AUDITED SUMMARY CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2019 AND CASH DIVIDEND DECLARATION

SALIENT FEATURES

Headline earnings per share	-4.2%
Headline earnings per share, excluding option remeasurement	-2.6%
Ordinary dividend per share	+6.0%
Intrinsic net asset value per share	R233.03

Remgro Limited

Registration number 1968/006415/06
ISIN ZAE000026480 Share code REM

Remgro Limited

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R million	30 June 2019[1, 2]	2018
ASSETS		
Non-current assets		
Property, plant and equipment	14 541	13 626
Investment properties	119	119
Intangible assets	24 024	18 427
Investments - Equity accounted	71 183	73 722
- Available-for-sale	-	3 067
- Financial assets at fair value through other comprehensive income (FVOCI)	3 727	-
Financial assets at fair value through profit and loss (FVPL)	147	-
Retirement benefits	748	737
Long-term loans and debtors	311	697
Deferred taxation	199	158
	114 999	110 553
Current assets	40 539	40 375
Inventories	12 034	10 967
Biological agricultural assets	866	807
Debtors and short-term loans	9 543	8 599
Financial assets at FVPL	148	12
Taxation	108	81
Investment in money market funds	5 175	3 996
Cash and cash equivalents	12 662	12 169
	40 536	36 631
Assets held for sale	3	3 744
Total assets	155 538	150 928
EQUITY AND LIABILITIES		
Stated capital	13 416	13 416
Reserves	88 251	84 865
Treasury shares	(570)	(183)
Shareholders' equity	101 097	98 098
Non-controlling interest	15 092	15 348
Total equity	116 189	113 446
Non-current liabilities	26 770	25 891
Retirement benefits	186	195
Long-term loans	21 020	20 316
Deferred taxation	5 563	5 268
Financial liability at FVPL	1	112
Current liabilities	12 579	11 591
Trade and other payables	11 106	9 904
Short-term loans	1 376	1 557
Financial liabilities at FVPL	54	77
Taxation	43	53
Total equity and liabilities	155 538	150 928
Net asset value per share (Rand)		
- At book value	R178.95	R173.04
- At intrinsic value	R233.03	R256.97

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

Remgro Limited

SUMMARY CONSOLIDATED INCOME STATEMENT

R million	Year ended 30 June 2019	2018
CONTINUING OPERATIONS		
Revenue	56 968	31 115
Inventory expenses	(33 606)	(17 814)
Staff costs	(8 576)	(5 641)
Depreciation	(1 303)	(810)
Other net operating expenses	(10 205)	(5 590)
Trading profit	3 278	1 260
Dividend income	78	112
Interest received	1 268	886
Fair value adjustment on exchangeable bonds' option	112	261
Finance costs	(1 477)	(1 266)
Net impairment of investments, assets and goodwill	(7 218)	(201)
Loss allowances on loans	(274)	(1)
Profit on sale and dilution of investments	137	5 188
Consolidated profit/(loss) before tax	(4 096)	6 239
Taxation	(987)	(423)
Consolidated profit/(loss) after tax	(5 083)	5 816
Share of after-tax profit of equity accounted investments	4 517	2 893
Net profit/(loss) for the year from continuing operations	(566)	8 709
DISCONTINUED OPERATIONS[1]		
Profit for the year from discontinued operations	8 318	490
Net profit for the year	7 752	9 199
Attributable to:		
Equity holders	7 319	8 943
Continuing operations	(999)	8 453
Discontinued operations	8 318	490
Non-controlling interest	433	256
	7 752	9 199

EQUITY ACCOUNTED INVESTMENTS		
Share of after-tax profit of equity accounted investments		
Profit before taking into account impairments and non-recurring items	9 228	10 035
Net impairment of investments, assets and goodwill	(3 729)	(5 935)
Profit on the sale of investments	521	505
Recycling of foreign currency translation reserves	6	647
Other headline earnings adjustable items	11	13
Profit before tax and non-controlling interest	6 037	5 265
Taxation	(1 160)	(1 499)
Non-controlling interest	(360)	(383)
	4 517	3 383
Continuing operations	4 517	2 893
Discontinued operations	-	490

1. *On 30 June 2018 the investment in Unilever was transferred from "investments - equity accounted" to "assets held for sale" (refer to the section dealing with "Investment activities"). Profit from discontinued operations consists of the equity accounted earnings of Unilever as well as the profit on its subsequent disposal.*

Remgro Limited

HEADLINE EARNINGS RECONCILIATION

R million	Year ended 30 June 2019	2018
CONTINUING OPERATIONS		
Net profit/(loss) for the year attributable to equity holders (earnings)	**(999)**	8 453
- Impairment of equity accounted investments[1]	**5 533**	580
- Reversal of impairment of equity accounted investments[1]	**-**	(529)
- Impairment of available-for-sale investments	**-**	44
- Impairment of property, plant and equipment[2]	**757**	71
- Reversal of impairment of property, plant and equipment	**(3)**	-
- Impairment of intangible and other assets[3]	**931**	34
- Profit on sale and dilution of equity accounted investments	**(60)**	(5 156)
- Loss on sale and dilution of equity accounted investments	**16**	52
- Profit on sale of available-for-sale investments	**-**	(116)
- Profit on disposal of property, plant and equipment	**(208)**	(114)
- Loss on disposal of property, plant and equipment	**39**	-
- Recycling of foreign currency translation reserves	**(90)**	(10)
- Loss on sale of subsidiary	**-**	42
- Non-headline earnings items included in equity accounted earnings of equity accounted investments	**3 198**	4 726
- (Profit)/loss on disposal of property, plant and equipment	**7**	(44)
- Profit on sale of investments	**(537)**	(583)
- Loss on sale of investments	**16**	78
- Impairment of investments, assets and goodwill[4]	**3 729**	5 935
- Recycling of foreign currency translation reserves	**(6)**	(647)
- Other headline earnings adjustable items	**(11)**	(13)
- Taxation effect of adjustments	**(450)**	32
- Non-controlling interest	**(469)**	(35)
Headline earnings from continuing operations	**8 195**	8 074
DISCONTINUED OPERATIONS		
Net profit for the year attributable to equity holders (earnings)	**8 318**	490
Profit on sale of equity accounted investments[5]	**(8 318)**	-
- Non-headline earnings items included in equity accounted earnings of equity accounted investments		
- Loss on disposal of property, plant and equipment	**-**	12
- Taxation effect of adjustments	**-**	(3)
Headline earnings from discontinued operations	**-**	499
Total headline earnings from continuing and discontinued operations	**8 195**	8 573
Option remeasurement[6]	**(112)**	(261)
Headline earnings, excluding option remeasurement	**8 083**	8 312

1. *Refer to "Net impairments of equity accounted investments" under "Additional information" for further detail.*
2. *Included in "Impairment of property, plant and equipment" is an amount of R744 million relating to the Sugar business unit in RCL Foods.*
3. *"Impairment of intangible and other assets" includes an impairment of R888 million of the goodwill recognised on the acquisition of Siqalo Foods.*
4. *"Impairment of investments, assets and goodwill" from equity accounted investments for the year under review includes Remgro's portion of the impairments of Mediclinic's properties and trade names in Switzerland and its investment in Spire of R2 873 million (2018: R5 257 million).*
5. *"Profit on sale of equity accounted investments" consists of the profit realised on the disposal of Unilever.*
6. *Included in headline earnings is a positive fair value adjustment of R112 million (2018: positive fair value adjustment of R261 million), relating to the decrease in value of the bondholders' exchange option (accounted for as a derivative liability) of the bonds (option remeasurement) that were issued during March 2016 to partially refinance the foreign bridge funding that was raised for the Al Noor Hospitals Group plc transaction. The bonds are exchangeable into Mediclinic shares and/or cash, and fair value adjustments on the option (reflecting inter alia the movement in the underlying Mediclinic share price) are expected to cause volatility in headline earnings during its five-year term.*

Remgro Limited

EARNINGS AND DIVIDENDS

Cents	Year ended 30 June 2019	2018
Headline earnings per share		
– Basic	1 448.9	1 512.6
Continuing operations	1 448.9	1 424.6
Discontinued operations	-	88.0
– Diluted	1 445.9	1 504.5
Continuing operations	1 445.9	1 416.5
Discontinued operations	-	88.0
Headline earnings per share, excluding option remeasurement		
– Basic	1 429.1	1 466.5
Continuing operations	1 429.1	1 378.5
Discontinued operations	-	88.0
– Diluted	1 426.1	1 458.4
Continuing operations	1 426.1	1 370.4
Discontinued operations	-	88.0
Earnings per share		
– Basic	1 294.0	1 577.9
Continuing operations	(176.6)	1 491.4
Discontinued operations	1 470.6	86.5
– Diluted	1 292.0	1 567.5
Continuing operations	(177.5)	1 481.1
Discontinued operations	1 469.5	86.4
Dividends per share		
Ordinary	564.00	532.00
– Interim	215.00	204.00
– Final	349.00	328.00

	30 June 2019	2018
Number of shares in issue		
- Ordinary shares of no par value	529 217 007	529 217 007
- Unlisted B ordinary shares of no par value	39 056 987	39 056 987
Total number of shares in issue	568 273 994	568 273 994
Number of shares held in treasury		
- Ordinary shares repurchased and held in treasury	(3 334 936)	(1 389 033)
	564 939 058	566 884 961
Weighted number of shares	565 619 396	566 773 693

In determining earnings per share and headline earnings per share the weighted number of shares was taken into account.

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SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

1. *Refer to "Change in accounting policies" under "Comments" for the impact of the implementation of new accounting standards.*

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SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

R million	Year ended 30 June 2019	2018
Cash flows – operating activities		
Cash generated from operations	**4 372**	2 096
Interest received	**1 256**	879
Taxation paid	**(1 217)**	(657)
Dividends received[1]	**3 381**	3 789
Finance costs	**(1 492)**	(1 159)
Cash available from operating activities	**6 300**	4 948
Dividends paid	**(3 759)**	(2 934)
Cash inflow/(outflow) from operating activities	**2 541**	2 014
Cash flows – investing activities		
Investment in property, plant and equipment and other assets	**(2 636)**	(1 268)
Proceeds on disposal of property, plant and equipment and intangible assets	**69**	246
Proceeds on disposal of assets held for sale[2]	**5 084**	43
Businesses acquired[3]	**(61)**	1 223
Proceeds on disposal of investments and loans[4]	**1 004**	407
Additions to investments and loans[5]	**(4 484)**	(339)
Acquisition of money market funds	**(1 179)**	(100)
Disposal of money market funds	**-**	1 992
Business disposed	**-**	4
Cash inflow/(outflow) from investing activities	**(2 203)**	2 208
Cash flows – financing activities		
Loans repaid	**(600)**	(118)
Purchase of treasury shares	**(396)**	-
Other movements	**180**	196
Cash inflow/(outflow) from financing activities	**(816)**	78
Net increase/(decrease) in cash and cash equivalents	**(478)**	4 300
Exchange rate profit on foreign cash	**38**	213
Cash and cash equivalents at the beginning of the year	**11 985**	7 472
Cash and cash equivalents at the end of the year	**11 545**	11 985
Cash and cash equivalents – per statement of financial position	**12 662**	12 169
Bank overdraft	**(1 117)**	(184)

1. *The dividend received from RMI in respect of the reinvestment alternative (refer to "Investing activities"), amounting to R300 million (2018: R471 million), is not included in "Dividends received" and "Additions to investments and loans" for cash flow purposes.*
2. *Includes the R4 900 million cash received on the disposal of the investment in Unilever (refer to "Investment activities").*
3. *The prior year includes the net cash and cash equivalents of Distell at acquisition date amounting to R1 306 million.*
4. *Includes the repayment of the loan granted to MCSH (refer to "Investment activities").*
5. *Include the investments in CIVH and Prescient (refer to "Investment activities").*

ADDITIONAL INFORMATION

R million	30 June 2019	2018
Equity accounted investments		
Associates	65 417	70 735
Joint ventures	5 766	2 987
	71 183	73 722
Equity accounted investment reconciliation		
Carrying value at the beginning of the year	73 722	80 883
Change in accounting policies[1]	(1 093)	-
Restated balance at the beginning of the year	72 629	80 883
Share of net attributable profit	4 517	3 383
Dividends received	(3 615)	(4 259)
Exchange rate differences	(472)	1 779
Investments made[2]	3 252	675
Net impairments	(5 534)	(52)
Derecognition of equity accounted investments in Distell and Capevin	-	(3 885)
Transfer of Unilever to non-current assets held for sale	-	(3 588)
Businesses acquired	-	968
Equity accounted movements on reserves	239	(2 145)
Other movements	167	(37)
Carrying value at the end of the year	71 183	73 722

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

R million	30 June 2019	2018
Net impairments of equity accounted investments		
Reversal of impairments/(impairments) were recognised for the following investments:		
Mediclinic	(3 898)	-
Best Global Brands Limited	(524)	-
PGSI	(378)	42
Grindrod	(300)	487
Other impairments	(434)	(581)
	(5 534)	(52)

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

ADDITIONAL INFORMATION (continued)

Net impairments of equity accounted investments (continued)

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

	Discount rate (%)	Terminal growth rate (%)
South Africa	11.5	4.5
Switzerland	5.7	0.6
Middle East	9.2	2.1

Any increase in the discount rate or decreases in the short-term cash flow projections or terminal growth rate could give rise to further impairment charges in future. The value in use of the investment is R24 019 million and, as a result, an impairment of R3 898 million was recognised.

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

R million	30 June 2019	2018
Long-term loans		
20 000 Class A 7.5% cumulative redeemable preference shares[1]	3 488	3 512
10 000 Class B 8.3% cumulative redeemable preference shares[1]	4 312	4 382
Exchangeable bonds with an effective interest rate of 4.5%	6 117	6 090
Various other loans	7 205	7 533
	21 122	21 517
Short-term portion of long-term loans	(102)	(1 201)
	21 020	20 316
Additions to and replacement of property, plant and equipment	2 543	1 153
Capital and investment commitments[2] (Including amounts authorised, but not yet contracted for)	5 204	4 366
Guarantees and contingent liabilities	5	9
Dividends received from equity accounted investments set off against investments	3 615	4 259
Refer to "Investment activities" under "Comments" for more detail on related party transactions.		

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

ADDITIONAL INFORMATION (continued)

Fair value remeasurements

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

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

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

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

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

R million	*Level 1*	*Level 2*	*Level 3*	Total
30 June 2019				
ASSETS				
Non-current assets				
Financial assets at FVOCI	**1 532**	**14**	**2 181**	**3 727**
Financial assets at FVPL	**-**	**-**	**147**	**147**
Current assets				
Financial assets at FVPL	**-**	**7**	**141**	**148**
Investment in money market funds	**5 175**	**-**	**-**	**5 175**
	6 707	**21**	**2 469**	**9 197**
LIABILITIES				
Non-current instruments at FVPL	**-**	**1**	**-**	**1**
Current instruments at FVPL	**-**	**54**	**-**	**54**
	-	**55**	**-**	**55**
30 June 2018				
ASSETS				
Available-for-sale	934	41	2 092	3 067
Financial assets at FVPL	-	12	-	12
Investment in money market funds	3 996	-	-	3 996
	4 930	53	2 092	7 075
LIABILITIES				
Non-current instruments at FVPL	-	112	-	112
Current instruments at FVPL	-	34	43	77
	-	146	43	189

ADDITIONAL INFORMATION (continued)

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

R million	Financial assets at FVOCI	Financial assets at FVPL	Financial liability at FVPL	Total
ASSETS				
Balances on 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 on 30 June 2019	2 181	288	-	2 469
LIABILITIES				
Balances on 1 July 2018	-	-	43	43
Put option exercised	-	-	(20)	(20)
Put option remeasurement	-	-	(23)	(23)
Balances on 30 June 2019	-	-	-	-

Level 3 financial assets consist mainly of investments in the Milestone China entities (Milestone) and the Pembani Remgro Infrastructure Fund (PRIF) amounting to R1 640 million and R231 million respectively. These investments are all valued based on the fair value of each investment's underlying assets, which are valued using a variety of valuation methodologies. Listed entities are valued at the last quoted share price on the reporting date, whereas unlisted entities' valuation methods include discounted cash flow valuations, appropriate earnings and revenue multiples.

Milestone's fair value consists of listed investments (25%), cash and cash equivalents (6%), and unlisted investments (69%). Unlisted investments included at transaction prices in Milestone's fair value amounted to R705 million, while its remaining six unlisted investments were valued at R361 million. PRIF's main assets are the investments in ETG Group, Octotel, RSAWeb, Lumos Global and GPR Leasing. ETG Group was valued using a market based approach, specifically the comparable company method (Enterprise value/EBITDA), while the other investments were valued using the discounted cash flow method.

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

Segment revenue

R million	Year ended 30 June 2019	2018
Consumer products		
Distell	26 180	4 219
RCL Foods	25 786	24 426
Siqalo Foods	2 626	-
Industrial		
Wispeco	2 376	2 265
Other media and sport	-	205
Consolidated	56 968	31 115

Remgro Limited

ADDITIONAL INFORMATION (continued)

Disaggregated revenue information

R million	Year ended 30 June 2019
Distell	
Spirits	9 272
Wine	7 186
Cider and RTDs	9 724
Other	24
Non-distinct and other costs not allocated to categories	(26)
	26 180
RCL Foods	
Consumer	12 965
Sugar & Milling	14 935
Logistics	2 183
Sales between RCL Foods business units	(4 297)
Group	102
	25 888
Siqalo Foods	
Spreads	2 626
Wispeco	
Extrusions and related products	2 135
Other	241
	2 376
Elimination of inter-segment revenue	(102)
Total revenue	56 968

COMMENTS

1. ACCOUNTING POLICIES

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

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, with the exception of the implementation of *IFRS 9: Financial Instruments* and *IFRS 15: Revenue from Contracts with Customers.* Refer to “Change in accounting policies” for further detail on the implementation of these standards and amendments.

During the year under review various other interpretations and amendments became effective, but their implementation had no impact on the results of either the current or prior years.

The financial statements have been prepared under the supervision of the Chief Financial Officer, Neville Williams CA(SA).

2. CHANGE IN ACCOUNTING POLICIES

This section explains the impact of the adoption of *IFRS 9: Financial Instruments* and *IFRS 15: Revenue from Contracts with Customers* on the Group’s financial statements.

A. Impact of the adoption of *IFRS 9: Financial Instruments*

IFRS 9 replaces the provisions of *IAS 39* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. *IFRS 9* was adopted without restating comparative information in accordance with the transitional provisions. The adjustments arising from the new standard are therefore not reflected in the statement of financial position as at 30 June 2018, but are recognised in the opening statement of financial position on 1 July 2018.

1. Classification and measurement

- **Loans and receivables**
  Loans and receivables are classified as financial assets at amortised cost. The implementation of *IFRS 9* had no impact on the classification of these assets. It is the Group’s business model to hold these instruments for collection of cash flows, and the cash flows represent solely payments of principal and interest.

- **Equity investments previously classified as available-for-sale**
  The Group elected to present changes in the fair value of all its equity investments previously classified as available-for-sale in other comprehensive income as these investments are held as long-term investments and are not expected to be sold in the short to medium term. As a result, assets with a fair value of R3 067 million were reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income (FVOCI) and the related fair value gains of R661 million remains in the fair value reserve on 1 July 2018. Any subsequent remeasurements of these instruments will be reflected in other comprehensive income and no portion will be transferred to the income statement. Dividends from these investments are accounted for in profit and loss.

- **Borrowings, derivatives and hedging activities**
  The adoption of *IFRS 9* had no impact on the Group’s classification and measurement of borrowings, derivatives and the Group’s hedging activities.

2. Impairment of financial assets

The impact on the Group's results from the adoption of *IFRS 9* relate solely to the new impairment requirements. The Group's financial assets carried at amortised cost consist of:

- Current trade and other receivables related to sales of goods and services;
- Cash and cash equivalents; and
- Loans receivable.

The impact of the change in impairment methodology on the Group's total equity is disclosed below. The adjustment arose from changes in the impairment provisions for the Group's current trade and other receivables.

The Group's subsidiaries apply the *IFRS 9* simplified approach to measuring expected credit losses on its current trade receivables, which calculates the loss allowance on a lifetime basis. The Group has credit guarantee insurance in place where management of each business unit deems it necessary. The Group's credit policies requires each new customer to be analysed individually for creditworthiness before delivery and payment terms are offered.

To measure the expected credit loss, trade receivables have been grouped based on shared characteristics and days past due. The calculation of the expected credit loss takes into account any insurance cover in place.

Reconciliation of the loss allowance for trade receivables as at 30 June 2018 to 1 July 2018:

R million	Trade receivables impairment provision
Closing impairment provision (as calculated under *IAS 39*) – 30 June 2018	135
Amount restated in opening equity	25
Opening impairment provision (as calculated under *IFRS 9)* – 1 July 2018	160

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others:

- the failure of a debtor to engage in a repayment plan with the Group;
- the failure to make contractual payments for a period of greater than the number of days past due as set by each business unit; and/or
- a legal process has not enabled recovery.

3. Debt instruments

The debt instruments classified as measured at amortised cost at 30 June 2018 are considered to have a low credit risk. The loss allowance calculated for these were therefore limited to 12 months' expected losses and was immaterial. The debt instruments are considered to have a low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The loss allowances for financial assets are based on assumptions pertaining to risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on past experience, existing market conditions as well as forward looking estimates at the end of each reporting year.

B. Impact of the adoption of *IFRS 15: Revenue from Contracts with Customers*

In accordance with the transitional provisions in *IFRS 15*, the Group has applied the modified retrospective application option, and certain adjustments are therefore recognised in the opening statement of financial position on 1 July 2018.

1. Accounting for payments to customers for non-distinct goods and services

The adoption of *IFRS 15* has required the Group to identify separate performance obligations in contracts with customers. The Group makes payments or provides products to customers linked to a loyalty program and distribution of sales and marketing related functions carried out by them. These costs have previously been included in expenditure items in the income statement, but is now accounted for against revenue. This change had no impact on net profit.

2. Accounting for refunds

When the customer has a right to return the product within a given year, the Group is obliged to refund the purchase price. The Group recognises revenue when the goods have been formally accepted by the customer or the goods have been delivered and the time year for rejection had expired as there is uncertainty about the possibility of return. When goods are returned, revenue is derecognised and the customer credited with value of the goods originally delivered.

In terms of *IFRS 15*, a refund liability for the estimated expected refunds of R19 million outstanding to customers was recognised as an adjustment to trade and other payables on 1 July 2018. Simultaneously, the Group has a right to recover the product from the customer where the customer exercises his right of return, which right is included in trade and other receivables amounting to R12 million at 1 July 2018. The asset is measured by reference to the former carrying value of the product. The costs to recover the products are not material as the products are usually returned during the normal distribution process.

3. Accounting for payments to customers for non-distinct goods and services

The Group makes payments in the form of various rebates and allowances to customers linked to distribution or sales and marketing related functions carried out by these customers. These costs, which was insignificant to Remgro's 2018 financial year, was previously presented as part of other net operating expenses. Subsequent to the 1 July 2018 implementation of *IFRS 15*, payments made to customers for non-distinct goods and services are classified as part of revenue. *IFRS 15* requires that, unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity, the consideration payable to the customer should be accounted for as a reduction of the transaction price (and therefore of revenue). If the payment to the customer is for distinct goods or services, the entity shall account for the purchase in the same way it accounts for other purchases from suppliers.

The Group analysed its payments to customers and concluded these payments to be in lieu of non-distinct services directly related to revenue contracts. Therefore, the Group accounts for these costs against revenue in accordance with the newly introduced principles.

C. Impact of the adoption of *IFRS 9* and *IFRS 15* on equity accounted investments

Remgro's equity accounted investments followed the same transitional arrangements as described above.

The impact of the implementation of *IFRS 9* from equity accounted investments on Remgro's statement of financial position was a decrease amounting to R795 million in both equity accounted investments and reserves. The amendment that had the largest impact was applying the expected credit losses on FirstRand Limited's (FirstRand) results, which in turn affected RMB Holdings Limited's (RMH) statement of financial position on 1 July 2018. The implementation of *IFRS 9* by these two companies reduced Remgro's carrying value of equity accounted investments and reserves by R735 million.

The impact of the implementation of *IFRS 15* amounted to a reduction in the carrying value of equity accounted investments and reserves of R298 million, of which R289 million is attributable to SEACOM Capital Limited (SEACOM). SEACOM adjusted the accounting of its indefeasible right of use contracts which included the obligation to provide services at various capacities across two networks and with different pricing structures for which cash is received in advanced.

D. Impact of the adoption of *IFRS 9* and *IFRS 15* on the consolidated statement of financial position

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

Consolidated statement of financial position (extract)

R million	30 June 2018 As previously presented	IFRS 9	IFRS 15	1 July 2018 Restated
ASSETS				
Non-current assets				
Investments - Equity accounted	73 722	(795)	(298)	72 629
- Available - for-sale	3 067	(3 067)	-	-
- Financial assets at FVOCI	-	3 067	-	3 067
Current assets				
Debtors and short-term loans	8 599	(25)	12	8 586
Total assets	150 928	(820)	(286)	149 822
EQUITY AND LIABILITIES				
Reserves	84 865	(805)	(298)	83 762
Shareholders' equity	98 098	(805)	(298)	96 995
Non-controlling interest	15 348	(9)	(4)	15 335
Total equity	113 446	(814)	(302)	112 330
Deferred taxation	5 268	(6)	(3)	5 259
Trade and other payables	9 904	-	19	9 923
Total equity and liabilities	150 928	(820)	(286)	149 822

3. COMPARISON WITH THE PRIOR YEAR

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

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

R million	At acquisition date Siqalo Foods 02 July 2018	Distell 11 May 2018
Property, plant and equipment	493	6 608
Intangible assets	1 687	10 169
Inventories	124	7 765
Debtors and short-term loans	-	2 149
Cash and cash equivalents less bank overdraft	-	1 306
Other net assets	-	1 229
Long-term loans	-	(4 378)
Deferred taxation (assets and liabilities)	(498)	(3 693)
Trade and other payables	(14)	(3 857)
Non-controlling interest	-	(11 893)
Fair value of net assets acquired	1 792	5 405
Goodwill	5 208	3 535
Total purchase consideration	7 000	8 940

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

4. RESULTS

Headline earnings

For the year to 30 June 2019 headline earnings decreased by 4.4% from R8 573 million to R8 195 million, while headline earnings per share (HEPS) decreased by 4.2% from 1 512.6 cents to 1 448.9 cents.

Included in headline earnings for the year under review is a positive fair value adjustment amounting to R112 million (2018: R261 million), relating to the decrease in value of the bondholders' exchange option of the exchangeable bonds (option remeasurement). Excluding the option remeasurement, headline earnings decreased by 2.8% from R8 312 million to R8 083 million, whereas HEPS decreased by 2.6% from 1 466.5 cents to 1 429.1 cents. The decrease in headline earnings, excluding option remeasurement, is mainly due to lower earnings from RCL Foods Limited (RCL Foods), Community Investment Ventures Holdings Proprietary Limited (CIVH), Total South Africa Proprietary Limited (Total) and the exclusion of Unilever South Africa Holdings Proprietary Limited (Unilever) due to its disposal. The decrease is partly offset by the inclusion of Siqalo Foods Proprietary Limited (Siqalo Foods) and a higher contribution from the banking platform, as well as higher interest income.

Contribution to headline earnings by reporting platform

R million	Year ended 30 June 2019	% Change	Year ended 30 June 2018
Banking	**3 737**	*6.0*	3 525
Healthcare	**1 693**	*8.8*	1 556
Consumer products	**918**	*(42.8)*	1 605
Insurance	**1 161**	*(5.5)*	1 228
Industrial	**944**	*(2.8)*	971
Infrastructure	**(174)**	*(405.3)*	57
Media and sport	**20**	*142.6*	(47)
Other investments	**39**	*(40.9)*	66
Central treasury			
- finance income	**755**	*44.1*	524
- finance costs	**(823)**	*7.6*	(891)
- option remeasurement	**112**	*(57.1)*	261
Other net corporate costs	**(187)**	*33.7*	(282)
Headline earnings	**8 195**	*(4.4)*	8 573
Option remeasurement	**(112)**		(261)
Headline earnings, excluding option remeasurement	**8 083**	*(2.8)*	8 312

Refer to Annexures A and B for the audited segmental information.

Commentary on reporting platforms' performance (unaudited)

Banking

The headline earnings contribution from the banking platform amounted to R3 737 million (2018: R3 525 million), representing an increase of 6.0%. FirstRand and RMH reported headline earnings growth of 5.2% and 6.1% respectively. RMH reported higher growth due to higher earnings from RMH Property.

On a normalised basis, which excludes certain non-operational and accounting anomalies, and is a better reflection of underlying performance, FirstRand and RMH reported earnings growth of 5.6% and 6.6% respectively. These increases are mainly due to growth in both net interest income (up by 9%), underpinned by solid growth in advances and deposits, and non-interest revenue (up by 6%) due to strong fee and commission income growth. This growth in earnings was partly offset by an increase of 23% in non-performing loans, in part reflecting strong book growth in the unsecured portfolios, macro pressures in certain industries affecting WesBank, as well as the impact of *IFRS 9* impairment provisioning methodology resulting in an increase in credit impairment charges.

Healthcare

Mediclinic International plc's (Mediclinic) contribution to Remgro's headline earnings amounted to R1 693 million (2018: R1 556 million), representing an increase of 8.8%. Mediclinic uses adjusted earnings, which removes volatility associated with certain types of exceptional income and charges, in evaluating performance and as a method to provide its shareholders with clear and consistent reporting. For the year under review the main difference between adjusted earnings and headline earnings related to a tax credit in respect of Hirslanden properties, whereas the comparative year related to an accelerated amortisation charge in respect of the rebranding of all the Al Noor facilities to Mediclinic and a derecognition charge in respect of unamortised finance expenses relating to the refinancing of Hirslanden's debt. Remgro's portion of Mediclinic's adjusted earnings amounted to R1 591 million (2018: R1 693 million), representing a decrease of 6.0%.

In British pound terms, Mediclinic reported a decrease in adjusted earnings of 10.4%, reflecting the weakening of the average SA rand exchange rate against the British pound. This decrease is mainly due to a lower contribution from the Switzerland division, partly offset by a stronger performance by the Southern Africa and Middle East operating divisions. Switzerland's underperformance was a direct result of recent regulatory changes in the Swiss healthcare market which impacted all providers. These changes included the implementation of national outpatient tariff (TARMED) reductions and the outmigration of identified clinical treatments, transferring from an inpatient to an outpatient tariff across many cantons. Actions have been taken to improve the current financial performance through securing revenue growth, reducing costs and driving operational and portfolio efficiencies. Additional medium-term actions include improving service differentiation across insurance categories, medical practitioner recruitment initiatives and advancing the outpatient delivery model.

Consumer products

The contribution from consumer products to Remgro's headline earnings amounted to R918 million (2018: R1 605 million), representing a decrease of 42.8%.

RCL Foods' contribution to Remgro's headline earnings decreased by 60.7% to R254 million (2018: R647 million). This decrease is largely attributable to the adverse performance of the Chicken and Sugar business units. The local poultry and sugar industries are under significant pressure, impacted by oversupply, driven by local volumes and dumped imports, and declining local market demand due to muted consumer spending and, specifically with respect to sugar, the recently implemented Health Promotion Levy (sugar tax), which has reduced domestic sugar consumption by 14%. The supply/demand imbalance resulted in low selling prices being realised in both the Chicken and Sugar business units, inhibiting the recovery of higher chicken feed cost, while sugar competitors battle for market share, thereby severely reducing margins. In the absence of an appropriate tariff, chicken imports remained high, with sugar imports having stabilised following the implementation of a revised tariff in August 2018. Despite the challenging market conditions, Groceries performed strongly, improving volumes and margins across a broad spectrum of categories coupled with a strong focus on operational efficiency.

Distell Group Holdings Limited's (Distell) contribution to headline earnings amounted to R459 million (2018: R467 million), representing a decrease of 1.7%. Note that the comparative period included the contribution from Capevin Holdings Limited. Distell discloses normalised earnings, adjusted for abnormal transactions and currency movements, to indicate its businesses' performance. For the year under review, these abnormal transactions included retrenchment and restructuring costs, as well as a credit loss provision relating to USD denominated savings bonds with the Reserve Bank of Zimbabwe. The comparative year included retrenchment and restructuring costs, as well as the Tanzania Distilleries Limited once-off losses following a sachet ban and excise duty dispute. Distell reported an increase in normalised earnings of 7.0%, mainly due to overall comparable revenue growth of 9.4% on flat volumes. In addition to Distell's contribution, Remgro also accounted for amortisation and depreciation charges of R47 million (2018: R8 million) relating to the additional assets identified when Remgro obtained control over Distell on 11 May 2018.

On 2 July 2018 Unilever acquired Remgro's 25.75% shareholding in Unilever in exchange for Unilever's Spreads business in Southern Africa, namely Siqalo Foods, as well as a cash consideration of R4 900 million. As a result, no headline earnings contribution was accounted for Unilever (2018: R499 million), however, Siqalo Foods' contribution to Remgro's headline earnings for the year under review amounted to R332 million. Siqalo Foods' revenue amounted to R2 626 million on the back of a 2.9% growth in volumes. In addition to Siqalo Foods' contribution, Remgro also accounted for amortisation and depreciation charges of R80 million relating to the additional assets identified when Remgro obtained control over Siqalo Foods.

Insurance

Rand Merchant Investment Holdings Limited's (RMI) contribution to Remgro's headline earnings decreased by 5.5% to R1 161 million (2018: R1 228 million). On a normalised basis, RMI reported a decrease of 4.3% in earnings mainly due to lower contributions from Discovery Holdings Limited (Discovery), OUTsurance Holdings Limited (OUTsurance) and Hastings Group Holdings plc (Hastings), partly offset by a higher contribution from Momentum Metropolitan Holdings Limited (Momentum Metropolitan). The contribution of Discovery decreased by 7.0%, mainly due to the weaker performance of Discovery Life, which experienced a spike in large mortality claims, and significant investment in new strategic initiatives (most notable being Discovery Bank). OUTsurance's contribution decreased by 8.1% due to higher claims and cost ratios across the group, significant investments in new business growth activities and unusually low claims in the comparative year. Hastings' contribution to RMI decreased by 29.0% as a result of market rate reductions, claims inflation continuing ahead of earned premium inflation, combined with legislative changes which increased underwriting levies. Momentum Metropolitan's contribution increased by 62.4% due to resilient operational performance in most businesses, supported by efficiency improvements and good underwriting results across the group. The comparative year was impacted by large negative operating basis changes and investment variances across the South African retail businesses and the rest of Africa.

Industrial

Air Products South Africa Proprietary Limited's (Air Products) contribution to Remgro's headline earnings increased by 18.7% to R343 million (2018: R289 million). This increase is mainly due to overall volume growth and cost containment measures.

Total's contribution to Remgro's headline earnings amounted to R328 million (2018: R501 million). Included in the contribution to headline earnings for the year under review are unfavourable stock revaluations amounting to R1 million (2018: favourable stock revaluations of R216 million). These revaluations are the result of the volatility in the Brent Crude price and the rand exchange rate. Excluding these revaluations, the contribution increased by 15.4% from R285 million to R329 million. This increase is mainly due to an increase in turnover resulting from higher sales volumes in the mining and commercial sectors.

Kagiso Tiso Holdings Proprietary Limited's (KTH) and Wispeco Holdings Proprietary Limited's (Wispeco) contributions to headline earnings amounted to R161 million and R121 million (2018: R55 million and R122 million) respectively, while PGSI Limited (PGSI) contributed a loss of R9 million to Remgro's headline earnings (2018: a profit of R4 million).

Infrastructure

CIVH's contribution to Remgro's headline earnings amounted to a loss of R204 million (2018: profit of R48 million). Despite the decrease in headline earnings, Dark Fibre Africa Proprietary Limited's (DFA) revenue increased by 22.6% to R2 349 million (2018: R1 916 million) mainly due to strong growth in annuity revenue. DFA's annuity income is in excess of R163 million per month (2018: R136 million). DFA's contribution was negatively impacted by higher depreciation and finance costs as a result of the expanding network, as well as impairment losses on financial assets. Included in CIVH's results were finance costs, relating to the financing of the Vumatel Proprietary Limited (Vumatel) acquisition, as well as Vumatel's equity accounted losses amounting to R98 million. Vumatel's results also include strong revenue and EBITDA growth, offset by depreciation and finance costs driven by the expanding network.

Grindrod Limited's (Grindrod) contribution to Remgro's headline earnings amounted to R72 million (2018: a loss of R46 million). The comparative period included losses from the shipping division and stock impairments in the rail assembly business. Grindrod's Port and Terminals and Logistics divisions showed improved results. Ports and Terminals, Logistics and Bank form part of Grindrod's core businesses, whereas Marine Fuel and Agricultural investments were reallocated to discontinuing operations.

During June 2018 Grindrod completed the separate listing of its shipping division and Remgro received Grindrod Shipping Holdings Limited (Grindrod Shipping) shares as a dividend in specie. Grindrod Shipping's contribution to Remgro's headline earnings amounted to a loss of R65 million (included in the 2018 contribution of Grindrod: a loss of R102 million). The decrease in losses is mainly due to a year on year increase in tanker rates, a decline in vessel operating expenses and lower administrative expenses as the costs associated with the spin-off were not repeated, partly offset by charter rates that declined overall in the markets for the drybulk business.

SEACOM's contribution to Remgro's headline earnings amounted to a loss of R2 million. As a result of the implementation of *IFRS 15*, SEACOM adjusted the accounting of its indefeasible right of use contracts (for which cash is received in advanced), resulting in a reduction of R289 million in Remgro's carrying value of SEACOM. This reduction, as well as the equity accounted losses for the year, amounted to a negative SEACOM carrying value, which caused Remgro to only account for SEACOM's losses down to a zero carrying value. Remgro's actual portion of SEACOM's losses for the full year amounted to R31 million (2018: a profit of R15 million). This decrease is mainly due to a once-off realisation of deferred revenue relating to the early termination of long-term contracts in the comparative year, as well as the negative impact of the implementation of *IFRS 15* in the year under review.

Media and sport

Media and sport primarily consist of the interests in eMedia Investments Proprietary Limited (eMedia Investments) and various sport interests, including an interest in the Blue Bulls rugby franchise and Stellenbosch Academy of Sport Properties Proprietary Limited.

eMedia Investments' contribution to Remgro's headline earnings increased to R39 million (2018: R1 million). This increase is mainly due to an increase in advertising revenue, assisted by an increase in market share, and the containment of costs. eMedia Investments continues to invest into the multi-channel business (Openview and e.tv multichannel) with Openview set-top box activations growing at an average of approximately 35 000 per month. The activated set-top boxes amounted to approximately 1.7 million at 30 June 2019.

Other investments

The contribution from other investments to headline earnings amounted to R39 million (2018: R66 million), of which Business Partners Limited's contribution was R65 million (2018: R65 million).

Central treasury and other net corporate costs

Finance income amounted to R755 million (2018: R524 million). This increase is mainly due to higher average cash balances as a result of the Unilever disposal. Finance costs amounted to R823 million (2018: R891 million). This decrease is mainly due to a profit of R90 million recognised on the refinancing of the Class A and Class B preference shares. The positive fair value adjustment of R112 million (2018: R261 million) relates to the decrease in the value of the exchange option of the exchangeable bonds. Other net corporate costs amounted to R187 million (2018: R282 million). This decrease is mainly due to an after-tax underwriting fee received of R42 million in respect of a CIVH rights issue. The comparative year included transaction costs amounting to R109 million, relating to the Distell ownership restructuring and the Unilever Spreads business acquisition, partly offset by the utilisation of corporate taxation credits.

Earnings

Earnings decreased by 18.2% to R7 319 million (2018: R8 943 million). The year under review included impairments on Remgro's investments in Mediclinic (R3 898 million), PGSI (R378 million), Grindrod (R300 million) and Grindrod Shipping (R277 million), as well as an impairment of Siqalo Foods' goodwill (R888 million) and Remgro's portion of the impairments of RCL Foods' Sugar business (R428 million) and Mediclinic's properties and trade names in Switzerland and its investment in Spire Healthcare Group plc (Spire) (totalling R2 873 million). This decrease was partly offset by the accounting profit realised on the Unilever disposal of R8 318 million. The comparative year included the profit realised on the Distell restructuring transaction (R5 150 million) and Remgro's portion of the impairments of Mediclinic's properties and trade names in Switzerland and its investment in Spire (R5 257 million).

5. INTRINSIC NET ASSET VALUE

Remgro's intrinsic net asset value per share decreased by 9.3% from R256.97 at 30 June 2018 to R233.03 at 30 June 2019. The closing share price at 30 June 2019 was R187.90 (2018: R204.29) representing a discount of 19.4% (2018: 20.5%) to the intrinsic net asset value. Refer to Annexure B for full details.

6. INVESTMENT ACTIVITIES

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

Unilever

On 2 July 2018 Unilever acquired Remgro's 25.75% shareholding in Unilever in exchange for Unilever's Spreads business in Southern Africa, as well as a cash consideration of R4 900 million, representing a total transaction value of R11 900 million. This transaction valued the Unilever Spreads business at R7 000 million. The Unilever Spreads business was transferred to Siqalo Foods, which became a wholly owned subsidiary of Remgro on 2 July 2018.

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

In terms of *IFRS 3: Business Combinations* the purchase price of Siqalo Foods was R7 000 million. The fair value of the underlying assets acquired and liabilities assumed at the effective date were: intangible assets of R1 687 million, property, plant and equipment of R493 million, and other net liabilities of R388 million. The balance of R5 208 million, being the difference between the purchase price and Siqalo Foods' identifiable net assets, was allocated to goodwill.

The fair value adjustment to Siqalo Foods' statement of financial position relates mainly to the recognition of brands (*inter alia Rama, Stork* and *Flora*) and non-contractual customer relationships. The amortisation of these additional assets will result in an annual after-tax expense of R80 million included in headline earnings.

CIVH

During July 2018, CIVH repurchased 6.3% of its shares from a shareholder, which increased Remgro's interest in CIVH to 54.4% (30 June 2018: 51.0%).

During the year under review, Remgro invested a further R2 855 million in CIVH, in terms of CIVH rights issues. These share subscriptions did not alter Remgro's interest in CIVH. The rights issue proceeds were mainly used to partly fund the Vumatel acquisition, as well as to fund DFA's growth strategy. Remgro earned underwriting fees of R58 million in respect of one of the CIVH rights issues.

On 14 December 2018 Remgro advanced a loan amounting to R100 million to CIVH. The loan, including accrued interest, and the outstanding amount of the underwriting fees will be converted into CIVH shares subsequent to 30 June 2019, which will marginally increase Remgro's interest in CIVH to 54.7%.

Prescient China Equity Fund (Prescient)

During October 2018, Remgro invested $50 million in Prescient. Prescient was launched during October 2018 and Remgro and Reinet Investments S.C.A. provided the seed capital. Prescient, which uses a systematic, quantitative approach to seek long term capital growth, invests in listed stocks in the Chinese market and is benchmarked to the Shanghai Shenzhen CSI 300 index.

Milestone Capital Strategic Holdings Limited (MCSH)

Remgro previously invested $43 million in MCSH, consisting of an interest-bearing loan of $38 million and an investment of $5 million. During August 2018 MCSH repaid the loan and interest amounting to $42 million and Remgro disposed of its investment in MCSH for a total purchase consideration of $28 million. The purchase consideration was settled with cash amounting to $6 million, 10 714 310 Li Ning Company Limited (Li Ning) shares valued at $12 million and JHL Biotech, Inc. bonds (JHL bonds) valued at $10 million.

During December 2018 and January 2019, Remgro disposed of the 10 714 310 Li Ning shares for $12 million. The JHL bonds are held in escrow and will be utilised as Remgro's first contribution towards Milestone China Opportunities Fund IV (Milestone IV). Remgro committed up to a maximum amount of $100 million to Milestone IV during the year under review.

RMI

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

RCL Foods

During December 2018 Remgro acquired a further 7 042 924 RCL Foods shares for a total amount of R115 million. This transaction marginally increased Remgro's effective interest in RCL Foods to 77.5% (30 June 2018: 77.0%).

Milestone China Opportunities Fund III (Milestone III)

During the year under review, Remgro invested a further $3 million in Milestone III and received distributions of $9 million, thereby increasing its cumulative investment to $98 million and cumulative distributions received to $25 million. As at 30 June 2019 the fair value of Remgro's investment in Milestone III amounted to $113 million and the remaining commitment amounted to $2 million.

Invenfin Proprietary Limited (Invenfin)

During the year under review Invenfin (a wholly owned subsidiary of Remgro) invested a further R79 million in Bos Brands Proprietary Limited (Bos Brands), thereby increasing its cumulative investment in Bos Brands to R323 million.

Premier Team Holdings Limited (PTH) and Saracens Copthall LLP (Copthall)

On 24 October 2018, Remgro entered into an agreement in terms of which it disposed of its 50.0% interest in PTH (the entity that owns the Saracens rugby club) for a nominal amount with the right to sell its 49.5% interest in Copthall (the entity that houses the Saracens club's stadium, Allianz Park) after three years for £8 million. The combined transaction gave Remgro the ability to completely exit the Saracens Group.

Remgro's investments in PTH and Copthall were previously classified as associates and accounted for using the equity method. With effect from 24 October 2018, Remgro disposed of its investment in PTH and derecognised its associated investment in Copthall. The right to sell Copthall is classified as a financial instrument with fair value movements accounted for through profit and loss.

Other

Other smaller investments amounted to R228 million.

Events after year-end

Other than the above-mentioned transactions, there were no other significant transactions subsequent to 30 June 2019.

7. FINANCING ACTIVITIES

During the 2016 financial year Remgro (through its wholly owned subsidiary Remgro Healthcare Holdings Proprietary Limited (RHH)) issued Class A preference shares of R3.5 billion (four year tenure and fixed dividend rate of 7.7%) and Class B preference shares of R4.4 billion (five year tenure and a fixed dividend rate of 8.3%).

During March 2019 Remgro entered into agreements to refinance its preference shares. The maturity date of the Class A preference shares was extended to 15 January 2024 at a fixed dividend rate of 7.5% effective from 16 June 2019. A breakage fee of R18 million was rolled into the amended preference share dividend rate. The Class B preference shares, with an original maturity date of 15 March 2021, was extended to 17 March 2025 at a fixed dividend rate of 7.8% effective from 16 March 2021.

8. TREASURY SHARES

At 30 June 2018, 1 389 033 Remgro ordinary shares (0.3%) were held as treasury shares by a wholly owned subsidiary of Remgro. As previously reported, these shares were acquired for the purpose of hedging Remgro's share schemes.

During the year under review Remgro repurchased a further 2 000 000 Remgro ordinary shares at an average price of R198.07 per share for a total amount of R396 million, while 54 097 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants.

At 30 June 2019, 3 334 936 (0.6%) Remgro ordinary shares were held as treasury shares.

9. CASH RESOURCES AT THE CENTRE

The Company's cash resources at 30 June 2019 were as follows:

R million	30 June 2019 Local	Offshore	Total	30 June 2018
Per consolidated statement of financial position	5 274	7 388	12 662	12 169
Investment in money market funds	5 095	80	5 175	3 996
Less: Cash of operating subsidiaries	(1 337)	(773)	(2 110)	(2 461)
Cash at the centre	9 032	6 695	15 727	13 704

On 30 June 2019, approximately 30% (R4 760 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.

CHANGE TO DIRECTORATE

Mr Anthony Edward Rupert has been appointed as a non-executive director of Remgro with effect from the close of business on 29 November 2018.

REPORTS OF THE INDEPENDENT AUDITOR

The Company's directors are responsible for the preparation of a summary of the audited consolidated financial statements.

The annual financial statements have been audited by PricewaterhouseCoopers Inc. and their unqualified audit report on the comprehensive annual financial statements is available for inspection at the registered office of the Company and the report on the summary annual financial statements is attached.

The auditor's report does not necessarily report on all the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the registered office of the Company.

DECLARATION OF CASH DIVIDEND

Declaration of Dividend No. 38

Notice is hereby given that a final gross dividend of 349 cents (2018: 328 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 2019.

A dividend withholding tax of 20% or 69.8 cents per share will be applicable, resulting in a net dividend of 279.2 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 2019 therefore amounts to 564 cents, compared to 532 cents for the year ended 30 June 2018.

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.

Dates of importance:

Last day to trade in order to participate in the dividend	Tuesday, 12 November 2019
Shares trade ex dividend	Wednesday, 13 November 2019
Record date	Friday, 15 November 2019
Payment date	Monday, 18 November 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 13 November 2019, and Friday, 15 November 2019, 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.

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
19 September 2019

DIRECTORATE

Non-executive directors
Johann Rupert *(Chairman)*, E de la H Hertzog *(Deputy Chairman)*,
J Malherbe *(Deputy Chairman),* S E N De Bruyn*, G T Ferreira*,
P K Harris*, N P Mageza*, P J Moleketi*, M Morobe*, F Robertson*,
A E Rupert
(* *Independent*)

Executive directors
J J Durand (*Chief Executive Officer*),
M Lubbe, N J Williams

CORPORATE INFORMATION

Secretary
D I Heynes

Listing
JSE Limited
Sector: Industrial – Diversified Industrial

Business address and registered office
Millennia Park, 16 Stellentia Avenue, Stellenbosch 7600
(PO Box 456, Stellenbosch 7599)

Transfer Secretaries
Computershare Investor Services Proprietary Limited,
Rosebank Towers, 15 Biermann Avenue, Rosebank 2196
(PO Box 61051, Marshalltown 2107)

Auditors
PricewaterhouseCoopers Inc.
Stellenbosch

Sponsor
Rand Merchant Bank (A division of FirstRand Bank Limited)

Website
www.remgro.com

Remgro Limited

ANNEXURE A

COMPOSITION OF HEADLINE EARNINGS (audited)

R million		Year ended 30 June 2019	2018
Banking			
RMH		2 644	2 486
FirstRand		1 093	1 039
Healthcare			
Mediclinic		1 693	1 556
Consumer products			
Unilever		-	499
RCL Foods		254	647
Distell[1]	- entity contribution	459	467
	- *IFRS 3* charge[2]	(47)	(8)
Siqalo Foods	- entity contribution	332	-
	- *IFRS 3* charge[2]	(80)	-
Insurance			
RMI		1 161	1 228
Industrial			
Air Products		343	289
Total		328	501
KTH		161	55
Wispeco		121	122
PGSI		(9)	4
Infrastructure			
CIVH		(204)	48
Grindrod		72	(46)
Grindrod Shipping		(65)	-
SEACOM		(2)	15
Other infrastructure interests		25	40
Media and sport			
eMedia Investments		39	1
Other media and sport interests		(19)	(48)
Other investments		39	66
Central treasury			
Finance income		755	524
Finance costs		(823)	(891)
Option remeasurement		112	261
Other net corporate costs		(187)	(282)
Headline earnings		8 195	8 573
Weighted number of shares (million)		565.6	566.8
Headline earnings per share (cents)		1 448.9	1 512.6

Notes

1. The comparative year includes the headline earnings of Capevin Holdings Limited.
2. *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.

Remgro Limited

ANNEXURE B

COMPOSITION OF INTRINSIC NET ASSET VALUE (audited)

	30 June 2019		30 June 2018	
R million	**Book value**	**Intrinsic value[1]**	**Book value**	**Intrinsic value[1]**
Banking				
RMH	16 245	33 545	15 385	30 123
FirstRand	5 825	15 069	5 486	14 045
Healthcare				
Mediclinic	24 019	17 891	29 373	31 329
Consumer products				
Unilever	-	-	3 588	11 900
RCL Foods	7 968	7 960	8 128	11 534
Distell	9 055	9 060	9 110	9 674
Siqalo Foods	6 164	6 164	-	-
Insurance				
RMI	9 335	15 947	8 479	17 285
Industrial				
Air Products	1 093	4 264	1 026	4 158
Total	2 174	2 722	2 007	2 382
KTH	1 816	2 127	1 964	2 218
Wispeco	933	866	874	984
PGSI	302	302	692	692
Infrastructure				
CIVH	5 064	8 403	2 301	4 940
Grindrod	1 049	1 049	1 624	1 624
Grindrod Shipping	292	292	623	623
SEACOM	-	912	353	870
Other infrastructure interests	259	259	256	256
Media and sport				
eMedia Investments	773	773	866	866
Other media and sport interests	269	267	223	268
Other investments	4 620	4 795	4 060	4 196
Central treasury				
Cash at the centre[2]	15 727	15 727	13 704	13 704
Debt at the centre	(13 919)	(13 919)	(14 097)	(14 097)
Other net corporate assets	2 034	2 499	2 073	2 536
Intrinsic net asset value (INAV)	101 097	136 974	98 098	152 110
Potential CGT liability[3]		(5 327)		(6 438)
INAV after tax	101 097	131 647	98 098	145 672
Issued shares after deduction of shares repurchased (million)	564.9	564.9	566.9	566.9
INAV after tax per share (Rand)	178.95	233.03	173.04	256.97
Remgro share price (Rand)		187.90		204.29
Percentage discount to INAV		19.4		20.5

Notes

1. For purposes of determining the intrinsic net asset value, the unlisted investments are shown at *IFRS 13* valuations and the listed investments are shown at stock exchange prices.
2. Cash at the centre excludes cash held by subsidiaries that are separately valued above (mainly RCL Foods, Distell, Siqalo Foods and Wispeco).
3. 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 also taking into account the corporate relief provisions. Deferred CGT on investments at fair value through other comprehensive income is included in “other net corporate assets” above.

Remgro
Limited

REPORT OF THE INDEPENDENT AUDITOR

ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF REMGRO LIMITED

Opinion

The summary consolidated financial statements of Remgro Limited, set out on pages 2 to 16, 26 and 27 of the audited summary consolidated results, which comprise the summary consolidated statement of financial position as at 30 June 2019, and the summary consolidated income statement and the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Remgro Limited for the year ended 30 June 2019.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's (JSE) requirements for summary financial statements, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 19 September 2019. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the JSE's requirements for summary financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.
Director: A Wentzel
Registered Auditor

Stellenbosch
19 September 2019