value through other comprehensive income;
- Those to be measured at fair value through profit and loss; and
- Those to be measured at amortised cost.

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

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

Measurement

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

Loans and receivables

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

Financial guarantee contracts

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

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, are 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 the 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.

13. FINANCIAL INSTRUMENTS (continued)

13.1 CLASSES OF FINANCIAL INSTRUMENTS AND FAIR VALUE

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

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

Financial assets (R million)	Non-financial assets	Loans and receivables	Financial assets at FVPL	Financial assets at FVOCI	Carrying value	Fair value
30 June 2020						
Financial assets at FVOCI	**–**	**–**	**–**	**12 606**	**12 606**	**12 606**
Financial assets at FVPL	**–**	**–**	**320**	**–**	**320**	**320**
Long-term loans and debtors	**–**	**181**	**–**	**–**	**181**	**181**
Loans to equity accounted investments	**–**	**288**	**–**	**–**	**288**	**288**
Debtors and short-term loans	**1 509**	**8 449**	**–**	**–**	**9 958**	**9 958**
Investment in money market funds	**–**	**–**	**4 945**	**–**	**4 945**	**4 945**
Cash and cash equivalents	**–**	**15 631**	**–**	**–**	**15 631**	**15 631**
Assets held for sale	**293**	**–**	**–**	**–**	**293**	**293**
	1 802	**24 549**	**5 265**	**12 606**	**44 222**	**44 222**
30 June 2019						
Financial assets at FVOCI	–	–	–	3 727	3 727	3 727
Financial assets at FVPL	–	–	295	–	295	295
Long-term loans and debtors	–	311	–	–	311	311
Loans to equity accounted investments	–	848	–	–	848	848
Debtors and short-term loans	1 564	7 979	–	–	9 543	9 543
Investment in money market funds	–	–	5 175	–	5 175	5 175
Cash and cash equivalents	–	12 662	–	–	12 662	12 662
Assets held for sale	3	–	–	–	3	3
	1 567	21 800	5 470	3 727	32 564	32 564

13. FINANCIAL INSTRUMENTS (continued)

13.1 CLASSES OF FINANCIAL INSTRUMENTS AND FAIR VALUE (continued)

Financial liabilities (R million)	*Non-financial liabilities*	*Liabilities at amortised cost*	*Liabilities at FVPL*	*Carrying value*	*Fair value*
30 June 2020					
Long-term loans	**–**	**15 167**	**–**	**15 167**	**15 181**
Long-term lease liabilities	**–**	**1 725**	**–**	**1 725**	**1 725**
Trade and other payables	**290**	**11 326**	**–**	**11 616**	**11 616**
Short-term loans	**–**	**10 158**	**–**	**10 158**	**10 158**
Short-term lease liabilities	**–**	**310**	**–**	**310**	**310**
Current instruments at FVPL	**–**	**–**	**279**	**279**	**279**
	290	**38 686**	**279**	**39 255**	**39 269**
30 June 2019					
Long-term loans	–	21 020	–	21 020	21 130
Non-current instruments at FVPL	–	–	1	1	1
Trade and other payables	502	10 604	–	11 106	11 106
Short-term loans	–	1 376	–	1 376	1 376
Current instruments at FVPL	–	–	54	54	54
	502	33 000	55	33 557	33 667

Fair value

Except for the term-funded debt package (refer note 6.1) with a fair value of R2 490 million (2019: R2 460 million), the fair value of the financial instruments approximates their carrying value on 30 June 2020 and 30 June 2019.

Fair value estimation

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

- Financial instruments at fair value and investment in money market funds: Fair value is based on quoted market prices or, in the case of unlisted instruments, appropriate valuation methodologies, being discounted cash flow, liquidation valuation or actual net asset value of the investment.
- Cash and cash equivalents, debtors, creditors and short-term loans: Due to the expected short-term maturity of these financial instruments, their carrying values approximate their fair value.
- Borrowings: The fair value of long-term borrowings is based on discounted cash flows using the effective interest rate method. As the interest rates of long-term borrowings are all market-related, their carrying values approximate their fair value.
- Derivative instruments: The fair values of derivative instruments are determined by using appropriate valuation methodologies and mark-to-market valuations.

13. FINANCIAL INSTRUMENTS (continued)

13.1 CLASSES OF FINANCIAL INSTRUMENTS AND FAIR VALUE (continued)

Fair value estimation (continued)

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

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

Reconciliation of 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
Balances at 1 July 2019	**2 181**	**288**	**2 469**
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**
Balances at 30 June 2020	**1 963**	**309**	**2 272**
Balances at 1 July 2018	2 092	–	2 092
Transfer from level 2	41	–	41
Additions	215	299	514
Disposals	(523)	–	(523)
Exchange rate adjustment	60	–	60
Fair value adjustments through other comprehensive income	296	(3)	293
Fair value adjustments through profit and loss	–	(8)	(8)
Balances at 30 June 2019	2 181	288	2 469

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.

13. FINANCIAL INSTRUMENTS (continued)

13.1 CLASSES OF FINANCIAL INSTRUMENTS AND FAIR VALUE (continued)

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

R million	*Level 1*	*Level 2*	*Level 3*	Total
30 June 2020				
Current instruments at FVPL	**–**	**279**	**–**	**279**
30 June 2019				
Non-current instruments at FVPL	–	1	–	1
Current instruments at FVPL	–	54	–	54
	–	55	–	55

Reconciliation of carrying value of level 3 liabilities at the beginning and end of the year (R million)	30 June 2020	30 June 2019
Financial instruments at FVPL		
Balances at the beginning of the year	**–**	43
Put option exercised	**–**	(20)
Put option remeasured	**–**	(23)
Balances at the end of the year	**–**	–

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 either FVOCI or FVPL, investment in money market funds and investments in commodity future contracts, as well as the embedded derivative included in the exchangeable bonds.

Equity investments at FVOCI consist primarily of FirstRand Limited. This investment is partially hedged, the details of which are disclosed in note 6.5. Other investments at FVOCI consist mainly of the investments in British American Tobacco plc, Pembani Remgro Infrastructure Fund and the Milestone China Funds, the details of which are disclosed in note 4.3. Investments at FVPL consist mainly of put option derivatives, investment in LIVEKINDLY co and interest rates swaps, the details of which are disclosed in note 6.4. The Management Board monitors all these investments continuously and makes recommendations to the Investment Committee and the Board of Directors in this regard.

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

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

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

13. FINANCIAL INSTRUMENTS (continued)

13.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk (continued)

Foreign exchange risk

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

The Group is also exposed to foreign exchange translation risk through its investment in money market funds (note 5.1), foreign cash (note 5.2), a put option derivative (note 6.4.1), USD denominated bonds (note 6.4.3), as well as the exchangeable bonds and its embedded derivative (notes 6.1 and 6.4.4).

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

Interest rate risk

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

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

The Group's sensitivity to market risk

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

	30 June 2020			30 June 2019		
	Change	***Income statement* R million**	***Equity* R million**	*Change*	*Income statement* R million	*Equity* R million
Interest rates	**+2.0%**	**90**	**(2)**	+2.0%	168	(1)
Foreign exchange	**+5.0%**	**9**	**280**	+5.0%	24	182
Equity prices	**+10.0%**	**10**	**793**	+10.0%	(1)	289
Dividend yield	**+1.0%**	**–**	**–**	+1.0%	–	–
Volatility	**+10.0%**	**–**	**–**	+10.0%	9	–

The above sensitivity analysis 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. The loss allowances for loans to external parties are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions, as well as forward looking estimates at the end of each reporting period.

Trade receivables

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

13. FINANCIAL INSTRUMENTS (continued)

13.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables (continued)

The Group applies the simplified approach for providing the expected credit losses prescribed by *IFRS 9*, which permits the use of lifetime expected loss provision for all trade receivables.

RCL Foods and Distell are Remgro subsidiaries with significant trade receivables.

RCL Foods' low-risk trade debtors consist of balances of large RCL Foods customers (listed and/or well-established brands within the South African and African markets) with no history of default and with a long history of trading with RCL Foods. These customers were assessed as low risk and any expected credit loss would have been limited to a forward view based on deterioration of macroeconomic indicators. The calculated expected credit loss on these balances was not considered to be material, also taking into account that these debtors are covered by insurance. No long-outstanding amounts are included in these balances nor has there been any indication in the current financial year that these debtors will default. Latest media reports and published financial statements were inspected to support their ability to pay. In the current year, 89.7% (2019: 92.5%) of RCL Foods' trade debtors, which have not been specifically impaired, have been covered by credit insurance. The Vector business segment's debtors in excess of R75 000 are selected for insurance cover with Lombard Insurance which covered 94.2% of their trade debtors in the current financial year (2019: 89.3%). The trade debtors of the Sugar, Epol, Milling and Bread, buns and rolls business units with balances in excess of R75 000 are covered by Lombard Insurance, which covered 93.0% of their debtors in the current financial year (2019: 94.0%). The Chicken and Groceries business units' trade debtors represent large retail customers which were assessed as being a low risk of default. The Chicken and Groceries business units' trade debtors are managed by the Vector segment and subject to the cover that Vector has in place. Credit insurance premiums are paid on a monthly basis based on net invoiced sales. The credit policy requires each new customer to be analysed individually for creditworthiness before delivery and payment terms are offered. RCL Foods' review includes external ratings, where available, and in some cases bank references. Limits are established for each customer which represent the maximum trading amount without requiring further approval. These limits are reviewed on an ongoing basis. Customers that fail to meet RCL Foods' benchmark creditworthiness may transact with RCL Foods on a cash basis. Customers that default on payments are closely monitored and put on "stop supply" if required.

The risk of default of Lombard Insurance is considered low due to past claims payment history. For other trade debtors not covered by Lombard Insurance, the historical and forward looking loss rates were adjusted upwards due to Covid-19.

Distell has no insured trade receivables, holds no collateral as security and there is a cession, as per note 10.8, on trade receivables. Credit granting is controlled by a robust application process and credit limits are assigned and are updated continuously taking into account financial position, past experience and other factors.

In assessing the credit risk associated with trade debtors, Distell's debtors are categorised in various customer segments with similar risk profiles. These categories include national grocer chains, retailers, smaller liquor groups, independent retailers, sub-Saharan African and international customers in various regions. Expected credit losses are recognised using the simplified model based on a provision matrix which incorporates historical observed default rates and which is adjusted for forward looking information and other observable inputs. Forward looking information includes expected economic growth and employment rates of the regions assessed and the potential impact thereof on the buying power of consumers and sustainability of customers. Covid-19 is expected to have a detrimental impact on customers in the near term due to the restrictions imposed on the trading of alcohol by various governments. Debtors are analysed in various age buckets and varying loss rates applied to each age bucket, with long-overdue buckets having higher loss rates.

Distell's provision matrix of the lifetime expected loss allowance for trade debtors as at 30 June 2020 is as follows:

	Current	*Up to 60 days past due*	*Up to 90 days past due*	*Above 90 days past due*	Total
South African grocers and retailers	**0.4%**	**8.1%**	**90.8%**	**88.6%**	**2.0%**
South African liquor groups and redistributors	**0.8%**	**10.0%**	**60.0%**	**60.0%**	**4.7%**
South African other	**0.5%**	**14.0%**	**88.5%**	**63.9%**	**13.2%**
International	**0.6%**	**1.4%**	**19.6%**	**17.4%**	**2.0%**
Africa	**1.6%**	**4.1%**	**7.8%**	**57.7%**	**14.6%**
	0.7%	**7.3%**	**26.4%**	**53.4%**	**6.6%**

13. FINANCIAL INSTRUMENTS (continued)

13.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables (continued)

Distell's gross carrying amount of trade debtors per risk segment for the current financial year is as follows:

R million	*Current*	*Up to 60 days past due*	*Up to 90 days past due*	*Above 90 days past due*	Total
South African grocers and retailers	781	17	2	11	811
South African liquor groups and redistributors	229	107	1	5	342
South African other	280	22	8	58	368
International	464	41	2	43	550
Africa	332	68	37	122	559
	2 086	255	50	239	2 630

Remgro's loss allowance is as follows:

Loss allowance matrix (R million)	*Low risk of defaults*	*Insured trade receivables*	*Trade receivables specifically provided*	*Current*	*Up to 60 days past due*	*More than 60 days past due*	Total
Gross carrying amount							
RCL Foods	3 725	1 007	85	161	30	13	5 021
Distell	–	–	–	2 086	255	289	2 630
Wispeco	–	–	–	121	40	44	205
Siqalo Foods	37	–	–	1	–	–	38
Other	110	–	–	–	–	–	110
	3 872	1 007	85	2 369	325	346	8 004
Loss allowance							
RCL Foods				9	7	9	25
Distell				15	19	139	173
Wispeco				2	5	21	28
Siqalo Foods				n/a	n/a	n/a	n/a
				26	31	169	226
Specific allowance							
RCL Foods							42
Total loss allowance							268
Expected loss rate							
RCL Foods				5.48%	23.68%	67.58%	
Distell				0.70%	7.26%	48.71%	
Wispeco				1.46%	12.51%	49.18%	
Siqalo Foods				n/a	n/a	n/a	
				1.06%	9.43%	49.46%	

Derivative instrument transactions and cash investments

Derivative instruments consist mainly of foreign exchange contracts with financial institutions. Other derivative instruments (excluding the put option described in note 6.4.1) are limited to transactions with financial institutions with an acceptable credit rating. Remgro's Treasury Committee and/or the respective subsidiaries approve these institutions and determine the limit of credit exposure of each separate entity.

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

13. FINANCIAL INSTRUMENTS (continued)

13.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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.

Distell, an operating subsidiary of Remgro, was significantly impacted by Covid-19 lockdown restrictions in South Africa on the trading of alcoholic beverages on 26 March 2020. Other regions and territories in which Distell operates were also affected by bans or restrictions on the sale of alcohol during the period up to 30 June 2020. The subsequent lifting of the ban in South Africa provided a marked improvement to the financial health of the company.

Due to the uncertainties and full impact of Covid-19, Distell has put in place necessary structures and processes to monitor and mitigate against existing and emerging risks. These include:

- reducing discretionary spend;
- Distell board has suspended dividends;
- defer capital expenditure of approximately R300 million;
- plan sale of two of its premium wine farms, Alto and Plasir de Merle;
- amending its debt to EBITDA covenants from 2.75:1 to 5:1; and
- increased its banking facility from R2.8 billion to R7.5 billion.

The following schedule indicates the repayment terms of outstanding debt:

			Non-discounted cash flow		
Financial liabilities (R million)	*Carrying value*	*Contractual cash flow*	*0 to 12 months*	*1 to 5 years*	*5 years and longer*
30 June 2020					
Long-term loans	**15 167**	**15 780**	**123**	**15 556**	**101**
Long-term lease liabilities	**1 725**	**2 413**	**–**	**1 248**	**1 165**
Trade and other payables	**11 616**	**11 616**	**11 616**	**–**	**–**
Short-term loans	**10 158**	**10 395**	**10 395**	**–**	**–**
Short-term lease liabilities	**310**	**438**	**438**	**–**	**–**
Current instruments at FVPL	**279**	**540**	**499**	**41**	**–**
Financial guarantee	**–**	**3 353**	**3 353**	**–**	**–**
	39 255	**44 535**	**26 424**	**16 845**	**1 266**
30 June 2019					
Long-term loans	21 020	21 811	195	21 606	10
Trade and other payables	11 106	11 106	11 106	–	–
Short-term loans	1 376	1 376	1 376	–	–
Non-current instruments at FVPL	1	1	–	1	–
Current instruments at FVPL	54	54	54	–	–
	33 557	34 348	12 731	21 607	10

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 2020	30 June 2019
Transactions of Remgro Limited and its subsidiaries with:		
Principal shareholder		
Dividends	**(220)**	(212)
Dividends *in specie*	**(1 640)**	–
Equity accounted investments		
Interest received	**75**	79
Interest paid	**(371)**	(554)
Dividends received	**2 619**	3 615
Administration fees received	**16**	27
Administration fees paid	**–**	(12)
Sales	**160**	127
Purchases	**(1 686)**	(1 454)
Corporate finance transactions and underwriting fees paid	**(18)**	(59)
Key management personnel		
Salaries and other benefits	**(28)**	(32)
Retirement benefits	**(5)**	(6)
Share-based payments	**24**	28
Balances due from/(to) related parties:		
Equity accounted investments	**(24)**	(7 111)
Equity accounted investments	**899**	1 581

No security is given for any outstanding balances. No provisions for expected credit losses 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 2020 %	30 June 2019 %
Distell Group Holdings Limited[(1)]	*	27 844 560 000	31.8	31.8
Eikenlust Proprietary Limited		100	100.0	100.0
Entek Investments Proprietary Limited		16 029 279	100.0	100.0
Financial Securities Proprietary Limited		–	–	100.0
Historical Homes of South Africa Limited		555 000	65.1	64.3
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)	458 000 000	100.0	100.0
Partnership in Mining Proprietary Limited		100	100.0	100.0
RCL Foods Limited	*	10 318 078 334	77.1	77.5
Remgro Beverages Proprietary Limited		8 940 134 267	100.0	100.0
Remgro Finance Corporation Proprietary Limited		958 430	100.0	100.0
Remgro Health Limited – Jersey	(GBP)	100 000 000	100.0	100.0
Remgro Healthcare Holdings Proprietary Limited		36 543 642 592	100.0	100.0
Remgro International Holdings Proprietary Limited		2	100.0	100.0
Remgro International Limited – Jersey		5 014 710	100.0	100.0
Remgro Investment Corporation Proprietary Limited		100	100.0	100.0
Remgro Jersey GBP Limited – Jersey	(GBP)	100 000 000	100.0	100.0
Remgro Loan Corporation Proprietary Limited		700	100.0	100.0
Remgro Management Services Limited		100	100.0	100.0
Remgro South Africa Proprietary Limited		48 614	100.0	100.0
Remgro Sport Investments Proprietary Limited		100	100.0	100.0
Remgro USA Limited – Jersey	(USD)	2	100.0	100.0
Remont Proprietary Limited		100	100.0	100.0
Robertsons Holdings Proprietary Limited		1 000	100.0	100.0
RPII Holdings Proprietary Limited		8 600 000	100.0	100.0
SEACOM SA SPV Proprietary Limited		100	100.0	100.0
Siqalo Foods Proprietary Limited		1	100.0	100.0
Stellenbosch Academy of Sport 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) British pound
(USD) USA dollar
(CHF) Swiss franc
** Listed company*

(1) *Remgro owns all the unlisted B-shares issued by Distell. These shares carry voting rights only and, in conjunction with the ordinary shares held, Remgro has voting rights of 56.4% (2019: 56.5%) in Distell.*

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 2020 Shares held	30 June 2020 Effective interest %	30 June 2019 Shares held	30 June 2019 Effective interest %
Financial services					
Rand Merchant Investment Holdings Limited	L	**469 448 728**	**30.6**	469 448 728	30.6
RMB Holdings Limited	L	**–**	**–**	397 447 747	28.2
– Held by RMB Holdings Limited:					
– FirstRand Limited (34%)	L		**–**		9.6
FirstRand Limited		**–**	**–**	219 828 140	3.9
Healthcare					
Mediclinic International plc – UK	L	**328 497 888**	**44.6**	328 497 888	44.6
Industrial					
Air Products South Africa Proprietary Limited	U	**4 500 000**	**50.0**	4 500 000	50.0
Kagiso Tiso Holdings Proprietary Limited (RF)	U	**325 892**	**36.3**	325 892	36.3
Total South Africa Proprietary Limited	U	**12 872 450**	**24.9**	12 872 450	24.9
PGSI Limited – BVI	U	**26 297 697**	**37.7**	26 297 697	37.7
Infrastructure					
Grindrod Limited	L	**173 183 235**	**23.3**	173 183 235	23.3
Grindrod Shipping Holdings Limited – Singapore	L	**4 329 580**	**22.8**	4 329 580	22.7
Community Investment Ventures Holdings Proprietary Limited	U	**270 039**	**54.7**	264 377	54.4
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	**76 276 317**	**44.1**	74 126 994	42.8

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

All these investments were equity accounted.

BVI – British Virgin Islands
UK – United Kingdom

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

14.4 KEY MANAGEMENT PERSONNEL

Only Remgro's directors and members of the Management Board are key management personnel. Information on directors' emoluments and their shareholding in the Company appears in notes 8 and 9 as well as on page 123.

14.5 SHAREHOLDERS

A detailed analysis of shareholders appears on pages 121 and 122.

15. BUSINESSES ACQUIRED

15.1 IMPERIAL LOGISTICS SOUTH AFRICA GROUP PROPRIETARY LIMITED (ICL)

RCL Foods, via its subsidiary Vector Logistics Proprietary Limited (Vector), has concluded an agreement with ICL to acquire certain assets and employees related to its cold chain business in South Africa, effective from 1 December 2019. This will enable Vector to combine the two separate temperature-controlled distribution networks into a single optimised network. Vector also entered into new agreements with a number of previous ICL customers.

The acquisition of ICL is considered a business combination in terms of *IFRS 3: Business Combinations*. The acquisition consists of the assets, the leases related to the Linbro and Bloemfontein sites and a freehold Polokwane site for a total consideration payable of R1 on 1 December 2019. RCL Foods also kept ICL's established workforce in its employ along with the related liabilities.

The provisional fair value of the major classes of assets and liabilities acquired is as follows:

R million	At acquisition date
Assets	
Property, plant and equipment (refer note 10.1)	697
Debtors and short-term loans	134
Liabilities	
Lease liabilities	(465)
Deferred taxation (refer note 11.1)	(65)
Trade and other payables	(23)
Fair value of net assets acquired	278
Gain on bargain purchase	278
Cash inflow on acquisition (representing cash and cash equivalents, net of bank overdraft, of subsidiary acquired)	110

No additional acquisition-related costs have been incurred in the current financial year.

It is impracticable to disclose the revenue and profit and loss relating to the ICL business included in the income statement, since the ICL business has been fully combined with the existing Vector segment, operating as a single business unit.

15. BUSINESSES ACQUIRED (continued)

15.2 SIQALO FOODS PROPRIETARY LIMITED (SIQALO FOODS)

During the 2018 financial year Unilever South Africa Holdings Proprietary Limited (Unilever) acquired Remgro's 25.75% shareholding in Unilever in exchange for Unilever's Spreads business in Southern Africa, as well as a cash consideration of R4 900 million, representing a total transaction value of R11 900 million. This transaction valued the Unilever Spreads business at R7 000 million and management considers it a good strategic asset. The Unilever Spreads business was transferred to Siqalo Foods, which became a wholly owned subsidiary of Remgro on 2 July 2018.

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

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

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

16. EVENTS AFTER YEAR-END

DISTELL GROUP HOLDINGS LIMITED (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.

17. 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.

Significant judgements:

- The most significant judgements required for the implementation of *IFRS 16* relate to variable rental payments on 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.

17. CHANGE IN ACCOUNTING POLICIES (continued)

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.

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

18. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Management considered all new accounting standards, interpretations and amendments to IFRS that were issued prior to 30 June 2020, but not yet effective on that date.

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

- Amendment to *IFRS 16: Leases – Covid-19 related rent concessions*
  (effective date – financial periods commencing on/after 1 June 2020)
  As a result of the Covid-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the International Accounting Standards Board (IASB) published an amendment to *IFRS 16* that provides an optional practical expedient for lessees from assessing whether a rent concession related to Covid-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

  The practical expedient only applies to rent concessions for lessees (but not lessors) occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:
  - The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - Any reduction in lease payments affects only payments due on or before 30 June 2021; and
  - There is no substantive change to other terms and conditions of the lease.

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

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

- *IFRS 17: Insurance Contracts*
  (effective date – financial periods commencing on/after 1 January 2022)
  IFRS 17 will replace the current *IFRS 4: Insurance Contracts*. *IFRS 4* allows users to use local Generally Accepted Accounting Principles (GAAP) while *IFRS 17* defines clear and consistent rules that significantly 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.

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

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

- Amendments to *IAS 1* and *IAS 8: Definition of Material*
  (effective date – financial periods commencing on/after 1 January 2020)
  The amendments to *IAS 1: Presentation of Financial Statements* and *IAS 8: Accounting Policies*, changes in accounting estimates and errors, as well as consequential amendments to other IFRS:
  - use a consistent definition of materiality throughout IFRS and the Conceptual Framework for Financial Reporting;
  - clarify the explanation of the definition of materiality; and
  - incorporate some of the guidance in *IAS 1* about immaterial information.

- Amendments to *IFRS 9: Financial Instruments*, *IAS 39: Financial Instruments: Recognition and Measurement* and *IFRS 7: Financial Instruments: Disclosure* (Interest rate benchmark reform)
  (effective date – financial periods commencing on/after 1 January 2020)
  These amendments provide certain reliefs in connection with interest rate benchmark reform (IBOR). The reliefs relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

STATEMENT OF **FINANCIAL POSITION**

AT 30 JUNE 2020

R million	Notes	30 June 2020	30 June 2019
ASSETS			
Non-current assets			
Investments – Subsidiaries	2	**10 870**	10 871
– Equity accounted investment	3	**13 708**	–
– At fair value through other comprehensive income (FVOCI)	4	**8 367**	–
Hedge derivatives		**101**	–
		33 046	10 871
Current assets			
Financial guarantee receivable	8	**78**	–
Intergroup debt	5	**12 768**	1 122
Trade and other receivables		**1**	–
Total assets		**45 893**	11 993
EQUITY AND LIABILITIES			
Stated capital	6	**13 416**	13 416
Derivative fair value reserve		**78**	–
Fair value reserve		**(1 853)**	–
Retained earnings/(accumulated loss)		**32 857**	(3 269)
Shareholders' equity		**44 498**	10 147
Non-current liability			
Deferred taxation		**647**	–
Current liabilities		**748**	1 846
Financial guarantees	8	**705**	849
Trade and other payables	5, 7	**43**	18
Intergroup debt	5	**–**	979
Total equity and liabilities		**45 893**	11 993

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

R million	Note	30 June 2020	30 June 2019
Dividend received		**61 214**	–
Guarantee fee income		**152**	214
Interest received		**5**	–
Profit on unbundling of investment in RMH		**2 327**	–
Recognition of financial guarantee		**–**	(581)
Expected credit loss on financial guarantee fee		**56**	(56)
Other net operating expenses		**(34)**	(71)
Impairment of investment in subsidiary		**–**	(7 548)
Impairment of equity accounted investment		**(516)**	–
Net profit/(loss) before taxation		**63 204**	(8 042)
Taxation	10	**(18)**	–
Net profit/(loss) for the year		**63 186**	(8 042)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

R million	30 June 2020	30 June 2019
Net profit/(loss) for the year	63 186	(8 042)
Other comprehensive income, net of tax	(1 775)	–
Items that may be reclassified subsequently to the income statement:		
Fair value adjustment for the year	101	–
Deferred taxation on fair value adjustment	(23)	–
Items that will not be reclassified to the income statement:		
Fair value adjustment for the year	(1 229)	–
Deferred taxation on fair value adjustment	(624)	–
Total comprehensive income for the year	61 411	(8 042)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

R million	*Stated capital*	*Derivative fair value reserve*	*Fair value reserve*	*Retained earnings/ (accumulated loss)*	Total
Balances at 1 July 2018	13 416	–	–	7 859	21 275
Total comprehensive income for the year	–	–	–	(8 042)	(8 042)
Dividends paid	–	–	–	(3 086)	(3 086)
Balances at 30 June 2019	13 416	–	–	(3 269)	10 147
Total comprehensive income for the year	–	78	(1 853)	63 186	61 411
Dividends paid	–	–	–	(3 205)	(3 205)
Dividend *in specie* (Unbundling of RMH)	–	–	–	(23 854)	(23 854)
Balances at 30 June 2020	13 416	78	(1 853)	32 858	44 499

STATEMENT OF
CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

R million	Notes	30 June 2020	30 June 2019
Cash flows – operating activities			
Net profit/(loss) before taxation		**63 204**	(8 042)
Adjustments	11	**(63 260)**	7 971
Operating loss before working changes		**(56)**	(71)
Working capital changes	11	**16**	(9)
Cash utilised by operations		**(40)**	(80)
Dividends received		**15 889**	–
Dividends paid		**(3 205)**	(3 086)
Taxation paid	11	**(18)**	–
Cash inflow/(outflow) from operating activities		**12 626**	(3 166)
Cash flows – investing activities			
Increase in intergroup debt		**(34 310)**	–
Decrease in intergroup debt		**22 663**	6 394
Cash inflow/(outflow) from investing activities		**(11 647)**	6 394
Cash flows – financing activities			
Increase in intergroup debt		**(979)**	(3 228)
Cash outflow from financing activities		**(979)**	(3 228)
Net increase/(decrease) in cash and cash equivalents		**–**	–
Cash and cash equivalents at the beginning of the year		**–**	–
Cash and cash equivalents at the end of the year		**–**	–

NOTES TO THE **ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2020

1. ACCOUNTING POLICIES

The Annual Financial Statements are prepared on the historical cost basis, unless otherwise indicated, in accordance with International Financial Reporting Standards and the requirements of the Companies Act (No. 71 of 2008), as amended. The accounting policies are consistent with those of the previous year except for the implementation of *IFRS 16: Leases*, which did not impact the Company's results. Refer to note 1 of the consolidated Annual Financial Statements for detailed accounting policies.

Management assessed the impact of the Covid-19 pandemic and the resultant lockdown and economic restrictions imposed on businesses both in South Africa and worldwide. The impact on the Company entails a potential decrease in future dividend income from investments. Management has implemented and will continue to implement measures to monitor and mitigate the effects of Covid-19 on the Company. These measures include ongoing board representation and monitoring budgets and cash flow projections. Based on the facts and circumstances known and the possible scenarios about how the Covid-19 pandemic and resulting government measures could evolve, management has determined that there is not a material uncertainty that may cast significant doubt upon the entity's ability to continue as a going concern and, therefore, the use of the going concern assumption is appropriate.

2. INVESTMENTS – SUBSIDIARIES

R million	**30 June 2020**	30 June 2019
Unlisted shares – at cost	**40 279**	40 280
Less: Provision for impairment	**(29 409)**	(29 409)
	10 870	10 871

The provision for impairment recognised during the prior financial years relates to the investment in Remgro Healthcare Holdings Proprietary Limited (RHH). At 30 June 2019, the recoverable amount of the investment was its value in use of R7 135 million (level 2 in the fair value hierarchy). The fair value was determined with reference to the listed share price of Mediclinic. RHH and its wholly owned subsidiaries hold Remgro's investment in Mediclinic. Mediclinic's share price decreased by a significant amount during the prior year, resulting in the impairment of the investment in the separate financial statements of both RHH and its wholly owned subsidiaries. Consequently, the Company recognised an impairment of R7 548 million during the prior year on its investment in RHH. During the year under review the Company performed an impairment assessment on its investment in RHH and determined that the value in use exceeds the carrying value, thus no impairment was recognised.

During the year under review the Company's subsidiary company, Financial Securities Proprietary Limited (FinSec), unbundled its investments in RMH, FirstRand and RMI as a dividend *in specie* to the Company. FinSec subsequently applied for voluntary liquidation. The investment in RMH amounting to R23 854 million, was declared as a dividend *in specie* to the Company's shareholders. The investment in FirstRand was classified as an investment at fair value through other comprehensive income. The investment in RMI was classified as an equity accounted investment.

Percentage interest held in unlisted shares (%)	**30 June 2020**	30 June 2019
Financial Securities Proprietary Limited	**–**	100.0
Industrial Partnership Investments Proprietary Limited	**100.0**	100.0
Partnership in Mining 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. INVESTMENTS – EQUITY ACCOUNTED

ASSOCIATES

R million	30 June 2020	30 June 2019
Listed shares – at cost (refer note 2)	14 224	–
Less: Provision for impairment	(516)	–
	13 708	–
Market value of listed investment	13 708	–
Number of shares held in listed company (million)		
Rand Merchant Investment Holdings Limited	469	–

The investment in RMI was impaired to its listed market price following a significant decline in the share price.

4. INVESTMENTS – FVOCI

R million	30 June 2020	30 June 2019
Listed shares	8 367	–
The movement between the balance of the FVOCI investment at the beginning and end of the year can be analysed as follows:		
Beginning of the year	–	–
Dividend *in specie* received (refer note 2)	9 595	–
Fair value adjustment for the year	(1 228)	–
End of the year	8 367	–
Market value of listed shares	8 367	–
Number of shares held in listed company (million)		
FirstRand Limited	220	–

Refer to note 6.5 of the consolidated Annual Financial Statements for information pertaining to the hedging and script lending of shares held in FirstRand.

5. INTERGROUP DEBT

R million	30 June 2020	30 June 2019
Owing by subsidiaries		
Interest-free loan payable on demand	12 768	1 122
Owing to subsidiaries		
Interest-free loan payable on demand	–	(979)
Included in trade and other payables	(24)	(2)
	12 744	141

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

6. STATED CAPITAL

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

7. TRADE AND OTHER PAYABLES

R million	30 June 2020	30 June 2019
Subsidiary	24	2
Other	19	16
	43	18

8. FINANCIAL GUARANTEES

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

Guarantees to subsidiaries

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

Guarantees to a joint venture

The Company issued a guarantee to Rand Merchant Bank for a loan facility amounting to R3 500 million, the latter granted to CIVH. In terms of the agreement with CIVH, the Company would receive a guarantee fee income unless CIVH refinanced the debt by 7 December 2019. The debt was not refinanced before that date and, as a result, a guarantee fee was recognised. The outstanding receivable bears interest at prime plus 2%. At 30 June 2019, it was expected that CIVH would refinance prior to 7 December 2019, an expected credit loss was recognised on the financial guarantee receivable. This expected credit loss was reversed during the current financial year. In the unlikely event that CIVH defaults on the debt, Remgro will immediately be liable to settle the outstanding amount of R3 329 million in terms of the guarantee towards Rand Merchant Bank. The financial guarantee liability was amortised to Rnil at 7 December 2019, while no credit loss is expected in terms of the guarantee.

9. OTHER NET OPERATING EXPENSES

Other net operating expenses are stated after taking into account directors' emoluments of R4.5 million (2019: 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.

10. TAXATION

10.1 DEFERRED TAXATION

R million	*Fair value adjustments*	*Tax losses*	Total
Deferred tax liabilities			
At 1 July 2019	–	–	–
Accounted for in other comprehensive income	(1 522)	875	(647)
At 30 June 2020	**(1 522)**	**875**	**(647)**

10.2 TAXATION IN INCOME STATEMENT

R million	**30 June 2020**	30 June 2019
Current – current year – South African normal taxation	**18**	–

10.3 TAX RATE RECONCILIATION

%	**30 June 2020**	30 June 2019
Effective tax rate	–	–
Reduction/(increase) in standard rate as a result of:		
Non-taxable income	28.0	–
Standard rate	**28.0**	–

The Company has a calculated capital loss of R3 906 million (2019: R3 907 million), which can be set off against future capital gains. Previously no deferred tax asset has been recognised in respect of this capital loss since, prior to FinSec's unbundling of the investments in FirstRand and RMI to the Company, it was improbable that future taxable capital gains would arise against which the loss could be utilised.

11. CASH FLOW INFORMATION

R million	30 June 2020	30 June 2019
Adjustments		
Dividends received	**(61 214)**	–
Expected credit loss on guarantee fee	**(56)**	56
Guarantee fee income	**(152)**	(214)
Guarantee fee expense	**–**	581
Impairment of investment	**516**	7 548
Profit on unbundling of investment in RMH	**(2 349)**	–
Interest received	**(5)**	–
	(63 260)	7 971
Decrease/(increase) in working capital		
Increase/(decrease) in financial guarantee receivable and liability	**(9)**	–
Increase/(decrease) in trade and other payables	**25**	(9)
	16	(9)
Reconciliation of taxation received/(paid) with the amount disclosed in the income statement		
Paid per income statement	**(18)**	–
Cash received/(paid)	**(18)**	–

12. 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 123.

Shareholders

A detailed analysis of shareholders appears on pages 121 and 122.

Related party transactions (R million)	30 June 2020	30 June 2019
Transactions of Remgro Limited with:		
Principal shareholder		
Dividends paid	**(221)**	(212)
Dividends *in specie* paid	**(1 640)**	–
Subsidiary		
Dividends received	**15 888**	–
Dividends *in specie* received	**45 326**	–
Joint venture		
Interest received	**5**	–
Guarantee fee income	**63**	–
Balances due by/(owed to) related parties:		
Subsidiaries	**12 744**	141

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

13. FINANCIAL INSTRUMENTS

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

13.1 CREDIT RISK

Credit risk is the risk of financial loss should a counter party 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 R18 591 million (2019: R16 969 million). The directors assessed the credit risk as low, since the underlying subsidiaries hold Mediclinic shares in excess of the debt balance.

13.2 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 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 R18 591 million (2019: R16 969 million). The risks in terms of the outstanding trade and other payables are 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. Refer to note 1 for information pertaining to the impact of Covid-19 on the going concern assumption.

13.3 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 exposure to interest rate risk due to an interest-bearing guarantee fee receivable from its joint venture. The impact on equity of a 1% change in the prime interest rate amounts to R1 million.

Price risk

The Company is exposed to price risk due to its investment held and classified as a FVOCI investment. The market price of this investment is monitored on a continuous basis by management.

The impact on equity of a 5% change in the market price of the FVOCI investment on the reporting date, amounts to R324 million.

Refer to note 6.5 of the consolidated Annual Financial Statements for the price risk relating to the derivative instrument recognised on the hedging and script lending of shares held in FirstRand.

13.4 FAIR VALUE

At 30 June 2020 and 30 June 2019, the fair value of financial assets and liabilities disclosed in the statement of financial position approximates their carrying value.

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

- Level 1 – Unadjusted listed prices in an active market for identical assets or liabilities; or
- Level 2 – Inputs, other than listed prices, that are directly or indirectly observable; or
- Level 3 – Inputs that are not based on observable market data.

The fair value of listed shares that are classified as at fair value through other comprehensive income are determined from listed share prices in an active market and included in Level 1.

13.5 CAPITAL MANAGEMENT

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

SHAREHOLDERS' INFORMATION

STATISTICS AT 30 JUNE 2020

	30 June 2020 %	30 June 2020 Number of shares	30 June 2019 %	30 June 2019 Number of shares
MAJOR BENEFICIAL SHAREHOLDERS				
Ordinary shares				
Public Investment Corporation	**16.35**	**86 513 326**	13.66	72 273 810
Other	**83.65**	**442 703 681**	86.34	456 943 197
	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

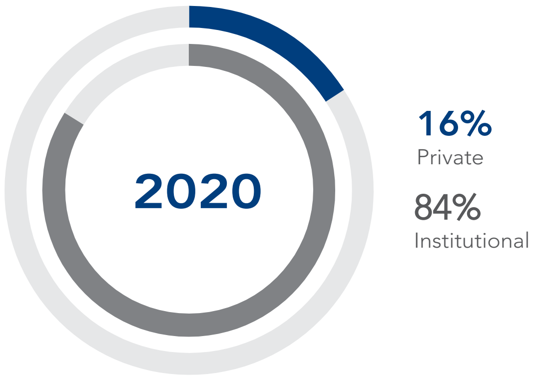
No other shareholder held a beneficial interest of more than 5% in the ordinary shares of the Company on 30 June 2020.

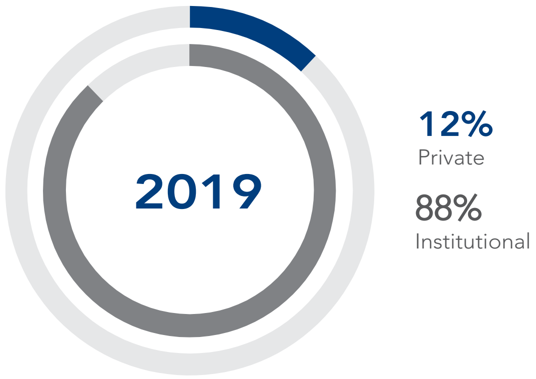
	30 June 2020	30 June 2019	30 June 2018	30 June 2017
DISTRIBUTION OF SHAREHOLDERS				
Ordinary shares				
Public shareholders	**51 228**	54 812	64 552	60 890
Percentage of shareholders	**99.92**	99.91	99.93	99.88
Number of shares	**507 822 981**	504 306 132	513 954 491	512 476 207
Percentage of shares issued	**95.96**	95.29	97.12	96.84
Non-public shareholders				
Directors and their associates/Share Trust/Treasury shares/ Prescribed officers	**43**	48	44	78
Percentage of shareholders	**0.08**	0.09	0.07	0.12
Number of shares	**21 394 026**	24 910 875	15 262 516	16 740 800
Percentage of shares issued	**4.04**	4.71	2.88	3.16
Number of shareholders	**51 271**	54 860	64 630	60 980

	30 June 2020	30 June 2019	30 June 2018	30 June 2017
NUMBER OF SHARES IN ISSUE				
– Ordinary shares of no par value	**529 217 007**	529 217 007	529 217 007	529 217 007
– Unlisted B ordinary shares of no par value	**39 056 987**	39 056 987	39 056 987	39 056 987
Total number of shares in issue	**568 273 994**	568 273 994	568 273 994	568 273 994
Number of shares held in treasury				
Ordinary shares repurchased and held in treasury	**(3 297 213)**	(3 334 936)	(1 389 033)	(1 666 638)
	564 976 781	564 939 058	566 884 961	566 607 356
Weighted number of shares	**564 961 299**	565 619 396	566 773 693	553 423 346

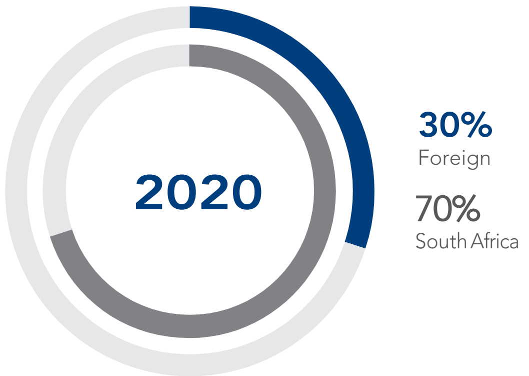
ADDITIONAL INFORMATION

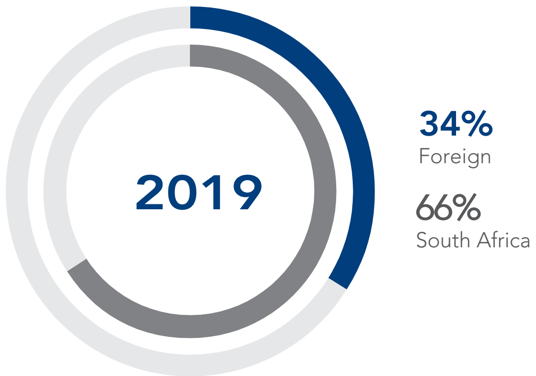
INSTITUTIONAL AND PRIVATE SHAREHOLDING IN REMGRO LIMITED ORDINARY SHARES





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 2020				
S E N De Bruyn	**497**	**–**	**–**	**497**
J J Durand	**–**	**849 376**	**1 650**	**851 026**
P K Harris	**–**	**186 030**	**–**	**186 030**
M Lubbe	**32 184**	**–**	**–**	**32 184**
N P Mageza	**–**	**296**	**–**	**296**
J Malherbe	**1 148 670**	**27 391**	**2 934**	**1 178 995**
P J Moleketi	**1 243**	**–**	**19 718**	**20 961**
M Morobe	**–**	**633**	**–**	**633**
P J Neethling	**–**	**–**	**7 898 806**	**7 898 806**
K M S Rantloane	**57**	**–**	**–**	**57**
F Robertson	**–**	**5 500**	**–**	**5 500**
J P Rupert*	**–**	**–**	**7 553 865**	**7 553 865**
N J Williams	**25 000**	**–**	**66 000**	**91 000**
	1 207 651	**1 069 226**	**15 542 973**	**17 819 850**

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

On 28 November 2019, when Dr E de la H Hertzog retired, his direct beneficial holding was 288 081 ordinary shares, his indirect beneficial holding was 2 224 995 ordinary shares and his associate held 142 982 ordinary shares in Remgro Limited.

On 28 November 2019, when Mr G T Ferreira retired, his indirect beneficial holding was 174 488 ordinary shares and his associates held 616 000 ordinary shares in Remgro Limited.

Directors	Direct beneficial	Indirect beneficial	Associates	Total
30 June 2019				
S E N De Bruyn	497	–	–	497
J J Durand	–	849 376	1 650	851 026
G T Ferreira	174 488	–	616 000	790 488
P K Harris	–	186 030	–	186 030
E de la H Hertzog	288 081	2 224 995	142 982	2 656 058
M Lubbe	32 184	–	–	32 184
N P Mageza	–	296	–	296
J Malherbe	48 670	–	1 161 565	1 210 235
P J Moleketi	1 243	–	19 718	20 961
M Morobe	–	633	–	633
F Robertson	–	5 500	–	5 500
J P Rupert*	–	–	7 553 865	7 553 865
N J Williams	25 000	–	66 000	91 000
	570 163	3 266 830	9 561 780	13 398 773

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

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.