Remgro Limited

2014 ANNUAL FINANCIAL STATEMENTS

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STATEMENT OF RESPONSIBILITY
BY THE BOARD OF DIRECTORS

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

The annual financial statements are prepared, in accordance with International Financial Reporting Standards (IFRS) and the requirements of the South African Companies Act (No. 71 of 2008), as amended, 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, Leon Crouse 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 10.

Signed on behalf of the Board of Directors.

Johann Rupert.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
17 September 2014

STATEMENT BY THE COMPANY SECRETARY

I, Mariza Lubbe, 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.

Mariza Lubbe
Company Secretary

Stellenbosch
17 September 2014

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 therecommendations of King III and the requirements of the Companies Act (No. 71 of 2008), as amended (Com-panies 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 2014.

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 Mr Herman Wessels who is a Chartered Accountant. 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
H Wessels (chairman)	4	4
N P Mageza	4	4
P J Moleketi	4	4
F Robertson	4	3

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

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.

Since the disposal of TSB to RCL Foods during January 2014, Remgro's principal remaining wholly owned operating subsidiary is Wispeco. Wispeco's Audit and Risk Committee functions as a subcommittee of the committee and reports to this committee at each meeting by way of inclusion of the minutes of the meetings held by it in the committee's agenda. The committee has also satisfied itself that there are effective audit committees functioning at 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 2014
- 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), as well as Wispeco
- 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, as well as Wispeco.

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. 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 and other 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, Mr Leon Crouse, 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 fourteen other members are all executives 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. TSB makes use of its own internal audit division, but used Remgro's internal audit function to perform independent quality reviews of its work until its disposal to RCL Foods during January 2014.

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, as well as the complete annual financial statements and Sustainable Development Report, and has recommended it for approval by the Board.

Herman Wessels
Chairman of the Audit and Risk Committee

Stellenbosch
17 September 2014

REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2014

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 associated companies and joint ventures.

The Group's interests consist mainly of investments in food, liquor and home care; banking; healthcare; insurance; industrial; infrastructure as well as media and sport.

RESULTS

Year ended	30 June 2014	30 June 2013 Restated
Headline earnings (R million)	**6 635**	4 196
– per share (cents)	**1 292.4**	817.1
– diluted (cents)	**1 270.3**	805.0
Earnings – net profit for the year (R million)	**6 917**	4 179
– per share (cents)	**1 347.3**	813.8
– diluted (cents)	**1 325.7**	800.6
Dividends (R million)	**2 010**	1 787
– ordinary – per share (cents)	**389.00**	346.00

A final dividend of 233 cents (2013: 201 cents) per share was declared after the year-end and was therefore not provided for in the annual financial statements. The final dividend of 233 cents per share that was declared after year-end is not subject to dividend tax as Remgro has sufficient STC credits available to apply against the dividend.

INVESTMENT ACTIVITIES

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

RCL Foods Limited (RCL Foods)

During the previous financial year RCL Foods acquired an effective 64.2% interest in New Foodcorp Holdings Proprietary Limited (Foodcorp). During the year under review RCL Foods acquired the remaining 35.8% interest in Foodcorp in two separate transactions from Foodcorp management and Capitau Investment Advisors Proprietary Limited for a total cash consideration of R520.7 million.

During January 2014 RCL Foods also acquired 100% of the shares in TSB Sugar RSA Proprietary Limited and TSB International Proprietary Limited (collectively referred to as TSB) from Remgro for a total purchase consideration of R4.0 billion. The purchase consideration was settled on 17 January 2014 through the issue of 230.9 million new RCL Foods shares to Remgro at a price of R17.32 per share.

As part of the announcement referred to above RCL Foods also announced its intention to restructure its existing BEE notional vendor financed shareholding, as well as implement TSB's BEE scheme at the RCL Foods shareholding level. RCL Foods further also proposed a capital raising in the amount of R2.5 billion through a combination of a pro rata offer to existing minority shareholders (excluding Remgro and RCL Foods' existing BEE parties) and a specific issue of new shares via a placement to qualifying investors.

RCL Foods shareholders approved the BEE transactions and capital raising referred to above on 16 January 2014. The results of the pro rata offer was announced on 5 February 2014, indicating that R790 million was raised. On 19 February 2014 RCL Foods announced that the placement of new shares to raise the balance of the R2.5 billion referred to above has been delayed, subject to market conditions, its cash/gearing situation as well as the anticipated timing of investment cash flows.

The TSB BEE transaction and the restructuring of RCL Foods' existing BEE shareholding were implemented on 3 April 2014 and 26 May 2014 respectively. As part of these transactions RCL Foods issued an additional 19.6 million new RCL Foods shares.

On 30 June 2014, Remgro's effective interest in RCL Foods was 77.7% (2013: 75.9%).

PG Group of Companies (PGSI)

PGSI is the foreign holding company of the Plate Glass group. During the year under review, in participation of two rights offers, Remgro invested a further R47.1 million in PGSI.

During June 2009 Remgro invested R129.6 million in PGSI cumulative, redeemable preference shares. The preference shares had a term of five years. Together with its investment in the PGSI preference shares, Remgro also acquired the right to use the proceeds on redemption to subscribe for new ordinary shares in PGSI. During June 2014 the preference shares were redeemed and Remgro used the proceeds to subscribe for 8.3 million new ordinary shares in PGSI.

The above transactions increased Remgro's interest in PGSI to 37.7% (2013: 25.3%).

Grindrod Limited (Grindrod)

During May 2014 Grindrod issued 96 million new Grindrod shares through an accelerated bookbuild offering to qualifying investors, thereby raising an additional R2.4 billion of capital. As part of this process, Remgro acquired a further 26.1 million shares in Grindrod for a total amount of R652 million, or R25.00 per share.

After the completion of the Grindrod bookbuild, Remgro and Grindrod Investments Proprietary Limited, who was also allocated Grindrod shares in terms of the bookbuild, offered qualifying Grindrod shareholders the opportunity to participate in a clawback offer, also at a price of R25.00 per Grindrod share. In terms of the clawback offer Remgro disposed of 4.0 million of the shares acquired in terms of the bookbuild for a total consideration of R101.1 million.

During June 2014 Grindrod issued a further 64 million shares to a consortium of strategic black investors. This issue of shares, as well as the bookbuild offering referred to above, reduced Remgro's effective interest in Grindrod to 22.6% (2013: 25.0%).

The CIV group

Previously Remgro's interests in the CIV group consisted of its investments in Dark Fibre Africa Proprietary Limited (Dark Fibre Africa), CIV Fibre Network Solutions Proprietary Limited (CIV FNS), CIE Telecommunications Proprietary Limited (CIE Telecommunications), CIV Power Proprietary Limited (CIV Power), as well as Central Lake Trading No. 77 Proprietary Limited (Central Lake).

On 1 April 2014 the CIV group was restructured in order to simplify its holding structure from multiple entry points to a single entry point in order to align the interests of all shareholders. Consequently Remgro exchanged its interests in Dark Fibre Africa, CIV FNS, CIE Telecommunications, CIV Power and Central Lake for a direct investment in Community Investment Ventures Holdings Proprietary Limited (CIVH). The restructuring did not change Remgro's interest in Dark Fibre Africa materially and accordingly the earnings contribution of CIVH in the future will be comparable with that of the combined contribution of the investee companies prior to the restructuring.

As part of the restructuring Remgro invested R67.3 million in CIVH and on 30 June 2014 Remgro's effective interest in CIVH was 50.7% (2013: effective interest in the CIV group of 43.8%). For accounting purposes the investment in CIVH is classified as a joint venture.

Distell Group Limited (Distell)

As part of the restructuring of its BEE transaction and in order to maintain its current BEE rating, Distell issued 15.0 million new ordinary shares to BEE shareholders during January 2014. This issue of shares resulted in Remgro's total interest in Distell, which includes the indirect interest held through Capevin Holdings, to dilute from 33.4% to 31.0%.

ElementOne Limited (ElementOne)

On 29 November 2013, a consortium led by Rand Merchant Bank and Remgro, through a new special purpose vehicle (Main Street 1132 Proprietary Limited, or Bidco) made a firm offer to acquire 100% of ElementOne. As consideration for their shares in the company, ElementOne shareholders were offered R22.507 per ElementOne share, to be settled through the payment of a combination of cash and shares in Caxton and CTP Publishers and Printers Limited (Caxton).

On 7 February 2014 it was announced that all conditions precedent applicable to the transaction were fulfilled and on 25 February 2014 the transaction was implemented. Remgro did not provide any funding for the transaction, but following the transaction and the broader restructuring of the Caxton control structure, it has effectively exchanged its 1.8% direct interest for a 6.1% indirect interest in Caxton.

Milestone China Opportunities Fund III (Milestone III)

During the year under review Remgro invested a further $25.2 million in Milestone III, thereby increasing its cumulative investment to $53.4 million. As at 30 June 2014 the remaining commitment to Milestone III amounted to $46.6 million.

Other smaller investments, amounting to R77 million, were made during the year under review in, inter alia, Milestone China Opportunities Fund II and Premier Team Holdings Limited.

There were no significant transactions subsequent to 30 June 2014.

CASH RESOURCES AT THE CENTRE

The Company's cash resources at 30 June 2014 were as follows:

R million	30 June 2014 Local	30 June 2014 Offshore	30 June 2014 Total	30 June 2013 Restated
Per consolidated statement of financial position	**2 958**	**699**	**3 657**	4 188
Investment in money market funds	**746**	**425**	**1 171**	1 140
Less: Cash of operating subsidiaries	**(1 491)**	**(73)**	**(1 564)**	(2 595)
Cash at the centre	**2 213**	**1 051**	**3 264**	2 733

On 30 June 2014, approximately 40% (R425 million) of the available offshore 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 14 to the annual financial statements for further details.

GROUP FINANCIAL REVIEW

Changes in accounting policy

With effect from 1 July 2013 Remgro adopted *IFRS 10: Consolidated Financial Statements, IFRS 11: Joint Arrangements* and the revised *IAS 19: Employee Benefits*. These accounting standards have to be applied retrospectively in terms of their transitional provisions and accordingly the reported results of the comparative year presented were restated, with the cumulative effect as at 1 July 2012 being accounted for as an adjustment to opening equity.

IFRS 10 and IFRS 11

These new accounting standards broaden the definition of "control" and consequently "joint control" and accordingly all rights in relation to investee companies must be considered in order to determine whether the investment should be classified as a subsidiary, associate or joint venture.

Remgro reclassified its investments in Distell Group Limited and the CIV group as joint ventures, while previously they were accounted for as associates. The change in classification had no impact on the Group's measurement of the investments as the equity method is used to account for both associates and joint ventures. In the case of TSB Sugar Holdings Proprietary Limited (TSB) certain of its investee companies that were previously classified as joint ventures (and accordingly equity accounted) were reclassified as subsidiaries. Kagiso Tiso Holdings Proprietary Limited also reclassified certain of its investments previously accounted for at fair value, as associates. These include the investment in MMI Holdings Limited that was previously accounted for at fair value through profit and loss.

IAS 19

The revised IAS 19 introduced significant changes in the accounting treatment for defined-benefit post-retirement plans. The most significant change of the amended IAS 19 relates to the elimination of the option to defer the recognition of past service costs and actuarial gains and losses. These remeasurements are now required to be accounted for in full in the income statement and in other comprehensive income, respectively, in the period in which they arise. The accounting standard also replaced interest cost and expected return on plan assets with a net interest amount that is equal to the discount rate used for determining retirement benefit obligations.

The application of the revised IAS 19 affected Remgro and its subsidiaries, RCL Foods Limited and TSB, as well as certain significant associates like FirstRand Limited, RMB Holdings Limited and Mediclinic International Limited (Mediclinic).

Refer to note 37 to the annual financial statements 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 2014		30 June 2013 Restated	
	R million	**R per share**	R million	R per share
Equity employed				
Attributable to equity holders	**66 035**	**128.56**	58 630	114.25
Employment of equity				
Food, liquor and home care	**12 812**	**24.94**	12 720	24.79
Banking	**15 194**	**29.58**	13 968	27.22
Healthcare	**10 597**	**20.63**	7 429	14.47
Insurance	**6 224**	**12.12**	5 645	11.00
Industrial	**5 529**	**10.76**	5 213	10.16
Infrastructure	**6 722**	**13.09**	5 911	11.52
Media and sport	**1 508**	**2.94**	1 537	2.99
Other investments	**2 699**	**5.26**	2 185	4.26
Central treasury – cash at the centre	**3 264**	**6.35**	2 733	5.33
Other net corporate assets	**1 486**	**2.89**	1 289	2.51
	66 035	**128.56**	58 630	114.25

Income statement

	30 June 2014 R million	30 June 2014 %	30 June 2013 Restated R million	30 June 2013 Restated %
Source of headline earnings				
Food, liquor and home care	**795**	**12**	1 123	27
Banking	**2 542**	**38**	2 077	49
Healthcare	**1 489**	**22**	(491)	(12)
Insurance	**871**	**13**	666	16
Industrial	**700**	**11**	548	13
Infrastructure	**166**	**3**	196	5
Media and sport	**64**	**1**	119	3
Other investments	**59**	**1**	57	1
Central treasury	**83**	**1**	3	–
Other net corporate costs	**(134)**	**(2)**	(102)	(2)
	6 635	**100**	4 196	100

R million	30 June 2014	30 June 2013 Restated
Composition of headline earnings		
Subsidiary companies	**(4)**	215
Profits	**355**	377
Losses	**(359)**	(162)
Associated companies and joint ventures	**6 639**	3 981
Profits	**6 725**	4 520
Losses	**(86)**	(539)
	6 635	4 196

SHARE SCHEMES

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

Refer to note 25 to the annual financial statements for full details on the SAR Scheme.

TREASURY SHARES

At 30 June 2013, 3 433 101 Remgro ordinary shares (0.7%) were held as treasury shares by a wholly owned subsidiary company of Remgro. As previously reported, these shares were acquired for the purpose of hedging Remgro's share incentive scheme.

During the year under review no Remgro ordinary shares were repurchased, while 472 335 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants who exercised the rights granted to them.

At 30 June 2014, 2 960 766 Remgro ordinary shares (0.6%) were held as treasury shares.

PRINCIPAL SHAREHOLDER

Rembrandt Trust Proprietary Limited (Rembrandt Trust) holds all the issued unlisted B ordinary shares of the Company and is entitled to 42.61% (2013: 42.64%) of the total votes.

An analysis of the shareholders appears on pages 86 and 87.

SUBSIDIARY COMPANIES AND INVESTMENTS

Particulars of subsidiary companies, equity accounted investments and other investments are disclosed in Annexures A and B.

DIRECTORS

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

Mr J W Dreyer has retired as an executive director from the Board of Remgro with effect from 31 December 2013.

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

In terms of the provision of the Memorandum of Incorporation, Messrs L Crouse, P K Harris, N P Mageza, P J Moleketi and Dr E de la H Hertzog retire from the Board by rotation. These directors are eligible and offer themselves for re-election.

DIRECTORS' INTERESTS

At 30 June 2014 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 2.52% (2013: 2.56%).

Mr J P Rupert is a director of Rembrandt Trust which owns all the issued unlisted B ordinary shares.

An analysis of directors' interests in the issued capital of the Company appears on page 88.

DIRECTORS' EMOLUMENTS

The total directors' fees for services rendered as directors during the past financial year amounted to R3.5 million (2013: R3.8 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 123 of the Integrated Annual Report.

SPECIAL RESOLUTIONS

No special resolutions have been passed by the Company's major subsidiaries, the nature of which might be significant in respect of the state of affairs of the Group.

DIVIDENDS

The final ordinary dividend per share was determined at 233 cents (2013: 201 cents). Total ordinary dividends per share in respect of the year to 30 June 2014 therefore amount to 389 cents (2013: 346 cents).

DECLARATION OF CASH DIVIDEND

Secondary tax on companies (STC) and dividend tax

With effect from 1 April 2012, STC was replaced with a dividend tax. In terms of the new legislation, companies will be allowed to apply their available STC credits against future dividends declared for a period of three years from the effective date of dividend tax.

Declaration of Dividend No. 28

Notice is hereby given that a final gross dividend of 233 cents (2013: 201 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 2014.

The total dividend per share for the year ended 30 June 2014 therefore amounts to 389 cents, compared to 346 cents for the year ended 30 June 2013.

The Company will be utilising STC credits amounting to 233 cents per ordinary share and 233 cents per unlisted B ordinary share. As a result there will be no dividend tax deducted from the final gross dividend for any Remgro shareholder.

The issued share capital at the declaration date is 481 106 370 ordinary shares and 35 506 352 B ordinary shares. The income tax number of the Company is 9500-124-71-5.

Payment

The final dividend is payable on Monday, 17 November 2014, to shareholders of the Company registered at the close of business on Friday, 14 November 2014.

Shareholders may not dematerialise or rematerialise their holdings of ordinary shares between Monday, 10 November 2014, and Friday, 14 November 2014, 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 will no longer be mailed. If you have in the past received dividend cheques, please contact the Transfer Secretaries to provide them with confirmation of your banking details. 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 17 of the Integrated Annual Report.

APPROVAL

The annual financial statements set out on pages 11 to 88 have been approved by the Board.

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
17 September 2014

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF REMGRO LIMITED

We have audited the consolidated and separate financial statements of Remgro Limited, set out on pages 11 to 88, which comprise the statements of financial position as at 30 June 2014, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these 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 misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 as at 30 June 2014, 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.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2014, we have read the Report of the Board of Directors, the Audit and Risk Committee Report and the Statement by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: N H Döman
Registered Auditor

Stellenbosch
17 September 2014

CONSOLIDATED

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2014

R million	Notes	30 June 2014	30 June 2013 Restated	1 July 2012 Restated
ASSETS				
Non-current assets				
Property, plant and equipment	3	**5 616**	5 390	3 502
Biological agricultural assets	4	**499**	407	318
Investment properties	5	**42**	42	37
Intangible assets	6	**5 811**	5 831	356
Investments – Equity accounted	7	**52 169**	45 408	38 123
– Other	8	**2 642**	2 168	1 587
Retirement benefits	9	**210**	184	164
Loans		**629**	497	115
Deferred taxation	10	**14**	4	7
		67 632	59 931	44 209
Current assets		**11 876**	12 575	13 678
Inventories	11	**2 408**	2 533	2 004
Biological agricultural assets	4	**539**	537	476
Debtors and short-term loans	12	**3 330**	2 929	2 059
Derivative instruments	13	**3**	437	104
Taxation		**14**	35	32
Investment in money market funds	14	**1 171**	1 140	2 344
Cash and cash equivalents	15	**3 657**	4 188	6 485
		11 122	11 799	13 504
Assets held for sale	16	**754**	776	174
Total assets		**79 508**	72 506	57 887
EQUITY AND LIABILITIES				
Stated and issued capital	17	**3 605**	3 605	8
Share premium	17	**–**	–	3 597
Reserves	18	**62 802**	55 456	49 735
Treasury shares		**(372)**	(431)	(169)
Shareholders' equity		**66 035**	58 630	53 171
Non-controlling interest	19	**2 599**	2 015	849
Total equity		**68 634**	60 645	54 020
Non-current liabilities		**2 199**	7 827	1 068
Retirement benefits	9	**258**	265	213
Long-term loans	20	**436**	5 849	138
Deferred taxation	10	**1 505**	1 713	717
Current liabilities		**8 675**	4 034	2 799
Trade and other payables	21	**3 791**	3 429	2 487
Short-term loans	22	**4 661**	399	293
Provisions		**–**	–	8
Derivative instruments	13	**10**	26	4
Taxation		**27**	1	7
		8 489	3 855	2 799
Liabilities held for sale	16	**186**	179	–
Total equity and liabilities		**79 508**	72 506	57 887

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

R million	Notes	30 June 2014	30 June 2013 Restated
Sales		**24 621**	16 466
Inventory expenses		**(15 374)**	(11 610)
Staff costs	23	**(3 747)**	(2 707)
Depreciation	26	**(592)**	(428)
Other net operating expenses	26	**(4 238)**	(1 306)
Trading profit		**670**	415
Dividend income	27	**43**	34
Interest received	26	**326**	252
Finance costs		**(1 057)**	(181)
Negative goodwill	26	**–**	196
Net impairment of investments, loans, assets and goodwill	26	**22**	(158)
Profit/(loss) on sale of investments	26	**51**	(150)
Consolidated profit before tax		**55**	408
Taxation	10	**(57)**	(261)
Consolidated profit/(loss) after tax		**(2)**	147
Share of after-tax profit of equity accounted investments	28	**6 853**	4 035
Net profit for the year		**6 851**	4 182
Attributable to:			
Equity holders		**6 917**	4 179
Non-controlling interest		**(66)**	3
		6 851	4 182
EARNINGS PER SHARE (cents)			
Basic	2	**1 347.3**	813.8
Diluted	2	**1 325.7**	800.6

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

R million	Equity reserves	Other reserves	Fair value reserves	Retained earnings	Shareholders' equity	Non-controlling interest	Total equity
30 June 2014							
Net profit for the year				**6 917**	**6 917**	**(66)**	**6 851**
Other comprehensive income, net of tax	**1 864**	**382**	**207**	**(13)**	**2 440**	**4**	**2 444**
Items that may be reclassified subsequently to the income statement:							
Exchange rate adjustments	**(66)**	**379**	**(21)**	**5**	**297**	**1**	**298**
Fair value adjustments for the year	**–**	**5**	**341**	**–**	**346**	**–**	**346**
Deferred taxation on fair value adjustments	**–**	**(2)**	**(41)**	**–**	**(43)**	**–**	**(43)**
Reclassification of other comprehensive income to the income statement	**(72)**	**–**	**(72)**	**(32)**	**(176)**	**–**	**(176)**
Other comprehensive income of equity accounted investments	**2 015**	**–**	**–**	**–**	**2 015**	**–**	**2 015**
Items that will not be reclassified to the income statement:							
Actuarial gains and losses	–	–	–	**19**	**19**	**4**	**23**
Deferred taxation on actuarial gains and losses	–	–	–	**(5)**	**(5)**	**(1)**	**(6)**
Change in reserves of equity accounted investments	**(13)**	**–**	**–**	**–**	**(13)**	**–**	**(13)**
Total comprehensive income for the year	**1 864**	**382**	**207**	**6 904**	**9 357**	**(62)**	**9 295**
30 June 2013 (restated)							
Net profit for the year				4 179	4 179	3	4 182
Other comprehensive income, net of tax	2 347	340	(152)	839	3 374	(2)	3 372
Items that may be reclassified subsequently to the income statement:							
Exchange rate adjustments	(82)	469	(50)	552	889	–	889
Fair value adjustments for the year	–	(17)	(172)	–	(189)	–	(189)
Deferred taxation on fair value adjustments	–	5	(11)	–	(6)	–	(6)
Reclassification of other comprehensive income to the income statement	(20)	(117)	81	279	223	–	223
Other comprehensive income of equity accounted investments	2 904	–	–	–	2 904	–	2 904
Items that will not be reclassified to the income statement:							
Actuarial gains and losses	–	–	–	11	11	(3)	8
Deferred taxation on actuarial gains and losses	–	–	–	(3)	(3)	1	(2)
Change in reserves of equity accounted investments	(455)	–	–	–	(455)	–	(455)
Total comprehensive income for the year	2 347	340	(152)	5 018	7 553	1	7 554

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

R million	Stated and issued capital	Equity reserves	Other reserves	Fair value reserves	Retained earnings	Treasury shares	Share-holders' equity	Non-controlling interest	Total equity
30 June 2014									
Balances at 1 July (restated)	**3 605**	**12 559**	**889**	**104**	**41 904**	**(431)**	**58 630**	**2 015**	**60 645**
Total comprehensive income for the year	**–**	**1 864**	**382**	**207**	**6 904**	**–**	**9 357**	**(62)**	**9 295**
Dividends paid	**–**	**–**	**–**	**–**	**(1 833)**	**–**	**(1 833)**	**(1)**	**(1 834)**
Investment in subsidiaries	**–**	**–**	**(30)**	**–**	**(144)**	**–**	**(174)**	**(355)**	**(529)**
Capital invested by minorities								**876**	**876**
Transfer between reserves and other movements	**–**	**(20)**	**118**	**–**	**(103)**	**–**	**(5)**	**119**	**114**
Transfer of retained income of equity accounted investments	**–**	**3 202**	**–**	**–**	**(3 202)**	**–**	**–**	**–**	**–**
Long-term share incentive scheme reserve	**–**	**–**	**1**	**–**	**–**	**59**	**60**	**7**	**67**
Balances at 30 June	**3 605**	**17 605**	**1 360**	**311**	**43 526**	**(372)**	**66 035**	**2 599**	**68 634**
30 June 2013 (restated)									
Balances at 1 July (as previously reported)	3 605	9 367	669	257	39 725	(169)	53 454	799	54 253
Effect of changes in accounting policies	–	(277)	1	–	(7)	–	(283)	50	(233)
Balances at 1 July (restated)	3 605	9 090	670	257	39 718	(169)	53 171	849	54 020
Total comprehensive income for the year	–	2 347	340	(152)	5 018	–	7 553	1	7 554
Dividends paid	–	–	–	–	(1 712)	–	(1 712)	(33)	(1 745)
Business acquired	–	–	–	–	–	–	–	331	331
Capital invested by minorities	–	–	–	–	–	–	–	822	822
Transfer between reserves and other movements	–	(2)	(39)	(1)	4	–	(38)	39	1
Transfer of retained income of equity accounted investments	–	1 124	–	–	(1 124)	–	–	–	–
Purchase of treasury shares by wholly owned subsidiary	–	–	–	–	–	(405)	(405)	–	(405)
Long-term share incentive scheme reserve	–	–	(82)	–	–	143	61	6	67
Balances at 30 June (restated)	3 605	12 559	889	104	41 904	(431)	58 630	2 015	60 645

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

R million	Notes	30 June 2014	30 June 2013 Restated
Cash flows – operating activities			
Trading profit		**670**	415
Adjustments	29.1	**809**	509
Trading profit before working capital changes		**1 479**	924
Working capital changes	29.2	**(215)**	(114)
Cash generated from operations		**1 264**	810
Cash flow generated from returns on investments		**3 627**	3 169
Interest received		**255**	252
Dividends received	29.3	**3 372**	2 917
Finance costs		**(621)**	(22)
Taxation paid	29.4	**(135)**	(236)
Cash available from operating activities		**4 135**	3 721
Dividends paid	29.5	**(1 834)**	(1 745)
Cash inflow/(outflow) from operating activities		**2 301**	1 976
Cash flows – investing activities			
Net investments to maintain operations		**(357)**	(441)
Replacement of property, plant and equipment		**(394)**	(471)
Proceeds on disposal of property, plant and equipment and other assets		**37**	30
Investments to expand operations		**(2 029)**	(5 552)
Additions to – property, plant and equipment and other assets		**(477)**	(299)
– investments and loans		**(1 552)**	(4 506)
Businesses acquired	30	**–**	(747)
Increase in money market funds		**(300)**	(450)
Decrease in money market funds		**269**	1 654
Proceeds on disposal of investments and loans		**296**	154
Cash inflow/(outflow) from investing activities		**(2 121)**	(4 635)
Cash flows – financing activities			
Loans repaid		**(5 731)**	(735)
Loans advanced		**4 566**	112
Purchase of treasury shares		**–**	(369)
Investment in subsidiary companies		**(529)**	–
Issue of new shares by subsidiary companies		**876**	822
Cash inflow/(outflow) from financing activities		**(818)**	(170)
Net increase/(decrease) in cash and cash equivalents		**(638)**	(2 829)
Exchange rate profit on foreign cash		**110**	598
Cash and cash equivalents at the beginning of the year		**4 164**	6 395
Cash and cash equivalents at the end of the year		**3 636**	4 164
Cash and cash equivalents – per statement of financial position		**3 657**	4 188
Bank overdraft		**(21)**	(24)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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, and the Listings Requirements of the JSE Limited.

These financial statements incorporate accounting policies that have been consistently applied to both periods presented, with the exception of the implementation of *IFRS 10: Consolidated Financial Statements, IFRS 11: Joint Arrangements* and the amendments to *IAS 19: Employee Benefits*. The adoption of IFRS 10 and the revised IAS 19 required a restatement of the comparative results as set out in note 37. During the year under review various other new and revised accounting standards (including amongst others *IFRS 12: Disclosures of Interests in Other Entities* and *IFRS 13: Fair Value Measurement*) became effective, but their implementation only affected disclosure and had no impact on the results of either the current or prior periods.

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 XXI of the accounting policies.

The accounting policies that the Group applied in the presentation of the financial statements are set out below.

(I) CONSOLIDATION AND EQUITY ACCOUNTING

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 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 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, 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.

Intergroup transactions, balances and unrealised gains are eliminated on consolidation. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with 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 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES (continued)

(I) CONSOLIDATION AND EQUITY ACCOUNTING (continued)

Consolidation – subsidiaries (continued)

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.

Equity accounting – joint ventures

The Group has applied IFRS 11 to all joint arrangements as of 1 July 2012. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Remgro has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from 1 July 2012.

Equity accounting – associated companies

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit/(loss) of associates" in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

Certain associated companies have year-ends that differ from that of the Company. In such circumstances the results of listed and certain unlisted companies are accounted for from the latest published information and management accounts as at year-end, respectively. The accounting policies of associated companies have been changed where necessary to align them to those of Remgro and its subsidiaries to the extent that it is material and appropriate for the specific industry in which the associate operates.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES (continued)

(I) CONSOLIDATION AND EQUITY ACCOUNTING (continued)

Separate financial statements

In Remgro's separate financial statements, investments in subsidiaries, joint ventures and associated companies are carried at cost.

(II) PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

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 reporting date and adjusted where necessary. No depreciation is provided for land.

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.

Pre-production and borrowing costs – Pre-production and borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets until such assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs capitalised.

(III) BIOLOGICAL AGRICULTURAL ASSETS

The fair value of the biological agricultural assets is determined on the following basis:

Growing crops and orchards – Growing crops and orchards comprise two elements:

- Bearer biological assets – sugar cane roots and banana plants
- Consumable biological assets – standing sugar cane and bananas

Bearer biological assets are valued at fair value based on the current replacement cost of planting and establishment, subsequently reduced in value over the period of their productive lives.

Consumable biological assets are measured at their fair value, determined on current estimated market prices less estimated harvesting, transport, packing and point-of-sale costs.

- Standing cane at estimated sucrose content, age and market price.
- Growing fruit at estimated yields, quality standards, age and market prices.

Breeding stock – Breeding stock includes the breeding and laying operations. Hatching eggs are included in breeding stock. Breeding stock is measured at their fair value less estimated closure point-of-sale costs at reporting dates. Fair value is determined based on market prices or, where market prices are not available, by reference to sector benchmarks.

Gains and losses arising on the initial recognition of these assets at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs are accounted for in the income statement during the period in which they arise.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES (continued)

(III) BIOLOGICAL AGRICULTURAL ASSETS (continued)

Current/non-current distinction – bearer biological assets are reported in the statement of financial position as non-current assets, while breeding stock and broiler stock are reported as current assets.

(IV) 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.

Investment properties are valued by external independent professional valuers every third year.

(V) 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 and the fair value of the non-controlling interest in 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.

(VI) FINANCIAL INSTRUMENTS

Financial instruments disclosed in the financial statements include cash and cash equivalents, investments 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.

Held-to-maturity financial instruments – Instruments with fixed maturity that the Group has the intent and ability to hold to maturity are classified as held-to-maturity financial instruments and are carried at amortised cost using the effective interest rate method.

Available-for-sale financial instruments – 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.

Financial instruments at fair value through profit and loss – These instruments, consisting of investments in money market funds, 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.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES (continued)

(VI) FINANCIAL INSTRUMENTS (continued)

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

All purchases and sales of financial instruments are recognised at the trade date.

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.

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.

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 of loss over the period to maturity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES (continued)

(VI) FINANCIAL INSTRUMENTS (continued)

Fair value hedges (continued)

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.

(VII) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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.

(VIII) 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.

(IX) 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.

Secondary taxation on companies (STC) was provided on dividend payments, net of dividends received and was recognised as a taxation charge. STC was abolished effective 1 April 2012 and has been replaced by a new withholding tax which is levied on the shareholder and not the company, with the exception of non-cash dividends. Existing STC credits will expire on 1 April 2015 if not utilised.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES (continued)

(X) 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 income statement are translated at average exchange rates for the year, to the extent that such average rates approximate actual rates.
- 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.

(XI) 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 associated companies**
  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, joint ventures and associated companies 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES (continued)

(XI) IMPAIRMENT OF ASSETS (continued)

Other assets (continued)

- **Financial instruments carried at amortised cost (continued)**

  If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments 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. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. 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.

- **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 significance of the item it is presented in a separate line below trading profit on the income statement.

(XII) PROVISIONS

Provisions are recognised when a present legal or constructive obligation exists as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expected expenditure required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(XIII) EMPLOYEE BENEFITS

Post-retirement benefits

Pension obligations – Companies in the Group provide defined-benefit and defined-contribution post-retirement 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES (continued)

(XIII) EMPLOYEE BENEFITS (continued)

Post-retirement benefits (continued)

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

Post-retirement medical obligations – The Group provides post-retirement medical benefits to its retirees. The entitlement to post-retirement 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-retirement 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.

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.

Short-term 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 reporting date.

(XIV) CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flow, 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.

(XV) REVENUE RECOGNITION

The sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred. Revenue arising from services is recognised when the service is rendered. Sales comprise 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 and are disclosed net of value added tax, returns, rebates and discounts.

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.

(XVI) SHARE 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.

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.

(XVII) DIVIDEND DISTRIBUTION

Distributions of assets to the Company's shareholders are accounted for at fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES (continued)

(XVIII) 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 associated companies and joint ventures. Consequently, additional information relating to the Group's share of the after-tax profit of associated companies and joint ventures is disclosed separately in note 28. In order to promote comparability, equity accounted income from associated companies 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 subsidiary companies 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.

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.

(XIX) 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.

(XX) SEGMENT REPORTING

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.

(XXI) 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 as associated companies rather than investments available-for-sale. There are some investments over which Remgro is believed to have significant influence although it has an interest of less than 20% in these companies. However, as Remgro has board representation and is one of the major shareholders of these companies, its influence over their financial and operating policies is significant. Those investments are accordingly accounted for as associated companies using the equity method and not as financial instruments at fair value.

Critical judgement is also exercised with regard to the determination of the functional currency of the offshore entities that holds the Group's 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 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 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.

Another critical judgement relates to the impairment of RCL Foods' assets. The RCL Foods Board of Directors has complied with the requirements of *IAS 36: Impairment of assets* and considered the need for an impairment of assets. No impairment has been raised on the basis that anti-dumping applications are before the relevant bodies and a successful outcome is considered likely to restore a normal level of supply and demand and an acceptable earnings margin. An impairment will need to be raised should these applications be unsuccessful or there is no improvement in Rainbow's operating margins.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES (continued)

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

Critical accounting estimates and assumptions

A significant estimate relates to the Group's accounting policy in terms of which deferred taxation is provided for on all temporary differences between the carrying value and the tax base of investments. This tax is measured at the estimated tax consequences based on the manner in which the entity, at the reporting date, expects to recover the carrying value of the various investments. The carrying value of investments in associated companies is mainly recovered through dividends. As no taxable temporary differences exist, no deferred taxation is provided. Deferred taxation is provided on temporary differences that arise on the revaluation of available-for-sale investments based on the future economic benefits the entity expects to realise from that asset, i.e. a combination of dividends and capital gains or losses.

Other estimates and assumptions relate to the determination of the useful lives of assets, impairments, the valuation of unlisted investments and the assumptions used in calculating retirement benefit obligations and share-based payments. Details of these estimates and assumptions are set out in the relevant notes to the annual financial statements.

Critical accounting estimates and assumptions were also made during the purchase price allocation process in accounting for acquisitions as business combinations in accordance with *IFRS 3: Business Combinations*. These estimates and assumptions relate to the determination of useful lives of assets, discount rates, growth rates and valuation of unlisted investments.

(XXII) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Management considered all new accounting standards, interpretations and amendments to IFRS that were issued prior to 30 June 2014, but not yet effective on that date. The standards that are applicable to the Group, but that were not implemented early, are the following:

- IFRS 9: Financial Instruments
  (effective date – financial periods commencing on/after 1 January 2018)
  The International Accounting Standards Board (IASB) issued *IFRS 9: Financial Instruments* as the first step in its project to replace *IAS 39: Financial Instruments – Recognition and Measurement*. IFRS 9 introduces new requirements for classifying and measuring financial assets, as well as the requirements for classification and measurement of financial liabilities.

  The IASB intends to expand IFRS 9 to add new requirements for the derecognition of financial instruments, impairment and hedge accounting. IFRS 9 will be a complete replacement for IAS 39, but its mandatory application date has not been determined yet.

- IFRS 14: Regulatory Deferral Accounts
  (effective date – financial periods commencing on/after 1 January 2016)
  IFRS 14 applies to first-time adopters of IFRS that apply IFRS 1 and conduct rate regulated activities. The standard will not have an impact on the Group.

- IFRS 15: Revenue from Contracts with Customers
  (effective date – financial periods commencing on/after 1 January 2017)
  The standard prescribes the accounting treatment and disclosures pertaining to revenue recognition from contracts with customers.

- Amendments to IFRS 10: Consolidated Financial Statements
  (effective date – financial periods commencing on/after 1 January 2014)
  If the business entity meets the definition of investment entity, its subsidiaries can be fair valued through profit and loss with applicable disclosure. The fair value cannot be rolled up to a non-investment parent entity.

- Amendments to IFRS 11: Joint Arrangements
  (effective date – financial periods commencing on/after 1 January 2016)
  This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. ACCOUNTING POLICIES (continued)

(XXII) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

- Amendments to IAS 1: Presentation of Financial Statements
  (effective date – financial periods commencing on/after 1 January 2014)
  The amendment clarifies the disclosure requirements for comparative information when an entity provides a third statement of financial position either as required by *IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors* or voluntarily.

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
  (effective date – financial periods commencing on/after 1 January 2016)
  The IASB has amended *IAS 16: Property, Plant and Equipment* and *IAS 38: Intangible Assets* to clarify when a method of depreciation or amortisation based on revenue may be appropriate.

  The amendment to IAS 16 clarifies that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate.

  The amendment to IAS 38 establishes a rebuttable presumption that amortisation of an intangible asset based on revenue generated by using the asset is inappropriate. The presumption may only be rebutted in certain limited circumstances.

- Amendment to IAS 19: Employee Benefits
  (effective date – financial periods commencing on/after 1 July 2014)
  The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and does not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided.

  The amendment will allow (but not require) many entities to continue accounting for employee contributions using their existing accounting policy, rather than spreading them over the employees' working lives.

- Amendments to IAS 32: Financial Instruments: Presentation and IFRS 7: Financial Instruments: Disclosure (Offsetting Financial Assets and Financial Liabilities)
  (effective date – financial periods commencing on/after 1 January 2014)
  These standards set the criterion that an entity must satisfy in order to set off recognised amounts, as well as the disclosure required in those instances.

- Amendment to IAS 36: Recoverable Amount Disclosures for Non-financial Assets
  (effective date – financial periods commencing on/after 1 January 2014)
  This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendment to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting
  (effective date – financial periods commencing on/after 1 January 2014)
  This amendment will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. Similar relief will be included in *IFRS 9: Financial Instruments*.

- Annual Improvements
  (effective date – financial periods commencing on/after 1 July 2014)
  Both the annual improvements cycles, 2010-12 and 2011-13, which affect various standards, become largely effective for annual periods beginning on or after 1 July 2014.

- IFRIC 21: Levies
  (effective date – financial periods commencing on/after 1 January 2014)
  IFRIC 21 sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation could result in recognition of a liability later than today, particularly in connection with levies that are triggered by circumstances on a specific date.

It is not expected that these changes to IFRS will have a significant impact on the Group's financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

2. EARNINGS AND DIVIDENDS

R million	30 June 2014 Gross	30 June 2014 Net	30 June 2013 Restated Gross	30 June 2013 Restated Net
HEADLINE EARNINGS RECONCILIATION				
Net profit for the year attributable to equity holders		**6 917**		4 179
Plus/(minus):				
– Negative goodwill	**–**	**–**	(196)	(196)
– Net impairment of equity accounted investments	**(92)**	**(92)**	29	29
– Impairment of other investments	**80**	**80**	112	112
– Net impairment of property, plant and equipment	**(5)**	**(3)**	10	5
– Recycling of foreign currency translation reserves	**(32)**	**(32)**	154	154
– Loss on sale of equity accounted investments	**83**	**83**	20	20
– Profit on sale of other investments	**(98)**	**(98)**	(24)	(26)
– Net surplus on disposal of property, plant and equipment	**(12)**	**(6)**	(12)	(27)
– Non-headline earnings items included in equity accounted earnings of equity accounted investments	**(244)**	**(214)**	(13)	(54)
– Net (surplus)/loss on disposal of property, plant and equipment	**(131)**	**(107)**	8	9
– Profit on the sale of investments	**(174)**	**(169)**	(117)	(155)
– Net impairment of investments, assets and goodwill	**262**	**263**	162	158
– Other non-recurring and capital items	**(201)**	**(201)**	(66)	(66)
Headline earnings		**6 635**		4 196
Mediclinic refinancing cost		**–**		1 312
Headline earnings, excluding Mediclinic refinancing cost		**6 635**		5 508

During October 2012 Mediclinic International Limited (Mediclinic) incurred material once-off charges relating to the comprehensive refinancing of its Swiss and South African debt. These once-off items included the following:

- the derecognition of the mark-to-market liability relating to the Swiss interest rate swap of R3 531 million (R3 311 million after tax);
- accelerated amortisation charges of capitalised financing expenses of R163 million (R129 million after tax);
- loan breakage charges of R54 million (R39 million after tax) relating to existing South African debt;
- Swiss stamp duty of R41 million (R41 million after tax); and
- a realised gain of R574 million (R574 million after tax) on foreign exchange forward contracts.

Remgro's share of these once-off items amounted to a loss of R1 312 million.

Due to the materiality of the amounts involved, headline earnings and headline earnings per share are also presented by excluding Remgro's share of Mediclinic's refinancing costs referred to above.

Cents	30 June 2014	30 June 2013 Restated
EARNINGS PER SHARE		
Headline earnings per share		
– Basic	**1 292.4**	817.1
– Diluted	**1 270.3**	805.0
Headline earnings per share, excluding Mediclinic refinancing cost		
– Basic	**1 292.4**	1 072.6
– Diluted	**1 270.3**	1 055.5
Earnings per share		
– Basic	**1 347.3**	813.8
– Diluted	**1 325.7**	800.6

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

2. EARNINGS AND DIVIDENDS (continued)

Earnings per share

In determining earnings per share and headline earnings per share the weighted number of shares in issue, being 513 404 676 (2013: 513 526 699), was taken into account after deduction of treasury shares.

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, 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. These imputed shares total 1 461 477 (2013: 1 384 580) and have been added to the weighted number of shares to determine the dilutive effect.

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, R91 million (2013: R51 million) and R88 million (2013: R56 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 Mediclinic refinancing cost, for the year ended 30 June 2013, R73 million was offset against headline earnings, excluding Mediclinic refinancing cost, to account for the potential diluted effect.

CASH DIVIDEND DECLARED AFTER YEAR-END

A final gross dividend of 233 cents (2013: 201 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 2014.

The total dividend per share for the year ended 30 June 2014 therefore amounts to 389 cents, compared to 346 cents for the year ended 30 June 2013.

The Company will be utilising STC credits amounting to 233 cents per ordinary share and 233 cents per unlisted B ordinary share. As a result there will be no dividend tax deducted from the final gross dividend for any Remgro shareholder.

The issued share capital at the declaration date is 481 106 370 ordinary shares and 35 506 352 B ordinary shares.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

3. PROPERTY, PLANT AND EQUIPMENT

R million	*Land and buildings*	*Machinery and equipment*	*Vehicles*	*Office equipment*	*Total*
Carrying value at 1 July 2012 (restated)	1 319	1 787	356	40	3 502
Cost	1 905	3 922	593	61	6 481
Accumulated depreciation	(586)	(2 135)	(237)	(21)	(2 979)
Additions	216	429	79	6	730
Disposals	(7)	(5)	(7)	–	(19)
Depreciation	(64)	(301)	(58)	(5)	(428)
Businesses acquired	728	740	144	–	1 612
Impairments	(1)	–	–	–	(1)
Transfers and other	(57)	48	3	–	(6)
Carrying value at 30 June 2013 (restated)	2 134	2 698	517	41	5 390
Cost	2 851	5 526	895	66	9 338
Accumulated depreciation	(717)	(2 828)	(378)	(25)	(3 948)
Additions	**452**	**317**	**75**	**8**	**852**
Disposals	**(2)**	**(7)**	**(9)**	**(1)**	**(19)**
Depreciation	**(91)**	**(401)**	**(87)**	**(13)**	**(592)**
Impairments	**(1)**	**6**	**–**	**–**	**5**
Transfers and other	**(92)**	**29**	**9**	**34**	**(20)**
Carrying value at 30 June 2014	**2 400**	**2 642**	**505**	**69**	**5 616**
Cost	**3 203**	**5 677**	**926**	**149**	**9 955**
Accumulated depreciation	**(803)**	**(3 035)**	**(421)**	**(80)**	**(4 339)**

Depreciation rates (%) are as follows:	**30 June 2014**	30 June 2013
Buildings	**2 – 50**	2 – 50
Machinery and equipment	**3⅓ – 100**	3⅓ – 100
Vehicles	**5 – 33⅓**	5 – 33⅓
Office equipment	**5 – 33⅓**	5 – 33⅓

Liabilities resulting from mortgage loans, finance leases and instalment sale agreements are secured by assets with a book value of R101 million (2013: R102 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 R495 million (2013: R343 million) are still under construction.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

4. BIOLOGICAL AGRICULTURAL ASSETS

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 other level 1 or level 2 fair value assets during the periods under review.

Included in non-current assets:

Reconciliation of carrying value at the beginning and end of the year (R million)	*Sugar cane roots*	*Sugar cane plants*	*Litchi and banana trees*	30 June 2014	*Sugar cane roots* Restated	*Sugar cane plants* Restated	*Litchi and banana trees* Restated	30 June 2013 Restated
Balances at the beginning of the year (restated)	**181**	**209**	**17**	**407**	113	187	18	318
Fair value adjustment	**8**	**278**	**12**	**298**	75	216	5	296
Impairment	**–**	**–**	**–**	**–**	(1)	(6)	–	(7)
Additions	**9**	**–**	**–**	**9**	–	–	–	–
Disposals	**–**	**–**	**–**	**–**	(6)	(1)	–	(7)
Decrease due to harvest	**–**	**(209)**	**(6)**	**(215)**	–	(187)	(6)	(193)
Balances at the end of the year	**198**	**278**	**23**	**499**	181	209	17	407

Included in current assets:

Reconciliation of carrying value at the beginning and end of the year (R million)	*Breeding stock*	*Broiler stock*	30 June 2014	*Breeding stock*	*Broiler stock*	30 June 2013
Balances at the beginning of the year	**272**	**265**	**537**	255	221	476
Additions	**866**	**3 670**	**4 536**	854	3 756	4 610
Decrease due to harvest	**(851)**	**(3 713)**	**(4 564)**	(842)	(3 737)	(4 579)
Fair value adjustment	**7**	**23**	**30**	5	25	30
Balances at the end of the year	**294**	**245**	**539**	272	265	537

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FOR THE YEAR ENDED 30 JUNE 2014

4. 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 2014 R million*
Chicken stock	Replacement cost of the components of growing the stock	Number of eggs per hen	163 to 172 per hen	The higher the number of eggs per hen, the higher the fair value	**539**
		Cost of a day old breeder bird	R48 to R57.50 per chick	The higher the cost per chick, the higher the fair value	
		Mortality rates	4.6% to 5.9%	The higher the mortality, the lower the fair value	
		Average live mass	1.56 kg to 1.84 kg per bird	The higher the average live mass, the higher the fair value	
		Feed cost	R3 926 to R4 935 per ton	The higher the feed cost per ton, the higher the fair value	
Litchi trees	Current establishment and replacement cost	Replanting/establishment cost of litchi trees	R27 669 per hectare	The higher the replanting/establishment cost, the higher the value of litchi trees	**3**
Banana trees	Current establishment and replacement cost	Replanting/establishment cost of banana trees	R48 715 to R53 555 per hectare	The higher the replanting/establishment cost, the higher the value of banana trees	**20**
Cane roots	Current establishment and replacement cost	Replanting/establishment cost of cane roots	R27 212 to R29 260 per hectare	The higher the replanting/establishment cost, the higher the value of cane roots	**198**
Standing cane	Recoverable value	Recoverable value (price per ton of sucrose) less harvesting, transport and other cost to sell	R2 513 to R2 698 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	**278**

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 an R11 million change in fair value.
Replacement cost per hectare – cane roots	A one percent change in replacement cost would result in a R2 million change in fair value.
Recoverable value price per ton – standing cane	A change of one percent in recoverable value would result in a R3 million change in fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

5. INVESTMENT PROPERTIES

R million	30 June 2014 Cost	30 June 2014 Accumulated depreciation	30 June 2014 Net value	30 June 2013 Cost	30 June 2013 Accumulated depreciation	30 June 2013 Net value
Land	3	–	3	3	–	3
Buildings	39	–	39	39	–	39
	42	–	42	42	–	42

Reconciliation of carrying value at the beginning and end of the year (R million)	Land	Buildings	30 June 2014	Land	Buildings	30 June 2013
Balances at the beginning of the year	3	39	42	3	34	37
Additions	–	–	–	–	5	5
Balances at the end of the year	3	39	42	3	39	42

The Group's diverse investment property portfolio's fair value was determined during the 2014 financial year by an independent, qualified valuer 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 revalues its property every three years. The fair value of the investment properties, VAT exclusive, is R491 million (2013: R389 million).

No depreciation was provided for on investment properties, as all the assets have significant residual values. The remaining useful life of the assets is estimated as 50 years.

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.

6. INTANGIBLE ASSETS

R million	Goodwill	Trade marks	Customer relation-ships	Software	Total
Carrying value at 1 July 2012	321	3	–	32	356
Cost	333	57	–	37	427
Accumulated amortisation/impairment	(12)	(54)	–	(5)	(71)
Business acquired	2 618	1 865	978	8	5 469
Additions	–	–	17	8	25
Amortisation	–	(1)	(13)	(5)	(19)
Carrying value at 30 June 2013	2 939	1 867	982	43	5 831
Cost	2 951	1 922	995	53	5 921
Accumulated amortisation/impairment	(12)	(55)	(13)	(10)	(90)
Disposals	–	–	–	(1)	(1)
Additions	–	–	–	19	19
Amortisation	–	(1)	(99)	(15)	(115)
Transfers and other	117	(77)	–	37	77
Carrying value at 30 June 2014	3 056	1 789	883	83	5 811
Cost	3 068	1 845	995	152	6 060
Accumulated amortisation/impairment	(12)	(56)	(112)	(69)	(249)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

6. INTANGIBLE ASSETS (continued)

Amortisation periods (years)	30 June 2014	30 June 2013
Trade marks	**15 – 20**	15 – 20
Customer relationships	**4 – 20**	4 – 20
Software	**3 – 20**	3 – 10

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 Limited and its subsidiaries*	**30 June 2014 Total**
Carrying value (R million)	**1 787**	**3 041**	**15**	**3 056**
Basis of valuation of cash-generating units	**Value in use**	**Value in use**	**Value in use**	
Discount rate (%)	11.2	11.2 – 14.9	12.7	
Growth rate (%)	6.0	5.0 – 6.0	3.0	
Period (years)	5	5	5	

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

(2) *The goodwill relates mainly to the acquisition of Foodcorp amounting to R2 735 million, as well as the acquisition of Vector Logistics Proprietary Limited amounting to R287 million.*

Sensitivity analysis of assumptions used in the goodwill impairment tests:

Assumption	*Movement*	*Impairment*
Discount rate (%)	+2	1 425
Growth rate (%)	–2	Nil

Intangible assets with a carrying value of RNil (2013: R1 872 million) were pledged as security for certain borrowings.

7. INVESTMENTS – EQUITY ACCOUNTED

R million	30 June 2014	30 June 2013 Restated
Associated companies	**47 691**	41 451
Joint ventures	**4 478**	3 957
	52 169	45 408

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

7. INVESTMENTS – EQUITY ACCOUNTED (continued)

The Group houses its investments in joint ventures, associated companies and financial instruments through its investing subsidiary companies. The Group's most significant associated companies 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 South Africa, operating private medical facilities in South Africa, the Middle East and Switzerland
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
Unilever South Africa	Associate	Manufacturer and supplier of fast moving consumer goods in South Africa

7.1 Associated companies

R million	30 June 2014 Listed	30 June 2014 Unlisted	30 June 2014 Total	30 June 2013 Listed Restated	30 June 2013 Unlisted Restated	30 June 2013 Total Restated
Shares – at cost	**22 224**	**6 939**	**29 163**	21 673	6 584	28 257
Equity adjustment	**14 377**	**4 030**	**18 407**	9 085	3 820	12 905
Carrying value	**36 601**	**10 969**	**47 570**	30 758	10 404	41 162
Long-term loans	**–**	**121**	**121**	–	289	289
	36 601	**11 090**	**47 691**	30 758	10 693	41 451
Market values of listed investments	**79 734**			62 232		

R million	30 June 2014	30 June 2013 Restated
Reconciliation of carrying value at the beginning and end of the year		
Carrying value at the beginning of the year	**41 451**	34 822
Exchange rate differences on translation of carrying value at the beginning of the year to year-end rate	**106**	147
Share of net attributable profit of associated companies	**6 367**	3 671
Dividends received from associated companies	**(2 956)**	(2 704)
Equity-accounted movements on reserves	**1 843**	2 279
Dilutionary effects	**17**	(34)
Investments made*	**969**	3 148
Loans advanced	**16**	18
Investments disposed/capital reductions	**(101)**	–
Loans repaid	**(33)**	(75)
Transfers	**39**	–
Disposals	**(130)**	–
Negative goodwill	**–**	196
Net impairments	**103**	(17)
Carrying value at the end of the year	**47 691**	41 451

* *The year under review includes an amount of R652 million in respect of Grindrod's accelerated bookbuild offering. The previous year includes an amount of R2 170 million in respect of the Mediclinic rights issue and R486 million in respect of an additional interest of KTH.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

7. INVESTMENTS – EQUITY ACCOUNTED (continued)

7.1 Associated companies (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 associated companies which are accounted for using the equity method.

	Year ended			
	30 June 2014			31 March 2014
R million	RMI	RMBH	FirstRand	Mediclinic
Summarised statement of comprehensive income				
Revenue	10 783	–	29 878	30 495
Profit before tax	4 179	6 337	25 377	4 362
Taxation	(870)	(1)	(5 591)	(776)
Profit after tax	3 309	6 336	19 786	3 586
Attributable to non-controlling shareholders	(256)	–	(1 346)	(201)
Attributable profit for the year	3 053	6 336	18 440	3 385
Headline earnings	2 879	6 417	18 671	3 355
Other comprehensive income attributable to shareholders	235	225	646	4 537
Total comprehensive income attributable to shareholders	3 288	6 561	19 086	7 922
Summarised statement of financial position				
Net advance, loans and bank-related securities	301	–	96 856	–
Intangible assets	110	–	1 047	9 210
Property, plant and equipment and other	877	–	7 317	49 959
Investments and loans	21 521	35 532	7 879	139
Current assets	4 957	34	8 290	11 226
Total assets	27 766	33 566	121 389	70 534
	(12 288)	(1 347)	(40 875)	(46 066)
Non-controlling interest	(899)	–	(7 703)	(923)
Non-current liabilities	(10 176)	(1 281)	(18 569)	(36 899)
Current liabilities	(1 213)	(66)	(14 603)	(8 244)
Net assets	15 478	32 219	80 514	24 468
Reconciliation to carrying value				
Remgro's effective interest	30.26%	27.94%	4.01%	44.30%*
Remgro's effective interest in net assets	4 684	9 002	3 226	10 839
Goodwill/bargain purchase adjustment	1 540	2 223	743	2
Dividends received subsequent to associates' reporting date	–	–	–	(244)
Carrying value at 30 June 2014	6 224	11 225	3 969	10 597
Fair value of listed investments	14 739	20 743	8 957	29 316
Dividends received	(454)	(807)	(347)	(345)

* *Remgro's interest in Mediclinic on 31 March 2014.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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7. INVESTMENTS – EQUITY ACCOUNTED (continued)

7.1 Associated companies (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 associated companies which are accounted for using the equity method.

	Year ended			
		30 June 2013		31 March 2013
R million	RMI	RMBH	FirstRand	Mediclinic
Summarised statement of comprehensive income				
Revenue	8 646	–	24 769	24 436
Profit before tax	2 779	5 036	20 071	(428)
Taxation	(371)	(1)	(4 117)	(418)
Profit after tax	2 408	5 035	15 954	(846)
Attributable to non-controlling shareholders	(194)	–	(1 169)	(259)
Attributable profit for the year	2 214	5 035	14 785	(1 105)
Headline earnings	2 201	5 226	15 327	(1 110)
Other comprehensive income attributable to shareholders	243	641	1 840	4 913
Total comprehensive income attributable to shareholders	2 457	5 676	16 625	3 808
Summarised statement of financial position				
Net advance, loans and bank-related securities	275	–	82 631	–
Intangible assets	43	–	1 169	7 279
Property, plant and equipment and other	498	1	7 323	40 137
Investments and loans	19 891	30 348	6 249	469
Current assets	3 078	23	8 070	8 857
Total assets	23 785	30 372	105 442	56 742
	(10 220)	(1 301)	(33 824)	(39 536)
Non-controlling interest	(586)	–	(7 415)	(796)
Non-current liabilities	(8 682)	(1 236)	(14 217)	(32 692)
Current liabilities	(952)	(65)	(12 192)	(6 048)
Net assets	13 565	29 071	71 618	17 206
Reconciliation to carrying value				
Remgro's effective interest	30.26%	27.94%	4.02%	44.42%*
Remgro's effective interest in net assets	4 105	8 122	2 879	7 644
Goodwill/bargain purchase adjustment	1 540	2 224	743	2
Dividends received subsequent to associates' reporting date	–	–	–	(217)
Carrying value at 30 June 2013	5 645	10 346	3 622	7 429
Fair value of listed investments	11 331	15 541	6 359	24 640
Dividends received	(652)	(552)	(248)	(308)

* *Remgro's interest in Mediclinic on 31 March 2013.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

7. INVESTMENTS – EQUITY ACCOUNTED (continued)

7.1 Associated companies (continued)

R million	30 June 2014	30 June 2013 Restated
Information pertaining to Remgro's other associated companies is aggregated:		
Carryxing value	**15 676**	14 409
The Group's share of:		
– Profit from operations	**1 430**	1 488
– Other comprehensive income	**(174)**	288
– Total comprehensive income	**1 256**	1 776
– Headline earnings	**1 249**	1 366

7.2 Joint ventures

R million	30 June 2014	30 June 2013 Restated
Unlisted shares – at cost	**1 817**	1 212
Equity adjustment	**2 406**	2 426
Carrying value	**4 223**	3 638
Long-term loans	**255**	319
	4 478	3 957
Reconciliation of carrying value at the beginning and end of the year		
Carrying value at the beginning of the year	**3 957**	3 301
Share of net attributable income of joint ventures	**486**	364
Dividends received from joint ventures	**(612)**	(187)
Equity accounted movements on reserves	**159**	170
Dilutionary effects	**(172)**	(6)
Investment made	**592**	286
Loans advanced	**33**	39
Loans repaid	**–**	(10)
Transfers	**35**	–
Carrying value at the end of the year	**4 478**	3 957

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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7. INVESTMENTS – EQUITY ACCOUNTED (continued)

7.2 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 2014	30 June 2013
Summarised statement of comprehensive income		
Revenue	17 740	15 726
Depreciation and amortisation	256	207
Interest income	15	22
Interest expense	(233)	(261)
Profit before tax	2 042	1 595
Taxation	(518)	(512)
Profit after tax	1 524	1 083
Attributable to non-controlling shareholders	(1)	5
Attributable profit for the year	1 523	1 088
Headline earnings	1 514	1 078
Other comprehensive income attributable to shareholders	474	537
Total comprehensive income attributable to shareholders	1 997	1 625
Summarised statement of financial position		
Non-current assets	6 639	5 794
Cash and cash equivalents	452	356
Other current assets	8 769	8 070
Total assets	15 860	14 220
	(7 290)	(6 973)
Non-controlling interest	(32)	(31)
Non-current financial liabilities	(3 114)	(447)
Other non-current liabilities	(609)	(502)
Current financial liabilities (excluding trade and other payables and provisions)	(762)	(2 787)
Current liabilities	(2 773)	(3 206)
Net assets	8 570	7 247
Reconciliation to carrying value		
Remgro's effective interest	26.86%	28.90%
Remgro's effective interest in net assets	2 302	2 094
Carrying value at 30 June	2 302	2 094
Information pertaining to Remgro's other joint ventures is aggregated:		
Carrying value	2 176	1 863
The Group's share of:		
– Profit from operations	56	49
– Other comprehensive income	13	–
– Total comprehensive income	69	49
– Headline earnings	59	50

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

7. INVESTMENTS – EQUITY ACCOUNTED (continued)

7.3 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*
Associated companies		
Air Products South Africa	30 September	12 months ended 31 March 2014
Business Partners	31 March	Year ended 31 March 2014
Grindrod	31 December	12 months ended 30 June 2014
Mediclinic	31 March	Year ended 31 March 2014
PGSI	25 December	12 months ended 25 June 2014
Sabido	31 March	Year ended 31 March 2014
SEACOM	31 December	12 months ended 30 June 2014
Total South Africa	31 December	12 months ended 30 June 2014
Unilever South Africa	31 December	12 months ended 30 June 2014
Joint ventures		
CIV group	31 March	Year ended 31 March 2014

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.

8. INVESTMENTS – OTHER

	30 June 2014			30 June 2013		
R million	***Listed***	***Unlisted***	***Total***	*Listed*	*Unlisted*	*Total*
Investments – other						
Shares	**880**	**1 762**	**2 642**	823	1 345	2 168
Market values of listed investments	**880**		**880**	823		823
Directors' valuation of unlisted investments		**1 762**	**1 762**		1 345	1 345
Market values and directors' valuation	**880**	**1 762**	**2 642**	823	1 345	2 168

Reconciliation of carrying value of investments – other at the beginning and end of the year (R million)	**30 June 2014**	30 June 2013
Balances at the beginning of the year	**2 168**	1 587
Fair value adjustments for the year	**341**	(170)
Investments made	**300**	730
Exchange rate adjustments	**59**	107
Disposals	**(143)**	(86)
Transfers and other	**(83)**	–
Balances at the end of the year	**2 642**	2 168

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9. RETIREMENT BENEFITS

R million	30 June 2014	30 June 2013 Restated
Statement of financial position obligations		
Retirement benefits	**(7)**	(8)
Post-retirement medical benefits	**(251)**	(257)
	(258)	(265)
Statement of financial position assets	**210**	184
Retirement benefits	**8**	10
Defined-contribution fund employer's surplus	**202**	174
Net defined-benefit post-retirement obligation	**(48)**	(81)
Represented by:		
Retirement benefits (refer note 9.1)	**1**	2
Post-retirement medical benefits (refer note 9.2)	**(251)**	(257)
Defined-contribution fund employer's surplus	**202**	174
	(48)	(81)
Income statement		
Retirement benefits*	**4**	3
Post-retirement medical benefits	**27**	30
Expense	**31**	33

* *Refer note 23 on page 54.*

9.1 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 2013.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

9. RETIREMENT BENEFITS (continued)

9.1 Retirement benefits (continued)

R million	Statement of financial position				Income statement	Statement of other compre-hensive income
	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 2012 (restated)	384	(253)	(129)	2		
Current service cost	–	(3)	–	(3)	3	–
Past service cost	–	(3)	–	(3)	3	–
Net interest income/(expense)	30	(17)	(10)	3	(3)	–
Change in effect of the asset limit	–	–	(19)	(19)	–	19
Contributions	1	–	–	1	–	–
Exchange rate differences	4	(3)	–	1	–	–
Benefit payments	(35)	35	–	–	–	–
Remeasurements:						
– Return on plan assets excluding interest	34	–	–	34	–	(34)
– Actuarial gains and losses	–	(14)	–	(14)	–	14
Balances at 30 June 2013 (restated)	418	(258)	(158)	2	3	(1)
Current service cost	**–**	**(4)**	**–**	**(4)**	**4**	**–**
Net interest income/(expense)	**32**	**(19)**	**(13)**	**–**	**–**	**–**
Change in effect of the asset limit	**–**	**–**	**(14)**	**(14)**	**–**	**14**
Fund expense	**(1)**	**1**	**–**	**–**	**–**	**–**
Contributions	**1**	**–**	**–**	**1**	**–**	**–**
Exchange rate differences	**3**	**(3)**	**–**	**–**	**–**	**–**
Benefit payments	**(16)**	**16**	**–**	**–**	**–**	**–**
Remeasurements:						
– Return on plan assets excluding interest	**28**	**–**	**–**	**28**	**–**	**(28)**
– Actuarial gains and losses	**–**	**(12)**	**–**	**(12)**	**–**	**12**
Balances at 30 June 2014	**465**	**(279)**	**(185)**	**1**	**4**	**(2)**

* *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.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

9. RETIREMENT BENEFITS (continued)

9.1 Retirement benefits (continued)

R million	30 June 2014	30 June 2013 Restated
Actual return on plan assets	60	64
Adjustment for experience on funded obligations	1	(16)
Expected contributions to retirement funds for the year ending 30 June 2015: R1 million		
Number of members	98	102
Composition of plan assets (%)		
Cash	41.59	35.30
Equity	20.83	23.29
Bonds	3.17	6.38
Property	2.70	2.26
International	28.10	30.23
Other	3.61	2.54
	100.00	100.00
Principal actuarial assumptions on reporting date (%)		
Discount rate	1.50 – 8.60	2.00 – 8.20
Future salary increases	8.50	8.30
Future pension increases	6.50	5.80
Inflation rate	1.10 – 6.50	1.30 – 5.80

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

	Impact on defined-benefit obligation		
R million	*Change in assumption*	*Increase in assumption*	*Decrease in assumption*
South African obligation			
Discount rate	1.0%	(23)	27
Inflation rate	1.0%	27	(23)
Switzerland			
Discount rate	0.5%	(1)	1
Inflation rate	0.5%	1	(1)

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.

9.2 Post-retirement 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 2014	30 June 2013 Restated
Present value of funded obligations	84	72
Fair value of plan assets	(63)	(54)
Deficit of the funded plans	21	18
Present value of unfunded obligations	230	239
Liability included in the statement of financial position	251	257

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FOR THE YEAR ENDED 30 JUNE 2014

9. RETIREMENT BENEFITS (continued)

9.2 Post-retirement medical benefits (continued)

R million	Statement of financial position			Income statement	Statement of other comprehensive income
	Fair value of plan assets	*Present value of fund obligations*	*Amount recognised in statement of financial position*	*(Income)/ expense included in staff costs*	*(Income)/ expense*
Balances at 1 July 2012 (restated)	45	(249)	(204)		
Current service cost	–	(7)	(7)	7	–
Net interest income/(expense)	3	(25)	(22)	22	–
Past service cost	–	(1)	(1)	1	–
Contributions	–	2	2	–	–
Benefit payments	–	9	9	–	–
Remeasurements not included in net interest expense:					
– Return on plan assets excluding interest income	6	6	12	–	(12)
– Gain/(loss) from change in actuarial assumptions	–	(6)	(6)	–	6
Business acquired	–	(40)	(40)	–	–
Balances at 30 June 2013 (restated)	54	(311)	(257)	30	(6)
Current service cost	**–**	**(7)**	**(7)**	**7**	**–**
Net interest income/(expense)	**5**	**(25)**	**(20)**	**20**	**–**
Benefit payments	**–**	**11**	**11**	**–**	**–**
Remeasurements					**–**
– Return on plan assets excluding interest income	**4**	**–**	**4**	**–**	**(4)**
– Gain/(loss) from change in actuarial assumptions	**–**	**10**	**10**	**–**	**(10)**
– Gain/(loss) due to experience adjustment	**–**	**8**	**8**	**–**	**(8)**
Balances at 30 June 2014	**63**	**(314)**	**(251)**	**27**	**(22)**

R million	30 June 2014	30 June 2013 Restated
Amount of plan assets represented by investment in the entity's own financial instruments	**1**	1
Actual return on plan assets	**9**	9
Expected contributions to retirement funds for the year ending 30 June 2015: R11 million.		
Number of members	**821**	832
Composition of plan assets (%)		
Cash	**9.30**	6.60
Equity	**84.50**	86.90
Bonds	**6.20**	6.50
	100.00	100.00

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

9. RETIREMENT BENEFITS (continued)

9.2 Post-retirement medical benefits (continued)

Principal actuarial assumptions on reporting date (%)	30 June 2014	30 June 2013 Restated
Discount rate	**8.60 – 9.70**	7.90 – 9.40
Annual increase in healthcare costs	**8.40 – 9.30**	5.70 – 8.50

	Impact on post-retirement medical liability		
R million	*Change in assumption*	*Increase in assumption*	*Decrease in assumption*
Discount rate	**0.5%**	**(19)**	**22**
Healthcare cost inflation	**1.0%**	**47**	**(38)**

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. TAXATION

10.1 Deferred taxation

R million	30 June 2014	30 June 2013 Restated
Deferred taxation liability	**1 505**	1 713
Property, plant and equipment	**793**	779
Inventories and biological assets	**290**	166
Intangible assets	**787**	830
Provisions	**(66)**	(107)
Investments	**121**	14
Tax losses	**(435)**	(34)
Other	**15**	65
Deferred tax asset	**(14)**	(4)
Property, plant and equipment	**–**	2
Tax losses	**(2)**	–
Provisions	**(11)**	(5)
Other	**(1)**	(1)
Net deferred taxation	**1 491**	1 709
The movement between balances of deferred taxation at the beginning and end of the year can be analysed as follows:		
Beginning of the year	**1 709**	710
Businesses acquired	**–**	956
As per income statement	**(125)**	35
Accounted for in other comprehensive income	**32**	8
Transfers and other	**(125)**	–
	1 491	1 709

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

10. TAXATION (continued)

10.2 Tax losses

R million	30 June 2014	30 June 2013 Restated
Estimated tax losses available for set-off against future taxable income	**2 127**	1 183
Utilised to create deferred tax asset	**(1 432)**	(126)
	695	1 057

10.3 Secondary taxation on companies (STC)

The STC credits, which could be set off against future dividend payments prior to 31 March 2015, amount to R1 824 million (2013: R3 668 million).

With the introduction of dividend tax on 1 April 2012, the STC credits are no longer the asset of the Company, but that of the shareholders, and no deferred tax asset is created.

10.4 Taxation in income statement

R million	30 June 2014	30 June 2013 Restated
Current – current year – South African normal taxation	**172**	216
– Foreign taxation	**10**	10
	182	226
Deferred – current year	**(115)**	35
– previous year	**(10)**	–
	57	261

10.5 Reconciliation of effective tax rate of the Company and its subsidiaries with standard rate (%)

R million	30 June 2014	30 June 2013 Restated
Effective tax rate	**104.1**	64.0
Reduction/(increase) in standard rate as a result of:		
Exempt dividend income	**21.9**	2.7
Non-taxable capital profit	**57.1**	7.3
Non-deductible expenditure/non-taxable income	**(113.9)**	(33.1)
Foreign taxation	**(9.6)**	(0.1)
Tax on foreign income	**–**	(0.5)
Previous year taxation	**5.1**	0.4
Tax losses utilised	**(36.7)**	(12.7)
Standard rate	**28.0**	28.0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

11. INVENTORIES

R million	30 June 2014	30 June 2013 Restated
Raw materials	**707**	602
Finished products	**1 514**	1 761
Work in progress	**8**	7
Consumable stores	**179**	163
	2 408	2 533
Inventory expensed during the year	**15 374**	11 610
Inventory carried at net realisable value	**102**	184

12. DEBTORS AND SHORT-TERM LOANS

R million	30 June 2014	30 June 2013 Restated
Trade debtors (gross)	**2 810**	2 575
Less: Provision for impairments	**(71)**	(71)
Trade debtors (net)	**2 739**	2 504
Dividends receivable	**–**	25
Advance payments and other	**591**	400
	3 330	2 929

Debtors with a carrying value of R1 488 million (2013: R1 029 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 2014	30 June 2013
Balances at the beginning of the year	**71**	61
Provision for impairments on debtors	**13**	21
Debtors written off as uncollectable during the year	**(6)**	(3)
Unused amounts written back	**(7)**	(8)
Balances at the end of the year	**71**	71

During the year, bad debts amounting to R6 million (2013: R3 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 31.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

13. DERIVATIVE INSTRUMENTS

The following derivative instruments existed at 30 June:

	30 June 2014			30 June 2013		
Assets	Currency value million	Forward value R million	Fair value R million	Currency value million	Forward value R million	Fair value R million
Foreign exchange contracts						
Buy: Euro*	–	–	–	263.3	3 678.7	337
Sell: USA dollar	15.5	169.7	3	16.5	170.9	2
			3			339
Other derivative instruments						
Exchange option contracts			–			16
Commodity option contracts			–			9
Conversion right on preference shares			–			73
			–			98
			3			437
Liabilities						
Foreign exchange contracts						
Buy: Euro	1.8	27.5	2	1.0	11.8	1
Sell: USA dollar	19.8	214.4	2	30.8	291.3	20
			4			21
Other derivative instruments						
Commodity option contracts			2			5
Embedded derivative			4			–
			6			5
			10			26

* *The euro foreign exchange contracts related to the €390 million debt acquired by RCL Foods as part of the Foodcorp transaction. The debt was redeemed during the year under review and as such all related hedges were also cancelled. Refer to note 20 for further detail.*

14. INVESTMENT IN MONEY MARKET FUNDS

R million	30 June 2014	30 June 2013
Money market fund investments are held in the following currencies:		
South African rand	746	450
USA dollar (2014: $40 million; 2013: $40 million)	425	395
British pound (2014: £Nil million; 2013: £23 million)	–	295
	1 171	1 140

Investments in offshore money market funds relate to investments in shares of J P Morgan liquidity funds, specifically the US Government Liquidity Fund (with an Aaa Moody's Rating). The portfolio of the funds on 30 June 2014 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 a South African unit trust offered by Nedgroup 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".

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

15. CASH AND CASH EQUIVALENTS

R million	30 June 2014	30 June 2013 Restated
Cash at the centre	**2 539**	2 043
Operating subsidiaries	**1 118**	2 145
	3 657	4 188
The cash is held in the following currencies:		
South African rand	**2 975**	3 582
British pound	**27**	40
USA dollar	**579**	474
Euro	**56**	45
Swiss franc	**3**	35
Other	**17**	12
	3 657	4 188
At year-end cash and cash equivalents earned interest at effective interest rates that varied between 5.00% and 8.75% (2013: 4.72% and 5.72%) per annum at local financial institutions and between 0.01% and 5.65% (2013: 0.05% and 4.95%) per annum abroad.		
Cash and cash equivalents are represented by the following:		
Current accounts and call accounts	**3 657**	4 188
	3 657	4 188
At year-end the Group's cash was invested at financial institutions with the following Moody's credit rating (unless otherwise indicated):		
Aa3	**232**	257
A2	**878**	10
A3	**235**	183
Baa1	**1 266**	2 906
AA+ (Fitch credit rating)	**515**	517
A+ (Fitch credit rating)	**515**	315
Rating not available*	**16**	–
	3 657	4 188

** This relates to cash balances with Barclays Bank Mozambique, Menara Standard Chartered Bank, CHMR Niagra Bank and Safex deposits with various financial institutions for which ratings were not available on Moody's.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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16. ASSETS HELD FOR SALE

R million	30 June 2014	30 June 2013
Assets held for sale comprise of:		
Assets held for sale	**754**	776
Liabilities held for sale	**(186)**	(179)
	568	597
The details of these assets and liabilities are as follows:		
During the comparative year RCL Foods obtained a controlling interest in Foodcorp and decided to dispose of that company's fishing division. A sales agreement, that is subject to, amongst others, approval by the Department of Agriculture, Forestry and Fishing and the Competition Commission, has been entered into.		
Carrying value of assets held for sale	**541**	536
Property, plant and equipment	**109**	119
Goodwill	**139**	139
Trade marks and other intangibles	**120**	120
Inventory	**69**	69
Trade and other receivables	**80**	56
Trade receivables with group entities	**24**	33
Carrying value of liabilities held for sale	**(186)**	(179)
Borrowings	**(2)**	(2)
Trade and other payables	**(79)**	(85)
Derivative financial instruments	**–**	(2)
Deferred tax liability	**(105)**	(90)
Remgro actively marketed its investment in MARC Group Limited. Subsequently it was decided to only dispose of that company's investment in Experiential Marketing Proprietary Limited. An agreement for the disposal of the investment has been entered into, but is subject to the Competition Commission approval.		
Carrying value of investment classified as held for sale	**144**	235
Remgro negotiated the disposal of its investments in Longkloof and Crystal Brook and entered into sales agreements subsequent to year-end.		
Carrying value of investments classified as held for sale		
– Longkloof Limited	**67**	–
– Crystal Brook Distribution Proprietary Limited	**2**	–
TSB decided to dispose of an aircraft in the prior year.		
Carrying value of the aircraft	**–**	5
Net non-current assets held for sale	**568**	597

17. STATED AND ISSUED CAPITAL AND SHARE PREMIUM

R million	30 June 2014	30 June 2013
Stated and issued capital		
Authorised		
512 493 650 ordinary shares of no par value		
40 506 352 B ordinary shares of no par value		
Issued		
481 106 370 ordinary shares of no par value	**3 601**	3 601
35 506 352 B ordinary shares of no par value	**4**	4
	3 605	3 605

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FOR THE YEAR ENDED 30 JUNE 2014

17. STATED AND ISSUED CAPITAL AND SHARE PREMIUM (continued)

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

At 30 June 2013, 3 433 101 Remgro ordinary shares (0.7%) were held as treasury shares by a wholly owned subsidiary company of Remgro. As previously reported, these shares were acquired for the purpose of hedging Remgro's share incentive schemes.

During the year under review no Remgro ordinary shares were repurchased, while 472 335 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants who exercised the rights granted to them.

At 30 June 2014, 2 960 766 Remgro ordinary shares (0.6%) were held as treasury shares.

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 25.

18. RESERVES

18.1 Composition of reserves

R million	**30 June 2014**	30 June 2013 Restated
The Company		
Retained earnings	**1 568**	110
Subsidiary companies	**43 629**	42 787
Fair value reserve	**311**	104
Other reserves*	**1 360**	889
Retained earnings	**41 958**	41 794
Equity accounted companies		
Equity reserves	**17 605**	12 559
	62 802	55 456

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

18.2 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 2014 Total**	30 June 2013 Total
Balances at the beginning of the year	**(112)**	**495**	**(54)**	**97**	**426**	(625)
Exchange rate adjustments during the year	**(66)**	**379**	**(21)**	**5**	**297**	889
Reclassification to the income statement	**–**	**–**	**–**	**(32)**	**(32)**	162
Balances at the end of the year	**(178)**	**874**	**(75)**	**70**	**691**	426

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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19. NON-CONTROLLING INTEREST

R million	30 June 2014	30 June 2013 Restated
Balances at the beginning of the year	**2 015**	849
Total comprehensive income for the year	**(62)**	1
Net profit for the year	**(66)**	3
Exchange rate adjustments	**1**	–
Actuarial gains and losses	**4**	(3)
Deferred taxation on actuarial gains and losses	**(1)**	1
Dividends paid	**(1)**	(33)
Investment in subsidiaries[(1)]	**(355)**	–
Business acquired[(2)]	**–**	331
Capital invested by minorities[(3)]	**876**	822
Long-term share incentive scheme reserve	**7**	6
Other movements	**119**	39
Balances at the end of the year	**2 599**	2 015
RCL Foods	**2 578**	1 928
Other non-wholly owned subsidiaries	**21**	87

[(1)] *This amount mainly relates to RCL Foods' acquisition of the remaining non-controlling shareholders' interest in Foodcorp.*
[(2)] *The previous year relates to RCL Foods' acquisition of Foodcorp.*
[(3)] *The year under review includes an amount of R790 million (2013: R801 million) in respect of RCL Foods' non-controlling shareholders participating in RCL Foods' capital raisings.*

The Group consists of various investing and operating subsidiaries, details of which are disclosed in Annexure A. The main operating subsidiary is RCL Foods in which the Group has an interest of 77.7% (2013: 75.9%). RCL Foods consists of four main businesses, namely, Rainbow Chicken (a poultry producer), TSB Sugar (a sugar producer and miller), Foodcorp (a manufacturer and supplier of fast-moving consumer goods) and Vector Logistics. The Group's revenue and operating profit are mainly driven by these subsidiaries and are presented as trading profit in the income statement.

RCL Foods' non-controlling shareholders own 22.3% of RCL Foods. Below is RCL Foods' summarised financial information:

R million	30 June 2014	30 June 2013 Restated
Statement of financial position		
ASSETS		
Non-current assets	**12 122**	9 597
Current assets	**7 789**	7 794
	19 911	17 391
EQUITY AND LIABILITIES		
Shareholders' equity	**9 375**	6 734
Non-controlling interest	**62**	311
Non-current liabilities	**1 996**	7 064
Current liabilities	**8 478**	3 282
	19 911	17 391
Income statement		
Revenue	**19 720**	10 109
Profit/(loss) for the year	**(277)**	7
Profit for the year attributable to equity holders	**(289)**	27
Profit for the year attributable to non-controlling interest	**12**	(20)

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19. NON-CONTROLLING INTEREST (continued)

R million	30 June 2014	30 June 2013 Restated
Statement of comprehensive income		
Other comprehensive income	**17**	–
Total comprehensive income	**(260)**	7
Total comprehensive income attributable to equity holders	**(272)**	27
Total comprehensive income attributable to non-controlling interest	**12**	(20)
Cash flow information		
Cash inflow from operating activities	**666**	611
Cash outflow from investing activities	**494**	(1 769)
Cash inflow from financing activities	**(1 459)**	3 166

20. LONG-TERM LOANS

	30 June 2014	30 June 2013 Restated
Interest-bearing loans		
Unsecured long-term loans with an effective interest rate of Jibar + 2.3% per annum repayable in four equal yearly instalments	**216**	150
Unsecured long-term loans with an effective interest rate of 3 month Jibar with a margin of between 4.25% and 5.25%	**66**	–
Unsecured long-term loans which had an effective interest rate of Jibar + 1.5% per annum. The outstanding loan together with the accrued interest was repaid	**–**	116
Liabilities resulting from various capitalised finance leases and instalment sale agreements payable in monthly, quarterly and annual instalments at varying interest rates per annum amount to	**116**	100
These liabilities are secured by plant, machinery and equipment and vehicles with a book value of R101 million (2013: R102 million).		
Secured long-term loan with a fixed rate of 4% per annum, repayable yearly, over a maximum period of six years. Secured by cessions over the production of the supplier to whom the loans were made	**111**	77
Unsecured preference share debt		
The cumulative preferential cash dividend is calculated at a dividend rate of 19.5% accrued on a semi-annual basis. These cumulative redeemable preference shares are redeemable on or before 19 September 2018	**–**	35
The cumulative preferential cash dividend is calculated at a dividend rate equal to prime accrued on an annual basis. These cumulative redeemable preference shares are redeemable on or before 10 May 2019	**–**	43
Eurobonds		
The senior secured notes are listed on the Irish Stock Exchange and bear an interest rate of 8.75%. The notes have been translated at a spot rate of R12.86 at 30 June 2013. The senior secured notes will mature in March 2018*	**–**	5 611
Various unsecured loans with varying terms and interest rates	**66**	65
	575	6 197
Instalments payable within one year transferred to short-term interest-bearing loans	**(139)**	(348)
	436	5 849
Payable – two to five years	**436**	5 739
Payable thereafter	**–**	110
	436	5 849

* *The senior secured notes of €390 million were redeemed during the year under review. The redemption was largely funded by a R4.5 billion bridging loan facility. As the facility is repayable within twelve months after 30 June 2014, it is classified as a current liability. Refer to note 22 for further detail.*

Note: *Loans' carrying values approximate their fair values, except for that of the senior secured notes listed on the Irish Stock Exchange that had a fair value of R5 291 million.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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21. TRADE AND OTHER PAYABLES

R million	30 June 2014	30 June 2013 Restated
Trade payables	**3 655**	3 165
Accrued expenses	**136**	264
	3 791	3 429

22. SHORT-TERM LOANS

R million	30 June 2014	30 June 2013 Restated
Interest-bearing loans		
Portion of long-term interest-bearing loans payable within one year	**139**	348
Bridging loan facility*	**4 495**	–
Bank overdrafts	**21**	24
Various secured and unsecured loans with varying terms and interest rates	**2**	23
	4 657	395
Interest-free loans with no fixed repayment conditions	**4**	4
	4 661	399

** RCL Foods provided the security in respect of this bridging loan facility. The security is a pledge on all RCL Foods' bank accounts, including the amounts standing to the credit of these bank accounts, as well as all the shares held by RCL Foods in the issued share capital of any of its subsidiaries and all claims that RCL Foods may have against any of its subsidiaries.*

23 . STAFF COSTS

R million	30 June 2014	30 June 2013 Restated
Salaries and wages	**3 014**	2 215
Share-based payments	**70**	53
Pension costs – defined contribution	**248**	149
Pension costs – return on defined-contribution asset	**(27)**	(25)
Pension costs – defined benefit	**4**	3
Post-retirement medical benefits	**27**	30
Other	**411**	282
	3 747	2 707

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24. DIRECTORS' EMOLUMENTS

R'000	30 June 2014 Executive	30 June 2014 Non-executive	30 June 2014 Total	30 June 2013 Executive	30 June 2013 Non-executive	30 June 2013 Total
Executive directors						
Fees	**798**	**–**	**798**	1 012	–	1 012
Salaries	**17 360**	**–**	**17 360**	18 249	–	18 249
Retirement fund contributions	**3 528**	**–**	**3 528**	3 814	–	3 814
Other benefits	**856**	**–**	**856**	1 177	–	1 177
Subtotal	**22 542**		**22 542**	24 252		24 252
Non-executive directors						
Independent	**–**	**2 248**	**2 248**	–	2 208	2 208
Non-independent	**–**	**456**	**456**	–	1 611	1 611
Total	**22 542**	**2 704**	**25 246**	24 252	3 819	28 071
Increase in value – Remgro SAR Scheme*	**25 104**	**–**	**25 104**	87 566	25 942	113 508

* *It refers to the increase in value of the SAR Scheme shares of participants from the offer date to the date of payment and delivery. Refer to note 25 for detail regarding the individual participants.*

R'000	30 June 2014 Fees	30 June 2014 Salaries and other	30 June 2014 Total	30 June 2013 Fees	30 June 2013 Salaries and other	30 June 2013 Total
Paid by:						
The Company	**2 476**	**–**	**2 476**	2 421	–	2 421
Subsidiary company	**1 026**	**21 744**	**22 770**	1 349	24 301	25 650
	3 502	**21 744**	**25 246**	3 770	24 301	28 071

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FOR THE YEAR ENDED 30 JUNE 2014

24. DIRECTORS' EMOLUMENTS (continued)

Fixed pay

R'000	30 June 2014 Fees	Salaries	Retirement fund	Other benefits[9]	Total	30 June 2013 Fees	Salaries	Retirement fund	Other benefits	Total
Executive										
W E Bührmann	**228**	**2 492**	**489**	**266**	**3 475**	213	2 302	499	257	3 271
L Crouse	**228**	**5 842**	**1 204**	**279**	**7 553**	213	5 411	1 115	263	7 002
J W Dreyer[1]	**114**	**1 409**	**279**	**28**	**1 830**	213	2 407	520	124	3 264
J J Durand	**228**	**7 617**	**1 556**	**283**	**9 684**	213	7 080	1 447	265	9 005
J A Preller[2]	**–**	**–**	**–**	**–**	**–**	160	1 049	233	268	1 710
Subtotal	**798**	**17 360**	**3 528**	**856**	**22 542**	1 012	18 249	3 814	1 177	24 252
Non-executive (independent)										
G T Ferreira	**266**	**–**	**–**	**–**	**266**	249	–	–	–	249
P K Harris	**266**	**–**	**–**	**–**	**266**	249	–	–	–	249
N P Mageza[3]	**305**	**–**	**–**	**–**	**305**	285	–	–	–	285
P J Moleketi	**305**	**–**	**–**	**–**	**305**	285	–	–	–	285
M Morobe	**228**	**–**	**–**	**–**	**228**	213	–	–	–	213
M A Ramphele[4]	**–**	**–**	**–**	**–**	**–**	124	–	–	–	124
F Robertson	**343**	**–**	**–**	**–**	**343**	321	–	–	–	321
H Wessels[5]	**535**	**–**	**–**	**–**	**535**	482	–	–	–	482
Subtotal	**2 248**	**–**	**–**	**–**	**2 248**	2 208	–	–	–	2 208
Non-executive (non-independent)										
P E Beyers[6]	**–**	**–**	**–**	**–**	**–**	124	484	114	79	801
E de la H Hertzog[7]	**228**	**–**	**–**	**–**	**228**	213	319	50	15	597
J Malherbe	**228**	**–**	**–**	**–**	**228**	213	–	–	–	213
J P Rupert[8]	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Subtotal	**456**	**–**	**–**	**–**	**456**	550	803	164	94	1 611
Total	**3 502**	**17 360**	**3 528**	**856**	**25 246**	3 770	19 052	3 978	1 271	28 071

(1) Mr J W Dreyer retired as executive director with effect from 31 December 2013.
(2) Mrs J A Preller retired as executive director with effect from 31 March 2013.
(3) During the year under review Mr N P Mageza also received R389 000 (2013: R335 000) as director's fees from RCL Foods Limited, a subsidiary company of Remgro Limited.
(4) Mrs M A Ramphele resigned as non-executive director with effect from 31 January 2013.
(5) 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 R116 100 was also paid to Mr H Wessels during the year under review (2013: R90 000) for his attendance of meetings of subcommittees of the Audit and Risk Committee.
(6) Mr P E Beyers retired as non-executive director with effect from 31 January 2013.
(7) With effect from 31 August 2012 Dr E de la H Hertzog retired from his executive role at Mediclinic International Limited (Mediclinic). Until his retirement, his remuneration was borne by both Mediclinic (65%) and Remgro (35%). In terms of King III and the JSE Listings Requirements, a director shall not be regarded as independent if he has been employed by the Company or the Group in any executive capacity during the preceding three financial years. Accordingly, Dr Hertzog is still regarded as a non-independent non-executive director.
(8) Mr J P Rupert receives no emoluments.
(9) Benefits include medical aid contributions and vehicle benefits.

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FOR THE YEAR ENDED 30 JUNE 2014

24. DIRECTORS' EMOLUMENTS (continued)

Prescribed officers

Fixed pay

R'000	30 June 2014 Salaries	30 June 2014 Retire-ment fund	30 June 2014 Other benefits[1]	30 June 2014 Total	30 June 2013 Salaries	30 June 2013 Retire-ment fund	30 June 2013 Other benefits[1]	30 June 2013 Total
P J Uys[2]	3 930	796	281	5 007	907	196	66	1 169
N J Williams	2 188	434	281	2 903	2 030	403	264	2 697
Total	6 118	1 230	562	7 910	2 937	599	330	3 866

(1) *Benefits include medical aid contributions and vehicle benefits.*
(2) *Mr P J Uys was appointed on 1 April 2013.*
(3) *Both Messrs P J Uys and N J Williams are members of the Management Board, as well as the Social and Ethics Committee.*

25. SHARE-BASED PAYMENTS

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.

25.1 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
- Two-thirds after the fourth anniversary of the grant date
- The remainder after the fifth anniversary of the grant date

R million	30 June 2014	30 June 2013
Share-based payment cost included in the income statement (in accordance with IFRS 2)	35	32
Fair value of offers made during the year	36	70

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25. SHARE-BASED PAYMENTS (continued)

25.1 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 2014		30 June 2013	
	Number of SARs	***Rand***	*Number of SARs*	*Rand*
Carried forward from previous financial years	**4 733 969**	**111.52**	5 356 285	75.15
Offered during current financial year	**661 219**	**192.40**	1 721 877	148.03
Forfeited during the year	**(118 021)**	**123.69**	(31 622)	110.03
Exercised during the year	**(758 816)**	**76.12**	(2 312 571)	76.19
Outstanding at the end of the year	**4 518 351**	**124.27**	4 733 969	111.52
Exercisable at the end of the year	**1 309 119**	**74.07**	846 716	67.16

Exercise prices of all options:

	30 June 2014		30 June 2013	
	Number of SARs outstanding at year-end	***Weighted average remaining contract lifetime in years***	*Number of SARs outstanding at year-end*	*Weighted average remaining contract lifetime in years*
R40.00 – R49.99	**–**	**–**	482	0.13
R50.00 – R59.99	**–**	**–**	9 481	2.75
R60.00 – R69.99	**851 280**	**1.32**	1 303 923	2.28
R70.00 – R79.99	**305 870**	**2.16**	368 789	3.13
R80.00 – R89.99	**12 197**	**1.47**	63 591	2.27
R90.00 – R99.99	**1 004 409**	**3.41**	1 242 945	4.42
R100.00 – R109.99	**15 255**	**4.32**	15 589	5.32
R110.00 – R120.00	**7 667**	**4.60**	7 667	5.60
R140.00 – R149.99	**1 404 589**	**5.40**	1 450 977	6.42
R170.00 – R179.99	**43 377**	**5.73**	43 377	6.73
R180.00 – R189.99	**252 986**	**5.82**	227 148	6.76
R190.00 – R199.99	**604 219**	**6.44**	–	–
R200.00 – R209.99	**6 775**	**6.52**	–	–
R210.00 – R219.99	**9 727**	**6.93**	–	–

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

	30 June 2014	30 June 2013
Weighted average Remgro share price for the year (R)	**197.33**	164.18
Exercise price (R)	**182.49 – 220.00**	148.29 – 185.50
Average expected exercise period (years)	**4 – 6**	4 – 6
Price volatility (%)	**16.72 – 21.02**	16.27 – 21.39
Risk-free rate (%)	**6.77 – 8.38**	5.70 – 6.22
Expected dividend yield (%)	**1.84 – 2.11**	2.14 – 2.17

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25. SHARE-BASED PAYMENTS (continued)

25.1 Remgro Equity Settled Share Appreciation Right Scheme (the SAR Scheme) (continued)

Directors

Participant	Balance of SARs accepted as at 30 June 2013	SARs accepted during the year[1]	Fair value of SARs on offer date (R'000)	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 2014
Executive									
W E Bührmann	98 405			64.00	98 405	30/09/2013	194.60	12 852	–
	124 771			65.50					124 771
	23 548			97.55					23 548
	98 817			147.25					98 817
		25 485	1 386	191.70					25 485
L Crouse	418 108			65.60					418 108
	51 865			97.55					51 865
	283 952			147.25					283 952
		79 144	4 303	191.70					79 144
J J Durand	108 236			78.30					108 236
	7 572			75.38					7 572
	235 895			97.55					235 895
	271 258			147.25					271 258
		93 128	5 064	191.70					93 128
J W Dreyer[2]	180 180			65.50	90 090	17/10/2013	201.50	12 252	90 090
Subtotal	1 902 607	197 757	10 753		188 495			25 104	1 911 869
Non-executive									
J Malherbe	50 506			78.30					50 506
	6 949			75.38					6 949
Subtotal	57 455	–	–	–	–			–	57 455
Total	1 960 062	197 757	10 753		188 495			25 104	1 969 324

(1) *SARs were offered on 4 December 2013.*

(2) *Mr J W Dreyer retired as executive director with effect from 31 December 2013. 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) *It 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.*

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FOR THE YEAR ENDED 30 JUNE 2014

25. SHARE-BASED PAYMENTS (continued)

25.1 Remgro Equity Settled Share Appreciation Right Scheme (the SAR Scheme) (continued)

Directors

Participant	*Balance of SARs accepted as at 30 June 2012*	*SARs accepted during the year*[(1)]	*Fair value of SARs on offer date (R'000)*	*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 2013*
Executive									
W E Bührmann	18 596			64.23	18 596	26/03/2013	181.50	2 181	–
	98 405			64.00					98 405
	124 771			65.50					124 771
	23 548			97.55					23 548
		98 817	3 921	147.25					98 817
L Crouse	418 108			65.60					418 108
	51 865			97.55					51 865
		283 952	11 266	147.25					283 952
J J Durand	162 354			78.30	54 118	03/04/2013	185.50	5 801	108 236
	15 144			75.38	7 572	03/04/2013	185.50	834	7 572
	4 220			82.60	4 220	03/04/2013	185.50	434	–
	235 895			97.55					235 895
		271 258	10 763	147.25					271 258
J A Preller	76 817			64.23	76 817	09/04/2013	175.96	8 583	–
	5 905			64.00	5 905	18/04/2013	175.02	656	–
	48 788			65.50	48 788	18/04/2013	175.02	5 343	–
	33 080			97.55	33 080	18/04/2013	175.02	2 563	–
M H Visser[(2)]	542 424			65.50	542 424	26/04/2012	129.60	34 769	–
	486 465			97.55	486 465	26/04/2012	129.60	15 591	–
J W Dreyer	270 270			65.50	90 090	03/04/2013	185.50	10 811	180 180
Subtotal	2 616 655	654 027	25 950		1 368 075			87 566	1 902 607
Non-executive									
J Malherbe	195 730			31.43	195 730	23/10/2012	147.90	22 797	–
	75 761			78.30	25 255	23/10/2012	147.90	1 758	50 506
	20 847			75.38	13 898	23/10/2012	147.90	1 008	6 949
	5 807			82.60	5 807	23/10/2012	147.90	379	–
Subtotal	298 145	–	–		240 690			25 942	57 455
Total	2 914 800	654 027	25 950		1 608 765			113 508	1 960 062

(1) SARs were offered on 29 November 2012.

(2) In terms of the rules of the SAR scheme, the executor of the estate of the late Mr M H Visser was entitled to exercise all the SARs granted to him at any time within twelve months after the date of his death or before the expiry of the SAR period (being seven years from the grant date), whichever was the earlier. This right was exercised during the year under review.

(3) It 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. The share price used to calculate the deemed increase in value for the late Mr M H Visser, is the Remgro share price on the date that he passed away.

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FOR THE YEAR ENDED 30 JUNE 2014

25. SHARE-BASED PAYMENTS (continued)

25.1 Remgro Equity Settled Share Appreciation Right Scheme (the SAR Scheme) (continued)

Prescribed officers

Participant	Balance of SARs accepted as at 30 June 2013	SARs accepted during the year[1]	Fair value of SARs on offer date (R'000)	Offer price (Rand)	Number of SARs exercised	Date exercising SARs	Share price on exercise date	Increase in value[2] (R'000)	Balance of SARs accepted as at 30 June 2014
P J Uys	218 400			**183.15**					**218 400**
		3 325	**181**	**191.70**					**3 325**
N J Williams	7 555			**75.38**	**7 555**	**04/10/2013**	**194.61**	**901**	**–**
	36 152			**78.30**	**18 076**	**11/12/2013**	**197.00**	**2 146**	**18 076**
	4 259			**82.60**	**4 259**	**04/10/2013**	**194.61**	**477**	**–**
	38 652			**97.55**					**38 652**
	81 901			**147.25**					**81 901**
		22 221	**1 208**	**191.70**					**22 221**
	386 919	**25 546**	**1 389**		**29 890**			**3 524**	**382 575**

(1) SARs were offered on 4 December 2013.
(2) It 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 2012	SARs accepted during the year[1]	Fair value of SARs on offer date (R'000)	Offer price (Rand)	Number of SARs exercised	Date exercising SARs	Share price on exercise date	Increase in value[2] (R'000)	Balance of SARs accepted as at 30 June 2013
P J Uys		218 400	10 519	183.15					218 400
N J Williams	47 449			31.43	47 449	29/10/2012	147.51	5 508	–
	7 555			75.38					7 555
	54 228			78.30	18 076	26/03/2013	181.50	1 865	36 152
	4 259			82.60					4 259
	38 652			97.55					38 652
		81 901	3 250	147.25					81 901
	152 143	300 301	13 769		65 525			7 373	386 919

(1) SARs offered to Messrs P J Uys and N J Williams on 2 April 2013 and 29 November 2012 respectively.
(2) It 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.

25.2 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 R35 million (2013: R21 million) relating to these schemes was recognised in the income statement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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26. PROFIT

R million	30 June 2014	30 June 2013 Restated
Profit is stated after taking the following into account:		
Income		
Fair value adjustment – biological assets	**328**	326
Fair value adjustment – derivative instruments	**174**	105
Rental income – investment properties	**12**	11
Interest received	**326**	252
Loans to associated companies	**79**	72
Financial institutions and other	**247**	180
Profit/(loss) on sale of investments	**51**	(150)
Investment in Caxton	**97**	–
Dilution loss of interest in equity accounted investments	**(83)**	(20)
Recycled exchange rate profits/(losses) (previously deferred in other comprehensive income)	**32**	(154)
Other	**5**	24
Negative goodwill on acquisition of additional Business Partners shares	**–**	196
Profit on the sale of property, plant and equipment	**12**	12
Expenses		
Amortisation of intangible assets	**115**	19
Fair value adjustment – derivative instruments	**91**	9
Expenses – investment properties	**5**	3
Rental	**411**	277
Land and buildings	**229**	161
Machinery and equipment	**122**	93
Vehicles	**45**	11
Office equipment	**15**	12
Research and development costs written off	**3**	1
Auditors' remuneration – audit fees	**31**	21
– other services	**4**	3
Net impairment of investments, assets and goodwill	**(18)**	151
Investment in PGSI	**(91)**	–
Investment in Experiential Marketing	**73**	–
Investment in VisionChina Media	**–**	39
Investment in GEMS Oriental and General Fund II	**–**	13
Investment in Milestone China Opportunities Fund II	**–**	48
Investment in Premier Team Holdings	**(7)**	20
Other	**7**	31
Net impairment of loans	**(4)**	7
Professional fees	**121**	102
Depreciation	**592**	428
Buildings	**91**	64
Machinery and equipment	**401**	301
Vehicles	**87**	58
Office equipment	**13**	5
Exchange rate losses	**22**	117

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

27. DIVIDEND INCOME

R million	30 June 2014	30 June 2013 Restated
Included in profit:		
Listed	**35**	27
Unlisted – Other	**8**	7
	43	34
Dividends from equity accounted investments set off against investments	**3 568**	2 891

28. EQUITY ADJUSTMENT

R million	30 June 2014	30 June 2013 Restated
Share of after-tax profit of equity accounted investments		
Profit before taking into account impairments, non-recurring and capital items	**8 584**	5 405
Net impairment of investments, assets and goodwill	**(262)**	(162)
Profit on the sale of investments	**174**	117
Other non-recurring and capital items	**201**	66
Profit before tax and non-controlling interest	**8 697**	5 426
Taxation	**(1 558)**	(1 199)
Non-controlling interest	**(286)**	(192)
Share of net attributable profit of equity accounted investments – per income statement	**6 853**	4 035
Dividends received from equity accounted investments	**(3 568)**	(2 891)
Share of net profit retained by equity accounted investments	**3 285**	1 144
Dilution loss of interest in equity accounted investments	**(83)**	(20)
Equity adjustment transferred to non-distributable reserves (Refer to statement of changes in equity)	**3 202**	1 124
Portion of the share of net attributable profit of equity accounted investments, that has been accounted for from unaudited interim reports and management accounts The results of these equity accounted investments will be audited in later financial periods that coincide with their financial year-ends.	**485**	513

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

29. CASH FLOW INFORMATION

29.1 Adjustments

R million	30 June 2014	30 June 2013 Restated
Amortisation of intangible assets and depreciation	**707**	447
Movement in retirement benefits and provisions	**(10)**	(5)
Net movement in derivative instruments	**(40)**	24
Share scheme cost	**180**	56
(Profit)/loss on the sale of property, plant and equipment	**(12)**	(12)
Other	**(16)**	(1)
	809	509
29.2 Decrease/(increase) in working capital		
Decrease/(increase) in inventories and biological agricultural assets	**32**	(289)
Decrease/(increase) in trade and other receivables	**(422)**	16
Increase/(decrease) in trade and other payables	**175**	159
	(215)	(114)
29.3 Reconciliation of dividends received		
Receivable at the beginning of the year	**25**	17
Per income statement	**43**	34
Dividends from equity accounted investments set off against investments	**3 568**	2 891
Dividends *in specie*	**(264)**	–
Receivable at the end of the year	**–**	(25)
Cash received	**3 372**	2 917
29.4 Reconciliation of taxation paid with the amount disclosed in the income statement		
Paid in advance at the beginning of the year	**35**	32
Unpaid at the beginning of the year	**(1)**	(7)
Per income statement	**(182)**	(227)
Unpaid at the end of the year	**27**	1
Paid in advance at the end of the year	**(14)**	(35)
Cash paid	**(135)**	(236)
29.5 Reconciliation of dividends paid		
Per statement of changes in equity	**(1 833)**	(1 712)
Paid by subsidiary companies to minority	**(1)**	(33)
Cash paid	**(1 834)**	(1 745)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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30. BUSINESSES ACQUIRED

On 1 May 2013 RCL Foods acquired an effective holding of 64.2% in New Foodcorp Holdings Proprietary Limited (Foodcorp) for a purchase consideration of R1 026 million. The fair value of the non-controlling interest was estimated by using the purchase price paid, adjusted for the lack of control and lack of marketability that market participants would consider when estimating the fair value of the non-controlling interest. Goodwill relates to synergies between identifiable assets acquired and the established workforce. Acquisition-related costs of R45 million have been charged to administration expenses in the income statement for the year ended 30 June 2013. Foodcorp's contribution to revenue and operating profit since 1 May 2013 was R1 217 million and R99 million respectively. Had Foodcorp been consolidated from 1 July 2012, the contribution to revenue and operating profit would have amounted to R6 471 million and R502 million respectively.

The assets and liabilities arising from the acquisition above were as follows:

R million	30 June 2014	30 June 2013
Assets		
Property, plant and equipment (refer note 3)	–	1 612
Intangible assets (refer note 6)	–	2 851
Loans	–	169
Inventories	–	390
Debtors and short-term loans	–	878
Cash and cash equivalents	–	279
Assets held for sale	–	397
Liabilities		
Retirement benefits (refer note 9)	–	(40)
Long-term loans	–	(5 980)
Deferred taxation (refer note 10)	–	(956)
Trade and other payables	–	(845)
Derivative instruments	–	(16)
Non-controlling interest	–	(331)
Fair value of net liabilities acquired	–	(1 592)
Goodwill (refer note 6)	–	2 618
Total purchase consideration	–	1 026
Cash and cash equivalents in subsidiary acquired	–	(279)
Cash outflow on acquisition	–	747

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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31. FINANCIAL INSTRUMENTS

31.1 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 2014						
Investments – other				**2 642**	**2 642**	**2 642**
Loans		**629**			**629**	**629**
Loans to equity accounted investments		**376**			**376**	**376**
Debtors and short-term loans	**591**	**2 739**			**3 330**	**3 330**
Derivative instruments			**3**		**3**	**3**
Investment in money market funds			**1 171**		**1 171**	**1 171**
Cash and cash equivalents		**3 657**			**3 657**	**3 657**
	591	**7 401**	**1 174**	**2 642**	**11 808**	**11 808**
30 June 2013 (restated)						
Investments – other			60	2 108	2 168	2 168
Loans		497			497	497
Loans to equity accounted investments		608			608	608
Debtors and short-term loans	400	2 529			2 929	2 929
Derivative instruments			437		437	437
Investment in money market funds			1 140		1 140	1 140
Cash and cash equivalents		4 188			4 188	4 188
	400	7 822	1 637	2 108	11 967	11 967

Financial liabilities (R million)	*Liabilities at amortised cost*	*Liabilities at fair value through profit and loss*	*Carrying value*	*Fair value*
30 June 2014				
Long-term loans	**436**		**436**	**436**
Trade and other payables	**3 791**		**3 791**	**3 791**
Short-term loans	**4 661**		**4 661**	**4 661**
Derivative instruments		**10**	**10**	**10**
	8 888	**10**	**8 898**	**8 898**
30 June 2013 (restated)				
Long-term loans	5 849		5 849	5 849
Trade and other payables	3 429		3 429	3 429
Short-term loans	399		399	399
Derivative instruments		26	26	26
	9 677	26	9 703	9 703

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FOR THE YEAR ENDED 30 JUNE 2014

31. FINANCIAL INSTRUMENTS (continued)

31.1 Classes of financial instruments and fair value (continued)

Fair value

On 30 June 2014 and 30 June 2013 the fair value of financial instruments approximates their carrying value.

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 and 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 mark-to-market valuations.

The following tables illustrate 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 2014				
Available-for-sale	**880**	**–**	**1 762**	**2 642**
Derivative instruments	**–**	**3**	**–**	**3**
Investment in money market funds	**1 171**	**–**	**–**	**1 171**
	2 051	**3**	**1 762**	**3 816**
30 June 2013 (restated)				
Available-for-sale	823	–	1 285	2 108
Assets at fair value through profit and loss	–	–	60	60
Derivative instruments	–	364	73	437
Investment in money market funds	1 140	–	–	1 140
	1 963	364	1 418	3 745

Reconciliation of carrying value of level 3 assets at the beginning and end of the year (R million)	*Available-for-sale*	*Assets at fair value through profit and loss*	*Derivative instruments*	Total
30 June 2014				
Balances at the beginning of the year	**1 285**	**60**	**73**	**1 418**
Additions	**277**	**23**	**–**	**300**
Disposals	**(3)**	**–**	**(111)**	**(114)**
Exchange rate adjustments	**64**	**–**	**–**	**64**
Transfer to equity accounted investments	**–**	**(83)**	**–**	**(83)**
Fair value adjustments through profit and loss	**–**	**–**	**38**	**38**
Fair value adjustments through comprehensive income	**139**	**–**	**–**	**139**
Balances at the end of the year	**1 762**	**–**	**–**	**1 762**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

31. FINANCIAL INSTRUMENTS (continued)

31.1 Classes of financial instruments and fair value (continued)

Reconciliation of carrying value of level 3 assets at the beginning and end of the year (R million)	*Available-for-sale*	*Assets at fair value through profit and loss*	*Derivative instruments*	Total
30 June 2013 (restated)				
Balances at the beginning of the year	779	40	80	899
Additions	711	20	–	731
Disposals	(20)	–	–	(20)
Exchange rate adjustments	101	–	–	101
Fair value adjustments through profit and loss	–	–	(7)	(7)
Fair value adjustments through comprehensive income	(286)	–	–	(286)
Balances at the end of the year	1 285	60	73	1 418

The following table illustrates the fair value of financial liabilities by hierarchy level:

R million	*Level 1*	*Level 2*	*Level 3*	Total
30 June 2014				
Derivative instruments	**–**	**10**	**–**	**10**
30 June 2013 (restated)				
Derivative instruments	–	26	–	26

31.2 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 subsidiary companies' 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", investments in money market funds and investments in commodity future contracts.

"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.

Investments in money market funds consist mainly of interest-bearing liquid investments with a low risk. Refer to note 14 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

31. FINANCIAL INSTRUMENTS (continued)

31.2 Financial instruments and risk management (continued)

Foreign exchange risk

Certain subsidiary companies 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.

As part of the Foodcorp transaction, foreign debt amounting to €390 million with a coupon rate of 8.75% per annum was acquired by RCL Foods. This debt was redeemed during the year under review and replaced by a rand-denominated bridging loan facility. Refer to notes 13 and 20 for further details.

The Group is also exposed to foreign exchange translation risk through its investment in money market funds (note 14) and foreign cash (note 15).

The Board of Directors monitors the exposure on money market funds and foreign cash 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 15. Interest rate risk is managed by Remgro's treasury department, as well as the respective subsidiary companies, by using approved counterparties that offer the best rates.

The Company and its subsidiary companies 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 20.

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 2014			30 June 2013		
	Change	***Income statement*** **R million**	***Equity*** **R million**	*Change*	*Income statement* R million	*Equity* R million
Interest rates	**2.0%**	**10**	**–**	2.0%	(13)	–
Foreign exchange	**5.0%**	**1**	**111**	5.0%	(188)	73
Equity prices	**10.0%**	**–**	**227**	10.0%	11	181
		11	**338**		190	254

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 to equity accounted investments and other investee companies

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.

Loans receivable and debtors

At year-end "Loans receivable" consisted of various loans to existing investments. 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 prepayments and dividends receivable.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

31. FINANCIAL INSTRUMENTS (continued)

31.2 Financial instruments and risk management (continued)

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*
Debtors (R million)	*30 days*	*60 days*	*90 days*	*120 days +*	*arrears*
30 June 2014	**149**	**25**	**14**	**32**	**220**
30 June 2013	144	56	13	29	242

A provision for doubtful debts of R71 million (2013: R71 million) was made. Refer note 12.

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

R million	**30 June 2014**	30 June 2013 Restated
Existing customers (history of six months +) – no past defaults	**2 402**	1 882
Existing customers (history of six months +) – with past defaults	**99**	376
New customers (history of less than six months)	**18**	4
	2 519	2 262

Derivative instrument transactions and cash investments

Derivative instruments consist mainly of foreign exchange contracts with financial institutions and conversion rights attached to preference shares issued by equity accounted investments. The credit risk of equity accounted investments is assessed as low as these companies are authorised to issue shares to fulfil their relevant obligations. 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.

Investments 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 14) and cash and cash equivalents note (note 15) for additional information.

Liquidity risk

Debt levels within the Group are monitored on a continuous basis. The Company and its subsidiary companies have substantial cash balances at their disposal and adequate credit facilities that limit their liquidity risk. Credit 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:

			Non-discounted cash flow		
Financial liabilities (R million)	*Carrying value*	*Contractual cash flow*	*0 to 12 months*	*1 to 5 years*	*5 years and longer*
30 June 2014					
Long-term loans	**436**	**484**	**43**	**394**	**47**
Trade and other payables	**3 791**	**3 791**	**3 791**	**–**	**–**
Short-term loans	**4 661**	**4 788**	**4 788**	**–**	**–**
Derivative instruments	**10**	**10**	**10**	**–**	**–**
	8 898	**9 073**	**8 632**	**394**	**47**
30 June 2013 (restated)					
Long-term loans	5 849	6 929	69	6 851	9
Trade and other payables	3 429	3 436	3 406	30	–
Short-term loans	399	701	701	–	–
Derivative instruments	26	305	305	–	–
	9 703	11 371	4 481	6 881	9

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

32. 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 010 million (2013: R1 787 million) were declared.

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

33. COMMITMENTS

R million	**30 June 2014**	30 June 2013 Restated
Capital commitments	**1 105**	1 439
Uncompleted contracts for capital expenditure	**176**	194
Capital expenditure authorised but not yet contracted	**205**	265
Investments	**724**	980
Operating lease commitments		
Land and buildings	**249**	288
Due within one year	**119**	126
Due – two to five years	**128**	159
Due thereafter	**2**	3
Machinery and equipment	**62**	71
Due within one year	**30**	30
Due – two to five years	**32**	41
	1 416	1 798

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

34. BORROWING POWERS

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

35. GUARANTEES AND CONTINGENT LIABILITIES

35.1 Guarantees

R million	**30 June 2014**	30 June 2013
Guarantees by subsidiary companies[1]	**306**	333

35.2 Contingent liabilities

Legal disputes	**–**	2
Contract grower guarantees[2]	**–**	13
	–	15

[1] *Consist mainly of a guarantee given to the acquirer following the disposal of an associate.*

[2] *Certain subsidiary companies have contingencies relating to certain contract grower arrangements. It is not anticipated that any material liabilities will arise from these contingencies.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

36. RELATED PARTY INFORMATION

Subsidiaries

Details of income from and investments in subsidiary companies are disclosed in the Company's annual financial statements and in Annexure A respectively.

Equity accounted investments

Details of investments in and income from equity accounted investments are disclosed in notes 7 and 28 respectively, as well as in Annexure B.

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 24 and 25 as well as on page 88.

Shareholders

A detailed analysis of shareholders appears on pages 86 and 87.

Related party transactions (R million)	30 June 2014	30 June 2013 Restated
Transactions of Remgro Limited and its subsidiary companies with:		
Controlling shareholder		
Dividends	**(127)**	(118)
Equity accounted investments		
Interest received	**79**	72
Interest paid	**(22)**	–
Dividends received	**3 568**	2 891
Administration fees received	**27**	15
Sales	**68**	–
Purchases	**(398)**	(84)
Underwriting fee received	**–**	64
Corporate finance transaction cost paid	**(46)**	(27)
Key management personnel		
Salaries and other benefits	**(26)**	(24)
Retirement benefits	**(4)**	(4)
Share-based payments	**(8)**	(10)
Balances due from/(to) related parties:		
Equity accounted investments	**(96)**	(6)
Equity accounted investments	**933**	527
Other	**–**	133

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

37. RESTATEMENT OF COMPARATIVE NUMBERS

With effect from 1 July 2013 Remgro adopted *IFRS 10: Consolidated Financial Statements, IFRS 11: Joint Arrangements* and the revised *IAS 19: Employee Benefits*. These accounting standards have to be applied retrospectively in terms of their transitional provisions and accordingly the reported results of the comparative year presented were restated, with the cumulative effect as at 1 July 2012 being accounted for as an adjustment to opening equity.

IFRS 10 and IFRS 11

These new accounting standards broaden the definition of "control" and consequently "joint control" and accordingly all rights in relation to investee companies must be considered in order to determine whether the investment should be classified as a subsidiary, associate or joint venture.

Remgro reclassified its investments in Distell Group Limited and the CIV group as joint ventures, while previously they were accounted for as associates. The change in classification had no impact on the Group's measurement of the investments as the equity method is used to account for both associates and joint ventures. In the case of TSB Sugar Holdings Proprietary Limited (TSB) certain of its investee companies that were previously classified as joint ventures (and accordingly equity accounted) were reclassified as subsidiaries. Kagiso Tiso Holdings Proprietary Limited also reclassified certain of its investments previously accounted for at fair value, as associates. These include the investment in MMI Holdings Limited that was previously accounted for at fair value through profit and loss.

IAS 19

The revised IAS 19 introduced significant changes in the accounting treatment for defined-benefit post-retirement plans. The most significant change of the amended IAS 19 relates to the elimination of the option to defer the recognition of past service costs and actuarial gains and losses. These remeasurements are now required to be accounted for in full in the income statement and in other comprehensive income, respectively, in the period in which they arise. The accounting standard also replaced interest cost and expected return on plan assets with a net interest amount that is equal to the discount rate used for determining retirement benefit obligations.

The application of the revised IAS 19 affected Remgro and its subsidiaries, RCL Foods Limited and TSB, as well as certain significant associates like FirstRand Limited, RMB Holdings Limited and Mediclinic International Limited (Mediclinic).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

37. RESTATEMENT OF COMPARATIVE NUMBERS (continued)

The effects of the changes to the accounting policy are shown in the following tables:

Restatement of comparative numbers for the 2013 financial year

R million	For the year ended 30/06/2013 as previously reported	IFRS 10 and IFRS 11 adjustments	IAS 19 adjustments	**For the year ended 30/06/2013 Restated**
Impact on income statement				
Sales	16 446	20	–	**16 466**
Inventory expenses*	(11 519)	(91)	–	**(11 610)**
Staff costs	(2 681)	(29)	3	**(2 707)**
Depreciation	(424)	(4)	–	**(428)**
Other net operating expenses*	(1 460)	154	–	**(1 306)**
Interest received	250	2	–	**252**
Finance costs	(173)	(8)	–	**(181)**
Net impairment of investments, loans, assets and goodwill	(152)	(6)	–	**(158)**
Loss on sale of investments	(154)	–	4	**(150)**
Taxation	(249)	(10)	(2)	**(261)**
Share of after-tax profit of equity accounted investments	4 313	(197)	(81)	**4 035**
Net profit for the year	4 427	(169)	(76)	**4 182**
Attributable to:				
Equity holders	4 438	(183)	(76)	**4 179**
Non-controlling interest	(11)	14	–	**3**
		(169)	(76)	
Impact on headline earnings				
Headline earnings	4 387	(108)	(83)	**4 196**
Headline earnings, excluding Mediclinic refinancing cost	5 699	(108)	(83)	**5 508**
Impact on earnings per share (cents)				
Headline earnings per share	854.3	(21.0)	(16.2)	**817.1**
Headline earnings per share, excluding Mediclinic refinancing cost	1 109.8	(21.0)	(16.2)	**1 072.6**
Earnings per share	864.2	(35.6)	(14.8)	**813.8**
Impact on statement of comprehensive income				
Net profit for the year	4 427	(169)	(76)	**4 182**
Items that may be reclassified subsequently to the income statement:				
Other comprehensive income of equity accounted investments	2 938	(25)	(9)	**2 904**
Items that will not be reclassified to the income statement:				
Actuarial gains and losses	–	–	8	**8**
Deferred taxation on actuarial gains and losses	–	–	(2)	**(2)**
Change in reserves of equity accounted investments	(543)	27	61	**(455)**
Total comprehensive income for the year	7 739	(167)	(18)	**7 554**
Total comprehensive income attributable to:				
Equity holders	7 750	(181)	(16)	**7 553**
Non-controlling interest	(11)	14	(2)	**1**
		(167)	(18)	

* *The amounts previously reported in the 2013 Income Statement for "inventory expenses" and "other net operating expenses" were restated. Previously "inventory expenses" were understated and "other net operating expenses" overstated by R723 million. The restatement had no impact on trading profit, earnings or headline earnings.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

37. RESTATEMENT OF COMPARATIVE NUMBERS (continued)

The effects of the changes to the accounting policy are shown in the following tables:

Restatement of comparative numbers for the 2013 financial year (continued)

R million	As at 30/06/2013 as previously reported	IFRS 10 and IFRS 11 adjustments	IAS 19 adjustments	As at 30/06/2013 Restated
Impact on statement of financial position				
ASSETS				
Property, plant and equipment	5 354	36	–	**5 390**
Biological agricultural assets	107	300	–	**407**
Investments – Equity accounted	45 954	(234)	(312)	**45 408**
Deferred taxation	9	–	(5)	**4**
Inventories	2 528	5	–	**2 533**
Debtors and short-term loans	2 939	(10)	–	**2 929**
Cash and cash equivalents	4 221	(33)	–	**4 188**
Total assets	72 759	64	(317)	**72 506**
LIABILITIES				
Retirement benefits	266	1	(2)	**265**
Long-term loans	5 774	75	–	**5 849**
Deferred taxation	1 661	56	(4)	**1 713**
Trade and other payables	3 424	5	–	**3 429**
Short-term loans	361	38	–	**399**
Taxation	3	(2)	–	**1**
Total liabilities	11 694	173	(6)	**11 861**
EQUITY				
Equity reserves				
Opening balance	9 367	10	(287)	**9 090**
Adjustments for the year	3 689	(194)	(26)	**3 469**
Other reserves				
Opening balance	669	–	1	**670**
Adjustments for the year	220	–	(1)	**219**
Distributable reserves				
Opening balance	39 725	–	(7)	**39 718**
Adjustments for the year	2 162	13	11	**2 186**
Non-controlling interest				
Opening balance	799	50	–	**849**
Adjustments for the year	1 156	12	(2)	**1 166**
Total equity	61 065	(109)	(311)	**60 645**
Impact on statement of cash flows				
Cash flows from operating activities	1 999	(23)	–	**1 976**
Cash flows from investing activities	(4 558)	(77)	–	**(4 635)**
Cash flows from financing activities	(236)	66	–	**(170)**
Cash and cash equivalents at the beginning of the year	6 394	1	–	**6 395**
Cash and cash equivalents at the end of the year	4 197	(33)	–	**4 164**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

37. RESTATEMENT OF COMPARATIVE NUMBERS (continued)

The effects of the changes to the accounting policy are shown in the following tables:

Restatement of comparative numbers as at 1 July 2012

R million	As at 01/07/2012 as previously reported	IFRS 10 and IFRS 11 adjustments	IAS 19 adjustments	**As at 01/07/2012 Restated**
Impact on statement of financial position				
ASSETS				
Property, plant and equipment	3 485	17	–	**3 502**
Biological agricultural assets	99	219	–	**318**
Investments – Equity accounted	38 451	(42)	(286)	**38 123**
Deferred taxation	6	–	1	**7**
Inventories	2 002	2	–	**2 004**
Debtors and short-term loans	2 071	(12)	–	**2 059**
Cash and cash equivalents	6 484	1	–	**6 485**
Assets held for sale	214	(40)	–	**174**
Total assets	58 027	145	(285)	**57 887**
LIABILITIES				
Retirement benefits	203	1	9	**213**
Long-term loans	105	33	–	**138**
Deferred taxation	673	45	(1)	**717**
Trade and other payables	2 493	(6)	–	**2 487**
Short-term loans	279	14	–	**293**
Taxation	9	(2)	–	**7**
Total liabilities	3 774	85	8	**3 867**
EQUITY				
Equity reserves	9 367	10	(287)	**9 090**
Other reserves	669	–	1	**670**
Distributable reserves	39 725	–	(7)	**39 718**
Non-controlling interest	799	50	–	**849**
Total equity	54 253	60	(293)	**54 020**

ANNEXURE A

PRINCIPAL SUBSIDIARY COMPANIES AT 30 JUNE 2014

NAME OF COMPANY

Incorporated in South Africa unless otherwise stated		Share capital R (unless otherwise stated)	Effective interest 30 June 2014 %	Effective interest 30 June 2013 %
Eikenlust Proprietary Limited		100	**100.0**	100.0
Entek Investments Proprietary Limited		16 029 279	**100.0**	67.4
Financial Securities Proprietary Limited		250 000	**100.0**	100.0
Historical Homes of South Africa Limited		555 000	**57.9**	55.0
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
Partnership in Mining Proprietary Limited		100	**100.0**	100.0
RCL Foods Limited	*	9 955 700 293	**77.7**	75.9
Remgro Finance Corporation Proprietary Limited		958 430	**100.0**	100.0
Remgro International Holdings Proprietary Limited		2	**100.0**	100.0
Remgro International Limited – Jersey		2 050 855 000	**100.0**	100.0
Remgro Investment Corporation Proprietary Limited		100	**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 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		7	**100.0**	100.0
VenFin Holdings Limited – Jersey	(EUR)	79 533 052	**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
Remgro Sport Investments Proprietary Limited		100	**100.0**	100.0
Wispeco Holdings Proprietary Limited		11 641 000	**100.0**	100.0

(EUR) euro
(USD) USA dollar
** Listed company*

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

ANNEXURE B

PRINCIPAL INVESTMENTS AT 30 JUNE 2014

NAME OF COMPANY		LISTED				UNLISTED			
		30 June 2014		30 June 2013		**30 June 2014**		30 June 2013	
Incorporated in South Africa unless otherwise stated		**Shares held**	**Effective interest %**	Shares held	Effective interest %	**Shares held**	**Effective interest %**	Shares held	Effective interest %
Food, liquor and home care									
Unilever South Africa Holdings Proprietary Limited						**5 348 135**	**25.8**	5 348 135	25.8
Capevin Holdings Limited	(1)	**136 978 200**	**15.6**	136 978 200	15.6				
– indirectly held by Capevin Holdings Limited through Remgro-Capevin Investments Proprietary Limited:									
– Distell Group Limited (15%)			**4.2**		4.5				
Remgro-Capevin Investments Proprietary Limited						**50**	**50.0**	50	50.0
– held by Remgro-Capevin Investments Proprietary Limited:									
– Distell Group Limited (54%)			**26.9**		28.9				
Banking									
RMB Holdings Limited		**394 431 450**	**27.9**	394 431 450	27.9				
– held by RMB Holdings Limited:									
– FirstRand Limited (35%)			**9.7**		9.8				
FirstRand Limited	(1)	**219 805 470**	**4.0**	219 805 470	4.0				
Healthcare									
Mediclinic International Limited		**358 869 121**	**42.1**	358 869 121	44.4				
Insurance									
RMI Holdings Limited		**449 638 871**	**30.3**	449 638 871	30.3				
Industrial									
Air Products South Africa Proprietary Limited						**4 500 000**	**50.0**	4 500 000	50.0
Kagiso Tiso Holdings Proprietary Limited (RF)						**322 892**	**34.7**	322 892	34.7
Total South Africa Proprietary Limited						**12 872 450**	**24.9**	12 872 450	24.9
PGSI Limited – BVI						**26 297 697**	**37.7**	14 969 421	28.5
PGSI Limited preference shares						**–**	**–**	129 607 022	91.7
Infrastructure									
Grindrod Limited		**169 802 800**	**22.6**	147 767 261	25.0				
Community Investment Ventures Holdings Proprietary Limited	(2)					**145 001**	**50.7**		
CIV Fibre Network Solutions Proprietary Limited	(2)					**–**	**–**	216	30.0
CIE Telecommunications Proprietary Limited	(2)					**–**	**–**	90 000	30.0
CIV Power Proprietary Limited	(2)					**–**	**–**	90 000	30.0
Central Lake Trading No. 77 Proprietary Limited	(2)					**67 419**	**44.8**	67 419	44.8
Dark Fibre Africa Proprietary Limited	(2)					**–**	**–**	85 926	23.0
SEACOM Capital Limited – Mauritius						**1 000**	**25.0**	1 000	25.0
Media and sport									
Sabido Investments Proprietary Limited						**17 730 595**	**31.9**	17 730 595	31.9
Other investments									
Business Partners Limited						**73 794 623**	**42.7**	73 579 172	42.5

All these investments were equity accounted.

[1] *Remgro rebutted the presumption that it does not have significant influence in these investments.*

[2] *The CIV group includes the investments in Community Investment Ventures Holdings Proprietary Limited, CIV Fibre Network Solutions Proprietary Limited, CIE Telecommunications Proprietary Limited, CIV Power Proprietary Limited, Central Lake Trading No. 77 Proprietary Limited and Dark Fibre Africa Proprietary Limited.*

BVI – British Virgin Islands

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

ANNEXURE C

INFORMATION ON SEGMENTS FOR THE YEAR ENDED 30 JUNE 2014

R million		Year ended 30 June 2014 Revenue	Headline earnings	30 June 2014 Assets	Liabilities
Food, liquor and home care					
Unilever South Africa	(1)	–	347	3 086	–
Distell*	(1)	–	495	2 864	–
RCL Foods	(1)	20 196	(239)	19 911	10 474
TSB	(1)	2 939	192	–	–
Banking					
RMBH	(1)	–	1 793	11 225	–
FirstRand	(1)	–	749	3 969	–
Healthcare					
Mediclinic	(2)	–	1 489	10 597	–
Insurance					
RMI Holdings	(1)	–	871	6 224	–
Industrial					
Air Products South Africa	(2)	–	217	839	–
KTH	(1)	–	71	2 061	–
Total South Africa	(1)	–	233	1 329	–
PGSI	(1)	–	72	760	–
Wispeco	(1)	1 486	107	679	139
Infrastructure					
Grindrod	(1)	–	108	3 667	–
CIV group	(2)	–	58	1 657	–
SEACOM	(1)	–	(6)	569	–
Other infrastructure interests		–	6	829	–
Media and sport					
Sabido	(2)	–	131	974	–
Other media and sport interests		–	(67)	588	54
Other investments		–	59	2 703	4
Central treasury – cash at the centre	(1)	–	83	3 264	–
Other net corporate assets	(1)	–	(134)	1 762	252
		24 621	6 635	79 557	10 923
Elimination of loans to/from subsidiary companies				(49)	(49)
Consolidated				79 508	10 874

Includes the investment in Capevin Holdings Limited.

***Geographical segmental information: Revenue is only derived in South Africa while non-current assets, amounting to R3 682 million, are located in foreign countries.*

Financial period accounted for the year ended 30 June 2014:
(1) *Twelve months to 30 June 2014*
(2) *Twelve months to 31 March 2014*

ANNEXURE C

INFORMATION ON SEGMENTS FOR THE YEAR ENDED 30 JUNE 2013

R million		Year ended 30 June 2013 Restated Revenue	Year ended 30 June 2013 Restated Headline earnings	30 June 2013 Restated Assets	30 June 2013 Restated Liabilities
Food, liquor and home care					
Unilever South Africa	(1)	–	426	3 099	–
Distell*	(1)	–	360	2 623	–
RCL Foods	(1)	10 231	21	17 353	10 307
TSB	(1)	5 042	316	3 708	1 766
Banking					
RMBH	(1)	–	1 460	10 346	–
FirstRand	(1)	–	617	3 622	–
Healthcare					
Mediclinic	(2)	–	(491)	7 429	–
Insurance					
RMI Holdings	(1)	–	666	5 645	–
Industrial					
Air Products South Africa	(2)	–	180	691	–
KTH	(1)	–	36	2 304	–
Total South Africa	(1)	–	258	1 192	–
PGSI	(1)	–	10	568	–
Wispeco	(1)	1 193	64	548	92
Infrastructure					
Grindrod	(1)	–	144	2 868	–
CIV group	(2)	–	59	1 650	–
SEACOM	(1)	–	–	617	–
Other infrastructure interests		–	(7)	776	–
Media and sport					
Sabido	(2)	–	148	929	–
Other media and sport interests		–	(29)	610	2
Other investments		–	57	2 189	4
Central treasury – cash at the centre	(1)	–	3	2 733	–
Other net corporate assets	(1)	–	(102)	1 593	277
		16 466	4 196	73 093	12 448
Elimination of loans to/from subsidiary companies				(587)	(587)
Consolidated				72 506	11 861

* *Includes the investment in Capevin Holdings Limited.*

** *Geographical segmental information: Revenue is only derived in South Africa while non-current assets, amounting to R2 887 million, are located in foreign countries.*

Financial period accounted for the year ended 30 June 2013:

(1) *Twelve months to 30 June 2013*

(2) *Twelve months to 31 March 2013*

THE COMPANY

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2014

R million	Notes	30 June 2014	30 June 2013
ASSETS			
Non-current assets			
Investments – Subsidiary companies	2	**3 736**	3 736
Current assets			
Intergroup debt	3	**1 502**	1 434
Total assets		**5 238**	5 170
EQUITY AND LIABILITIES			
Stated capital	4	**3 605**	3 605
Retained earnings		**1 568**	110
Shareholders' equity		**5 173**	3 715
Current liabilities		**65**	1 455
Trade and other payables	3, 5	**20**	51
Intergroup debt	3	**45**	1 404
Total equity and liabilities		**5 238**	5 170

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

R million	Notes	30 June 2014	30 June 2013
Other net operating expenses	6	**(34)**	(45)
Dividend income – Subsidiary companies – Unlisted		**3 349**	353
Impairment of loan		**(13)**	–
Net profit for the year		**3 302**	308

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

R million	30 June 2014	30 June 2013
Net profit for the year	**3 302**	308
Other comprehensive income	**–**	–
Total comprehensive income for the year	**3 302**	308

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

R million	30 June 2014	30 June 2013
Balances at the beginning of the year	**3 715**	5 127
Issued capital	**3 605**	3 605
Retained earnings	**110**	1 522
Total comprehensive income for the year	**3 302**	308
Dividends paid	**(1 844)**	(1 720)
Balances at the end of the year	**5 173**	3 715

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

R million	Notes	30 June 2014	30 June 2013
Cash flows – operating activities			
Other net operating expenses		**(34)**	(45)
Working capital changes	8.1	**(31)**	5
Cash utilised by operations		**(65)**	(40)
Dividends received		**3 349**	353
Dividends paid		**(1 844)**	(1 720)
Cash inflow/(outflow) from operating activities		**1 440**	(1 407)
Cash flows – financing activities			
(Increase)/decrease in intergroup debt		**(1 440)**	1 407
Cash inflow/(outflow) from financing activities		**(1 440)**	1 407
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 2014

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 – SUBSIDIARY COMPANIES

R million	30 June 2014	30 June 2013
Unlisted shares – at cost	**3 736**	3 736
Percentage interest held in unlisted shares (%)		
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 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**	100.0
VenFin Proprietary Limited	**100.0**	100.0

3. INTERGROUP DEBT

Owing by subsidiary company		
Interest-free loan with no fixed term of repayment	**1 502**	1 434
Owing to subsidiary companies		
Interest-free loan with no fixed term of repayment	**(45)**	(1 404)
Included in trade and other payables	**(5)**	(37)
	1 452	(7)

4. STATED CAPITAL

The detail of the stated capital is presented in note 17 of the consolidated annual financial statements.

5. TRADE AND OTHER PAYABLES

R million	30 June 2014	30 June 2013
Subsidiary company	**5**	37
Other	**15**	14
	20	51

6. OTHER NET OPERATING EXPENSES

Other net operating expenses are stated after taking into account directors' emoluments of R3 million (2013: R2 million). The detail of the remuneration and benefits received by each director of the Company is presented in notes 24 and 25 of the consolidated annual financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

7. 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 (2013: 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.

The secondary taxation on companies (STC) credits, which could be set off against future dividend payments prior to 31 March 2015, amount to R1 687 million (2013: R182 million). With the introduction of dividend tax on 1 April 2012, the STC credits are no longer the asset of the Company, but that of the shareholders and no deferred tax asset is created.

8. CASH FLOW INFORMATION

R million	30 June 2014	30 June 2013
8.1 Decrease/(increase) in working capital		
Increase/(decrease) in trade and other payables	**(31)**	5
	(31)	5

9. RELATED PARTY INFORMATION

Subsidiaries

Details of income from and investments in subsidiary companies 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 24 and 25 of the consolidated annual financial statements as well as on page 88.

Shareholders

A detailed analysis of shareholders appears on pages 86 and 87.

Related party transactions (R million)	30 June 2014	30 June 2013
Transactions of Remgro Limited with:		
Controlling shareholder		
Dividends		
Cash dividends	**127**	118
Subsidiary companies		
Dividends received	**3 349**	353
Balances due by/(owed to) related parties:		
Subsidiary companies	**1 452**	(7)

No security is given for any outstanding balances. No provisions for bad debts against outstanding balances with related parties have been made, except for a R13 million impairment against the Remgro Share Trust loan.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

10. FINANCIAL INSTRUMENTS

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

10.1 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. The risk in terms of outstanding loans 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.

10.2 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 and shareholder facilities.

The Company's only debt consists of a loan due to its subsidiary company as well as trade and other payables. The risk in terms of the outstanding loan is limited as it is repayable to a subsidiary company 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 subsidiary companies, 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.

10.3 Market risk

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

Foreign exchange risk

The Company has no transactions in foreign currency and as such is not exposed to any foreign currency risk.

Interest rate risk

The Company has no exposure to interest rate risk as its loan payable to and loan receivable from its subsidiary companies 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.

10.4 Fair value

At 30 June 2014 and 30 June 2013 the fair value of financial assets and liabilities disclosed in the statement of financial position approximate their carrying value.

10.5 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.

STATUTORY INFORMATION

SHAREHOLDERS' INFORMATION

AT 30 JUNE 2014

	30 June 2014		30 June 2013	
	%	Number of shares	%	Number of shares
MAJOR BENEFICIAL SHAREHOLDERS				
Ordinary shares				
Public Investment Commissioner	**17.63**	**84 799 544**	17.55	84 453 766
Other	**82.37**	**396 306 826**	82.45	396 652 604
	100.00	**481 106 370**	100.00	481 106 370
B ordinary shares				
Rembrandt Trust Proprietary Limited	**100.00**	**35 506 352**	100.00	35 506 352
Total		**516 612 722**		516 612 722

No other shareholder held a beneficial interest of more than 5% in the ordinary shares in your Company on 30 June 2014.

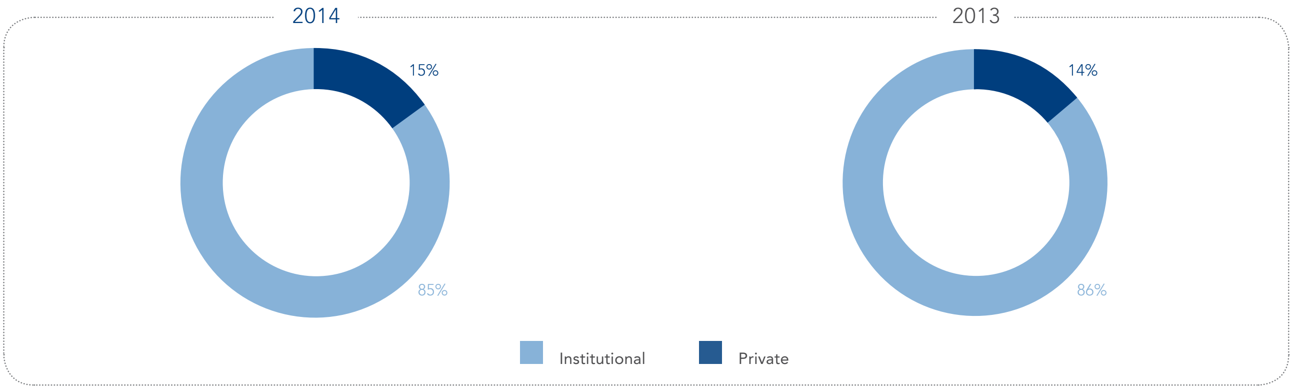
	30 June 2014	30 June 2013	30 June 2012	30 June 2011
DISTRIBUTION OF SHAREHOLDERS				
Ordinary shares				
Public shareholders	**53 874**	49 487	46 220	43 859
Percentage of shareholders	**99.83**	99.85	99.94	99.94
Number of shares	**464 263 605**	464 305 068	466 239 333	464 666 249
Percentage of shares issued	**96.50**	96.51	96.91	96.58
Non-public shareholders				
Directors and their associates/Share Trust/Treasury shares	**91**	73	29	29
Percentage of shareholders	**0.17**	0.15	0.06	0.06
Number of shares	**16 842 765**	16 801 302	14 867 037	16 440 121
Percentage of shares issued	**3.50**	3.49	3.09	3.42
Number of shareholders	**53 965**	49 560	46 249	43 888

Shares held by directors of the Company's subsidiaries and their associates were reported under public shareholders in years prior to 2013. Therefore the distribution of shareholders for the year under review is only comparable to the previous year.

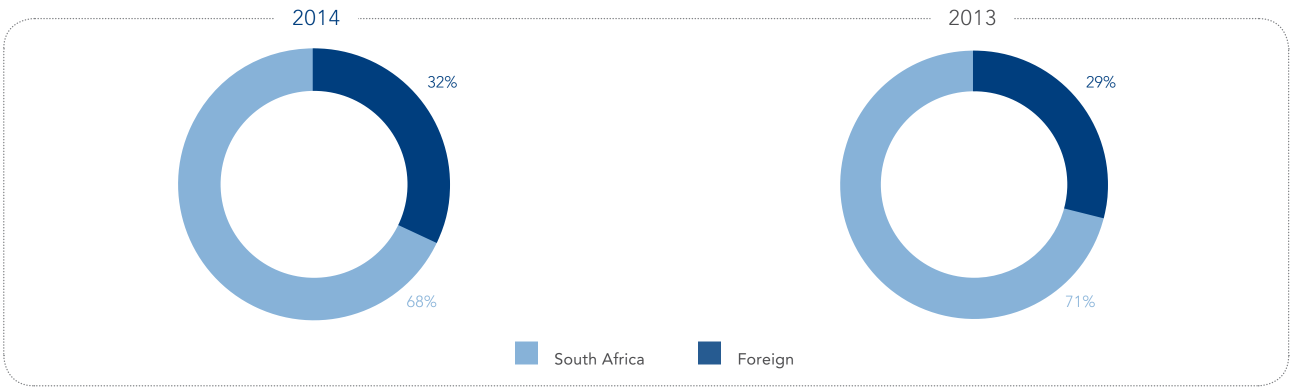
	30 June 2014	30 June 2013	30 June 2012	30 June 2011
NUMBER OF SHARES IN ISSUE				
– Ordinary shares of no par value (since 2013)				
Issued at the beginning of the year	**481 106 370**	481 106 370	481 106 370	481 106 370
– Unlisted B ordinary shares of no par value (since 2013)	**35 506 352**	35 506 352	35 506 352	35 506 352
Total number of shares in issue	**516 612 722**	516 612 722	516 612 722	516 612 722
Number of shares held in treasury				
Ordinary shares repurchased and held in treasury	**(2 960 766)**	(3 433 101)	(2 279 155)	(2 918 266)
	513 651 956	513 179 621	514 333 567	513 694 456
Weighted number of shares	**513 404 676**	513 526 699	514 090 014	513 209 003

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 2014				
W E Bührmann	**264 000**	**–**	**–**	**264 000**
J J Durand	**–**	**665 577**	**7 500**	**673 077**
G T Ferreira	**158 625**	**–**	**560 000**	**718 625**
P K Harris	**–**	**169 118**	**–**	**169 118**
E de la H Hertzog	**264 764**	**1 928 942**	**129 984**	**2 323 690**
J Malherbe	**26 826**	**–**	**1 053 301**	**1 080 127**
P J Moleketi	**1 130**	**1 445**	**1 180**	**3 755**
F Robertson	**–**	**5 000**	**–**	**5 000**
J P Rupert	**–**	**–**	**6 867 150**	**6 867 150**
H Wessels	**–**	**–**	**4 500**	**4 500**
	715 345	**2 770 082**	**8 623 615**	**12 109 042**

On 31 December 2013, when Mr J W Dreyer retired, his indirect beneficial holding was 227 336 ordinary shares in Remgro Limited and his associate held 2 776 shares in Remgro Limited.

Directors	Direct beneficial	Indirect beneficial	Associates	Total
30 June 2013				
W E Bührmann	258 500	–	–	258 500
J W Dreyer	–	191 130	2 776	193 906
J J Durand	–	665 577	7 500	673 077
G T Ferreira	158 625	–	560 000	718 625
P K Harris	–	169 118	–	169 118
E de la H Hertzog	264 764	1 928 942	129 984	2 323 690
J Malherbe	26 826	–	1 053 301	1 080 127
P J Moleketi	2 030	1 445	2 350	5 825
F Robertson	–	5 000	–	5 000
J P Rupert	–	–	6 867 150	6 867 150
H Wessels	–	–	4 500	4 500
	710 745	2 961 212	8 627 561	12 299 518

On 31 January 2013, when Mr P E Beyers retired, his indirect beneficial holding was 174 130 ordinary shares in Remgro Limited.

On 31 March 2013, when Mrs J A Preller retired, she held 122 919 ordinary shares in Remgro Limited.

B ordinary shares

Mr J P Rupert is a director of Rembrandt Trust 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 directors remained unchanged.