Remgro Limited

2017 ANNUAL FINANCIAL STATEMENTS

CONTENTS

STATEMENT OF RESPONSIBILITY
BY THE BOARD OF DIRECTORS

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements included in this Annual Report.

The annual financial statements are prepared, in accordance with International Financial Reporting Standards (IFRS) and the requirements of the South African Companies Act (No. 71 of 2008), as amended, on the going concern basis and incorporate full and responsible disclosure. The annual financial statements are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates. The financial statements have been prepared under the supervision of the Chief Financial Officer, Neville Williams CA(SA).

The directors are satisfied that the information contained in the financial statements fairly represents the results of operations for the year and the financial position of the Group at year-end. The accuracy of the other information included in the Annual Report was considered by the directors and they are satisfied that it accords with the financial statements.

The directors are also responsible for the Group's system of internal financial controls. The system was developed to provide reasonable, but not absolute, assurance regarding the reliability of the financial statements, the safeguarding of assets, and to prevent and detect misrepresentation and losses.

The directors are of the opinion that the Group will continue as a going concern in the future.

The financial statements were audited by the independent auditor, PricewaterhouseCoopers Inc., to whom unrestricted access was given to all financial records and related information. The auditor's report is presented on page 11.

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
20 September 2017

STATEMENT BY THE COMPANY SECRETARY

I, Danielle Ivelene Heynes, being the Company Secretary of Remgro Limited, hereby certify that all returns and notices of Remgro Limited required in terms of the Companies Act (No. 71 of 2008), as amended, have in respect of the year under review, been filed with the Companies and Intellectual Property Commission and that all such returns and notices appear to be true, correct and up to date.

Danielle Heynes
Company Secretary

Stellenbosch
20 September 2017

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 recommendations of King III 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 2017.

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 Sebotsa. 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 Sebotsa (chairman)[(1)]	4	4
N P Mageza	4	4
P J Moleketi	4	3
F Robertson	4	3
H Wessels[(2)]	4	1

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

(1) *Ms S E N De Bruyn Sebotsa was appointed as chairman of the Audit and Risk Committee with effect from 1 December 2016.*

(2) *Mr H Wessels retired as director and chairman with effect from 1 December 2016.*

The Chief Executive Officer, Chief Financial Officer, head of internal audit and representatives of the external auditors 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 committee is satisfied that it has fulfilled all of its duties during the financial year under review, as further detailed below.

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

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

STATUTORY DUTIES

In the conduct of its duties, the committee has performed the following statutory duties:

- Nominated PricewaterhouseCoopers Inc. and Mr Hein Döman, 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 2017
- 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, PricewaterhouseCoopers Inc., is independent of the Company and is therefore able to conduct their audit functions without any influence from the Company.

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 also to pre-approve any proposed contract with the external auditor for the provision of non-audit services.

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 forms 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 fraud prevention and detection measures in place.

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

EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

The committee has considered and has satisfied itself of the appropriateness of the expertise and experience of the Chief Financial Officer (CFO), Mr Neville Williams, whose curriculum vitae appears on page 15 of the Integrated Annual Report.

The committee has furthermore considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the Company's finance function and the experience of the senior members of management responsible for the financial function.

FINANCIAL STATEMENTS AND GOING CONCERN

The committee has reviewed the stand-alone and consolidated financial statements of the Company and is satisfied that they comply with International Financial Reporting Standards and the Companies Act, and that the accounting policies used are appropriate.

The committee has also reviewed a documented assessment by management of the going concern premise of the Company before recommending to the Board that the Company will be a going concern in the foreseeable future.

RISK MANAGEMENT

The committee has assigned oversight of the risk management function to the Risk and IT Governance Committee, which is a subcommittee of the committee. The mandate of this committee includes the maintenance of the Risk Management Policy and plan, establishment of an operational Risk Register, information technology risk management, legal compliance and occupational health and safety. The Risk and IT Governance Committee is chaired by the CFO and the fifteen other members are all senior managers of the Company. The chairman of the committee attends the Risk and IT Governance Committee meetings as an *ex officio* member to ensure the effective functioning of this 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 Management system that provides assurance on the effectiveness of the Company's system of internal control. The internal audit division of the Company is staffed by qualified and experienced personnel and services all of Remgro's wholly owned subsidiaries administered by RMS, as well as Wispeco. In addition, the internal audit division also performs independent internal audit work for other investee companies such as Dark Fibre Africa, Mediclinic, RMB Holdings, RMI Holdings, SEACOM and Business Partners.

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. Further details on the Group's internal audit functions are provided in the Risk 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.

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 Sebotsa
Chairman of the Audit and Risk Committee

Stellenbosch
20 September 2017

REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2017

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 healthcare; banking; consumer products; insurance; industrial; infrastructure as well as media and sport.

RESULTS

Year ended	30 June 2017	30 June 2016 Restated
Headline earnings (R million)	**8 221**	5 874
– per share (cents)	**1 485.5**	1 119.6
– diluted (cents)	**1 479.5**	1 115.0
Headline earnings, excluding once-off costs and option remeasurement (R million)	**7 534**	7 392
– per share (cents)	**1 361.3**	1 409.0
– diluted (cents)	**1 355.5**	1 404.4
Earnings – net profit for the year (R million)	**8 431**	5 364
– per share (cents)	**1 523.4**	1 022.4
– diluted (cents)	**1 517.2**	1 018.5
Dividends (R million)	**2 813**	2 518
– ordinary – per share (cents)	**495.00**	460.00

A final dividend of 301 cents (2016: 275 cents) per share was declared after the year-end and was therefore not provided for in the annual financial statements. The final dividend is subject to dividend tax.

INVESTMENT ACTIVITIES

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

COMMUNITY INVESTMENT VENTURES HOLDINGS PROPRIETARY LIMITED (CIVH)

During September 2016 Remgro subscribed for an additional 12 353 shares in CIVH for a total amount of R329.3 million in terms of a CIVH rights issue. As a result of the share subscription, Remgro's interest in CIVH increased marginally to 51.0% on 30 June 2017 (2016: 50.9%).

CAPEVIN HOLDINGS LIMITED (CAPEVIN)

During May 2017 Remgro acquired a further 30 667 156 Capevin shares for a total amount of R264.5 million. This transaction increased Remgro's effective interest in Capevin to 19.0% (2016: 15.6%).

INVENFIN PROPRIETARY LIMITED (INVENFIN)

During July 2016 Remgro (through its wholly owned subsidiary, Invenfin) acquired a 30% stake in Dynamic Commodities Proprietary Limited (Dynamic Commodities) for R80.0 million. Dynamic Commodities is an export-focused company that produces high-quality frozen desserts, snacks and value-added "fresh frozen" fruit.

During August 2016, Invenfin also acquired a 30% stake in Joya Brands Proprietary Limited, a sweets manufacturer, for R50.2 million.

PEMBANI REMGRO INFRASTRUCTURE FUND (PRIF)

On 15 August 2016 PRIF had its final close, which resulted in Remgro receiving a capital distribution of R14.6 million, as well as an income distribution of R3.8 million. During the year under review Remgro also invested a further R58.0 million in PRIF, thereby increasing its cumulative investment to R255.2 million. As at 30 June 2017 the remaining commitment to PRIF amounted to R394.8 million.

OTHER

Other smaller investments amounted to R215 million.

EVENTS AFTER YEAR-END

DISTELL GROUP LIMITED (DISTELL)

During June 2017 it was announced that Distell will restructure its multi-tiered ownership structure (the Proposed Transaction) and in order to give effect to the Proposed Transaction, Remgro will, through a number of inter-conditional steps, exchange its existing 50% shareholding in Remgro-Capevin Investments Proprietary Limited (RCI) for additional ordinary shares in Capevin Holdings Limited (Capevin) (RCI Exchange). Remgro currently holds 19.0% of the ordinary shares in Capevin and after the RCI Exchange, Remgro will hold 59.5% in Capevin. Following the RCI Exchange, Remgro will exchange its entire Capevin shareholding for ordinary shares in a new listed entity (New Distell), which entity will be substantially similar to the current Distell. Remgro will, in addition, also receive unlisted B shares in New Distell, which shares will be linked to those New Distell ordinary shares acquired by Remgro in virtue of the RCI Exchange, resulting in Remgro replicating RCI's current 52.8% voting rights in Distell. The unlisted B shares will only carry voting rights in New Distell and will have no economic participation. The Proposed Transaction will have no impact on Remgro's intrinsic asset value and Remgro will retain its economic interest in Distell post implementation of the Proposed Transaction. However, in aggregate, Remgro will have voting rights of 56.0% in New Distell. The Proposed Transaction is still subject to a number of conditions precedent, *inter alia* Distell and Capevin shareholders' approvals, which is expected to be on 27 October 2017, as well as the approval of the relevant competition authorities.

RMI HOLDINGS LIMITED (RMI HOLDINGS)

On 19 September 2017 RMI Holdings declared its final dividend for the year ended 30 June 2017, which included an alternative to the cash dividend of either receiving a scrip distribution or reinvesting the cash dividend by subscribing for new RMI Holdings ordinary shares. Remgro has committed to reinvesting its cash dividend amounting to R292.3 million, by electing the reinvestment alternative, in order to receive 7 691 641 new RMI Holdings ordinary shares at R38.00 per share.

Other than the above-mentioned transactions, there were no other significant transactions subsequent to 30 June 2017.

RIGHTS ISSUE

During October 2016 Remgro completed a rights issue whereby 48 110 637 new ordinary shares and 3 550 635 new B ordinary shares were issued at a subscription price of R192.50 per share for a total consideration of R9 944.8 million. The offer to the ordinary shareholders was made in the ratio of 10 rights issue shares for every 100 ordinary shares held on the record date of the rights issue, representing an aggregate amount of R9 261.3 million. In order to maintain the current level of voting rights of Rupert Beleggings Proprietary Limited (Rupert Beleggings) in Remgro, and to contribute to the new equity capital being raised, Remgro offered Rupert Beleggings the right to subscribe for 3 550 635 B ordinary shares, representing an aggregate amount of R683.5 million. In terms of IAS 33 paragraph 26, an adjustment to the weighted average number of shares in issue for the comparative period is required as the shares were issued at a discount to the Remgro share price on the day before the announcement (being R243.29 per share). Consequently, the comparable weighted number of shares in issue was adjusted by 9 994 195 shares to account for the deemed dilutive effect of the rights issue. Refer to note 15 for full detail on the restatement of comparative numbers.

CASH RESOURCES AT THE CENTRE

The Company's cash resources at 30 June 2017 were as follows:

	30 June 2017			30 June
R million	**Local**	**Offshore**	**Total**	2016
Per consolidated statement of financial position	**5 260**	**2 264**	**7 524**	3 569
Investment in money market funds	**3 815**	**2 073**	**5 888**	1 050
Less: Cash of operating subsidiaries	**(1 170)**	**(19)**	**(1 189)**	(841)
Cash at the centre	**7 905**	**4 318**	**12 223**	3 778

On 30 June 2017, approximately 48% (R5 888 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

CHANGE IN ACCOUNTING POLICY

With effect from 1 July 2016 Remgro adopted the amendments to *IAS 16: Property, Plant and Equipment* and *IAS 41: Agriculture*. These amendments have to be applied retrospectively and accordingly the reported results of the comparative period were restated. The restatements pertain to the reclassification of bearer plants from biological assets to property, plant and equipment, the transfer of the remaining non-current biological assets (being the produce) to current biological assets and the measurement of the reclassified assets under the appropriate accounting treatment. Refer to note 15 for full detail on the restatement of comparative numbers.

STATEMENT OF FINANCIAL POSITION

The analysis of "Equity employed" and of "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 2017 R million	30 June 2017 R per share	30 June 2016 R million Restated	30 June 2016 R per share Restated
Equity employed				
Attributable to equity holders	**92 432**	**163.13**	78 844	153.13
Employment of equity				
Healthcare	**33 763**	**59.59**	33 629	65.31
Banking	**19 026**	**33.58**	17 784	34.54
Consumer products	**15 017**	**26.50**	14 361	27.89
Insurance	**7 277**	**12.84**	7 157	13.90
Industrial	**5 835**	**10.30**	5 575	10.83
Infrastructure	**4 998**	**8.82**	5 052	9.81
Media and sport	**1 512**	**2.67**	1 444	2.80
Other investments	**3 947**	**6.97**	3 737	7.26
Central treasury				
– Cash at the centre	**12 223**	**21.57**	3 778	7.34
– Debt at the centre	**(13 907)**	**(24.54)**	(16 452)	(31.95)
Other net corporate assets	**2 741**	**4.83**	2 779	5.40
	92 432	**163.13**	78 844	153.13

INCOME STATEMENT

	30 June 2017 R million	30 June 2017 %	30 June 2016 R million Restated	30 June 2016 % Restated
Source of headline earnings				
Healthcare	**1 875**	**23**	1 566	27
Banking	**3 163**	**38**	2 989	51
Consumer products	**1 354**	**17**	1 605	27
Insurance	**1 041**	**13**	888	15
Industrial	**750**	**9**	517	9
Infrastructure	**36**	**1**	6	–
Media and sport	**(58)**	**(1)**	(36)	(1)
Other investments	**70**	**1**	67	1
Central treasury				
– Finance income	**349**	**4**	125	2
– Finance costs	**(216)**	**(3)**	(1 602)	(27)
Other net corporate costs	**(143)**	**(2)**	(251)	(4)
	8 221	**100**	5 874	100

R million	30 June 2017	30 June 2016 Restated
Composition of headline earnings		
Subsidiaries	**429**	(994)
Profits	**1 230**	807
Losses	**(801)**	(1 801)
Associates and joint ventures	**7 792**	6 868
Profits	**7 950**	7 252
Losses	**(158)**	(384)
	8 221	5 874

SHARE INCENTIVE SCHEME

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

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

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

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

TREASURY SHARES

At 30 June 2016, 1 725 393 Remgro ordinary shares (0.4%) were held as treasury shares by a wholly owned subsidiary of Remgro. As previously reported, these shares were acquired for the purpose of hedging Remgro's share incentive scheme.

During the year under review 224 542 Remgro ordinary shares were utilised to settle Remgro's obligation towards share scheme participants who exercised the rights granted to them. Remgro also followed its rights with respect to treasury shares it held when it completed the rights issue during October 2016 and subscribed for 165 787 Remgro ordinary shares, at R192.50 per share, for a total amount of R32 million.

At 30 June 2017, 1 666 638 Remgro ordinary shares (0.3%) were held as treasury shares.

PRINCIPAL SHAREHOLDER

Rupert Beleggings Proprietary Limited (Rupert Beleggings) holds all the issued unlisted B ordinary shares of the Company and is entitled to 42.54% (2016: 42.55%) of the total votes.

An analysis of the shareholders appears on pages 96 and 97.

SUBSIDIARIES AND INVESTMENTS

Particulars of subsidiaries and equity accounted investments are disclosed in note 14.

DIRECTORS

The names of the directors appear on pages 14 to 15 of the Integrated Annual Report.

Mrs M Lubbe has been appointed as an executive director of Remgro on 20 September 2016 and the Board has ratified her appointment on 1 December 2016. Mrs M Lubbe'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.

The Board wishes to welcome Mrs M Lubbe as a director to the Company.

Mr H Wessels has retired as an independent non-executive director from the Board of Remgro from 1 December 2016.

The Board wishes to thank him for his valuable contribution over many years.

In terms of the provision of the Memorandum of Incorporation, Messrs W E Bührmann, G T Ferreira, N P Mageza, P J Moleketi and F Robertson retire from the Board by rotation. These directors are eligible and offer themselves for re-election.

DIRECTORS' INTERESTS

At 30 June 2017 the aggregate of the direct and indirect interests of the directors and their associates in the issued ordinary share capital of the Company amounted to 2.57% (2016: 2.55%).

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 98.

DIRECTORS' EMOLUMENTS

The total directors' fees for services rendered as directors during the past financial year amounted to R5.2 million (2016: R4.8 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 118 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, and the Listings Requirements of the 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 118 of the Integrated Annual Report.

DECLARATION OF CASH DIVIDEND

DECLARATION OF CASH DIVIDEND NO. 34

Notice is hereby given that a final gross dividend of 301 cents (2016: 275 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 2017.

A dividend withholding tax of 20% or 60.2 cents per share will be applicable, resulting in a net dividend of 240.8 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 2017 therefore amounts to 495 cents, compared to 460 cents for the year ended 30 June 2016.

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, 20 November 2017, to shareholders of the Company registered at the close of business on Friday, 17 November 2017.

Share certificates may not be dematerialised or rematerialised between Wednesday, 15 November 2017, and Friday, 17 November 2017, 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 pay out.

SECRETARY

The name and address of the Company Secretary appears on page 16 of the Integrated Annual Report.

APPROVAL

The comprehensive annual financial statements set out on pages 18 to 95 have been approved by the Board.

Signed on behalf of the Board of Directors.

Johann Rupert

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
20 September 2017

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF REMGRO LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Remgro Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2017, 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 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 18 to 95 comprise:

- the consolidated and Company statements of financial position as at 30 June 2017;
- 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.

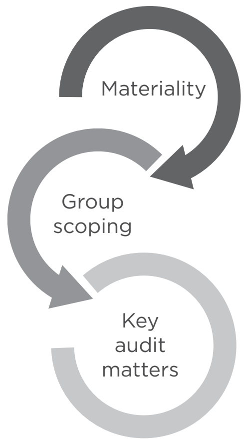
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

OUR AUDIT APPROACH

OVERVIEW



Overall group materiality

- R506 million, which represents 5% of consolidated profit before tax and share of profit of equity accounted investments before tax, adjusted for once-recurring items.

Group audit scope

- Full scope audits were performed for all significant components.
- Analytical procedures were performed on components that are financially inconsequential.

Key audit matters

- Accounting for equity accounted investments;
- Impairment assessment of equity accounted investments; and
- Goodwill and indefinite life intangible asset impairment assessments.

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	R506 million
How we determined it	5% of consolidated profit before tax and share of profit of equity accounted investments before tax, adjusted for once-off items
Rationale for the materiality benchmark applied	We chose profit before taxation and share of profit of equity accounted investments before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users. Profit before taxation and share of profit of equity accounted investments before tax was adjusted to exclude the non-recurring items as disclosed in note 3.1 to the financial statements. In our view excluding these items provides a more consistent basis for the determination of materiality as it reflects recurring profits.

HOW WE TAILORED OUR GROUP AUDIT SCOPE

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, nature of its business as an investment holding company, and the accounting processes and controls.

Our scoping included eight components, of which these were either a financially significant component, component of which an identified financial 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. The remainder of the components were considered to be financially inconsequential, individually and in aggregate. We performed analytical procedures on these components that were considered to be financially inconsequential.

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 component auditors' working papers 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 The Group holds significant investments accounted for in terms of IAS 28, "Investments in associates and joint ventures". The Group's share of the after tax profits of equity accounted investments for the year ended 30 June 2017 was R7 545 million and the carrying value of the Group's equity accounted investments was R80 883 million at 30 June 2017. 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. These investments are equity accounted from results for a financial year ended no more than three months before the Group's financial year as allowed by IFRS. Any significant transactions that occur between the equity accounted investments' year-end and the Group's year-end are taken into account in the equity accounted results of that equity accounted investment. Significant adjustments for the current period related to dividends received from equity accounted investments and the conversion of Mediclinic International plc financial information at the 30 June 2017 exchange rate as its presentation currency is British pound. For further information, refer to note 4.1 of the consolidated financial statements.	We obtained the equity analyses prepared by management for each of the investments and agreed the numbers to audited financial statements of the investee companies. We re-performed the calculation of the effective interest in each of the equity accounted investments by agreeing the calculation to the number of shares held and the issued share capital of the investee company. We checked the mathematical accuracy of the equity analyses as well as the Group's share in equity accounted earnings, other comprehensive income and equity movements to the financial statements of the investee companies, and traced them to the consolidation journals and the consolidation sheets. We recalculated the consolidation workings to test for mathematical accuracy and assessed the completeness of journal entries with reference to the prior year and corporate transactions executed by the Group during the year. The associates and joint ventures were audited by component auditors. We had 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 examined the information reported by the component auditors to us and their working papers on significant risks to assess the adequacy of the procedures performed to support our audit opinion. For investments which have year-ends that are non-coterminous with that of the Group, we read and examined minutes of Board meetings and recent press reports. We discussed with the Group's nominated directors any significant or abnormal transactions that occurred in the period from 1 April 2017 to 30 June 2017, 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 2017. No adjustments other than those recorded by management have been identified by our procedures. We instructed component auditors of Mediclinic International plc to perform procedures to identify events subsequent to the investee company's year-end to the reporting date of the Group which could have an effect on the results equity accounted. We examined reporting received from the component auditor in this regard and assessed the impact thereof on the Group financial statements. No subsequent events have been identified from these procedures.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment assessment of equity accounted investments The Group has significant equity accounted investments. In terms of IFRS, impairment assessments should be performed if any indicators of impairment are identified. Similarly, reversals of impairment are considered if indicators of reversals of previously recorded impairment losses are identified. During the current year management accounted for a reversal of previously recognised impairment losses of R478 million that were recorded in respect of Grindrod Limited. This represents an adjustment of the carrying value to the investment's fair value less costs of disposal based on its listed market price at 30 June 2017. During the current year management identified impairment indicators in relation to certain of the investments held as at 30 June 2017. Based on management's assessment impairment losses to the value of R177 million were recognised on the investments in PGSI Limited, Premier Team Holdings Limited and Mainstreet 1131 Proprietary Limited. The impairment losses represent a write-down of the equity accounted carrying value of the investments to the recoverable amount. Management calculated the recoverable amount based on fair value less costs of disposal using discounted cash flows, net asset values of the underlying assets or listed market prices at 30 June 2017. The impairment assessment was considered a matter of most significance to our current year audit because of the potential financial significance of impairment losses and reversals to the consolidated financial results. Additionally, the assessment requires judgement and calculations of recoverable amounts contain a number of key assumptions. For further information, refer to notes 4.1 and 12.3 of the consolidated financial statements.	We have examined management's impairment assessment and independently assessed investments for indicators of impairment. We agreed the market values of listed investments to quoted market prices at the reporting date. We obtained management's valuations of unlisted investments and tested the reasonableness of key assumptions, including profit forecasts and the selection of growth rates and discount rates with the assistance of our valuation experts. We challenged management to substantiate its assumptions, including comparing relevant assumptions to industry benchmarks and economic forecasts. We substantively tested the integrity of supporting calculations and corroborated certain information with third-party sources. We agreed the underlying cash flows to approved budgets of investee companies. Future cash flow assumptions were also challenged through comparison to current trading performance against budgets and forecasts and understanding of the reasons for the growth profiles used. Management provided appropriate explanations for significant variances.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Goodwill and indefinite life intangible asset impairment assessments The Group's net assets include a significant amount of goodwill and indefinite life intangible assets. As required by the applicable accounting standards, management conducts annual impairment tests to assess the recoverability of the carrying value of goodwill and indefinite life intangible assets. This is performed using a discounted cash flow model. Resulting from the assessment, the Group has not recognised any impairment charge as management determined that all cash generating units have sufficient headroom. Management performed a sensitivity analysis by varying the key assumptions used (discount rate and perpetuity growth rate) to assess the impact on the valuations. Refer to note 10.3 to the consolidated financial statements for the results of management's sensitivity analysis. We considered this area to be a matter of most significance to our audit due to the size of the related goodwill and intangible asset balances, the applicable disclosure requirements and the judgement involved in management's assessment. Refer to note 10.3 to the consolidated financial statements for the related disclosures.	Our audit procedures included, among others, testing of the principles and integrity of the Group's discounted cash flow models. We tested the accuracy of the calculation for each model and we challenged key inputs in the calculations, such as revenue growth, discount rate, perpetuity growth rate and working capital assumptions by reference to the board approved business plan and market data, which consists of data external to the Group. We utilised our valuation experts when considering the appropriateness of the discount rate. In assessing management's forecasts, we considered the historical accuracy of forecasts to assess the reliability thereof by comparing the actual results for the year with the original forecasts. Management provided appropriate explanations for significant variances. We performed independent sensitivity calculations on the impairment assessments, to determine the degree by which the key assumptions needed to change in order to trigger an impairment. We discussed these with management and based on the evidence obtained we accepted management's conclusion that the key assumptions applied in the model were reasonable. We assessed the basis of management's impairment testing, as disclosed in note 10.3 to the consolidated financial statements, against the requirements of the relevant accounting standards and deemed it to be appropriate.

SEPARATE FINANCIAL STATEMENTS

Impairment assessment of investment in subsidiaries The Company holds investments in subsidiaries with a historical cost of R40 280 million. The investment in Remgro Healthcare Holdings Proprietary Limited was identified as being impaired by management due to a significant decline in the listed market price of the underlying investment in Mediclinic International plc. An impairment loss of R11 115 million was recognised in the current year, reflecting a write-down to the investment's recoverable value at 30 June 2017. The impairment assessment performed by management was considered a matter of most significance to our current year audit because of the potential financial significance of impairment losses to the Company's financial statements. Additionally, the assessment requires management judgement in determining if an impairment should be recognised. Refer to note 2 in the Company financial statements for the related disclosures.	We obtained management's calculation of the investment's recoverable amount and obtained an understanding of the process followed by management. We agreed the value of the shares held in Mediclinic International plc to the quoted market price at 30 June 2017. We recalculated the shortfall between the investment's cost and recoverable amount and agreed it to the impairment loss recognised in the Company's financial statements. No exceptions were noted in this regard.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Remgro Limited 2017 Annual Financial Statements 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 Remgro Limited 2017 Integrated Annual Report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with 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, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Remgro Limited for 49 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 69 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: N H Döman
Registered Auditor

Stellenbosch
20 September 2017

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2017

R million	Notes	**30 June 2017**	30 June 2016 Restated*	1 July 2015 Restated*
ASSETS				
Non-current assets				
Property, plant and equipment	10.1	**6 668**	6 500	5 985
Investment properties	10.2	**129**	107	51
Intangible assets	10.3	**4 927**	4 993	5 710
Investments – Equity accounted	4.1	**80 883**	78 565	57 831
– Available-for-sale	4.3	**3 345**	3 408	2 493
Retirement benefits	10.4	**201**	163	220
Loans		**562**	880	977
Deferred taxation	11.1	**23**	42	18
		96 738	94 658	73 285
Current assets		**22 317**	14 442	21 407
Inventories	10.5	**3 055**	3 274	3 118
Biological agricultural assets	10.6	**791**	968	830
Debtors and short-term loans	10.7	**4 885**	5 503	3 837
Derivative instruments	6.3	**1**	8	10
Taxation		**84**	41	42
Investment in money market funds	5.1	**5 888**	1 050	986
Cash and cash equivalents	5.2	**7 524**	3 569	4 050
		22 228	14 413	12 873
Assets held for sale	10.9	**89**	29	8 534
Total assets		**119 055**	109 100	94 692
EQUITY AND LIABILITIES				
Stated capital	7.1	**13 416**	3 605	3 605
Reserves	7.2	**79 235**	75 456	69 781
Treasury shares		**(219)**	(217)	(272)
Shareholders' equity		**92 432**	78 844	73 114
Non-controlling interest	7.3	**2 870**	2 813	2 803
Total equity		**95 302**	81 657	75 917
Non-current liabilities		**18 493**	20 821	5 404
Retirement benefits	10.4	**173**	202	227
Long-term loans	6.1	**16 446**	17 799	3 547
Deferred taxation	11.1	**1 511**	1 623	1 630
Derivative instruments	6.3	**363**	1 197	–
Current liabilities		**5 260**	6 622	13 371
Trade and other payables	10.8	**4 710**	4 833	4 469
Short-term loans	6.2	**480**	1 660	366
Derivative instruments	6.3	**62**	117	16
Taxation		**7**	12	53
		5 259	6 622	4 904
Liabilities held for sale	10.9	**1**	–	8 467
Total equity and liabilities		**119 055**	109 100	94 692

* *For details of the restatement refer to note 15.*

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

R million	Notes	30 June 2017	30 June 2016 Restated*
Sales	12.1	**27 600**	27 697
Inventory expenses		**(16 138)**	(16 959)
Staff costs	12.2	**(4 972)**	(4 578)
Depreciation	12.3	**(752)**	(727)
Other net operating expenses	12.3	**(4 978)**	(4 921)
Trading profit		**760**	512
Dividend income	4.4	**61**	77
Interest received		**633**	287
Fair value adjustment on exchangeable bonds' option*		**687**	(730)
Finance costs		**(1 255)**	(903)
Net impairment of investments, loans, assets and goodwill	12.3	**105**	(2 556)
Profit on sale and dilution of investments	12.3	**199**	2 451
Consolidated profit/(loss) before tax		**1 190**	(862)
Taxation	11.3	**(227)**	21
Consolidated profit/(loss) after tax		**963**	(841)
Share of after-tax profit of equity accounted investments	4.2	**7 545**	6 250
Net profit for the year		**8 508**	5 409
Attributable to:			
Equity holders		**8 431**	5 364
Non-controlling interest		**77**	45
		8 508	5 409
EARNINGS PER SHARE (cents)	3.2		
Basic		**1 523.4**	1 022.4
Diluted		**1 517.2**	1 018.5

* *For details of the restatement refer to note 15.*

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

R million	Equity reserves	Other reserves	Fair value reserves	Retained earnings	Share-holders' equity	Non-controlling interest	Total equity
30 June 2017							
Net profit for the year				**8 431**	**8 431**	**77**	**8 508**
Other comprehensive income, net of tax	**300**	**(2 299)**	**84**	**(178)**	**(2 093)**	**(4)**	**(2 097)**
Items that may be reclassified subsequently to the income statement:							
Exchange rate adjustments	**(1 958)**	**(2 289)**	**1**	**(227)**	**(4 473)**	**(4)**	**(4 477)**
Fair value adjustments for the year	**–**	**(1)**	**70**	**–**	**69**	**–**	**69**
Deferred taxation on fair value adjustments	**–**	**–**	**21**	**–**	**21**	**–**	**21**
Reclassification of other comprehensive income to the income statement	**(3)**	**(9)**	**(8)**	**1**	**(19)**	**(1)**	**(20)**
Other comprehensive income of equity accounted investments	**2 245**	**–**	**–**	**–**	**2 245**	**–**	**2 245**
Items that will not be reclassified to the income statement:							
Remeasurement of post-employment benefit obligations	**–**	**–**	**–**	**66**	**66**	**2**	**68**
Deferred taxation on remeasurement of post-employment benefit obligations	**–**	**–**	**–**	**(18)**	**(18)**	**(1)**	**(19)**
Change in reserves of equity accounted investments	**16**	**–**	**–**	**–**	**16**	**–**	**16**
Total comprehensive income for the year	**300**	**(2 299)**	**84**	**8 253**	**6 338**	**73**	**6 411**
30 June 2016							
Net profit for the year*				5 364	5 364	45	5 409
Other comprehensive income, net of tax	1 337	423	408	411	2 579	–	2 579
Items that may be reclassified subsequently to the income statement:							
Exchange rate adjustments	356	1 030	(32)	398	1 752	(7)	1 745
Fair value adjustments for the year	–	(14)	552	–	538	(4)	534
Deferred taxation on fair value adjustments	–	–	(112)	–	(112)	–	(112)
Reclassification of other comprehensive income to the income statement	(370)	(593)	–	–	(963)	12	(951)
Other comprehensive income of equity accounted investments	1 653	–	–	–	1 653	(1)	1 652
Items that will not be reclassified to the income statement:							
Remeasurement of post-employment benefit obligations	–	–	–	19	19	–	19
Deferred taxation on remeasurement of post-employment benefit obligations	–	–	–	(6)	(6)	–	(6)
Change in reserves of equity accounted investments	(302)	–	–	–	(302)	–	(302)
Total comprehensive income for the year*	1 337	423	408	5 775	7 943	45	7 988

* *Restated.*

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

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

R million	Stated and issued capital	Treasury shares	Equity reserves	Other reserves	Fair value reserves	Retained earnings	Shareholders' equity	Non-controlling interest	Total equity
30 June 2016									
Balances at 1 July	3 605	(272)	22 676	1 400	320	45 385	73 114	2 803	75 917
Total comprehensive income for the year*	–	–	1 337	423	408	5 775	7 943	45	7 988
Dividends paid	–	–	–	–	–	(2 285)	(2 285)	(73)	(2 358)
Transactions with non-controlling shareholders	–	–	–	–	–	–	–	31	31
Transfer between reserves and other movements	–	–	(31)	18	–	27	14	1	15
Transfer of retained income of equity accounted investments	–	–	4 600	–	–	(4 600)	–	–	–
Long-term share incentive scheme reserve	–	55	–	3	–	–	58	6	64
Balances at 30 June*	3 605	(217)	28 582	1 844	728	44 302	78 844	2 813	81 657

* *Restated.*

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

R million	Notes	30 June 2017	30 June 2016 Restated*
Cash flows – operating activities			
Trading profit		**760**	512
Adjustments	5.3.1	**870**	989
Trading profit before working capital changes		**1 630**	1 501
Working capital changes	5.3.2	**611**	(375)
Cash generated from operations		**2 241**	1 126
Cash flow generated from returns on investments		**4 796**	3 834
Interest received		**633**	287
Dividends received	5.3.3	**4 163**	3 547
Finance costs		**(1 179)**	(795)
Taxation paid	5.3.4	**(363)**	(328)
Cash available from operating activities		**5 495**	3 837
Dividends paid	5.3.5	**(2 708)**	(2 358)
Cash inflow/(outflow) from operating activities		**2 787**	1 479
Cash flows – investing activities			
Investment in property, plant and equipment to maintain operations		**(402)**	(492)
Investment in property, plant and equipment and other assets to expand operations		**(955)**	(717)
Proceeds on disposal of property, plant and equipment and other assets		**235**	501
Additions to investments and loans		**(1 014)**	(18 031)
Businesses acquired		**–**	(22)
Proceeds on disposal of investments and loans		**402**	58
Increase in money market funds		**(4 838)**	(64)
Cash inflow/(outflow) from investing activities		**(6 572)**	(18 767)
Cash flows – financing activities			
Proceeds from shares issued		**9 945**	–
Share issue costs		**(134)**	–
Purchase of treasury shares		**(32)**	–
Loans repaid		**(1 477)**	(19 541)
Loans advanced		**233**	35 875
Capital invested by minorities		**18**	31
Cash inflow/(outflow) from financing activities		**8 553**	16 365
Net increase/(decrease) in cash and cash equivalents		**4 768**	(923)
Exchange rate profit/(loss) on foreign cash		**(424)**	222
Cash and cash equivalents at the beginning of the year		**3 128**	3 829
Cash and cash equivalents at the end of the year		**7 472**	3 128
Cash and cash equivalents – per statement of financial position		**7 524**	3 569
Bank overdraft		**(52)**	(441)

* *For details of the restatement refer to note 15.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

INDEX

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) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS, the requirements of the Companies Act (No. 71 of 2008), as amended, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and the Listings Requirements of the JSE Limited.

These financial statements incorporate accounting policies that have been consistently applied to all periods presented and are consistent with those applied in the previous financial year, with the exception of the adoption of the amendments to *IAS 16: Property, Plant and Equipment* and *IAS 41: Agriculture*. These amendments have to be applied retrospectively and accordingly the reported results of both comparative periods were restated. The restatements pertain to the reclassification of bearer plants from biological assets to property, plant and equipment, the transfer of the remaining non-current biological assets (being the produce) to current biological assets and the measurement of the reclassified assets under the appropriate accounting treatment. Due to the Remgro rights issue during October 2016, the weighted average shares in issue for the comparative period was recalculated and, accordingly, per share earnings measures were restated. Refer to note 15 for further detail pertaining to the restatements.

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 VII 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) CONSOLIDATION

Consolidation – subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are measured at cost in the separate financial statements. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any gains or losses arising from such remeasurement are recognised in profit or loss.

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 is deemed to be an asset or liability are recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is 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.

1. ACCOUNTING POLICIES (continued)

(I) CONSOLIDATION (continued)

Consolidation – subsidiaries (continued)

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.

(II) FOREIGN CURRENCIES

Functional and presentation currency

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

Transactions and balances

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

Group entities

The results and financial position of all foreign operations (excluding those operating in hyperinflationary economies) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate on the reporting date
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions)
- All resulting exchange differences are recognised directly in other comprehensive income

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. On disposal of foreign operations, the related exchange differences are recognised in the income statement as part of the profit or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at closing rates at reporting date.

1. ACCOUNTING POLICIES (continued)

(II) FOREIGN CURRENCIES (continued)

Foreign currencies used

	30 June 2017	30 June 2016	Movement (%)
CLOSING EXCHANGE RATES			
SA rand/British pound	**17.0648**	19.5756	*12.8*
SA rand/USA dollar	**13.1062**	14.6994	*10.8*
SA rand/Swiss franc	**13.6612**	15.0750	*9.4*
SA rand/Euro	**14.9701**	16.3107	*8.2*
AVERAGE EXCHANGE RATES			
SA rand/British pound	**17.2386**	21.4340	*19.6*
SA rand/USA dollar	**13.5915**	14.4940	*6.2*
SA rand/Swiss franc	**13.7121**	14.7804	*7.2*
SA rand/Euro	**14.8204**	16.0853	*7.9*

(III) IMPAIRMENT OF ASSETS

Goodwill and intangible assets with indefinite lives

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

Other assets

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

- **Impairment – subsidiaries, joint ventures and associates**

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

- **Investment properties, property, plant and equipment and intangible assets with finite useful lives**

  Where these assets are identified as being impaired, that is when the recoverable amount has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. Such written-off amounts are accounted for in the income statement.

- **Financial instruments carried at amortised cost**

  A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

  If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

  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)

(III) IMPAIRMENT OF ASSETS (continued)

- **Financial assets carried at fair value**

  If any objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss is removed from other comprehensive income and recognised in the income statement.

  Impairment losses on equity instruments that were recognised in the income statement are not subsequently reversed through the income statement – such reversals are accounted for in other comprehensive income.

- **Presentation**

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

(IV) CURRENT/NON-CURRENT DISTINCTION

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

(V) 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 on 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 and items of a capital nature.

(VI) 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. During the prior year, Mediclinic International plc (Mediclinic) entered into various corporate transactions. Once-off transaction costs incurred in the prior period, as well as fair value adjustments on embedded derivatives that relate to the exchangeable bonds Remgro issued to finance a portion of the shares it acquired, are added back to determine an alternative earnings measure.

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

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

Critical judgements in applying the Group's accounting policies

The most critical judgement exercised relates to the classification of investments. Refer to note 4.1 for further details.

Judgement is also exercised with regard to the determination of the functional currency of the offshore entities that holds the Group's exchangeable bonds, cash and short-term financial investments. The functional currencies of these entities are determined with reference to the currency in which the entities receive their operating cash inflows, as these most fairly present the economic effects of the underlying transactions, events and conditions. The structure holding the Group's exchangeable bonds also has a strong 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)

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

Critical estimates and assumptions

Deferred tax on investments

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

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

Other significant estimates and assumptions

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

- The derivative instrument embedded in the exchangeable bond;
- The acquisition date fair value of assets and liabilities in business combinations and the acquisition of associates and joint ventures (specifically referring to the acquisition of an additional interest in Mediclinic in the prior year);
- Impairments pertaining to investments, investment property, property, plant and equipment and intangible assets and goodwill;
- The useful lives and residual values of investment property and property, plant and equipment and intangible assets;
- Retirement benefit obligations; and
- Share-based payments expenses.

Details of these estimates and assumptions are set out in the relevant notes to the annual financial statements.

2. SEGMENT REPORT

R million	Year ended 30 June 2017 Headline earnings[(1)]	30 June 2017 Net assets Book value[(2)]	30 June 2017 Net assets Intrinsic value	Year ended 30 June 2016 Headline earnings[(1)] Restated*	30 June 2016 Net assets Book value[(2)] Restated*	30 June 2016 Net assets Intrinsic value
Healthcare						
Mediclinic	**1 875**	**33 763**	**41 568**	1 566	33 629	69 691
Banking						
RMBH	**2 232**	**14 016**	**23 350**	2 112	13 132	22 356
FirstRand	**931**	**5 010**	**10 365**	877	4 652	9 857
Consumer products						
Unilever	**449**	**3 737**	**10 702**	461	3 589	10 650
Distell	**481**	**3 727**	**9 556**	499	3 500	10 723
RCL Foods*	**424**	**7 553**	**10 173**	645	7 272	9 278
Insurance						
RMI Holdings	**1 041**	**7 277**	**17 532**	888	7 157	18 526
Industrial						
Air Products	**298**	**1 047**	**4 298**	275	933	4 241
KTH	**34**	**1 684**	**2 466**	(229)	1 631	2 723
Total	**224**	**1 640**	**2 167**	291	1 575	1 879
PGSI	**25**	**643**	**643**	36	734	734
Wispeco	**169**	**821**	**1 368**	144	702	1 055
Infrastructure						
Grindrod	**(48)**	**1 915**	**1 915**	(45)	1 986	1 986
CIV group	**110**	**2 242**	**4 829**	64	1 871	3 166
SEACOM	**(33)**	**321**	**896**	(33)	655	1 043
Other infrastructure interests	**7**	**520**	**520**	20	540	540
Media and sport						
eMedia Investments	**49**	**1 147**	**1 424**	28	1 116	1 342
Other media and sport interests	**(107)**	**365**	**319**	(64)	328	328
Other investments	**70**	**3 947**	**3 932**	67	3 737	3 717
Central treasury						
Finance income/Cash at the centre	**349**	**12 223**	**12 223**	125	3 778	3 778
Finance costs/Debt at the centre	**(216)**	**(13 907)**	**(13 907)**	(1 602)	(16 452)	(16 452)
Other net corporate costs/assets	**(143)**	**2 741**	**3 164**	(251)	2 779	3 149
	8 221	**92 432**	**149 503**	5 874	78 844	164 310
Potential CGT liability			**(7 010)**			(6 526)
Total		**92 432**	**142 493**		78 844	157 784

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.
** For details of the restatement refer to note 15.*

2. SEGMENT REPORT (continued)

Segmental information

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

The intrinsic net asset value is one of the measures the chief operating decision-maker uses to assess shareholder value created and the performance of each operating segment and is therefore presented for the first time as part of the Group's segment information. For comparative purposes, the prior year's information is also presented. The intrinsic value of assets are determined as follows:

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

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

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

The disclosed values for Distell includes the investment in Capevin Holdings Limited.

Valuation of unlisted investments

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

The main assumptions used in the valuation of unlisted investments were discount rates, which varied between 5.0% and 40.0% (2016: 5.0% and 30.0%), and terminal growth rates, which varied between 4.6% and 1.0% (2016: 4.5% and 2.0%).

It is Remgro's policy not to apply a control premium to the valuation of investments where it holds a majority interest. Where Remgro holds a minority interest a tradeability discount is applied.

Remgro's unlisted investments were valued as follows:

INVESTMENT	VALUATION METHODOLOGY
Air Products	Discounted cash flow method
Business Partners	Net asset value
CIV group	Discounted cash flow method
Kagiso Tiso Holdings	Annual external valuation
PGSI	Discounted cash flow method
PRIF	Annual external valuation
eMedia	Comparable market price
SEACOM	Discounted cash flow method
Total	Discounted cash flow method
Unilever	Discounted cash flow method
Wispeco	Discounted cash flow method

Non-current assets, amounting to R38 271 million (2016: R38 600 million), are located in foreign countries.

3. RESULTS

3.1 EARNINGS AND DIVIDENDS

R million	30 June 2017 Gross	30 June 2017 Net	30 June 2016 Gross Restated	30 June 2016 Net Restated
HEADLINE EARNINGS RECONCILIATION				
Net profit for the year attributable to equity holders (earnings)		**8 431**		5 364
– Net impairment of equity accounted investments	**(302)**	**(302)**	1 862	1 862
– Impairment of available-for-sale investments	**5**	**5**	–	–
– Net impairment of property, plant and equipment	**181**	**102**	37	33
– Impairment of intangible assets	**–**	**–**	644	439
– Impairment of assets held for sale	**–**	**–**	7	7
– Profit on sale and dilution of equity accounted investments	**(199)**	**(199)**	(2 349)	(2 349)
– Profit on sale of available-for-sale investments	**–**	**4**	(153)	(151)
– Recycling of foreign currency translation reserves	**–**	**–**	51	40
– Net (surplus)/loss on disposal of property, plant and equipment	**(110)**	**(67)**	10	6
– Loss on disposal of biological agricultural assets	**–**	**–**	9	5
– Non-headline earnings items included in equity accounted earnings of equity accounted investments	**223**	**247**	633	618
– Net surplus on disposal of property, plant and equipment	**(19)**	**(18)**	(27)	(24)
– Profit on the sale of investments	**(325)**	**(304)**	(216)	(216)
– Net impairment of investments, assets and goodwill	**668**	**670**	809	792
– Other non-recurring and capital items	**(101)**	**(101)**	67	66
Headline earnings		**8 221**		5 874
Once-off costs		**–**		788
Option remeasurement		**(687)**		730
Headline earnings, excluding once-off costs and option remeasurement		**7 534**		7 392

Included in headline earnings is a positive fair value adjustment of R687 million (2016: negative fair value adjustment of R730 million), relating to the change in value of the bondholders' exchange option (accounted for as a derivative liability) of the bonds ("option remeasurement") that were issued during March 2016 to partially refinance the foreign bridge funding that was raised for the Al Noor Hospitals Group plc (Al Noor) transaction. The bonds are exchangeable into Mediclinic plc shares and/or cash and fair value adjustments on the option (reflecting *inter alia* the movement in the underlying Mediclinic plc share price) are expected to cause volatility in headline earnings during its five-year term.

Included in headline earnings for the prior year are once-off transaction costs incurred with the Mediclinic rights issue and Al Noor transaction amounting to R788 million, of which R402 million was Remgro's own costs and R386 million was Remgro's share of Mediclinic's transaction costs ("once-off costs").

3. RESULTS (continued)

3.2 PER SHARE MEASURES

Cents	30 June 2017	30 June 2016 Restated
EARNINGS PER SHARE		
Headline earnings per share		
– Basic	**1 485.5**	1 119.6
– Diluted	**1 479.5**	1 115.0
Headline earnings per share, excluding once-off costs and option remeasurement		
– Basic	**1 361.3**	1 409.0
– Diluted	**1 355.5**	1 404.4
Earnings per share		
– Basic	**1 523.4**	1 022.4
– Diluted	**1 517.2**	1 018.5
ASSET VALUE PER SHARE		
– Intrinsic NAV (Rand)	**251.48**	306.44
– Book NAV (Rand)	**163.13**	153.13
– Remgro share price (Rand)	**213.46**	254.66
– Percentage discount to intrinsic NAV	**15.1**	16.9
DIVIDEND PER SHARE (CENTS)		
– Interim	**194**	185
– Final	**301**	275
– Total	**495**	460

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 2017 Number of shares	30 June 2016 Number of shares Restated
Number of shares in issue at the beginning of the year	**516 612 722**	516 612 722
Adjustment for the rights issue (Refer to note 15)	**9 994 195**	9 994 195
Weighted number of shares issued during the year	**28 539 094**	–
Weighted number of treasury shares	**(1 722 665)**	(1 978 660)
Weighted number of shares	**553 423 346**	524 628 257

3. RESULTS (continued)

3.2 PER SHARE MEASURES (continued)

Diluted earnings per share

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

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

Some subsidiary and equity accounted investments have similar management incentive schemes as well as other instruments that can dilute these companies' earnings in the future. To calculate Remgro's diluted earnings per share, R23 million (2016: R13 million) and R23 million (2016: R11 million) were offset against headline earnings and earnings respectively to account for the potential dilutive effect.

To calculate Remgro's diluted headline earnings per share, excluding once-off costs and the option remeasurement, for the year ended 30 June 2017, R23 million (2016: R11 million) was offset against headline earnings, excluding once-off costs and the option remeasurement, to account for the potential diluted effect.

Reconciliation of the weighted number of shares in issue for diluted earnings per share	30 June 2017 Number of shares	30 June 2016 Number of shares Restated
Weighted number of shares	**553 423 346**	524 628 257
Adjustment for potential dilutive effect of the SAR Scheme	**714 157**	965 504
Diluted weighted number of shares	**554 137 503**	525 593 761

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 301 cents (2016: 275 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 2017.

A dividend withholding tax of 20% or 60.2 cents per share will be applicable, resulting in a net dividend of 240.8 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 2017 therefore amounts to 495 cents, compared to 460 cents for the year ended 30 June 2016.

The issued share capital at the declaration date is 529 217 007 (2016: 481 106 370) ordinary shares and 39 056 987 (2016: 35 506 352) B ordinary shares.

4. INVESTMENTS

R million	30 June 2017	30 June 2016
Associates	**75 392**	73 418
Joint ventures	**5 491**	5 147
Investments – equity accounted	**80 883**	78 565
Investments – available-for-sale	**3 345**	3 408
Total investments	**84 228**	81 973

4.1 INVESTMENTS – EQUITY ACCOUNTED

Equity accounted investments

Investments accounted for using the equity method consist of joint ventures (entities or arrangements over which Remgro has joint control stemming from contractual rights) and associates (entities in which the Group has significant influence, but not control; normally accompanying a shareholding of between 20% and 50% of voting rights in the investment).

The equity method of accounting

Under the equity method of accounting investments are initially recognised at cost. The carrying value includes goodwill identified on acquisition. Subsequent to initial recognition, the carrying value of the investment is adjusted to recognise the Group's share of the post-acquisition profits or losses, movements in other comprehensive income and other equity movements, with the corresponding entry accounted for in either the income statement (for the Group's share of profits and losses) or other comprehensive income (for the Group's share of other comprehensive income and other equity movements after considering the substance of each transaction). Dividends received are accounted for against the carrying value of the investment. The Group ceases to account for its share of losses once those equals or exceeds its interests in the investment (which includes any long-term loans that in substance form part of the Group's net investment).

Accounting policies of equity accounted investments have been changed where necessary to ensure consistency with the policies adopted by the Group.

Unrealised gains and losses on transactions between the Group and its equity accounted investments are eliminated to the extent of the Group's interest in these investments, unless losses provide evidence of impairment of the underlying asset.

The Group determines at each reporting date whether there is any objective evidence its investments are impaired. An impairment is the difference between the recoverable amount of the equity accounted investment and its carrying value and is recognised in the income statement.

If the ownership interest in an equity accounted investment is reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss. Equity transactions by these entities that cause a dilution in the Group's ownership interest, are likewise treated as part-disposals.

Critical judgements

The most critical judgement exercised relates to the classification of investments as associates rather than subsidiaries or financial instruments at fair value. There are also investments, with specific reference to the investment in Mediclinic International plc (Mediclinic), in which Remgro holds an interest less than 50% of voting rights, but over which the Group may have *de facto* control. The directors considered whether the Group has *de facto* control over this investment and concluded that Remgro does not control Mediclinic. Mediclinic's relevant activities are controlled by Mediclinic's board of directors. Remgro does not have the right to appoint a majority of Mediclinic board members and, accordingly, cannot control Mediclinic's relevant activities. Consideration was also given to recent attendance and voting patterns by shareholders at Mediclinic's shareholders meetings. These were inconclusive and supports the directors' view that Remgro does not control Mediclinic. Accordingly, Mediclinic is accounted for as an associate using the equity method and not as a subsidiary. Remgro is believed to have significant influence over some investments although it has an interest of less than 20% in these entities. As Remgro has board representation and is one of the major shareholders of these investments, its influence over their financial and operating policies is significant. Accordingly, these investments are classified as associates and not as financial instruments at fair value.

4. INVESTMENTS (continued)

4.1 INVESTMENTS – EQUITY ACCOUNTED (continued)

The Group's most significant associates and joint ventures are:

INVESTMENT	CLASSIFICATION	BUSINESS
Distell	Joint venture	South African wine and spirits producer and exporter
FirstRand	Associate	Incorporated in South Africa and operating as First National Bank and Rand Merchant Bank
Mediclinic	Associate	Incorporated in the United Kingdom and operates private medical facilities in South Africa, the Middle East, Switzerland and the United Kingdom
RMBH	Associate	South African investment holding company holding mainly a 34% interest in FirstRand
RMI Holdings	Associate	South African investment holding company with significant investments in the insurance sector

4.1.1 ASSOCIATES

R million	30 June 2017 Listed	30 June 2017 Unlisted	30 June 2017 Total	30 June 2016 Listed	30 June 2016 Unlisted	30 June 2016 Total
Shares – at cost	**37 754**	**7 141**	**44 895**	37 012	7 112	44 124
Equity adjustment	**25 591**	**4 673**	**30 264**	24 611	4 516	29 127
Carrying value	**63 345**	**11 814**	**75 159**	61 623	11 628	73 251
Long-term loans	**–**	**233**	**233**	–	167	167
	63 345	**12 047**	**75 392**	61 623	11 795	73 418
Market values of listed investments	**96 606**			124 005		

Reconciliation of carrying value at the beginning and end of the year (R million)	30 June 2017	30 June 2016
Carrying value at the beginning of the year	**73 418**	52 869
Share of net attributable profit of associates	**7 160**	5 735
Dividend received from associates	**(3 614)**	(3 678)
Investment made[(1)]	**442**	18 441
Dilutionary effects[(2)]	**132**	1 892
Exchange rate differences	**(4 950)**	(1 233)
Impairments[(3)]	**(162)**	(1 920)
Reversal of impairments[(3)]	**479**	52
Equity accounted movements on reserves	**2 420**	1 250
Loans advanced	**69**	10
Loan repaid	**(2)**	–
Carrying value at the end of the year	**75 392**	73 418

(1) *The year under review includes investments in Capevin Holdings of R265 million, Dynamic Commodities of R82 million and Joya Brands of R51 million. The previous year includes investments of R18.2 billion in respect of Mediclinic.*

(2) *The previous year included a profit of R1.9 billion realised on the dilution of Remgro's interest in Mediclinic due to the Al Noor transaction. Reserves amounting to R369 million were recycled to the income statement.*

(3) *The current year's impairment includes the impairment of PGSI (R87 million), the investment in Premier Team Holdings (R74 million) and the investment in Mainstreet 1131 (R17 million). These investments were impaired to their fair values less cost of disposal. For the previous year, Grindrod was impaired by R1.9 billion. This impairment has been subsequently reversed by R479 million as the listed market price of the investment significantly exceeded its previously impaired carrying value.*

4. INVESTMENTS (continued)

4.1 INVESTMENTS – EQUITY ACCOUNTED (continued)

4.1.1 ASSOCIATES (continued)

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

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

* *Remgro's interest in Mediclinic on 31 March 2017. The Group pledged 30 949 879 Mediclinic shares as security for the exchangeable bonds.*

4. INVESTMENTS (continued)

4.1 INVESTMENTS – EQUITY ACCOUNTED (continued)

4.1.1 ASSOCIATES (continued)

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

	Year ended			
	30 June 2016			31 March 2016
R million	RMI	RMBH	FirstRand	Mediclinic
Summarised statement of comprehensive income				
Revenue	13 538	7	42 041	43 678
Profit before tax	4 200	7 574	30 687	5 079
Taxation	(893)	(15)	(6 612)	(1 140)
Profit after tax	3 307	7 559	24 075	3 939
Attributable to non-controlling shareholders	(330)	–	(1 512)	(269)
Attributable profit for the year	2 977	7 559	22 563	3 670
Headline earnings	2 935	7 503	22 387	3 670
Other comprehensive income attributable to shareholders	287	100	102	974
Total comprehensive income attributable to shareholders	3 264	7 659	22 665	4 644
Summarised statement of financial position				
Net advances, loans and bank-related securities	257	–	125 044	–
Intangible assets	113	–	1 569	37 722
Property, plant and equipment and other	1 044	–	8 012	62 936
Investments and loans	28 341	39 542	6 730	9 044
Current assets	6 915	31	10 580	18 499
Total assets	36 670	39 573	151 935	128 201
	(18 114)	(1 329)	(52 190)	(59 510)
Non-controlling interest	(1 170)	–	(8 320)	(1 194)
Non-current liabilities	(9 835)	(1 237)	(26 315)	(42 910)
Current liabilities	(7 109)	(92)	(17 555)	(15 406)
Net assets	18 556	38 244	99 745	68 691
Reconciliation to carrying value				
Remgro's effective interest	30.27%	28.15%	3.92%	44.58%*
Remgro's effective interest in net assets	5 616	10 768	3 909	30 624
Goodwill/bargain purchase adjustment	1 541	2 364	743	3 385
Dividends received subsequent to associates' reporting date	–	–	–	(380)
Carrying value at 30 June 2016	7 157	13 132	4 652	33 629
Fair value of listed investments	18 526	22 356	9 857	69 691
Dividends received	526	1 176	495	528

* *Remgro's interest in Mediclinic on 31 March 2016. 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 2017	30 June 2016
Information pertaining to Remgro's other associates is aggregated:		
Carrying value	**15 325**	14 848
The Group's share of:		
– Profit from operations	**1 005**	256
– Other comprehensive income	**(343)**	707
– Total comprehensive income	**662**	963
– Headline earnings	**1 162**	890

4.1.2 JOINT VENTURES

Unlisted shares – at cost	**1 958**	1 645
Equity adjustment	**3 160**	3 120
Carrying value	**5 118**	4 765
Long-term loans	**373**	382
	5 491	5 147
Reconciliation of carrying value at the beginning and end of the year		
Carrying value at the beginning of the year	**5 147**	4 962
Share of net attributable profit of joint ventures	**385**	515
Dividend received from joint ventures	**(247)**	(222)
Investment made[1]	**329**	–
Investment disposed	**–**	(199)
Dilutionary effects	**64**	(6)
Exchange rate differences	**3**	(41)
Impairments[2]	**(17)**	–
Equity accounted movements on reserves	**(164)**	101
Loans advanced	**45**	42
Loan repaid	**(54)**	(5)
Carrying value at the end of the year	**5 491**	5 147

[1] *The year under review includes the investment in CIVH of R329 million.*
[2] *Mainstreet 1131 was impaired by R17 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 Distell (which is held through Remgro-Capevin Investments Proprietary Limited), the Group's most significant joint venture that is accounted for using the equity method.

R million	30 June 2017	30 June 2016
Summarised statement of comprehensive income		
Revenue	**22 259**	21 470
Depreciation and amortisation	**(439)**	(372)
Interest income	**69**	21
Interest expense	**(289)**	(282)
Profit before tax	**1 913**	2 156
Taxation	**(616)**	(624)
Profit after tax	**1 297**	1 532
Attributable to non-controlling shareholders	**–**	–
Attributable profit for the year	**1 297**	1 532
Headline earnings	**1 553**	1 611
Other comprehensive income attributable to shareholders	**(537)**	307
Total comprehensive income attributable to shareholders	**760**	1 839
Summarised statement of financial position		
Non-current assets	**8 492**	8 312
Cash and cash equivalents	**1 183**	1 032
Other current assets	**10 811**	10 597
Total assets	**20 486**	19 941
	(9 944)	(9 285)
Non-controlling interest	**(301)**	(15)
Non-current financial liabilities	**(3 567)**	(1 200)
Other non-current liabilities	**(954)**	(751)
Current financial liabilities (excluding trade and other payables and provisions)	**(1 276)**	(3 727)
Current liabilities	**(3 846)**	(3 592)
Net assets	**10 542**	10 656
Reconciliation to carrying value		
Remgro's effective interest	**26.74%**	26.77%
Remgro's effective interest in net assets	**2 819**	2 852
Carrying value at 30 June	**2 819**	2 852
Information pertaining to Remgro's other joint ventures is aggregated:		
Carrying value	**2 714**	2 337
The Group's share of:		
– Profit from operations	**38**	104
– Other comprehensive income	**(3)**	6
– Total comprehensive income	**35**	110
– Headline earnings	**135**	103

4. INVESTMENTS (continued)

4.1 INVESTMENTS – EQUITY ACCOUNTED (continued)

4.1.3 ACCOUNTING PERIODS

The following significant 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 2017
Business Partners	31 March	Year ended 31 March 2017
eMedia	31 March	Year ended 31 March 2017
Grindrod	31 December	12 months ended 30 June 2017
Mediclinic	31 March	Year ended 31 March 2017
PGSI	25 December	12 months ended 25 June 2017
SEACOM	31 December	12 months ended 30 June 2017
Total	31 December	12 months ended 30 June 2017
Unilever	31 December	12 months ended 30 June 2017
Joint venture		
CIV group	31 March	Year ended 31 March 2017

The reporting period used to equity account the above investments was used as it is impractical to adjust their reported numbers to conform to the Group's reporting period. Significant transactions in the intermediate period are adjusted for. Significant adjustments for the current period related to dividends received from equity accounted investments and the conversion of Mediclinic at the 30 June 2017 exchange rate as its presentation currency is British pound.

4.2 EQUITY ADJUSTMENT

R million	30 June 2017	30 June 2016
Share of after-tax profit of equity accounted investments		
Profit before taking into account impairments, non-recurring and capital items	**10 066**	8 875
Net impairment of investments, assets and goodwill	**(668)**	(809)
Profit on the sale of investments	**325**	216
Other non-recurring and capital items	**101**	(67)
Profit before tax and non-controlling interest	**9 824**	8 215
Taxation	**(1 895)**	(1 709)
Non-controlling interest	**(384)**	(256)
Share of net attributable profit of equity accounted investments – per income statement	**7 545**	6 250
Dividends received from equity accounted investments	**(3 861)**	(3 900)
Share of net profit retained by equity accounted investments	**3 684**	2 350
Non-controlling interest of subsidiaries	**(14)**	(9)
Dilution gain/(loss) of interest in equity accounted investments	**225**	2 259
Equity adjustment transferred to non-distributable reserves (Refer to statement of changes in equity)	**3 895**	4 600
Portion of the share of net attributable profit of equity accounted investments, that has been accounted for from unaudited interim reports and management accounts	**362**	201
The results of these equity accounted investments will be audited in later financial periods that coincide with their financial year-ends		

4. INVESTMENTS (continued)

4.3 INVESTMENTS – AVAILABLE-FOR-SALE

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

R million	30 June 2017 Listed	30 June 2017 Unlisted	30 June 2017 Total	30 June 2016 Listed	30 June 2016 Unlisted	30 June 2016 Total
Investments – available-for-sale						
Shares	**1 179**	**2 166**	**3 345**	1 260	2 148	3 408
Market values of listed investments	**1 179**	**–**	**1 179**	1 260	–	1 260
Directors' valuation of unlisted investments	**–**	**2 166**	**2 166**	–	2 148	2 148
Market values and directors' valuation	**1 179**	**2 166**	**3 345**	1 260	2 148	3 408

Reconciliation of carrying value of investments – available-for-sale at the beginning and end of the year (R million)	**30 June 2017**	30 June 2016
Balances at the beginning of the year	**3 408**	2 493
Fair value adjustments for the year	**70**	552
Investments made	**119**	174
Exchange rate adjustments	**(180)**	242
Disposals	**(67)**	(53)
Impairments	**(5)**	–
Balances at the end of the year	**3 345**	3 408
4.4 DIVIDEND INCOME		
Included in profit:		
Listed	**37**	41
Unlisted	**24**	36
	61	77
Dividends from associate classified as asset held for sale	**–**	149
Dividends from equity accounted investments set off against investments	**3 861**	3 900
	3 861	4 049

5. CASH POSITION

5.1 INVESTMENT IN MONEY MARKET FUNDS

Investments in money market funds relate to investments in shares of liquidity funds of which the underlying investments have maturities of up to one year. The shares in these funds are callable on a daily basis.

R million	30 June 2017	30 June 2016
Money market fund investments are held in the following currencies:		
South African rand	**3 815**	500
British pound (2017: £15 million)	**256**	–
USA dollar (2017: $139 million; 2016: $37 million)	**1 817**	550
	5 888	1 050

Investments in offshore money market funds relate to investments in shares of J P Morgan liquidity funds, specifically the US Government Liquidity Fund and the US Treasury Liquidity Fund (with Aaa Moody's Ratings). The portfolio of the funds on 30 June 2017 consisted of government bonds with maturities of up to one year and bank repurchase agreements to ensure liquidity on demand as the shares in the funds are callable on a daily basis. Distributions from these funds are disclosed as dividend income. Local money market funds relate to investment in South African unit trusts offered by Nedgroup Collective Investments and STANLIB Collective Investments mandated to invest only in money market instruments of major South African banks, government securities and government-related entities. These instruments carry very low risk and provide daily liquidity, but cannot be classified as cash and cash equivalents as the individual instruments held by the funds do not meet the maturity criteria of *IAS 7: Statement of Cash Flows*. These investments are considered to be equity instruments categorised as "financial assets at fair value through profit and loss".

5.2 CASH AND CASH EQUIVALENTS

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

R million	30 June 2017	30 June 2016
Cash at the centre	**6 350**	2 728
Operating subsidiaries	**1 174**	841
	7 524	3 569
The cash is held in the following currencies:		
South African rand	**5 323**	2 032
British pound	**132**	541
USA dollar	**2 055**	980
Swiss franc	**5**	4
Other	**9**	12
	7 524	3 569
At year-end cash and cash equivalents earned interest at effective interest rates that varied between 6.95% and 8.02% (2016: 6.95% and 7.96%) per annum at local financial institutions and between 0.20% and 7.03% (2016: 0.20% and 7.85%) per annum abroad.		
Cash and cash equivalents are represented by the following:		
Current accounts and call accounts	**7 523**	3 568
Cash on hand	**1**	1
	7 524	3 569

5. CASH POSITION (continued)

5.2 CASH AND CASH EQUIVALENTS (continued)

R million	30 June 2017	30 June 2016 Restated
At year-end the Group's cash was invested at financial institutions with the following Moody's credit rating (unless otherwise indicated):		
Aa2	**942**	814
Aa3	**–**	1
A1	**1 421**	683
A2	**–**	1
A3	**–**	14
Baa2	**–**	1 438
Baa3	**4 360**	2
BBB+	**100**	100
AA+ (GCR credit rating)	**–**	515
AAA (S&P rating)	**700**	–
Cash on hand	**1**	1
	7 524	3 569

5.3 CASH FLOW INFORMATION

5.3.1 ADJUSTMENTS		
Amortisation of intangible assets and depreciation	**874**	846
Movement in retirement benefits and provisions	**1**	50
Net movement in derivative instruments	**(57)**	2
Share scheme cost	**144**	83
(Profit)/loss on the sale of property, plant and equipment	**(110)**	10
Loss on disposal of biological agricultural assets	**–**	9
Other	**18**	(11)
	870	989
5.3.2 DECREASE/(INCREASE) IN WORKING CAPITAL		
Decrease/(increase) in inventories and biological agricultural assets	**379**	(297)
Decrease/(increase) in trade and other receivables	**350**	(589)
Increase/(decrease) in trade and other payables	**(118)**	511
	611	(375)
5.3.3 RECONCILIATION OF DIVIDENDS RECEIVED		
Receivable at the beginning of the year	**505**	75
Per income statement	**61**	77
Dividends from equity accounted investments set off against investments	**3 861**	3 900
Receivable at the end of the year	**(264)**	(505)
Cash received	**4 163**	3 547
5.3.4 RECONCILIATION OF TAXATION PAID WITH THE AMOUNT DISCLOSED IN THE INCOME STATEMENT		
Paid in advance at the beginning of the year	**41**	42
Unpaid at the beginning of the year	**(12)**	(53)
Per income statement	**(315)**	(132)
Transfers	**–**	(156)
Unpaid at the end of the year	**7**	12
Paid in advance at the end of the year	**(84)**	(41)
Cash paid	**(363)**	(328)
5.3.5 RECONCILIATION OF DIVIDENDS PAID		
Per statement of changes in equity	**(2 657)**	(2 285)
Paid by subsidiaries to non-controlling interest	**(51)**	(73)
Cash paid	**(2 708)**	(2 358)

6. FINANCING AND COMMITMENTS

Borrowings

Borrowings are recognised initially 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 International plc shares or a combination thereof at the Group's discretion. At initial recognition, the derivative component is separated from the compound financial liability and recognised at fair value. The liability component is also recognised initially at the fair value of a similar liability that does not have an exchangeable option. Subsequent to initial recognition, the liability component is measured at amortised cost, while the derivative instrument is measured at fair value. Any changes in the fair value of the derivative are accounted for in profit and loss.

Financial instruments at fair value through profit and loss

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

6.1 LONG-TERM LOANS

R million	30 June 2017	30 June 2016
Interest-bearing loans		
20 000 Class A 7.7% cumulative redeemable preference shares[1]		
Redeemable on 12 January 2020 with bi-annual dividend payments	**3 512**	3 512
10 000 Class B 8.3% cumulative redeemable preference shares[1]		
Redeemable on 15 March 2021 with bi-annual dividend payments	**4 382**	4 382
Exchangeable bonds with a coupon rate of 2.625% and an effective interest rate of 4.48% per annum. The bonds mature on 22 March 2021[2]	**5 650**	6 380
Term-funded debt package		
The debt package comprises two bullet loans, repayable in 2019 and 2020 respectively, and a revolving credit facility repayable in 2018		
The loans bear interest at Jibar plus a margin of between 1.65% and 2.25% and is guaranteed by RCL Foods	**2 852**	3 350
Unsecured long-term loans repayable based on the growth of the underlying operations		
These loans bear interest at an effective interest rate of 3-month Jibar with a margin of between 1.5% and 4.25% (2016: 1.5% and 4.25%)	**49**	55
Liabilities resulting from various capitalised finance leases and instalment sale agreements payable in monthly, quarterly and annual instalments at varying interest rates between 7.0% and 10.0% per annum (2016: varying interest rates between 7.0% and 10.5%)	**180**	178
These liabilities are secured by plant, machinery and equipment and vehicles with a book value of R150 million (2016: R171 million)		
Secured long-term loan with a fixed rate between 8.5% to 9.0% per annum repayable yearly, over a maximum period of six years. Secured by cessions over the production of the suppliers to whom the loans were made	**32**	47
Unsecured loans with varying terms and interest rates	**14**	42
	16 671	17 946
Instalments payable within one year transferred to short-term interest-bearing loans	**(225)**	(147)
	16 446	17 799
Payable – two to five years	**16 308**	17 709
Payable thereafter	**138**	90
	16 446	17 799

Refer to note 13 for the fair value of loans.

(1) The preference shares were issued by Remgro Healthcare Holdings Proprietary Limited, a wholly owned subsidiary of Remgro Limited.

(2) The exchangeable bonds were issued by Remgro Jersey GBP Limited, a wholly owned subsidiary of Remgro Limited, for £350 million. The exchangeable bonds may be redeemed in either cash, Mediclinic International plc shares or a combination thereof. The bonds are classified as a compound financial instrument and the liability (£322 million) and derivative (£28 million) components were determined at initial recognition. The derivative instrument is included in note 6.3. The Group pledged 30 949 879 Mediclinic shares as security.

6. FINANCING AND COMMITMENTS (continued)

6.2 SHORT-TERM LOANS

R million	30 June 2017	30 June 2016
Interest-bearing loans		
Portion of long-term interest-bearing loans payable within one year	225	147
Unsecured GBP50 million short-term loans with an effective interest rate of 3-month Libor with a margin of 1.65%	–	982
Bank overdrafts	51	441
Various secured and unsecured loans with varying terms and interest rates	201	87
	477	1 657
Interest-free loans with no fixed repayment conditions	3	3
	480	1 660

6.3 DERIVATIVE INSTRUMENTS

Remgro was party to the following derivative instruments:

R million	30 June 2017	30 June 2016
Non-current liabilities		
Embedded derivative – exchangeable bonds (refer note 6.3.1)	363	1 197
Current liabilities		
Foreign exchange contracts	1	26
Commodity option contracts	1	30
Interest rate collar option	3	–
Embedded derivative – rental swap	9	7
Put option on ordinary shares	48	54
	62	117
Current assets		
Foreign exchange contracts	1	2
Commodity option contracts	–	1
Interest rate collar option	–	5
	1	8

6.3.1 EXCHANGEABLE BONDS' OPTION

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

The assumptions used in the valuation are as follows:

Assumption	30 June 2017	30 June 2016
Dividend yield (%)	1.0	1.0
Risk-free rate (%)	0.7	0.4
Volatility (%)	30.4	24.3

6. FINANCING AND COMMITMENTS (continued)

6.4 COMMITMENTS

R million	30 June 2017	30 June 2016
Capital commitments		
Uncompleted contracts for capital expenditure	165	493
Capital expenditure authorised but not yet contracted	502	366
Investments	580	1 140
	1 247	1 999
Operating lease commitments		
Land and buildings	534	560
Due within one year	92	88
Due – two to five years	210	195
Due thereafter	232	277
Machinery and equipment	28	50
Due within one year	15	28
Due – two to five years	13	17
Due thereafter	–	5
	562	610
Finance leases		
Gross finance lease liabilities – minimum lease payments	304	315
Due within one year	25	25
Due – two to five years	92	87
Due thereafter	187	203
Future finance charges on finance lease liabilities	(124)	(137)
Present value of finance lease liabilities	180	178
Due within one year	10	22
Due – two to five years	40	69
Due thereafter	130	87
	180	178

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

6.5 BORROWING POWERS

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

6.6 GUARANTEES AND CONTINGENT LIABILITIES

R million	30 June 2017	30 June 2016
Guarantees by subsidiaries[1]	26	241

[1] *The prior year consists mainly of a guarantee given to the acquirer following the disposal of an associate.*

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 2017	30 June 2016
Stated and issued capital		
Authorised		
1 000 000 000 (2016: 512 493 650) ordinary shares of no par value		
100 000 000 (2016: 40 506 352) B ordinary shares of no par value		
Issued		
529 217 007 (2016: 481 106 370) ordinary shares of no par value	**12 729**	3 601
39 056 987 (2016: 35 506 352) B ordinary shares of no par value	**687**	4
	13 416	3 605

	30 June 2017 Number of shares	30 June 2016 Number of shares
Movement in ordinary shares in issue for the year:		
Balances at the beginning of the year	**481 106 370**	481 106 370
Shares issued	**48 110 637**	–
Balances at the end of the year	**529 217 007**	481 106 370
Movement in B ordinary shares in issue for the year:		
Balances at the beginning of the year	**35 506 352**	35 506 352
Shares issued	**3 550 635**	–
Balances at the end of the year	**39 056 987**	35 506 352

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

The general meeting of shareholders on 16 August 2016 approved the increase of the authorised ordinary shares of no par value by 487 506 350 to 1 000 000 000 ordinary shares of no par value and the authorised B ordinary shares of no par value by 59 493 648 to 100 000 000 B ordinary shares of no par value. It was also resolved to place 100 000 000 ordinary shares of no par value and 10 000 000 B ordinary shares of no par value under the control of the Remgro Board to raise additional equity capital by way of a rights issue, which authority was in place until 1 December 2016.

During October 2016 Remgro completed a rights issue whereby 48 110 637 new ordinary shares and 3 550 635 new B ordinary shares were issued at a subscription price of R192.50 per share for a total consideration of R9 945 million. The offer to both ordinary and B ordinary shareholders was made in the ratio of 10 rights issue shares for each 100 shares held on the record date of the rights issue. Rights issue costs incurred amounted to R134 million.

7. EQUITY POSITION (continued)

7.1 STATED AND ISSUED CAPITAL (continued)

7.1.2 TREASURY SHARES

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

	30 June 2017 Number of shares	30 June 2016 Number of shares
Balances at the beginning of the year	1 725 393	2 169 558
Shares purchased during the year	165 787	–
Shares utilised to settle share incentive scheme obligation	(224 542)	(444 165)
Balances at the end of the year	**1 666 638**	1 725 393

Remgro ordinary shares are held as treasury shares by a wholly owned subsidiary of Remgro. These shares were acquired for the purpose of hedging Remgro's obligation in terms of its share incentive scheme.

At a general meeting of shareholders held on 7 October 2008, 21 000 000 ordinary shares were placed under the control of the Remgro Board as a specific authority for purposes of issuing and allotting such ordinary shares to participants in the Remgro Equity Settled Share Appreciation Right Scheme (the SAR Scheme) in accordance with the provisions of the rules of the SAR Scheme.

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

7.1.3 SHARES IN ISSUE

	30 June 2017 Number of shares	30 June 2016 Number of shares
Stated capital	568 273 994	516 612 722
Treasury shares	(1 666 638)	(1 725 393)
	566 607 356	514 887 329

7.2 RESERVES

7.2.1 COMPOSITION OF RESERVES

R million	30 June 2017	30 June 2016 Restated
The Company		
Retained earnings	33 109	35 836
Separate financial statements	21 377	35 081
Elimination of intergroup transactions	11 732	755
Subsidiaries	13 456	11 038
Fair value reserve	812	728
Other reserves*	(248)	1 844
Retained earnings	12 892	8 466
Equity accounted companies		
Equity reserves	32 670	28 582
	79 235	75 456

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

7. EQUITY POSITION (continued)

7.2 RESERVES (continued)

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

R million	*Equity reserves*	*Other reserves*	*Fair value reserves*	*Retained earnings*	30 June 2017 Total	30 June 2016 Total
Balances at the beginning of the year	91	1 340	(126)	813	2 118	959
Exchange rate adjustments during the year	(1 958)	(2 289)	1	(227)	(4 473)	1 752
Transfer between reserves	(107)	107	–	–	–	–
Reclassification to the income statement	–	(9)	–	–	(9)	(593)
Balances at the end of the year	**(1 974)**	**(851)**	**(125)**	**586**	**(2 364)**	2 118

7.3 NON-CONTROLLING INTEREST

R million	30 June 2017	30 June 2016 Restated
Balances at the beginning of the year	2 813	2 803
Total comprehensive income for the year	73	45
Net profit for the year	77	45
Exchange rate adjustments	(4)	(7)
Fair value adjustments for the year	–	(4)
Reclassification to the income statement	(1)	12
Other comprehensive income of equity accounted investments	–	(1)
Remeasurement of post-employment benefit obligations	1	–
Dividends paid	(51)	(73)
Transactions with non-controlling shareholders	17	31
Long-term share incentive scheme reserve	14	6
Other movements	4	1
Balances at the end of the year	**2 870**	2 813
RCL Foods	2 837	2 778
Other non-wholly owned subsidiaries	33	35

The Group consists of various investing and operating subsidiaries, details of which are disclosed in note 14.2. The main operating subsidiary is RCL Foods in which the Group has an interest of 77.2% (2016: 77.3%). RCL Foods consists of three business divisions, namely Consumer (food producer and manufacturer), Sugar and Milling (a sugar producer and miller) and Logistics (specialist third-party logistics provider). The group's revenue and operating profit are mainly driven by these business divisions and are presented as trading profit in the income statement.

RCL Foods' non-controlling shareholders own 22.8% (2016: 22.7%) of RCL Foods.

7. EQUITY POSITION (continued)

7.3 NON-CONTROLLING INTEREST (continued)

Below is RCL Foods' summarised financial information:

R million	30 June 2017	30 June 2016 Restated
Statement of financial position		
ASSETS		
Non-current assets	**11 363**	11 571
Current assets	**8 145**	8 659
	19 508	20 230
EQUITY AND LIABILITIES		
Shareholders' equity	**10 349**	9 968
Non-controlling interest	**38**	78
Non-current liabilities	**4 467**	5 124
Current liabilities	**4 654**	5 060
	19 508	20 230
Income statement		
Income		
Revenue	**24 951**	25 025
Finance income	**41**	38
Fair value adjustment – biological assets	**364**	412
Share of profit of equity accounted investments	**158**	109
Expenses		
Finance costs	**374**	365
Fair value adjustment – derivative instruments	**329**	(82)
Repairs and maintenance	**791**	784
Depreciation, amortisation and impairments	**971**	1 445
Operating lease and rental charges	**414**	472
Taxation	**126**	83
Profit for the year	**476**	183
Profit for the year attributable to equity holders	**515**	182
Profit for the year attributable to non-controlling interest	**(39)**	1
Statement of comprehensive income		
Other comprehensive income	**(15)**	(4)
Total comprehensive income	**461**	179
Total comprehensive income attributable to equity holders	**500**	178
Total comprehensive income attributable to non-controlling interest	**(39)**	1
Dividends paid to non-controlling interest	**1**	1
Cash flow information		
Cash inflow from operating activities	**1 583**	631
Cash outflow from investing activities	**(486)**	(1 016)
Cash outflow from financing activities	**(406)**	(123)

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 R2 813 million (2016: R2 518 million) were declared. The Group also issued shares for a net amount of R9 811 million.

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

8. SHARE-BASED PAYMENTS

Equity compensation plans

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

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

The share-based payments that are accounted for in the financial statements are in respect of the Remgro Equity Settled Share Appreciation Right Scheme, as well as the RCL Foods Share Scheme and the RCL Foods Share Appreciation Right Scheme.

Background to the Remgro Equity Settled Share Appreciation Right Scheme

The valuation of the share scheme was performed using an actuarial model. This model was developed by an independent third party from the standard binomial option pricing model in order to address the unique nature of the scheme, especially with regard to early exercise of offers.

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

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

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

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

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

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

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

R million	30 June 2017	30 June 2016
Share-based payment cost included in the income statement (in accordance with IFRS 2)	65	39
Fair value of offers made during the year	74	49

8. SHARE-BASED PAYMENTS (continued)

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

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

	30 June 2017 Number of SARs	30 June 2017 Rand	30 June 2016 Number of SARs	30 June 2016 Rand
Carried forward from previous financial years	3 495 182	180.64	3 754 478	153.32
Offered during current financial year	1 053 218	211.74	605 733	269.49
Forfeited during the year	(827)	250.78	(8 258)	185.73
Expired during the year	(28 762)	245.90	–	–
Exercised during the year	(453 520)	112.34	(856 771)	123.65
Outstanding at the end of the year	4 065 291	190.34	3 495 182	180.64
Exercisable at the end of the year	1 236 606	240.83	1 097 196	121.72

Exercise prices of all options:

	30 June 2017 Number of SARs outstanding at year-end	30 June 2017 Weighted average remaining contract lifetime in years	30 June 2016 Number of SARs outstanding at year-end	30 June 2016 Weighted average remaining contract lifetime in years
R70.00 – R79.99	–	–	112 111	0.23
R90.00 – R99.99	376 980	0.42	544 882	1.42
R100.00 – R109.99	18 837	1.39	14 591	2.34
R110.00 – R119.00	–	–	5 386	2.58
R140.00 – R149.99	878 328	2.40	980 806	3.37
R160.00 – R169.99	14 457	2.73	–	–
R170.00 – R179.99	230 455	2.77	42 856	3.73
R180.00 – R189.99	476 308	3.18	242 921	3.79
R190.00 – R199.99	–	–	505 332	4.21
R200.00 – R209.99	971 238	6.40	6 775	4.51
R210.00 – R219.99	14 034	4.85	9 727	4.93
R220.00 – R229.99	70 514	5.50	29 189	5.26
R230.00 – R239.99	8 619	4.81	3 404	5.09
R240.00 – R249.99	409 062	4.57	8 619	5.81
R250.00 – R259.99	38 263	5.51	436 322	5.28
R260.00 – R269.99	558 196	5.39	21 923	5.75
R270.00 – R279.99	–	–	530 338	6.39

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

	30 June 2017	30 June 2016
Weighted average Remgro share price for the year (R)	226.26	249.28
Exercise price (R)	202.80 – 270.26	233.23 – 281.06
Average expected exercise period (years)	5 – 6	5 – 6
Price volatility (%)	19.73 – 21.61	16.71 – 20.41
Risk-free rate (%)	7.59 – 8.64	6.89 – 8.59
Expected dividend yield (%)	1.63 – 1.84	1.61 – 1.64

8. SHARE-BASED PAYMENTS (continued)

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

In terms of the SAR Scheme's rules, Remgro's Remuneration and Nomination Committee may, in the instance of an event occurring that affects SARs granted to participants, take such action as it considers appropriate to protect the interests of participants in the SAR Scheme. Following Remgro's rights issue, the committee decreased the grant prices of SARs outstanding by between R4.63 and R9.29 in order to keep participants in a substantially similar position as they were prior to the rights issue.

The modification to the SAR Scheme resulted in an additional expense in each of the following financial years:

R million	**2017**	2018	2019
Additional share-based payment charge	**20**	2	1

8.2 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 R79 million (2016: R55 million) relating to these schemes was recognised in the income statement.

9. DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S EMOLUMENTS

R'000	**30 June 2017** *Executive*	**30 June 2017** *Non-executive*	**30 June 2017** Total	30 June 2016 *Executive*	30 June 2016 *Non-executive*	30 June 2016 Total
Executive directors						
Fees	**1 204**	**–**	**1 204**	900	–	900
Salaries	**18 102**	**–**	**18 102**	18 805	–	18 805
Retirement fund contributions	**3 810**	**–**	**3 810**	3 829	–	3 829
Other benefits	**1 269**	**–**	**1 269**	935	–	935
Subtotal	**24 385**	**–**	**24 385**	24 469	–	24 469
Non-executive directors						
Independent	**–**	**3 361**	**3 361**	–	3 284	3 284
Non-independent	**–**	**642**	**642**	–	600	600
Total	**24 385**	**4 003**	**28 388**	24 469	3 884	28 353
Share options exercised						
Increase in value – Remgro SAR Scheme*	**7 741**	**6 872**	**14 613**	43 365	1 415	44 780

* *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 2017** *Fees*	**30 June 2017** *Salaries and other*	**30 June 2017** Total	30 June 2016 *Fees*	30 June 2016 *Salaries and other*	30 June 2016 Total
Paid by:						
The Company	**4 003**	**–**	**4 003**	3 884	–	3 884
Subsidiaries	**1 204**	**23 181**	**24 385**	900	23 569	24 469
Total	**5 207**	**23 181**	**28 388**	4 784	23 569	28 353

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

Fixed pay

R'000	30 June 2017 Fees	Salaries	Retire-ment fund	Other benefits[8]	Total	30 June 2016 Fees	Salaries	Retire-ment fund	Other benefits[8]	Total
Executive										
W E Bührmann	321	3 000	659	314	4 294	300	2 800	615	297	4 012
L Crouse[1]	–	–	–	–	–	225	5 540	1 035	236	7 036
J J Durand	321	10 506	2 147	344	13 318	300	9 815	2 006	322	12 443
M Lubbe[2]	241	1 179	263	272	1 955	–	–	–	–	–
N J Williams[3]	321	3 417	741	339	4 818	75	650	173	80	978
Subtotal	1 204	18 102	3 810	1 269	24 385	900	18 805	3 829	935	24 469
Non-executive (independent)										
G T Ferreira	375	–	–	–	375	350	–	–	–	350
P K Harris	375	–	–	–	375	350	–	–	–	350
N P Mageza[4]	455	–	–	–	455	400	–	–	–	400
P J Moleketi	428	–	–	–	428	400	–	–	–	400
M Morobe	348	–	–	–	348	300	–	–	–	300
F Robertson	482	–	–	–	482	450	–	–	–	450
S E N De Bruyn Sebotsa[5]	508	–	–	–	508	350	–	–	–	350
H Wessels[6]	390	–	–	–	390	684	–	–	–	684
Subtotal	3 361	–	–	–	3 361	3 284	–	–	–	3 284
Non-executive (non-independent)										
E de la H Hertzog	321	–	–	–	321	300	–	–	–	300
J Malherbe	321	–	–	–	321	300	–	–	–	300
J P Rupert[7]	–	–	–	–	–	–	–	–	–	–
Subtotal	642	–	–	–	642	600	–	–	–	600
Total	5 207	18 102	3 810	1 269	28 388	4 784	18 805	3 829	935	28 353

(1) *Mr L Crouse retired as Chief Financial Officer with effect from 31 March 2016.*
(2) *Mrs M Lubbe was appointed as executive director with effect from 20 September 2016.*
(3) *Mr N J Williams was appointed as Chief Financial Officer with effect from 1 April 2016.*
(4) *During the year under review Mr N P Mageza also received R538 000 (2016: R502 000) as director's fees from RCL Foods Limited, a subsidiary of Remgro Limited.*
(5) *Ms S E N De Bruyn Sebotsa was appointed as independent non-executive director with effect from 16 March 2015.*
(6) *In addition to his director's fees and fee as chairman of the Audit and Risk Committee and chairman of the Social and Ethics Committee, an amount of R96 000 was also paid to Mr H Wessels during the year under review (2016: R134 400) for his attendance of meetings of subcommittees of the Audit and Risk Committee.*
(7) *Mr J P Rupert receives no emoluments.*
(8) *Benefits include medical scheme contributions and vehicle benefits.*

Prescribed officers: Fixed pay

R'000	30 June 2017 Salaries	Retire-ment fund	Other benefits[3]	Total	30 June 2016 Salaries	Retire-ment fund	Other benefits[3]	Total
P R Louw[1]	2 399	476	339	3 214	455	111	80	646
P J Uys	5 144	1 020	339	6 503	4 694	931	319	5 944
N J Williams[2]	–	–	–	–	1 997	385	239	2 621
Total	7 543	1 496	678	9 717	7 146	1 427	638	9 211

(1) *Mr P R Louw was appointed on 1 April 2016.*
(2) *Mr N J Williams was appointed as Chief Financial Officer with effect from 1 April 2016.*
(3) *Benefits include medical scheme contributions and vehicle benefits.*
(4) *Both Messrs P R Louw and P J Uys are members of the Management Board, as well as the Social and Ethics Committee.*

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

Share-based payments to directors and key management personnel

Directors

Participant	Balance of SARs accepted as at 30 June 2016	SARs accepted during the year[1]	Fair value of SARs on offer date (R'000)	SARs transferred during the year[3]	Offer price[4] (Rand)	Number of SARs exercised	Date exercising SARs	Share price on exercise date	Increase in value[5] (R'000)	Balance of SARs accepted as at 30 June 2017
Executive										
W E Bührmann	23 548				92.83	(23 548)	31/05/2017	220.40	3 004	–
	98 817				142.04					98 817
	25 485				185.07					25 485
	8 958				245.53					8 958
	26 470				262.77					26 470
	–	82 971	5 804		209.11					82 971
L Crouse[2]	23 587					(23 587)	31/03/2017	–	–	–
J J Durand	157 262				92.83					157 262
	271 258				142.04					271 258
	93 128				185.07					93 128
	108 468				245.53					108 468
	192 676				262.77					192 676
	–	150 872	10 554		209.11					150 872
M Lubbe[3]	–			20 620	92.83	(20 620)	05/04/2017	205.69	2 327	–
	–			13 961	142.04					13 961
	–			7 444	185.07					7 444
	–			4 011	245.53					4 011
	–			8 036	262.77					8 036
	–	65 632	4 591		209.11					65 632
N J Williams	18 076				73.67	(18 076)	07/12/2016	207.00	2 410	–
	19 768				92.83					19 768
	81 901				142.04					81 901
	22 221				185.07					22 221
	16 430				245.53					16 430
	27 492				262.77					27 492
	–	98 716	6 905		209.11					98 716
Subtotal	1 215 545	398 191	27 854	54 072		(85 831)			7 741	1 581 977
Non-executive										
J Malherbe[6]	50 506				73.67	(50 506)	06/12/2016	209.73	6 872	–
Subtotal	50 506	–	–	–		(50 506)			6 872	–
Total	1 266 051	398 191	27 854	54 072		(136 337)			14 613	1 581 977

(1) *SARs were offered on 1 December 2016.*

(2) *Mr L Crouse retired as Chief Financial Officer with effect from 31 March 2016. In terms of the rules of the SAR Scheme, participants going into retirement are entitled to exercise all their SARs granted to them at any time within 12 months after the date of retirement or before the expiry of the SAR period (being seven years from the grant date), whichever is the earlier. The 23 587 SARs expired on 31 March 2017 as the Remgro share price was less than the offer price.*

(3) *Mrs M Lubbe was appointed as executive director with effect from 20 September 2016. SARs transferred refer to the balance of SARs granted and accepted by her prior to 20 September 2016.*

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

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

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

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

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

Directors (continued)

Participant	Balance of SARs accepted as at 30 June 2015	SARs accepted during the year[1]	Fair value of SARs on offer date (R'000)	SARs transferred during the year[3]	Offer price (Rand)	Number of SARs exercised	Date exercising SARs	Share price on exercise date	Increase in value[4] (R'000)	Balance of SARs accepted as at 30 June 2016
Executive										
W E Bührmann	23 548				97.55					23 548
	98 817				147.25					98 817
	25 485				191.70					25 485
	8 958				253.53					8 958
		26 470	2 142		272.00					26 470
L Crouse[2]	51 865				97.55	(51 865)	22/03/2016	259.66	8 408	–
	94 652				147.25	(94 652)	22/03/2016	259.66	10 640	–
	189 300				147.25	(189 300)	04/04/2016	250.94	19 629	–
	79 144				191.70	(79 144)	04/04/2016	250.94	4 688	–
	23 587				253.53					23 587
J J Durand	157 262				97.55					157 262
	271 258				147.25					271 258
	93 128				191.70					93 128
	108 468				253.53					108 468
	–	192 676	15 591		272.00					192 676
N J Williams[3]	–			18 076	78.30					18 076
	–			19 768	97.55					19 768
	–			81 901	147.25					81 901
	–			22 221	191.70					22 221
	–			16 430	253.53					16 430
	–			27 492	272.00					27 492
Subtotal	1 225 472	219 146	17 733	185 888		(414 961)			43 365	1 215 545
Non-executive										
J Malherbe[5]	50 506				78.30					50 506
	6 949				75.38	(6 949)	03/11/2015	279.00	1 415	–
Subtotal	57 455	–	–	–		(6 949)			1 415	50 506
Total	1 282 927	219 146	17 733	185 888		(421 910)			44 780	1 266 051

(1) *SARs were offered on 24 November 2015.*

(2) *Mr L Crouse retired as Chief Financial Officer with effect from 31 March 2016. In terms of the rules of the SAR Scheme, participants going into retirement are entitled to exercise all their SARs granted to them at any time within twelve 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.*

(3) *Mr N J Williams was appointed as Chief Financial Officer with effect from 1 April 2016. SARs transferred refer to the balance of SARs granted and accepted by him prior to 1 April 2016.*

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

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

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

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

Prescribed officers

Participant	Balance of SARs accepted as at 30 June 2016	SARs accepted during the year[(1)]	Fair value of SARs on offer date (R'000)	Offer price[(2)] (Rand)	Number of SARs exercised	Date exercising SARs	Share price on exercise date	Increase in value[(3)] (R'000)	Balance of SARs accepted as at 30 June 2017
P R Louw	27 432			92.83					27 432
	22 646			142.04					22 646
	12 944			185.07					12 944
	5 952			245.53					5 952
	9 497			262.77					9 497
		91 120	6 374	209.11					91 120
P J Uys	218 400			177.24					218 400
	3 325			185.07					3 325
	14 774			245.53					14 774
	11 533			262.77					11 533
	–	91 463	6 398	209.11					91 463
Total	326 503	182 583	12 772		–			–	509 086

(1) SARs were offered on 1 December 2016.
(2) In terms of the rules of the SAR Scheme, the offer price of SARs that were awarded prior to the Remgro rights issue was reduced to ensure that participants were placed in substantially the same position as they were prior to the rights issue.
(3) This refers to the increase in value of the SAR Scheme shares of the indicated participants from the offer date to the date of payment and delivery.

Participant	Balance of SARs accepted as at 30 June 2015	SARs accepted during the year[(1)]	Fair value of SARs on offer date (R'000)	SARs trans-ferred during the year[(2)]	Offer price (Rand)	Number of SARs exercised	Date exercising SARs	Share price on exercise date	Increase in value[(3)] (R'000)	Balance of SARs accepted as at 30 June 2016
P R Louw[(2)]				27 432	97.55					27 432
				22 646	147.25					22 646
				12 944	191.70					12 944
				5 952	253.53					5 952
				9 497	272.00					9 497
P J Uys	218 400				183.15					218 400
	3 325				191.70					3 325
	14 774				253.53					14 774
		11 533	933		272.00					11 533
N J Williams[(2)]	18 076			(18 076)	78.30					–
	25 768			(19 768)	97.55	(6 000)	26/10/2016	278.58	1 086	–
	81 901			(81 901)	147.25					–
	22 221			(22 221)	191.70					–
	16 430			(16 430)	253.53					–
		27 492	2 225	(27 492)	272.00					–
Total	400 895	39 025	3 158	(107 417)		(6 000)			1 086	326 503

(1) SARs were offered on 24 November 2015.
(2) With effect from 1 April 2016, Mr N J Williams was appointed as Chief Financial Officer and Mr P R Louw was appointed as member of the Management Board. SARs transferred refer to the balance of SARs granted and accepted by them prior to 1 April 2016.
(3) This refers to the increase in value of the SAR Scheme shares of the indicated participants from the offer date to the date of payment and delivery.

10. OTHER ASSETS AND LIABILITIES

10.1 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment

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

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

Depreciation rates (%) are as follows:	30 June 2017	30 June 2016
Bearer plants	**10**	10
Buildings	**2 – 50**	2 – 50
Machinery and equipment	**2½ – 33⅓**	2½– 33⅓
Vehicles	**5 – 33⅓**	5 – 33⅓
Office equipment	**5 – 50**	5 – 50

Leased assets

Assets leased in terms of finance leases, i.e. where the Group assumes substantially all the risks and rewards of ownership, are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum finance lease payments. Leased assets are depreciated over the shorter of the lease period or the period over which the particular asset category is otherwise depreciated. The corresponding rental obligations, net of finance charges, are included in non-current liabilities. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The finance charges are accounted for in the income statement over the term of the lease using the effective interest rate method.

Leases of assets where the lessor substantially retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are accounted for in the income statement on a straight-line basis over the period of the lease.

10. OTHER ASSETS AND LIABILITIES (continued)

10.1 PROPERTY, PLANT AND EQUIPMENT (continued)

R million	Land and buildings	Machinery and equipment	Vehicles	Office equipment	Bearer plants	Total
Restated						
Carrying value at 1 July 2015	2 417	2 721	496	82	269	5 985
Cost	3 315	6 042	994	201	269	10 821
Accumulated depreciation	(898)	(3 321)	(498)	(119)	–	(4 836)
Additions	356	774	107	36	22	1 295
Disposals	(3)	(16)	(9)	–	(26)	(54)
Depreciation	(113)	(435)	(100)	(22)	(57)	(727)
Business acquired	30	17	–	1	–	48
Impairments	(10)	(4)	(23)	–	–	(37)
Transfers and other	(75)	66	1	(2)	–	(10)
Carrying value at 30 June 2016	2 602	3 123	472	95	208	6 500
Cost	3 608	6 808	1 033	221	265	11 935
Accumulated depreciation	(1 006)	(3 685)	(561)	(126)	(57)	(5 435)
Additions	**142**	**497**	**487**	**30**	**72**	**1 228**
Disposals	**(6)**	**(14)**	**(11)**	**(2)**	**(9)**	**(42)**
Depreciation	**(114)**	**(456)**	**(103)**	**(22)**	**(53)**	**(748)**
Impairments	**(5)**	**(164)**	**(12)**	**–**	**–**	**(181)**
Transfers and other	**(91)**	**18**	**(13)**	**(3)**	**–**	**(89)**
Carrying value at 30 June 2017	**2 528**	**3 004**	**820**	**98**	**218**	**6 668**
Cost	**3 635**	**7 097**	**1 437**	**226**	**315**	**12 710**
Accumulated depreciation	**(1 107)**	**(4 093)**	**(617)**	**(128)**	**(97)**	**(6 042)**

Liabilities resulting from mortgage loans, finance leases and instalment sale agreements are secured by assets with a book value of R150 million (2016: R171 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 with a book value of R291 million (2016: R366 million) are still under construction.

Impairment assessment on RCL Foods' Chicken business unit

During the year under review, RCL Foods implemented a revised business model in the Chicken business. Steps taken include a reduction in shifts and the decision to dispose of an operation, the sale of which is expected to be completed within the 2018 financial year. The decision to implement the revised business model resulted in the identification of a separate Individually Quick Frozen (IQF) cash-generating unit (CGU). The Chicken business unit has historically been accounted for as a CGU. Specific assets, which became redundant as a result of the restructure, were identified separately from the IQF CGU. These assets were impaired to their recoverable amounts and RCL Foods' management does not expect these assets to generate any future economic benefits. The assets of the Tzaneen operation were impaired to their recoverable amounts and subsequently classified as held for sale.

The IQF CGU was tested for impairment and the assets amounting to R172 million were fully impaired. The key assumptions used are presented below. The recoverable amount of the IQF CGU has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management, which include assumptions on profit before tax, depreciation, working capital and capital maintenance expenditure. Cash flows beyond the five-year period are extrapolated using the long-term projected growth rate of 6.0%.

Assumption	30 June 2017
Discount rate (%)	**11.7**
Growth rate (%)	**6.0**
Period (years)	**5**

10. OTHER ASSETS AND LIABILITIES (continued)

10.1 PROPERTY, PLANT AND EQUIPMENT (continued)

The Chicken business CGU was tested for impairment with the key assumptions presented below. No further impairments were required. The recoverable amount of the remaining Chicken business CGU has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management, which include assumptions on profit before tax, depreciation, working capital and capital maintenance expenditure. Cash flows beyond the five-year period are extrapolated using the long-term projected growth rate of 6.0%.

The key assumptions used in the impairment test are as follows:

Assumption	30 June 2017	30 June 2016
Discount rate (%)	**10.2**	12.9
Growth rate (%)	**6.0**	6.0
Period (years)	**5**	5

Sensitivity analysis of assumptions used in the impairment test:

Assumption (R million)	*Movement*	2017 Impairment	2016 Impairment
Discount rate (%)	**+2.0**	**–**	–
Growth rate (%)	**-0.5**	**–**	–

10.2 INVESTMENT PROPERTIES

Investment properties are held to generate rental income and appreciate in capital value. Investment properties are treated as long-term investments and are carried at cost less accumulated depreciation. Buildings are depreciated to their estimated residual values on a straight-line basis over their expected useful lives.

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

R million	30 June 2017 Cost	30 June 2017 Accumulated depreciation	30 June 2017 Carrying value	30 June 2016 Cost	30 June 2016 Accumulated depreciation	30 June 2016 Carrying value
Land	**3**	**–**	**3**	3	–	3
Buildings	**130**	**(4)**	**126**	104	–	104
	133	**(4)**	**129**	107	–	107

Reconciliation of carrying value at the beginning and end of the year (R million)	*Land*	*Buildings*	30 June 2017	*Land*	*Buildings*	30 June 2016
Balances at the beginning of the year	**3**	**104**	**107**	3	48	51
Additions	**–**	**26**	**26**	–	56	56
Depreciation	**–**	**(4)**	**(4)**	–	–	–
Balances at the end of the year	**3**	**126**	**129**	3	104	107

10. OTHER ASSETS AND LIABILITIES (continued)

10.2 INVESTMENT PROPERTIES (continued)

Prior to the 2017 financial year, no depreciation was provided for on investment properties as the residual value of the properties exceeded the carrying value thereof. This remains true for existing investment properties as at 30 June 2016. During the 2017 financial year, additions, of which construction commenced during the 2016 financial year, to the properties were completed. The Group assessed the expected useful lives and residual values of the significant components of the additions to investment properties. Accordingly, depreciation rates between 4% and 20% per annum were applied on these components.

The Group's diverse investment property portfolio was valued as at 30 June 2017 by independent, qualified valuers using, depending on the specific property, either a discounted cash flow or a depreciated replacement cost approach using inputs appropriate to each specific property. The Group obtains external valuations of its property every three years, which are subsequently adjusted for inflation until the next valuations are performed. The fair value of the investment properties (Level 3), VAT exclusive, is R629 million (2016: R546 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.

10.3 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 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.

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.

Identifiable intangible assets and capitalised development costs with indefinite useful lives are not amortised.

R million	*Goodwill*	*Trade marks*	*Customer relation-ships*	*Software*	Total
Carrying value at 1 July 2015	3 056	1 791	785	78	5 710
Cost	3 068	1 813	995	161	6 037
Accumulated amortisation/impairment	(12)	(22)	(210)	(83)	(327)
Additions	–	–	–	15	15
Amortisation	–	(1)	(99)	(19)	(119)
Businesses acquired	21	–	–	–	21
Impairment	(377)	(265)	–	(2)	(644)
Transfers and other	–	–	–	10	10
Carrying value at 30 June 2016	2 700	1 525	686	82	4 993
Cost	3 089	1 813	995	186	6 083
Accumulated amortisation/impairment	(389)	(288)	(309)	(104)	(1 090)
Additions	**–**	**–**	**–**	**41**	**41**
Amortisation	**–**	**(1)**	**(99)**	**(22)**	**(122)**
Transfers and other	**–**	**–**	**–**	**15**	**15**
Carrying value at 30 June 2017	**2 700**	**1 524**	**587**	**116**	**4 927**
Cost	**3 077**	**1 813**	**995**	**238**	**6 123**
Accumulated amortisation/impairment	**(377)**	**(289)**	**(408)**	**(122)**	**(1 196)**

10. OTHER ASSETS AND LIABILITIES (continued)

10.3 INTANGIBLE ASSETS (continued)

Amortisation periods (years)	30 June 2017	30 June 2016
Trade marks	15 – 20	15 – 20
Customer relationships	4 – 20	4 – 20
Software	3 – 20	3 – 20

During the prior year RCL Foods and its subsidiaries recognised impairments on goodwill and trade marks amounting to R377 million and R265 million respectively. The goodwill and trade marks relate to its Sugar and Milling division. The recoverable amount of goodwill decreased due to forecasted cash flow restrictions resulting from the competitive trading environment, as well as an increase in the discount rate due to increased interest rates.

Software with a book value of R25 million is still under construction.

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:

	Indefinite life intangible assets	Goodwill		
	RCL Foods Limited and its subsidiaries[1]	RCL Foods Limited and its subsidiaries[2]	Wispeco Holdings Proprietary Limited and its subsidiaries	30 June 2017 Total
Carrying value (R million)	1 521	2 664	36	2 700
Basis of valuation of cash-generating units	Value in use	Value in use	Value in use	
Discount rate (%)	9.9 – 12.8	9.9 – 12.8	13.1	
Growth rate (%)	5.0 – 6.0	5.0 – 6.0	2.7	
Period (years)	5	5	5	

[1] *These indefinite life intangible assets relate to the acquisition of New Foodcorp Holdings Proprietary Limited (Foodcorp).*

[2] *Goodwill amounting to R2 735 million and R287 million was initially recognised with the acquisition of Foodcorp and Vector Logistics Proprietary Limited respectively.*

Sensitivity analysis of assumptions used in the impairment tests:

Assumption (R million)	Movement	2017 Impairment	2016 Impairment
Discount rate (%)	+2.0	316	508
Growth rate (%)	-0.5	15	78

No intangible assets were pledged as security.

10. OTHER ASSETS AND LIABILITIES (continued)

10.4 RETIREMENT BENEFITS

Pension obligations

Companies in the Group provide 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 2017	30 June 2016
Statement of financial position obligations		
Retirement benefits	**(11)**	(12)
Post-employment medical benefits	**(162)**	(190)
	(173)	(202)
Statement of financial position assets	**201**	163
Retirement benefits	**76**	26
Defined-contribution fund employer's surplus	**125**	137
Net defined-benefit post-retirement asset/(obligation)	**28**	(39)
Represented by:		
Retirement benefits (refer note 10.4.1)	**65**	14
Post-employment medical benefits (refer note 10.4.2)	**(162)**	(190)
Defined-contribution fund employer's surplus	**125**	137
	28	(39)
Income statement*		
Retirement benefits	**3**	4
Post-employment medical benefits	**28**	24
Expense	**31**	28
Statement of comprehensive income – other comprehensive income		
Retirement benefits (refer note 10.4.1)	**(52)**	(8)
Post-employment medical benefits (refer note 10.4.2)	**(16)**	(11)
Income	**(68)**	(19)

* *Refer note 12.2 on page 74.*

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.

For South African statutory purposes defined-benefit pension funds are actuarially valued every three years by independent actuaries using the projected unit credit method. The latest actuarial valuations of the South African funds were conducted as at 30 June 2015.

	Statement of financial position				Income statement	Statement of other compre-hensive income
R million	Fair value of plan assets	Present value of funded obligations	Effect of the asset limit*	Amount recognised in statement of financial position	(Income)/ expense included in staff costs	(Income)/ expense
Balances at 1 July 2015	483	(283)	(192)	8		
Current service cost	–	(5)	–	(5)	5	–
Net interest income/(expense)	38	(21)	(16)	1	(1)	–
Change in effect of the asset limit	–	–	(8)	(8)	–	8
Fund expense	(1)	1	–	–	–	–
Contributions	2	–	–	2	–	–
Exchange rate differences	5	(5)	–	–	–	–
Benefit payments	(16)	16	–	–	–	–
Remeasurements:						
– Return on plan assets excluding interest	18	–	–	18	–	(18)
– Change in financial assumptions	–	(2)	–	(2)	–	2
Balances at 30 June 2016	529	(299)	(216)	14	4	(8)
Current service cost	**–**	**(5)**	**–**	**(5)**	**5**	**–**
Net interest income/(expense)	**48**	**(25)**	**(21)**	**2**	**(2)**	**–**
Change in effect of the asset limit	**–**	**–**	**66**	**66**	**–**	**(66)**
Fund expense	**(1)**	**1**	**–**	**–**	**–**	**–**
Contributions	**2**	**–**	**–**	**2**	**–**	**–**
Exchange rate differences	**(4)**	**4**	**–**	**–**	**–**	**–**
Benefit payments	**(16)**	**16**	**–**	**–**	**–**	**–**
Remeasurements:						
– Return on plan assets excluding interest	**(34)**	**–**	**–**	**(34)**	**–**	**34**
– Change in financial assumptions	**–**	**20**	**–**	**20**	**–**	**(20)**
Balances at 30 June 2017	**524**	**(288)**	**(171)**	**65**	**3**	**(52)**

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

10. OTHER ASSETS AND LIABILITIES (continued)

10.4 RETIREMENT BENEFITS (continued)

10.4.1 RETIREMENT BENEFITS (continued)

R million	30 June 2017	30 June 2016
Actual return on plan assets	14	56
Expected contributions to retirement funds for the year ending 30 June 2018: R2 million		
Number of members	82	87
Composition of plan assets (%)		
Cash	10.3	22.9
Equity	37.1	34.1
Bonds	8.3	2.9
Property	4.2	3.6
International	31.5	31.9
Other	8.6	4.6
	100.0	100.0
Principal actuarial assumptions on reporting date (%)		
Discount rate	0.4 – 9.4	0.2 – 9.9
Future salary increases	8.4	9.6
Future pension increases	6.4	7.6
Inflation rate	1.1 – 6.4	0.9 – 7.6

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

R million	2017 Impact on defined-benefit obligation			2016 Impact on defined-benefit obligation		
	Change in assumption	*Increase in assumption*	*Decrease in assumption*	*Change in assumption*	*Increase in assumption*	*Decrease in assumption*
South African obligation						
Discount rate	1.0%	(19)	22	1.0%	(21)	26
Inflation rate	1.0%	23	(19)	1.0%	26	(22)
Switzerland						
Discount rate	0.5%	(2)	2	0.5%	(2)	2
Inflation rate	0.5%	2	(1)	0.5%	2	(2)

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

10.4.2 POST-EMPLOYMENT MEDICAL BENEFITS

The Group operates a number of post-employment medical benefit schemes in South Africa. The majority of these plans are unfunded.

The amounts recognised in the statement of financial position are determined as follows:

R million	30 June 2017	30 June 2016
Present value of funded obligations	89	90
Fair value of plan assets	(70)	(70)
Deficit of the funded plans	19	20
Present value of unfunded obligations	143	170
Liability included in the statement of financial position	162	190

10. OTHER ASSETS AND LIABILITIES (continued)

10.4 RETIREMENT BENEFITS (continued)

10.4.2 POST-EMPLOYMENT MEDICAL BENEFITS (continued)

R million	Statement of financial position: *Fair value of plan assets*	Statement of financial position: *Present value of fund obligations*	Statement of financial position: *Amount recognised in statement of financial position*	Income statement: *(Income)/ expense included in staff costs*	Statement of other comprehensive income: *(Income)/ expense*
Balances at 1 July 2015	62	(280)	(218)		
Current service cost	–	(7)	(7)	7	–
Net interest income/(expense)	6	(25)	(19)	19	–
Past service cost	–	2	2	(2)	–
Benefit payments	(3)	14	11	–	–
Liability settled	–	30	30	–	–
Remeasurements:					
– Return on plan assets excluding interest income	5	–	5	–	(5)
– Gain/(loss) due to experience adjustment	–	6	6	–	(6)
Balances at 30 June 2016	70	(260)	(190)	24	(11)
Current service cost	**–**	**(7)**	**(7)**	**7**	**–**
Net interest income/(expense)	**7**	**(26)**	**(19)**	**19**	**–**
Past service cost	**–**	**(2)**	**(2)**	**2**	**–**
Benefit payments	**(2)**	**10**	**8**	**–**	**–**
Liability settled	**–**	**32**	**32**	**–**	**–**
Remeasurements:					
– Change in financial assumptions	**–**	**13**	**13**	**–**	**(13)**
– Return on plan assets excluding interest income	**(5)**	**–**	**(5)**	**–**	**5**
– Gain/(loss) due to experience adjustment	**–**	**8**	**8**	**–**	**(8)**
Balances at 30 June 2017	**70**	**(232)**	**(162)**	**28**	**(16)**

R million	30 June 2017	30 June 2016
Amount of plan assets represented by investment in the entity's own financial instruments	**1**	1
Actual return on plan assets	**2**	11
Expected medical premiums for the year ending 30 June 2018: R6 million		
Number of members	**704**	686
Composition of plan assets (%)		
Cash	**4.4**	9.3
Equity	**85.0**	81.5
Bonds	**10.6**	9.2
	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 2017	30 June 2016
Discount rate	8.9 – 11.6	9.2 – 10.3
Annual increase in healthcare costs	8.3 – 10.7	8.9 – 10.0

R million	2017 Impact on post-employment medical liability Change in assumption			2016 Impact on post-employment medical liability Change in assumption		
	Change in assumption	Increase in assumption	Decrease in assumption	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.0%	(31)	36	1.0%	(34)	40
Healthcare cost inflation	1.0%	38	(31)	1.0%	33	(26)

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

10.5 INVENTORIES

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

R million	30 June 2017	30 June 2016
Raw materials	715	974
Finished products	2 004	2 095
Work in progress	26	19
Consumable stores	310	186
	3 055	3 274
Inventory expensed during the year	16 138	16 959
Inventory carried at net realisable value	103	249

10. OTHER ASSETS AND LIABILITIES (continued)

10.6 BIOLOGICAL AGRICULTURAL ASSETS

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

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

- Sugar cane plants – sucrose content and age
- Banana fruit – estimated yields, quality standards and age

Chicken stock
Chicken stock includes breeding and broiler stock. Breeding stock includes the breeding and laying operations, including hatching eggs. The fair value of chicken stock is determined with reference to current market prices or, where market prices are not available, by reference to sector benchmarks.

Biological assets are measured at fair value using inputs that are not based on observable market data. Accordingly these assets are classified as level 3 in terms of IFRS 13. There were no transfers to either level 1 or level 2 fair value assets during the periods under review.

R million	*Breeding stock*	*Broiler stock*	*Sugar cane plants*	*Banana fruit*	Total
Carrying value at 1 July 2015*	308	241	276	5	830
Additions	1 025	4 025	–	–	5 050
Decrease due to harvest	(1 033)	(4 015)	–	–	(5 048)
Fair value adjustment	49	12	347	4	412
Transfers	–	–	(271)	(5)	(276)
Carrying value at 30 June 2016*	349	263	352	4	968
Additions	**915**	**3 829**	**–**	**–**	**4 744**
Decrease due to harvest	**(1 016)**	**(3 898)**	**–**	**–**	**(4 914)**
Fair value adjustment	**25**	**13**	**318**	**7**	**363**
Transfers	**–**	**(15)**	**(351)**	**(4)**	**(370)**
Carrying value at 30 June 2017	**273**	**192**	**319**	**7**	**791**

* *Restated.*

10. OTHER ASSETS AND LIABILITIES (continued)

10.6 BIOLOGICAL AGRICULTURAL ASSETS (continued)

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

DESCRIPTION	VALUATION TECHNIQUE	UNOBSERVABLE INPUTS	RANGE OF UNOBSERVABLE INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUT TO FAIR VALUE	FAIR VALUE AT 30 JUNE 2017 R MILLION
Chicken stock	Replacement cost of the components of growing the stock	Number of eggs per hen	163 to 174 per hen	The higher the number of eggs per hen, the higher the fair value	
		Cost of a day-old breeder bird	R58.08 to R66.33 per chick	The higher the cost per chick, the higher the fair value	
		Mortality rates	2.9% to 7.8%	The higher the mortality, the lower the fair value	
		Average live mass	1.51 kg to 1.79 kg per bird	The higher the average live mass, the higher the fair value	
		Feed cost	R5 115 to R6 634 per ton	The higher the feed cost per ton, the higher the fair value	465
Standing cane	Recoverable value	Recoverable value (price per ton of sucrose) less harvesting, transport and other cost to sell	R3 269 to R3 841 per ton	The higher the recoverable value less harvesting, transport and other cost to sell per ton of sucrose, the higher the value of standing cane	319
Banana fruit	Recoverable value	Fair value per ton less cost to sell[1]	R3 874 per ton	The higher the expected fair value per ton less cost to sell, the higher the value of banana fruit	7

[1] *During the year under review the unobservable inputs for valuing banana fruit were changed to a more appropriate basis in determining fair value.*

DESCRIPTION	VALUATION TECHNIQUE	UNOBSERVABLE INPUTS	RANGE OF UNOBSERVABLE INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUT TO FAIR VALUE	FAIR VALUE AT 30 JUNE 2016 R MILLION
Chicken stock	Replacement cost of the components of growing the stock	Number of eggs per hen	163 to 174 per hen	The higher the number of eggs per hen, the higher the fair value	
		Cost of a day-old breeder bird	R55.22 to R61.29 per chick	The higher the cost per chick, the higher the fair value	
		Mortality rates	4.5% to 5.6%	The higher the mortality, the lower the fair value	
		Average live mass	1.48 kg to 1.81 kg per bird	The higher the average live mass, the higher the fair value	
		Feed cost	R5 632 to R6 300 per ton	The higher the feed cost per ton, the higher the fair value	612
Standing cane	Recoverable value	Recoverable value (price per ton of sucrose) less harvesting, transport and other cost to sell	R3 703 to R4 167 per ton	The higher the recoverable value less harvesting, transport and other cost to sell per ton of sucrose, the higher the value of standing cane	352
Banana fruit	Recoverable value	Expected earnings before interest and tax (EBIT)	R489 EBIT per ton sold	The higher the expected EBIT contribution, the higher the value of banana fruit	4

10. OTHER ASSETS AND LIABILITIES (continued)

10.6 BIOLOGICAL AGRICULTURAL ASSETS (continued)

Sensitivity analysis

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

INPUT	SENSITIVITY
Feed cost – chicken stock	A five percent change in feed cost would result in a R6 million (2016: R8 million) change in fair value.
Recoverable value price per ton – standing cane	A change of one percent in recoverable value would result in a R4 million (2016: R5 million) change in fair value.

10.7 DEBTORS AND SHORT-TERM LOANS

R million	30 June 2017	30 June 2016
Trade debtors (gross)	**3 381**	3 468
Less: Provision for impairments	**(75)**	(90)
Trade debtors (net)	**3 306**	3 378
Dividends receivable	**264**	505
Short-term loans	**611**	331
Advance payments	**65**	303
Other	**639**	986
	4 885	5 503

Debtors with a carrying value of R2 517 million (2016: R2 035 million) provided collateral to the Group. The collateral consists of mortgage and notarial bonds, cessions, bank guarantees and credit insurance.

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

R million	30 June 2017	30 June 2016
Balances at the beginning of the year	**90**	80
Provision for impairments on debtors	**20**	21
Debtors written off as uncollectable during the year	**(5)**	(4)
Unused amounts written back	**(27)**	(7)
Exchange rate difference	**(3)**	–
Balances at the end of the year	**75**	90

During the year, bad debts amounting to R5 million (2016: R4 million) were written off. The other classes of assets in debtors and short-term loans have no assets where impairments were made. For further information refer to note 13.

10.8 TRADE AND OTHER PAYABLES

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

R million	30 June 2017	30 June 2016
Trade payables	**2 382**	2 647
Accrued expenses	**2 328**	2 186
	4 710	4 833

10. OTHER ASSETS AND LIABILITIES (continued)

10.9 ASSETS HELD FOR SALE

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

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

- it represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

A component of the Group comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group.

R million	30 June 2017	30 June 2016
Assets held for sale comprise of:		
Assets held for sale	89	29
Liabilities held for sale	(1)	–
	88	29
The details of these assets and liabilities are as follows:		
Wispeco sold two properties during the year under review. The carrying value of property, plant and equipment classified as held for sale was	–	29
RCL Foods decided to dispose of the Tzaneen operations in its Chicken business. A buyer has been located for the operations and the sale is expected to be finalised in the 2018 financial year. The carrying value of the assets was impaired to their recoverable amount prior to classification as held for sale. The carrying value of the assets and liabilities held for sale is	72	–
Property, plant and equipment	55	–
Biological agricultural assets	15	–
Inventory	3	–
Trade and other payables	(1)	–
The Group decided to dispose of a corporate aircraft. A buyer has been located and the sale is expected to be completed in the 2018 financial year. The aircraft was impaired to its recoverable amount prior to classification as held for sale. The carrying value of property, plant and equipment is	13	–
RCL Foods decided to dispose of cane trucks and a premix plant within the Sugar and Milling business. The sale of both the trucks and the plant is expected to be completed in the 2018 financial year. The carrying value of property, plant and equipment is	3	–
Net non-current assets held for sale	**88**	29

11. TAXATION

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

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

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

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

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

11.1 DEFERRED TAXATION

R million	30 June 2017	30 June 2016 Restated
Deferred taxation liability	**1 511**	1 623
Property, plant and equipment	**844**	845
Inventories and biological assets	**222**	323
Intangible assets	**596**	624
Provisions	**(163)**	(129)
Investments	**188**	218
Tax losses	**(179)**	(251)
Other	**3**	(7)
Deferred tax asset	**(23)**	(42)
Property, plant and equipment	**8**	12
Inventories	**(1)**	(1)
Tax losses	**–**	(12)
Provisions	**(25)**	(38)
Other	**(5)**	(3)
Net deferred taxation	**1 488**	1 581
The movement between balances of deferred taxation at the beginning and end of the year can be analysed as follows:		
Beginning of the year	**1 581**	1 612
As per income statement	**(88)**	(153)
Accounted for in other comprehensive income	**(5)**	82
Accounted for in other comprehensive income: tax rate change	**–**	36
Businesses acquired	**–**	4
	1 488	1 581

11. TAXATION (continued)

11.2 TAX LOSSES

R million	30 June 2017	30 June 2016
Estimated tax losses available for set-off against future taxable income	**1 104**	1 885
Utilised to create deferred tax asset	**(648)**	(930)
	456	955

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 R445 million (2016: R1 048 million)
- Capital losses amounting to R3 440 million (2016: R3 440 million)
- Capital losses amounting to R5 299 million (2016: R4 924 million), which can be utilised against future capital gains in limited circumstances

R million	30 June 2017	30 June 2016
11.3 TAXATION IN INCOME STATEMENT		
Current – current year – South African normal taxation	**324**	274
– Capital gains tax	**8**	6
– Foreign income	**9**	4
– Foreign taxation	**7**	8
– previous year – South African normal taxation	**(33)**	(160)
	315	132
Deferred – current year	**(121)**	(121)
– previous year	**33**	(32)
	227	(21)
11.4 TAX RATE RECONCILIATION		
Effective tax rate	**19.1**	2.4
Reduction/(increase) in standard rate as a result of:		
Exempt dividend income	**1.5**	(2.4)
Non-taxable capital profit	**2.5**	(4.3)
Non-deductible expenditure/non-taxable income	**6.2**	29.6
Foreign taxation	**(1.3)**	1.3
Previous year taxation	**0.6**	(3.5)
Tax losses utilised	**(0.6)**	4.9
Standard rate	**28.0**	28.0

12. OTHER INCOME AND EXPENSES

12.1 REVENUE

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is disclosed net of value added tax, returns, rebates and discounts and after eliminating sales within the Group.

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

Revenue is recognised when a Group entity has delivered products to the customer (in the case of services when the underlying products have been delivered), the customer has accepted the products, the amount of revenue can be reliably measured, and collectability of the related receivable is reasonably assured.

Consulting services are recorded in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

The Group bases its estimates of incentive rebates and settlement discounts on historical results.

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

Segment revenue for the year (R million)	30 June 2017	30 June 2016
Consumer products		
RCL Foods	**24 951**	25 025
Industrial		
Wispeco	**2 231**	2 105
Media and sport		
Other media and sport interests	**418**	567
Consolidated	**27 600**	27 697

Geographical segmental information: Revenue, amounting to R55 million (2016: R130 million), is derived from outside of South Africa.

12.2 STAFF COSTS

Short-term employee benefits

Employee entitlements to leave are recognised when they accrue to employees involved. A creditor is created for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

R million	30 June 2017	30 June 2016
Salaries and wages	**4 271**	3 914
Share-based payments	**144**	94
Pension costs – defined contribution	**275**	265
Pension costs – return on defined-contribution asset	**(4)**	(13)
Pension costs – defined benefit	**3**	4
Post-employment medical benefits	**28**	24
Other	**255**	290
	4 972	4 578

12. OTHER INCOME AND EXPENSES (continued)

12.3 PROFIT

R million	30 June 2017	30 June 2016 Restated
Profit is stated after taking the following into account:		
Income		
Fair value adjustment – biological assets	**363**	412
Fair value adjustment – derivative instruments	**359**	(526)
Rental income – investment properties	**23**	21
Profit on sale and dilution of investments	**199**	2 451
Dilution profit of interest in equity accounted investments	**199**	2 259
Investment in Britehouse	**–**	94
Investment in Spire	**–**	153
Recycled foreign currency translation reserves	**–**	(51)
Other	**–**	(4)
Net impairment of investments, assets and goodwill	**116**	(2 550)
Investment in PGSI	**(86)**	35
Investment in Blue Bulls	**–**	(27)
Investment in Mainstreet 1131	**(17)**	–
Investment in Premier Team Holdings	**(74)**	17
Investment in Grindrod	**478**	(1 861)
Investment in WP Rugby	**–**	(26)
Investment in VisionChina Media	**(5)**	–
Investment in PressureRite	**1**	–
RCL Foods' intangible assets	**–**	(644)
Assets held for sale	**–**	(7)
Property, plant and equipment	**(181)**	(37)
Net impairment of loans	**(11)**	(6)
Expenses		
Amortisation of intangible assets	**122**	119
Expenses – investment properties	**8**	6
Rental	**459**	517
Land and buildings	**270**	321
Machinery and equipment	**75**	79
Vehicles	**82**	77
Office equipment	**32**	40
Repairs and maintenance	**850**	851
Research and development costs written off	**3**	4
Auditors' remuneration – audit fees	**33**	33
– other services	**4**	4
Loss on disposal of biological assets	**–**	9
Loss on the sale of property, plant and equipment	**110**	10
Professional fees[(1)]	**138**	423
Depreciation	**752**	727
Bearer plants	**53**	57
Buildings	**114**	113
Machinery and equipment	**456**	435
Vehicles	**103**	100
Office equipment	**22**	22
Investment properties	**4**	–
Exchange rate losses[(1)]	**86**	159

[(1)] *Professional fees and exchange rate losses for the prior year include once-off transaction costs relating to the Mediclinic rights issue and Al Noor transaction amounting to R296 million and R106 million respectively.*

13. FINANCIAL INSTRUMENTS

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

Loans and receivables

Loans and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. These instruments are carried at amortised cost using the effective interest rate method.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with *IAS 37: Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

Derecognition of financial instruments

Financial assets (or portions thereof) are derecognised when the Group realises the rights to the benefits specified in the contract, the rights expire or the Group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable, as well as any prior adjustments to reflect fair value that had been recognised in other comprehensive income, is included in the income statement.

Financial liabilities (or portions thereof) are derecognised when the Group's obligation specified in the contract is discharged or cancelled or has expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in the income statement.

Fair value estimation

Financial instruments that are measured at fair value in the statement of financial position, are disclosed by level of the following fair value hierarchy:

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

The fair value of financial instruments traded in an organised financial market is measured at the applicable quoted prices. The fair value of the financial instruments that are not traded in an organised financial market is determined using a variety of methods and assumptions that are based on market conditions and risk existing at reporting date, including independent appraisals and discounted cash flow methods. Fair values represent an approximation of possible value, which may differ from the value that will finally be realised.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Hedging activities

There are Group companies that are parties to derivative financial instruments that reduce exposure to financial risks. These instruments mainly comprise forward contracts. Certain Group companies apply hedge accounting.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are reclassified in the income statement in the periods when the hedged item will affect profit and loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

13. FINANCIAL INSTRUMENTS (continued)

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, along with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group applies fair value hedge accounting for hedging foreign currency risk on certain foreign currency denominated balances. The gain or loss relating to the effective and ineffective portion is recognised in the income statement under foreign exchange gains or losses. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest rate method is used is amortised to profit or loss over the period to maturity.

Group companies that do not apply hedge accounting, recognise changes in the fair value of these and other derivative instruments in the income statement in the period in which they arise.

Any derivatives embedded in financial instruments are separated from the host contract when their economic characteristics are not closely related to those of the host contract and the host contract is not carried at fair value. Gains and losses are reported in the income statement.

Where a current legally enforceable right of set-off exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

13.1 CLASSES OF FINANCIAL INSTRUMENTS AND FAIR VALUE

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

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

Financial assets (R million)	Non-financial assets	Loans and receivables	Assets at fair value through profit and loss	Available-for-sale	Carrying value	Fair value
30 June 2017						
Investments – available-for-sale	**–**	**–**	**–**	**3 345**	**3 345**	**3 345**
Loans	**–**	**562**	**–**	**–**	**562**	**562**
Loans to equity accounted investments	**–**	**606**	**–**	**–**	**606**	**606**
Debtors and short-term loans	**705**	**4 180**	**–**	**–**	**4 885**	**4 885**
Derivative instruments	**–**	**–**	**1**	**–**	**1**	**1**
Investment in money market funds	**–**	**–**	**5 888**	**–**	**5 888**	**5 888**
Cash and cash equivalents	**–**	**7 524**	**–**	**–**	**7 524**	**7 524**
Assets held for sale	**89**	**–**	**–**	**–**	**89**	**89**
	794	**12 872**	**5 889**	**3 345**	**22 900**	**22 900**
30 June 2016						
Investments – available-for-sale	–	–	–	3 408	3 408	3 408
Loans	–	880	–	–	880	880
Loans to equity accounted investments	–	549	–	–	549	549
Debtors and short-term loans	1 289	4 214	–	–	5 503	5 503
Derivative instruments	–	–	8	–	8	8
Investment in money market funds	–	–	1 050	–	1 050	1 050
Cash and cash equivalents	–	3 569	–	–	3 569	3 569
Assets held for sale	29	–	–	–	29	29
	1 318	9 212	1 058	3 408	14 996	14 996

13. FINANCIAL INSTRUMENTS (continued)

13.1 CLASSES OF FINANCIAL INSTRUMENTS AND FAIR VALUE (continued)

Financial liabilities (R million)	Non-financial liabilities	Liabilities at amortised cost	Liabilities at fair value through profit and loss	Carrying value	Fair value
30 June 2017					
Long-term loans	**–**	**16 446**	**–**	**16 446**	**16 318**
Non-current derivative instruments	**–**	**–**	**363**	**363**	**363**
Trade and other payables	**77**	**4 633**	**–**	**4 710**	**4 710**
Short-term loans	**–**	**480**	**–**	**480**	**480**
Current derivative instruments	**–**	**–**	**62**	**62**	**62**
Liabilities held for sale	**–**	**1**	**–**	**1**	**1**
	77	**21 560**	**425**	**22 062**	**21 934**
30 June 2016					
Long-term loans	–	17 799	–	17 799	17 919
Non-current derivative instruments	–	–	1 197	1 197	1 197
Trade and other payables	77	4 756	–	4 833	4 833
Short-term loans	–	1 660	–	1 660	1 660
Current derivative instruments	–	–	117	117	117
	77	24 215	1 314	25 606	25 726

Fair value

Except for the term-funded debt package (refer note 6.1) with a fair value of R2 980 million (2016: R3 470 million), the fair value of financial instruments approximates their carrying value on 30 June 2017 and 30 June 2016.

Fair value estimation

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

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

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

R million	Level 1	Level 2	Level 3	Total
30 June 2017				
Available-for-sale	**1 178**	**–**	**2 167**	**3 345**
Derivative instruments	**–**	**1**	**–**	**1**
Investment in money market funds	**5 888**	**–**	**–**	**5 888**
	7 066	**1**	**2 167**	**9 234**
30 June 2016				
Available-for-sale	1 260	–	2 148	3 408
Derivative instruments	–	8	–	8
Investment in money market funds	1 050	–	–	1 050
	2 310	8	2 148	4 466

13. FINANCIAL INSTRUMENTS (continued)

13.1 CLASSES OF FINANCIAL INSTRUMENTS AND FAIR VALUE (continued)

Fair value estimation (continued)

Reconciliation of carrying value of level 3 assets at the beginning and end of the year (R million)	**30 June 2017**	30 June 2016
Available-for-sale		
Balances at the beginning of the year	**2 148**	1 591
Additions	**119**	174
Disposals	**(67)**	(53)
Exchange rate adjustments	**(178)**	236
Fair value adjustments through comprehensive income	**145**	200
Balances at the end of the year	**2 167**	2 148

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 2017				
Non-current derivative instruments	**–**	**363**	**–**	**363**
Current derivative instruments	**–**	**13**	**49**	**62**
	–	**376**	**49**	**425**
30 June 2016				
Non-current derivative instruments	–	1 197	–	1 197
Current derivative instruments	–	63	54	117
	–	1 260	54	1 314

Reconciliation of carrying value of level 3 liabilities at the beginning and end of the year (R million)	**30 June 2017**	30 June 2016
Derivative instruments		
Balances at the beginning of the year	**54**	–
Remeasurements	**(5)**	–
Additions	**–**	54
Balances at the end of the year	**49**	54

There were no transfers between the different levels.

Level 3 financial assets consist mainly of investments in the Milestone China entities (Milestone), the Kagiso Infrastructure Empowerment Fund (KIEF) and the Pembani Remgro Infrastructure Fund (PRIF) amounting to R1 554 million, R272 million and R246 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 (40%), cash and cash equivalents (4%) and unlisted investments (56%). Unlisted investments included at recent transaction prices in Milestone's fair value amounted to R606 million, while its remaining eight unlisted investments were valued at R264 million and is considered to be immaterial. KIEF's investments were valued using the discounted cash flow method or the agreed exit price. PRIF's main assets are the investments in ETG Group and Nova Lumos. ETG Group was valued using appropriate revenue and earnings multiples based on peer group companies to determine a price-to-book valuation, while Nova Lumos was recently acquired and therefore valued at its cost price.

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

13. FINANCIAL INSTRUMENTS (continued)

13.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Various financial risks have an impact on the Group's results: market risk (including price risk, interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Company and its subsidiaries' risk management programmes, of which key aspects are explained below, acknowledge the unpredictability of financial markets and are aimed to minimise any negative effect thereof. Derivative instruments are used to hedge against certain financial risk exposures.

Remgro's risk management is performed by its central treasury department in terms of policy that was approved by the Board of Directors. A treasury committee identifies, evaluates and hedges financial risks in terms of the Group's risk appetite, sets risk limits and monitors compliance to policy and procedures. The committee is assisted by the internal audit department that regularly, and on an *ad hoc* basis, reviews risk management controls and procedures. It is the responsibility of the Remgro Audit and Risk Committee to supervise these functions and assess the appropriateness of risk management strategies.

Risk management at subsidiary level is performed by the respective subsidiaries themselves and Remgro's Board of Directors monitors this on a continuous basis through representation on the subsidiaries' boards.

Relevant financial risks and risk management programmes are summarised as follows:

Market risk

Price risk

Exposure to price risk is due to investments in listed and unlisted shares which are classified as "Investments available-for-sale", investment in money market funds and investments in commodity future contracts, as well as the embedded derivative included in the exchangeable bonds.

"Investments available-for-sale" consist mainly of the investments in British American Tobacco plc, Kagiso Infrastructure Empowerment Fund, Pembani Remgro Infrastructure Fund and the Milestone China Funds. The Management Board monitors all the investments continuously and makes recommendations to the Investment Committee and the Board of Directors in this regard.

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

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

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

Foreign exchange risk

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

The Group is also exposed to foreign exchange translation risk through its investment in money market funds (note 5.1), foreign cash (note 5.2), as well as the exchangeable bonds and its embedded derivative (notes 6.1 and 6.2).

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

Interest rate risk

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

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

13. FINANCIAL INSTRUMENTS (continued)

13.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk (continued)

The Group's sensitivity to market risk

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

	30 June 2017			30 June 2016		
	Change	Income statement R million	Equity R million	Change	Income statement R million	Equity R million
Interest rates	+2.0%	159	–	+2.0%	12	–
Foreign exchange	+5.0%	(2)	21	+5.0%	(1)	(215)
Equity prices	+10.0%	(4)	259	+10.0%	(6)	265
Dividend yield	+1.0%	39	–	+1.0%	122	–
Volatility	+10.0%	(280)	–	+10.0%	(540)	–

The above was calculated with reference to the carrying value of financial instruments at year-end and a possible change in the market risk factor.

Credit risk

The Group's exposure to credit risk is the fair value of loans, loans to equity accounted investments and other investee companies, debtors, short-term loans, derivative instruments, investments in money market funds and cash and cash equivalents as indicated above, as well as financial guarantee contracts.

Loans receivable

Management continuously assesses the credit risk of loans to equity accounted investments through its representation on the respective boards. The credit risk of loans to other investee companies is assessed through regular reporting from the respective investee companies. Loans to equity accounted investments and other investee companies are within their mandated terms.

Trade debtors

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

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

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

	Age analysis of trade debtors in arrears				Total trade debtors in arrears
Debtors (R million)	30 days	60 days	90 days	120 days +	
30 June 2017	**326**	**14**	**18**	**14**	**372**
30 June 2016	312	75	12	19	418

A provision for doubtful debts of R75 million (2016: R90 million) was made. Refer note 10.7.

13. FINANCIAL INSTRUMENTS (continued)

13.2 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)

Trade debtors (continued)

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

R million	30 June 2017	30 June 2016
Existing customers (history of more than six months) – no past defaults	**2 885**	2 527
Existing customers (history of more than six months) – with past defaults	**33**	332
New customers (history of less than six months)	**16**	101
	2 934	2 960

Derivative instrument transactions and cash investments

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

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

Liquidity risk

Debt levels within the Group are monitored on a continuous basis. The Company and its subsidiaries have substantial cash balances at their disposal and adequate credit facilities that limit their liquidity risk. Liquidity risk is further limited due to the fact that the Company also has substantial investments which can be realised on short notice.

The following schedule indicates the repayment terms of outstanding debt:

Financial liabilities (R million)	Carrying value	Contractual cash flow	Non-discounted cash flow: 0 to 12 months	Non-discounted cash flow: 1 to 5 years	Non-discounted cash flow: 5 years and longer
30 June 2017					
Long-term loans	**16 446**	**17 184**	**348**	**16 803**	**33**
Trade and other payables	**4 711**	**4 753**	**4 753**	**–**	**–**
Short-term loans	**480**	**511**	**511**	**–**	**–**
Non-current derivative instruments	**363**	**363**	**–**	**363**	**–**
Current derivative instruments	**62**	**62**	**62**	**–**	**–**
	22 062	**22 873**	**5 674**	**17 166**	**33**
30 June 2016					
Long-term loans	17 799	22 102	282	21 604	216
Trade and other payables	4 757	4 757	4 757	–	–
Short-term loans	1 660	2 395	2 395	–	–
Non-current derivative instruments	1 197	1 197	–	1 197	–
Current derivative instruments	117	117	117	–	–
Guarantee	–	–	150	–	–
	25 530	30 568	7 701	22 801	216

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

Related party transactions (R million)	30 June 2017	30 June 2016
Transactions of Remgro Limited and its subsidiaries with:		
Principal shareholder		
Dividends	**(183)**	(158)
Equity accounted investments		
Interest received	**126**	116
Interest paid	**(371)**	(424)
Dividends received	**3 861**	3 900
Administration fees received	**37**	36
Administration fees paid	**(15)**	(8)
Sales	**48**	54
Purchases	**(1 014)**	(996)
Corporate finance transactions and underwriting fees paid	**(129)**	(165)
Key management personnel		
Salaries and other benefits	**(29)**	(28)
Retirement benefits	**(5)**	(5)
Share-based payments	**(29)**	(11)
Balances due from/(to) related parties:		
Equity accounted investments	**(4 727)**	(2 021)
Equity accounted investments	**2 060**	1 174

No security is given for any outstanding balances. No provisions for bad debts against outstanding balances with related parties have been made. No bad debt of related parties has been written off during the year.

14. RELATED PARTIES (continued)

14.2 PRINCIPAL SUBSIDIARIES

NAME OF COMPANY Incorporated in South Africa unless otherwise stated		Share capital R (unless otherwise stated)	Effective interest 30 June 2017 %	30 June 2016 %
Eikenlust Proprietary Limited		100	**100.0**	100.0
Entek Investments Proprietary Limited		16 029 279	**100.0**	100.0
Financial Securities Proprietary Limited		250 000	**100.0**	100.0
Historical Homes of South Africa Limited		555 000	**60.7**	60.6
Industrial Electronic Investments Proprietary Limited		1 000	**100.0**	100.0
Industrial Partnership Investments Proprietary Limited		125 000	**100.0**	100.0
Invenfin Proprietary Limited		100	**100.0**	100.0
IPI (Overseas) Limited – Jersey		918 530 004	**100.0**	100.0
IPROP Holdings Limited – British Virgin Islands	(USD)	4 882 892	**100.0**	100.0
Metkor Group Proprietary Limited		82 978 237	**100.0**	100.0
Millennia Jersey Limited – Jersey	(GBP)	288 000 000	**100.0**	100.0
Partnership in Mining Proprietary Limited		100	**100.0**	100.0
RCL Foods Limited	*	10 041 689 830	**77.2**	77.3
Remgro Beverages Proprietary Limited		1	**100.0**	–
Remgro Finance Corporation Proprietary Limited		958 430	**100.0**	100.0
Remgro Health Limited – Jersey	(GBP)	100 000 000	**100.0**	100.0
Remgro Healthcare Holdings Proprietary Limited		36 543 642 592	**100.0**	100.0
Remgro International Holdings Proprietary Limited		2	**100.0**	100.0
Remgro International Limited – Jersey		5 014 710	**100.0**	100.0
Remgro Investment Corporation Proprietary Limited		100	**100.0**	100.0
Remgro Jersey GBP Limited – Jersey	(GBP)	100 000 000	**100.0**	100.0
Remgro Loan Corporation Proprietary Limited		700	**100.0**	100.0
Remgro Management Services Limited		100	**100.0**	100.0
Remgro South Africa Proprietary Limited		48 614	**100.0**	100.0
Remgro Sport Investments Proprietary Limited		100	**100.0**	100.0
Remgro USA Limited – Jersey	(USD)	2	**100.0**	100.0
Remont Proprietary Limited		100	**100.0**	100.0
Robertsons Holdings Proprietary Limited		1 000	**100.0**	100.0
RPII Holdings Proprietary Limited		8 600 000	**100.0**	100.0
SEACOM SA SPV Proprietary Limited		100	**100.0**	100.0
Stellenbosch Academy of Sport Properties Proprietary Limited		2	**100.0**	100.0
TSB Sugar Holdings Proprietary Limited		7 532 040 746	**100.0**	100.0
TTR Holdings Proprietary Limited		–	**–**	100.0
VenFin Holdings Limited – Jersey	(USD)	88 578 773	**100.0**	100.0
VenFin Proprietary Limited		2 849 304 076	**100.0**	100.0
VenFin Media Investments Proprietary Limited		2	**100.0**	100.0
Wispeco Holdings Proprietary Limited		11 641 000	**100.0**	100.0

Details of income and investments in subsidiaries are disclosed in the Company's separate annual financial statements.

(GBP) pound
(USD) USA dollar
* *Listed company*

A complete register of subsidiaries is available for inspection at the registered office of the Company.

14. RELATED PARTIES (continued)

14.3 PRINCIPAL EQUITY ACCOUNTED INVESTMENTS

NAME OF COMPANY Incorporated in South Africa unless otherwise stated	Listed(L)/ Unlisted(U)	30 June 2017 Shares held	30 June 2017 Effective interest %	30 June 2016 Shares held	30 June 2016 Effective interest %
Healthcare					
Mediclinic International plc – UK	L	**328 497 888**	**44.6**	328 497 888	44.6
Banking					
RMB Holdings Limited	L	**397 447 747**	**28.2**	397 447 747	28.2
– held by RMB Holdings Limited:					
– FirstRand Limited (34%)	L		**9.6**		9.6
FirstRand Limited[(1)]		**219 828 140**	**3.9**	219 828 140	3.9
Consumer products					
Unilever South Africa Holdings Proprietary Limited	U	**5 348 135**	**25.8**	5 348 135	25.8
Capevin Holdings Limited[(1)]	L	**167 645 356**	**19.0**	136 978 200	15.6
– indirectly held by Capevin Holdings Limited through Remgro-Capevin Investments Proprietary Limited:					
– Distell Group Limited (19%)	L		**5.1**		4.2
Remgro-Capevin Investments Proprietary Limited	U	**50**	**50.0**	50	50.0
– held by Remgro-Capevin Investments Proprietary Limited:					
– Distell Group Limited (53%)	L		**26.7**		26.8
Insurance					
RMI Holdings Limited	L	**449 665 168**	**29.9**	449 665 168	30.3
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**	**34.9**	325 892	34.9
Total South Africa Proprietary Limited	U	**12 872 450**	**24.9**	12 872 450	24.9
PGSI Limited – BVI	U	**26 297 697**	**37.7**	26 297 697	37.7
Infrastructure					
Grindrod Limited	L	**173 183 235**	**23.1**	173 183 235	23.1
Community Investment Ventures Holdings Proprietary Limited	U	**162 501**	**51.0**	150 148	50.9
SEACOM Capital Limited – Mauritius	U	**1 000**	**30.0**	1 000	30.0
Media and sport					
eMedia Investments Proprietary Limited	U	**17 730 595**	**32.3**	17 730 595	32.3
Other investments					
Business Partners Limited	U	**74 011 714**	**42.8**	74 011 714	42.8

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

All these investments were equity accounted.
[(1)] *Remgro rebutted the presumption that it does not have significant influence in these investments.*

BVI – British Virgin Islands
UK – United Kingdom

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

14. RELATED PARTIES (continued)

14.4 KEY MANAGEMENT PERSONNEL

Only Remgro's directors and members of the Management Board are key management personnel. Information on directors' emoluments and their shareholding in the Company appears in notes 8 and 9 as well as on page 98.

14.5 SHAREHOLDERS

A detailed analysis of shareholders appears on pages 96 and 97.

15. RESTATEMENT OF COMPARATIVE NUMBERS

The 30 June 2016 results were restated due to a change in accounting policy, as well as a rights issue.

Change in accounting policy

With effect from 1 July 2016, Remgro adopted the amendments to *IAS 16: Property, Plant and Equipment* and *IAS 41: Agriculture*. These amendments have to be applied retrospectively and accordingly the reported results of the comparative period were restated. The restatements pertain to the reclassification of bearer plants from biological assets to property, plant and equipment, the transfer of the remaining non-current biological assets (being the produce) to current biological assets and the measurement of the reclassified assets under the appropriate accounting treatment.

Rights issue

During October 2016, Remgro completed a rights issue whereby 48 110 637 new ordinary shares and 3 550 635 new B ordinary shares were issued at a subscription price of R192.50 per share for a total consideration of R9 944.8 million. In terms of IAS 33 paragraph 26, an adjustment to the weighted average number of shares in issue for the comparative period is required as the shares were issued at a discount to the Remgro share price on the day before the announcement (being R243.29 per share). Consequently, the comparable weighted number of shares in issue was adjusted by 9 994 195 shares to account for the deemed dilutive effect of the rights issue.

Presentation of income statement

The fair value adjustment on the exchangeable bonds' option was included in "Other net operating expenses" in the 2016 income statement. In order to improve disclosure this item is now shown separately.

Restatement of comparative numbers on 1 July 2015

R million	As at 1 July 2015 as previously reported	Adjustments	As at 1 July 2015 Restated
Impact on statement of financial position*			
ASSETS			
Property, plant and equipment	5 716	269	5 985
Non-current assets – Biological agricultural assets	550	(550)	–
Current assets – Biological agricultural assets	549	281	830
Total assets	94 692	–	94 692

* *There was no impact on shareholders' equity on 1 July 2015 as all affected entities elected to use the carrying value of bearer plants on that date as the deemed cost thereof as permitted by IFRS.*

15. RESTATEMENT OF COMPARATIVE NUMBERS (continued)

Restatement of comparative numbers for the 2016 financial year

R million	For the year ended 30 June 2016 as previously reported	Adjustments	For the year ended 30 June 2016 Restated
Impact on income statement			
Depreciation	(670)	(57)	(727)
Fair value adjustment on exchangeable bonds' option	–	(730)	(730)
Other net operating expenses	(5 647)	726	(4 921)
Taxation	4	17	21
Net profit for the year	5 453	(44)	5 409
Attributable to:			
Equity holders (earnings)	5 386	(22)	5 364
Non-controlling interest	67	(22)	45
		(44)	
Impact on headline earnings			
Headline earnings	5 887	(13)	5 874
Headline earnings, excluding once-off costs and option remeasurement	7 405	(13)	7 392
Impact on earnings per share (cents)			
Headline earnings	1 143.9	(24.3)	1 119.6
Headline earnings, excluding once-off costs and option remeasurement	1 438.9	(29.9)	1 409.0
Earnings	1 046.6	(24.2)	1 022.4
Impact on statement of comprehensive income			
Net profit for the year	5 453	(44)	5 409
Total comprehensive income for the year	8 032	(44)	7 988
Total comprehensive income attributable to:			
Equity holders	7 965	(22)	7 943
Non-controlling interest	67	(22)	45
		(44)	
Impact on statement of cash flows			
Cash flows from operating activities	1 457	22	1 479
Cash flows from investing activities	(18 745)	(22)	(18 767)

15. RESTATEMENT OF COMPARATIVE NUMBERS (continued)

Restatement of comparative numbers for the 2016 financial year (continued)

R million	As at 30 June 2016 as previously reported	Adjustments	As at 30 June 2016 Restated
Impact on statement of financial position			
ASSETS			
Property, plant and equipment	6 292	208	6 500
Non-current assets – Biological agricultural assets	625	(625)	–
Current assets – Biological agricultural assets	612	356	968
Total assets	109 161	(61)	109 100
LIABILITIES			
Deferred taxation	1 640	(17)	1 623
Total liabilities	27 460	(17)	27 443
EQUITY			
Distributable reserves	44 324	(22)	44 302
Non-controlling interest	2 835	(22)	2 813
Total equity	81 701	(44)	81 657

16. EVENTS AFTER YEAR-END

Distell Group Limited (Distell)

During June 2017, it was announced that Distell will restructure its multi-tiered ownership structure (the Proposed Transaction) and in order to give effect to the Proposed Transaction, Remgro will, through a number of inter-conditional steps, exchange its existing 50% shareholding in Remgro-Capevin Investments Proprietary Limited (RCI) for additional ordinary shares in Capevin Holdings Limited (Capevin) (RCI Exchange). Remgro currently holds 19.0% of the ordinary shares in Capevin and after the RCI Exchange, Remgro will hold 59.5% in Capevin. Following the RCI Exchange, Remgro will exchange its entire Capevin shareholding for ordinary shares in a new listed entity (New Distell), which entity will be substantially similar to the current Distell. Remgro will, in addition, also receive unlisted B shares in New Distell, which shares will be linked to those New Distell ordinary shares acquired by Remgro in virtue of the RCI Exchange, resulting in Remgro replicating RCI's current 52.8% voting rights in Distell. The unlisted B shares will only carry voting rights in New Distell and will have no economic participation. The Proposed Transaction will have no impact on Remgro's intrinsic asset value and Remgro will retain its economic interest in Distell post implementation of the Proposed Transaction. However, in aggregate, Remgro will have voting rights of 56.0% in New Distell. The Proposed Transaction is still subject to a number of conditions precedent, *inter alia* Distell and Capevin shareholders' approvals, which is expected to be on 27 October 2017, as well as the approval of the relevant competition authorities.

RMI Holdings Limited (RMI Holdings)

On 19 September 2017, RMI Holdings declared its final dividend for the year ended 30 June 2017, which included an alternative to the cash dividend of either receiving a scrip distribution or reinvesting the cash dividend by subscribing for new RMI Holdings ordinary shares. Remgro has committed to reinvesting its cash dividend amounting to R292.3 million, by electing the reinvestment alternative, in order to receive 7 691 641 new RMI Holdings ordinary shares at R38.00 per share.

Other than the above-mentioned transactions, there were no other significant transactions subsequent to 30 June 2017.

17. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Management considered all new accounting standards, interpretations and amendments to IFRS that were issued prior to 30 June 2017, but not yet effective on that date.

The following amendments will impact on the Group's results; driven mainly by the impact they will have on the results of the Group's equity accounted investments. Management is in the process of determining the impact of the changes in IFRS, however the earliest reporting period affected will be the 2019 financial year and the impact of these changes has not been quantified.

- IFRS 9: Financial Instruments
  (effective date – financial periods commencing on/after 1 January 2018)
  This standard replaces IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

  IFRS 9 was also amended to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

  Although IFRS 9 changes the classification of certain financial instruments, the measurement principles remain the same. The Group's available-for-sale assets will still be measured at fair value through other comprehensive income and it is not expected that the new expected credit loss impairment model will significantly change the provision for impairment of trade debtors.

  It is expected that the new expected credit loss impairment model will have an impact on FirstRand's results, which in turn will impact Remgro. FirstRand has not yet quantified the impact.

- IFRS 15: Revenue from Contracts with Customers
  (effective date – financial periods commencing on/after 1 January 2018)
  The standard prescribes the accounting treatment and disclosures pertaining to revenue recognition from contracts with customers. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.

  The Group's sales do not include multiple element arrangements as it mostly consist of the sale of chicken, other agricultural and aluminium products delivered to customers at the point of sale. Management still has to perform a detailed analysis of all revenue contracts to assess each individually.

- IFRS 16: Leases
  (effective date – financial periods commencing on/after 1 January 2019)
  All leases with limited exception must be capitalised onto the statement of financial position. The exception being small value leases and leases with a term shorter than twelve months. Lessor accounting have not changed.

  Management still has to perform a detailed analysis of all lease contracts on an individual basis to determine the effect of the change in the accounting treatment.

- Amendments to IFRS 4: Insurance Contracts
  (effective date – financial periods commencing on/after 1 January 2018)
  These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will give all companies that issue insurance contracts the option to apply
  - IFRS 9 and give a further option to recognise the volatility either in other comprehensive income or in profit or loss; or
  - Defer applying IFRS 9 to 2021 and continue to apply IAS 39.

- IFRS 17: Insurance Contracts
  (effective date – financial periods commencing on/after 1 January 2021)
  Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.

The amendments to IFRS 4 and the implementation of IFRS 17 may impact the results of the RMI Holdings, an equity accounted investment.

17. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

The following amendments are applicable to the Group, but it is not expected their implementation will materially impact on the Group's results:

- Amendments to IFRS 2: Share-based Payments
  (effective date – financial periods commencing on/after 1 January 2018)
  This amendment clarifies the measurement basis for cash settled, share-based payments and the accounting for modifications that change an award from cash settled to equity settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The Group's share incentive schemes are structured in such a way that the amendment to IFRS 2 is not applicable.
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
  (effective date – financial periods commencing on/after 1 January 2016 – Now postponed)
  The full gain or loss is recognised where non-monetary assets consisting a "business" is sold by the investor to its associate or joint venture. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investor's interests. The Group had no relevant transactions during the last two financial years and unless there are relevant transactions, the amendment will not affect the Group's results.
- Amendments to IAS 7: Cash Flow Statements
  (eff*ective date – financial periods commencing on/after 1 January 2017)*
  Additional disclosure is required for financing activities relating to changes in liabilities.
- Amendment to IAS 12: Income Taxes
  (effecti*ve date – financial periods commencing on/after 1 January 2017)*
  The amendment clarifies the requirements for recognising deferred tax assets on unrealised losses.
- Amendment to IAS 40: Investment Property
  (effective *date – financial periods commencing on/after 1 January 2018)*
  The standard was amended to clarify that to transfer items to or from investment properties, there must be a change in use.

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2017

R million	Notes	30 June 2017	30 June 2016
ASSETS			
Non-current assets			
Investments – subsidiaries	2	**29 165**	40 280
Current assets		**7 361**	1 442
Intergroup debt	3	**7 361**	1 438
Taxation		**–**	4
Total assets		**36 526**	41 722
EQUITY AND LIABILITIES			
Stated capital	4	**13 416**	3 605
Retained earnings		**21 377**	35 081
Shareholders' equity		**34 793**	38 686
Current liabilities		**1 733**	3 036
Financial guarantees	6	**617**	755
Trade and other payables	3, 5	**24**	28
Intergroup debt	3	**1 092**	2 253
Total equity and liabilities		**36 526**	41 722

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

R million	Note	30 June 2017	30 June 2016
Dividend income		**9**	–
Guarantee fee income		**138**	169
Other net operating expenses		**(71)**	(43)
Impairment of investment in subsidiary		**(11 115)**	–
Recognition of financial guarantees		**–**	(924)
Net loss before taxation		**(11 039)**	(798)
Less: Taxation	8	**–**	–
Net loss for the year		**(11 039)**	(798)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

R million	30 June 2017	30 June 2016
Net loss for the year	(11 039)	(798)
Other comprehensive income	–	–
Total comprehensive income for the year	(11 039)	(798)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

R million	30 June 2017	30 June 2016
Balances at the beginning of the year	38 686	41 778
Issued capital	3 605	3 605
Retained earnings	35 081	38 173
Shares issued	9 945	–
Share issue costs	(134)	–
Total comprehensive income for the year	(11 039)	(798)
Dividends paid	(2 665)	(2 294)
Balances at the end of the year	34 793	38 686

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

R million	Note	30 June 2017	30 June 2016
Cash flows – operating activities			
Other net operating expenses		(71)	(43)
Working capital changes	9	(4)	16
Cash utilised by operations		(75)	(27)
Dividends received		9	–
Dividends paid		(2 665)	(2 294)
Taxation paid		4	(4)
Cash inflow/(outflow) from operating activities		(2 727)	(2 325)
Cash flows – investing activities			
(Increase)/decrease in intergroup debt		(5 923)	700
Cash inflow/(outflow) from investing activities		(5 923)	700
Cash flows – financing activities			
Proceeds from shares issued		9 945	–
Share issue costs		(134)	–
(Increase)/decrease in intergroup debt		(1 161)	1 625
Cash inflow/(outflow) from financing activities		8 650	1 625
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 2017

1. ACCOUNTING POLICIES

The annual financial statements are prepared on the historical cost basis, unless otherwise indicated, in accordance with International Financial Reporting Standards and the requirements of the Companies Act (No. 71 of 2008), as amended. The accounting policies are consistent with those of the previous year. Refer to note 1 of the consolidated annual financial statements for detail accounting policies.

2. INVESTMENTS – SUBSIDIARIES

R million	30 June 2017	30 June 2016
Unlisted shares – at cost	**40 280**	40 280
Less: Provision for impairment	**(11 115)**	–
	29 165	40 280

The provision for impairment recognised during the year under review relates to the investment in Remgro Healthcare Holdings Proprietary Limited (RHH). RHH and its wholly owned subsidiaries hold Remgro's investment in Mediclinic International plc (Mediclinic). Mediclinic's share price decreased by a significant amount, resulting in the impairment of the investment in the separate financial statements of both RHH and its wholly owned subsidiaries. Consequently, the Company had to recognise an impairment on its investment in RHH.

Percentage interest held in unlisted shares (%)	30 June 2017	30 June 2016
Financial Securities Proprietary Limited	**100.0**	100.0
Industrial Partnership Investments Proprietary Limited	**100.0**	100.0
Partnership in Mining Proprietary Limited	**100.0**	100.0
Remgro Beverages Proprietary Limited	**100.0**	–
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
TTR Holdings Proprietary Limited	**–**	100.0
VenFin Proprietary Limited	**100.0**	100.0

3. INTERGROUP DEBT

R million	30 June 2017	30 June 2016
Owing by subsidiary		
Interest-free loan with no fixed term of repayment	**7 361**	1 438
Owing to subsidiaries		
Interest-free loan with no fixed term of repayment	**(1 092)**	(2 253)
Included in trade and other payables	**(8)**	(10)
	6 261	(825)

4. STATED CAPITAL

The detail of the stated capital is presented in note 7.1 of the consolidated annual financial statements.

5. TRADE AND OTHER PAYABLES

R million	30 June 2017	30 June 2016
Subsidiary	**8**	10
Other	**16**	18
	24	28

6. FINANCIAL GUARANTEES

During the prior year the Company entered into various guarantee agreements as guarantor for debt raised by its subsidiaries. As a result of the Company acting as guarantor, the subsidiaries negotiated favourable interest rates on the debt instruments. 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 an annual guarantee fee income will be recognised in the income statement until settlement of the underlying debt. At Group level the financial guarantees are not recognised as separate contracts since it is included in the Group's liability to the third party.

7. OTHER NET OPERATING EXPENSES

Other net operating expenses are stated after taking into account directors' emoluments of R4 million (2016: R4 million). The detail of the remuneration and benefits received by each director of the Company is presented in notes 8 and 9 of the consolidated annual financial statements.

8. TAXATION

No provision has been made for income tax as the Company does not have taxable income.

The Company has a calculated capital loss of R3 906 million (2016: R3 906 million), which can be set off against future capital gains. No deferred tax asset has been recognised in respect of this capital loss as it is improbable that future taxable capital gains will arise against which the loss can be utilised.

9. CASH FLOW INFORMATION

R million	30 June 2017	30 June 2016
Decrease/(increase) in working capital		
(Increase)/decrease in trade and other receivables	–	4
Increase/(decrease) in trade and other payables	(4)	12
	(4)	16

10. RELATED PARTY INFORMATION

Subsidiaries

Details of income from and investments in subsidiaries are disclosed in the income statement and note 2 respectively.

Key management personnel

Only Remgro's directors and members of the Management Board are key management personnel. Information on directors' emoluments and their shareholding in the Company appear in notes 8 and 9 of the consolidated annual financial statements as well as on page 98.

Shareholders

A detailed analysis of shareholders appears on pages 96 and 97.

Related party transactions (R million)	30 June 2017	30 June 2016
Transactions of Remgro Limited with:		
Principal shareholder		
Dividends paid	(183)	(158)
Subsidiaries		
Dividends received	9	–
Balances due by/(owed to) related parties:		
Subsidiaries	6 261	(825)

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

11. FINANCIAL INSTRUMENTS

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

11.1 CREDIT RISK

Credit risk is the risk of financial loss should a counterparty fail to meet its contractual obligations and arises from credit exposure from outstanding loans and debtors. The risk in terms of outstanding loans and debtors is limited as it consists primarily of intergroup debt and the maximum exposure to credit risk at the reporting date is the carrying value of this class of asset.

The Company is also exposed to credit risk as it acts as guarantor for debt raised by its subsidiaries. The exposure from these guarantees amounts to R13 907 million (2016: R16 449 million). The directors assessed the credit risk as low since the underlying subsidiaries hold Mediclinic shares in excess of the debt balance.

11.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Cash resources are managed centrally by the Group's treasury division and flexibility in funding is ensured through the availability of guaranteed credit lines.

The Company's liabilities consist of financial guarantees, a loan due to a subsidiary as well as trade and other payables. The risk in terms of the financial guarantees is limited as the Company guarantees repayment of debt incurred by its subsidiaries. The exposure from these guarantees amounts to R13 907 million (2016: R16 449 million). The risks in terms of the outstanding loan is limited as it is repayable to a subsidiary and the loan has no fixed date of repayment, while the risk in terms of outstanding trade and other payables is also low due to the size of the amount involved.

The Company provided letters of support to certain subsidiaries, which enable them to perform all their obligations of whatsoever nature in the conduct of business for as long as they remain subsidiaries of the Company.

11.3 MARKET RISK

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and market prices of equity instruments will affect the Company's income.

Foreign exchange risk

The Company's only foreign currency risk relates to a British pound guarantee provided to an offshore subsidiary. The foreign currency movement is included in the financial guarantee liability.

Interest rate risk

The Company has no exposure to interest rate risk as its loan payable to and loan receivable from its subsidiaries are interest-free.

Price risk

The Company is not exposed to price risk as it does not have any investments in equity instruments that are accounted for at fair value.

11.4 FAIR VALUE

At 30 June 2017 and 30 June 2016 the fair value of financial assets and liabilities disclosed in the statement of financial position approximate their carrying value.

11.5 CAPITAL RISK MANAGEMENT

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

SHAREHOLDERS' INFORMATION

AT 30 JUNE 2017

	30 June 2017 %	30 June 2017 Number of shares	30 June 2016 %	30 June 2016 Number of shares
MAJOR BENEFICIAL SHAREHOLDERS				
Ordinary shares				
Public Investment Corporation	**15.30**	**80 947 607**	16.22	78 014 765
Other	**84.70**	**448 269 400**	83.78	403 091 605
	100.00	**529 217 007**	100.00	481 106 370
B ordinary shares				
Rupert Beleggings Proprietary Limited	**100.00**	**39 056 987**	100.00	35 506 352
Total		**568 273 994**		516 612 722

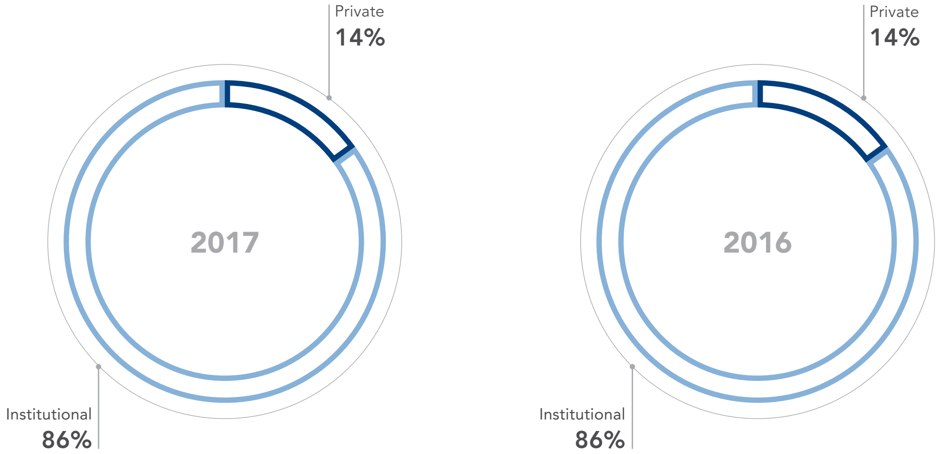
No other shareholder held a beneficial interest of more than 5% in the ordinary shares of the Company on 30 June 2017.

	30 June 2017	30 June 2016	30 June 2015	30 June 2014
DISTRIBUTION OF SHAREHOLDERS				
Ordinary shares				
Public shareholders	**64 552**	60 890	59 141	53 874
Percentage of shareholders	**99.88**	99.85	99.86	99.83
Number of shares	**512 476 207**	465 687 383	465 119 986	464 263 605
Percentage of shares issued	**96.84**	96.80	96.68	96.50
Non-public shareholders				
Directors and their associates/Share Trust/Treasury shares	**78**	90	84	91
Percentage of shareholders	**0.12**	0.15	0.14	0.17
Number of shares	**16 740 800**	15 418 987	15 986 384	16 842 765
Percentage of shares issued	**3.16**	3.20	3.32	3.50
Number of shareholders	**64 630**	60 980	59 225	53 965

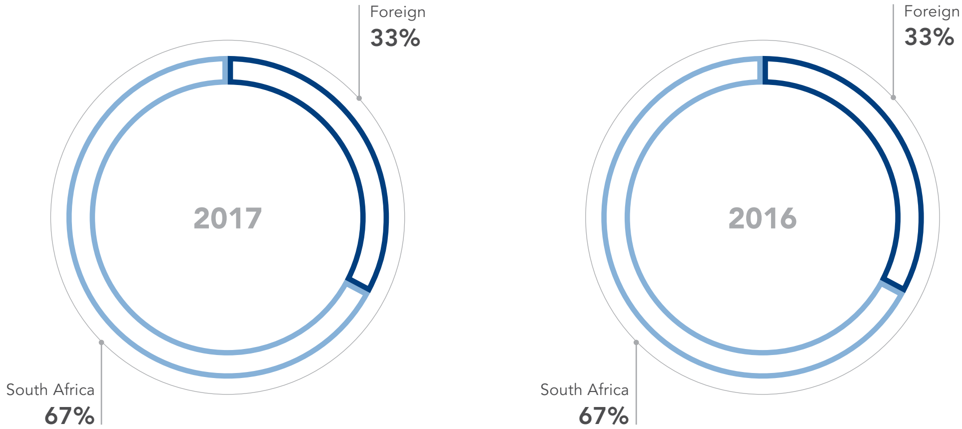
	30 June 2017	30 June 2016 Restated	30 June 2015	30 June 2014
NUMBER OF SHARES IN ISSUE				
– Ordinary shares of no par value	**529 217 007**	481 106 370	481 106 370	481 106 370
– Unlisted B ordinary shares of no par value	**39 056 987**	35 506 352	35 506 352	35 506 352
Total number of shares in issue	**568 273 994**	516 612 722	516 612 722	516 612 722
Number of shares held in treasury				
Ordinary shares repurchased and held in treasury	**(1 666 638)**	(1 725 393)	(2 169 558)	(2 960 766)
	566 607 356	514 887 329	514 443 164	513 651 956
Weighted number of shares	**553 423 346**	524 628 257	514 200 979	513 404 676

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

On 1 December 2016, when Mr H Wessels retired, his associates held 4 950 ordinary shares in Remgro Limited.

Directors	Direct beneficial	Indirect beneficial	Associates	Total
30 June 2016				
W E Bührmann	–	264 000	–	264 000
J J Durand	–	742 524	7 500	750 024
G T Ferreira	158 625	–	560 000	718 625
P K Harris	–	169 118	–	169 118
E de la H Hertzog	261 892	1 931 814	129 984	2 323 690
J Malherbe	26 826	–	1 053 301	1 080 127
P J Moleketi	1 130	–	9 925	11 055
M Morobe	–	575	–	575
F Robertson	–	5 000	–	5 000
J P Rupert	–	–	6 867 150	6 867 150
S E N De Bruyn Sebotsa	450	–	–	450
H Wessels	–	–	4 500	4 500
N J Williams	10 000	–	60 000	70 000
	458 923	3 113 031	8 692 360	12 264 314

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.

www.remgro.com