REMGRO LIMITED

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

AUDITED SUMMARY CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2016 AND CASH DIVIDEND DECLARATION

SALIENT FEATURES

• **Intrinsic net asset value per share**	**+6.1%**
• **Ordinary dividend per share**	**+7.5%**
• **Headline earnings per share**	**-26.4%**
• **Headline earnings per share, excluding once-off costs and option remeasurement**	**-7.5%**

REMGRO LIMITED

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R million	30 June 2016	2015
ASSETS		
Non-current assets		
Property, plant and equipment	**6 292**	5 716
Biological agricultural assets	**625**	550
Investment properties	**107**	51
Intangible assets	**4 993**	5 710
Investments - Equity accounted	**78 565**	57 831
- Other	**3 408**	2 493
Retirement benefits	**163**	220
Loans	**880**	977
Deferred taxation	**42**	18
	95 075	73 566
Current assets	**14 086**	21 126
Inventories	**3 274**	3 118
Biological agricultural assets	**612**	549
Debtors and short-term loans	**5 503**	3 837
Investment in money market funds	**1 050**	986
Cash and cash equivalents	**3 569**	4 050
Other current assets	**49**	52
	14 057	12 592
Assets held for sale	**29**	8 534
Total assets	**109 161**	94 692
EQUITY AND LIABILITIES		
Stated capital	**3 605**	3 605
Reserves	**75 478**	69 781
Treasury shares	**(217)**	(272)
Shareholders' equity	**78 866**	73 114
Non-controlling interest	**2 835**	2 803
Total equity	**81 701**	75 917
Non-current liabilities	**20 838**	5 404
Retirement benefits	**202**	227
Long-term loans	**17 799**	3 547
Deferred taxation	**1 640**	1 630
Derivative instruments	**1 197**	-
Current liabilities	**6 622**	13 371
Trade and other payables	**4 833**	4 469
Short-term loans	**1 660**	366
Other current liabilities	**129**	69
	6 622	4 904
Liabilities held for sale	**-**	8 467
Total equity and liabilities	**109 161**	94 692
Net asset value per share (Rand)		
– At book value	**R153.17**	R142.12
– At intrinsic value (unaudited)	**R306.44**	R288.89

REMGRO LIMITED

SUMMARY CONSOLIDATED INCOME STATEMENT

R million	Year ended 30 June 2016	2015
Sales	**27 697**	25 590
Inventory expenses	**(16 959)**	(15 267)
Staff costs	**(4 578)**	(4 276)
Depreciation	**(670)**	(607)
Other net operating expenses	**(5 647)**	(3 878)
Trading profit/(loss)	**(157)**	1 562
Dividend income	**77**	213
Interest received	**287**	276
Finance costs	**(903)**	(371)
Net impairment of investments, loans, assets and goodwill	**(2 556)**	(288)
Profit on sale and dilution of investments	**2 451**	696
Consolidated profit/(loss) before tax	**(801)**	2 088
Taxation	**4**	(395)
Consolidated profit/(loss) after tax	**(797)**	1 693
Share of after-tax profit of equity accounted investments	**6 250**	7 228
Net profit for the year	**5 453**	8 921
Attributable to:		
Equity holders	**5 386**	8 715
Non-controlling interest	**67**	206
	5 453	8 921

EQUITY ACCOUNTED INVESTMENTS

Share of after-tax profit of equity accounted investments	2016	2015
Profit before taking into account impairments, non-recurring and capital items	**8 875**	8 332
Net impairment of investments, assets and goodwill	**(809)**	(213)
Profit on the sale of investments	**216**	271
Other non-recurring and capital items	**(67)**	62
Profit before tax and non-controlling interest	**8 215**	8 452
Taxation	**(1 709)**	(1 129)
Non-controlling interest	**(256)**	(95)
	6 250	7 228

HEADLINE EARNINGS RECONCILIATION

R million	Year ended 30 June 2016	2015
Net profit for the year attributable to equity holders (earnings)	**5 386**	8 715
Plus/(minus):		
- Net impairment of equity accounted investments*	**1 862**	99
- Impairment of other investments	**-**	79
- Net impairment of property, plant and equipment	**37**	94
- Impairment of intangible assets*	**644**	-
- Impairment of assets held for sale	**7**	16
- Profit on sale and dilution of equity accounted investments**	**(2 349)**	(984)
- (Profit)/loss on sale of other investments	**(153)**	288
- Recycling of foreign currency translation reserves	**51**	-
- Net surplus on disposal of property, plant and equipment	**(7)**	(5)
- Loss on disposal of biological agricultural assets	**9**	-
- Non-headline earnings items included in equity accounted earnings of equity accounted investments	**633**	(231)
- Net surplus on disposal of property, plant and equipment	**(27)**	(111)
- Profit on the sale of investments	**(216)**	(271)
- Net impairment of investments, assets and goodwill	**809**	213
- Other non-recurring and capital items	**67**	(62)
- Taxation effect of adjustments	**(87)**	(50)
- Non-controlling interest	**(146)**	(25)
Headline earnings	**5 887**	7 996
Once off costs	**788**	-
Option remeasurement	**730**	-
Headline earnings, excluding once-off costs and option remeasurement	**7 405**	7 996

* *"Net impairment of equity accounted investments" and "Impairment of intangible assets" primarily consist of the impairment of the investment in Grindrod of R1 861 million and an impairment in RCL Foods' Milling business amounting to R643 million respectively. The carrying value of Grindrod has exceeded its market value for a prolonged period, therefore the investment was impaired to its market value on 30 June 2016 of R1 986 million.*

** *For the year under review "Profit on sale and dilution of equity accounted investments" primarily consists of a profit of R2 262 million realised on the dilution of Remgro's interest in Mediclinic as part of the Al Noor transaction, while the comparative year included a profit of R958 million realised on the dilution of Remgro's interest in Mediclinic due to a bookbuild exercise.*

EARNINGS AND DIVIDENDS

Cents	Year ended 30 June **2016**	2015
Headline earnings per share		
– Basic	**1 143.9**	1 555.0
– Diluted	**1 139.2**	1 541.8
Headline earnings per share, excluding once-off costs and option remeasurement		
– Basic	**1 438.9**	1 555.0
– Diluted	**1 434.1**	1 541.8
Earnings per share		
– Basic	**1 046.6**	1 694.9
– Diluted	**1 042.5**	1 680.9
Dividends per share		
Ordinary	**460.00**	428.00
– Interim	**185.00**	169.00
– Final	**275.00**	259.00

REMGRO LIMITED

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R million	Year ended 30 June 2016	2015
Net profit for the year	**5 453**	8 921
Other comprehensive income, net of tax	**2 579**	355
Items that may be reclassified subsequently to the income statement:		
Exchange rate adjustments	**1 745**	267
Fair value adjustments for the year	**534**	(156)
Deferred taxation on fair value adjustments	**(112)**	(34)
Reclassification of other comprehensive income to the income statement	**(951)**	45
Other comprehensive income of equity accounted investments	**1 652**	929
Items that will not be reclassified to the income statement:		
Remeasurement of post-employment benefit obligations	**19**	5
Deferred taxation on remeasurement of post-employment benefit obligations	**(6)**	(2)
Change in reserves of equity accounted investments	**(302)**	(699)
Total comprehensive income for the year	**8 032**	9 276
Total comprehensive income attributable to:		
Equity holders	**7 965**	9 066
Non-controlling interest	**67**	210
	8 032	9 276

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R million	Year ended 30 June 2016	2015
Balance at the beginning of the year	**75 917**	68 634
Total comprehensive income for the year	**8 032**	9 276
Dividends paid	**(2 358)**	(2 136)
Capital invested by minorities	**31**	37
Other movements	**15**	25
Long-term share incentive scheme reserve	**64**	81
Balance at the end of the year	**81 701**	75 917

REMGRO LIMITED

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

R million	Year ended 30 June 2016	2015
Cash generated from operations	**1 391**	2 267
Taxation paid	**(328)**	(397)
Dividends received	**3 547**	3 215
Finance costs	**(795)**	(372)
Cash available from operating activities	**3 815**	4 713
Dividends paid	**(2 358)**	(2 136)
Net cash inflow from operating activities	**1 457**	2 577
Investing activities	**(18 745)**	(1 151)
Financing activities	**16 365**	(1 349)
Net increase/(decrease) in cash and cash equivalents	**(923)**	77
Exchange rate profit on foreign cash	**222**	116
Cash and cash equivalents at the beginning of the year	**3 829**	3 636
Cash and cash equivalents at the end of the year	**3 128**	3 829
Cash and cash equivalents – per statement of financial position	**3 569**	4 050
Bank overdraft	**(441)**	(221)

ADDITIONAL INFORMATION

	30 June 2016	2015
Number of shares in issue		
- Ordinary shares of no par value	**481 106 370**	481 106 370
- Unlisted B ordinary shares of no par value	**35 506 352**	35 506 352
Total number of shares in issue	**516 612 722**	516 612 722
Number of shares held in treasury		
- Ordinary shares repurchased and held in treasury	**(1 725 393)**	(2 169 558)
	514 887 329	514 443 164
Weighted number of shares	**514 634 062**	514 200 979

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

ADDITIONAL INFORMATION (continued)

R million	30 June 2016	2015
Equity accounted investments		
Associated companies	**73 418**	52 869
Joint ventures	**5 147**	4 962
	78 565	57 831
Equity accounted investment reconciliation		
Carrying value at the beginning of the year	**57 831**	52 169
Share of net attributable profit	**6 250**	7 228
Dividends received	**(3 900)**	(3 077)
Investment in Mediclinic	**18 246**	-
Dilutionary effects	**1 886**	772
Exchange rate differences	**(1 274)**	93
Grindrod impairment	**(1 861)**	-
Other movements	**1 387**	646
Carrying value at the end of the year	**78 565**	57 831
Assets and liabilities held for sale		
During the current financial year Remgro sold its 29.9% shareholding in Spire to Mediclinic, subsequent to Mediclinic's successful rights issue.		
Total assets and liabilities are	**-**	(175)
Investment	**-**	8 275
Trade and other creditors	**-**	(8 276)
Derivative instruments	**-**	(174)
Various other assets and liabilities classified as held for sale	**29**	242
Assets	**29**	259
Liabilities	**-**	(17)
	29	67
Long-term loans		
20 000 Class A 7.7% cumulative redeemable preference shares	**3 512**	-
10 000 Class B 8.3% cumulative redeemable preference shares	**4 382**	-
Exchangeable bonds with an effective interest rate of 4.5%	**6 380**	-
Various other loans	**3 672**	3 687
	17 946	3 687
Short-term portion of long-term loans	**(147)**	(140)
	17 799	3 547
Additions to and replacement of property, plant and equipment	**1 273**	853
Capital and investment commitments	**1 999**	5 847
Mediclinic rights issue	**-**	4 135
Various other commitments	**1 999**	1 712
(Including amounts authorised but not yet contracted for)		
Guarantees and contingent liabilities	**241**	316
Dividends received from equity accounted investments set off against investments	**3 900**	3 077
Dividends received from associate classified as asset held for sale	**149**	-

ADDITIONAL INFORMATION (continued)

Fair value remeasurements

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

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

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

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

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

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

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

R million	***Level 1***	***Level 2***	***Level 3***	**Total**
30 June 2016				
Assets				
Available-for-sale	**1 260**	**-**	**2 148**	**3 408**
Derivative instruments	**-**	**8**	**-**	**8**
Investment in money market funds	**1 050**	**-**	**-**	**1 050**
	2 310	**8**	**2 148**	**4 466**
Liabilities				
Non-current derivative instruments	**-**	**1 197**	**-**	**1 197**
Current derivative instruments	**-**	**63**	**54**	**117**
	-	**1 260**	**54**	**1 314**
30 June 2015				
Assets				
Available-for-sale	902	-	1 591	2 493
Derivative instruments	-	10	-	10
Investment in money market funds	986	-	-	986
	1 888	10	1 591	3 489
Liabilities				
Current derivative instruments	-	190	-	190

ADDITIONAL INFORMATION (continued)

The following tables illustrate the reconciliation of the carrying value of level 3 assets and liabilities from the beginning to the end of the year:

	30 June	
R million	**2016**	2015
Assets: Available-for-sale		
Balances at the beginning of the year	**1 591**	1 762
Additions	**174**	375
Disposals	**(53)**	(484)
Exchange rate adjustments	**236**	148
Fair value adjustments through comprehensive income	**200**	(210)
Balances at the end of the year	**2 148**	1 591

	30 June	
R million	**2016**	2015
Liabilities: Derivative instruments		
Balances at the beginning of the year	**-**	-
Additions	**54**	-
Balances at the end of the year	**54**	-

There were no transfers between the different levels.

Level 3 financial assets consist mainly of investments in the Milestone China entities (Milestone), the Kagiso Infrastructure Empowerment Fund (KIEF) and the Pembani Remgro Infrastructure Fund (PRIF) amounting to R1 534 million, R306 million and R228 million respectively. These investments are all valued based on the fair value of each investment's underlying assets, which are valued using a variety of valuation methodologies. Listed entities are valued at the last quoted share price on the reporting date, whereas unlisted entities' methods include discounted cash flow valuations and appropriate earnings and revenue multiples.

Milestone's fair value consists of listed investments (32%), cash and cash equivalents (7%) and unlisted investments (61%). 86% of the unlisted investments were valued at cost as Milestone's management considers the transaction price to be the fair value of the investments, while the remaining 14% was valued at approximately R121 million. KIEF's investments were valued using the discounted cash flow method. PRIF's main asset is the investment in ETG Group and it was valued using appropriate revenue and earnings multiples based on peer group companies to determine a price-to-book valuation.

Changes in the valuation assumptions of the above unlisted investments will not have a significant impact on Remgro's financial statements.

Related party transactions

During the year under review the most material related party transactions are Remgro's facilitation of Mediclinic's acquisition of Spire, as well as Remgro's participation in the combination of Mediclinic and Al Noor. Remgro obtained bridge financing from Rand Merchant Bank (RMB) to partly fund these transactions. The bridge financing was partly replaced by long-term debt of which fixed rate cumulative redeemable preference shares amounting to R3 500 million were issued to RMB. Refer to the section dealing with "Investment activities" for more detail on these transactions.

COMMENTS (unaudited)

1. ACCOUNTING POLICIES

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

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements. The financial statements have been prepared under the supervision of the Chief Financial Officer, Neville Williams CA(SA).

2. RESULTS

Headline earnings
For the year to 30 June 2016, headline earnings and headline earnings per share decreased by 26.4% from R7 996 million to R5 887 million and from 1 555.0 cents to 1 143.9 cents respectively.

Included in headline earnings for the year under review are once-off transaction costs incurred with the Mediclinic rights issue and Al Noor Hospitals Group plc (Al Noor) transaction amounting to R788 million, of which R402 million is Remgro's own costs and R386 million is Remgro's share of Mediclinic's transaction costs ("once-off costs"), as well as a fair value adjustment of R730 million, relating to the increase in value of the bondholders' exchange option (accounted for as a derivative liability) of the bonds ("option remeasurement") that were issued during March 2016 to partially refinance the foreign bridge funding that was raised for the Al Noor transaction. The bonds are exchangeable into Mediclinic plc shares and/or cash and fair value adjustments on the option (reflecting *inter alia* the movement in the underlying Mediclinic plc share price) are expected to cause volatility in headline earnings during its five-year term. Excluding these items, headline earnings decreased by 7.4% from R7 996 million to R7 405 million, whereas headline earnings per share decreased by 7.5% from 1 555.0 cents to 1 438.9 cents.

It should furthermore be noted that headline earnings includes other once-off items, which cause comparability of the results to be challenging. These are:

- Additional finance cost incurred with the Mediclinic rights issue and Al Noor transaction that were accounted for the three months to 30 June 2016 amounting to R245 million, whilst the equity accounted earnings for Mediclinic was recognised only for the period until 31 March 2016, since the Group lags Mediclinic's reporting period by three months;
- Facilitation and underwriting fees of R99 million received from Mediclinic in the 2015 financial year;
- Transaction and funding costs relating to the Spire Healthcare Group plc (Spire) transaction amounting to R115 million (2015: R38 million), whereas the recoupment of R153 million is included in profit on the sale of Spire to Mediclinic, outside headline earnings;
- Positive impact on RCL Foods' results with the release of a R163 million provision raised for uncertain tax disputes, as well as a R119 million gain on the exercise of the Zam Chick and Zamhatch put options (Remgro's portion being R218 million);
- Positive impact on Mediclinic's profit in the comparative year due to Swiss prior year tax adjustments of R712 million (Remgro's portion being R300 million);
- Positive impact on RMI's profit in the comparative year with the release of a put option liability at Discovery of R415 million (Remgro's portion being R126 million) and
- PRIF distributions of R170 million in the comparative year due to first close versus R18 million in the year under review resulting from the second and third closes.

Excluding all the aforementioned items, Remgro's comparable headline earnings increased by 2.6% from R7 339 million to R7 529 million mainly due to better operating performances by its banking, insurance, healthcare and industrial platforms, offset by lower earnings from RCL Foods, as well as Grindrod.

Contribution to headline earnings by reporting platform

R million	**Year ended 30 June 2016**	*Change*	Year ended 30 June 2015
Food, liquor and home care	**1 618**	*5.7*	1 531
Banking	**2 989**	*5.1*	2 845
Healthcare	**1 566**	*(9.7)*	1 734
Insurance	**888**	*(9.9)*	986
Industrial	**517**	*35.7*	381
Infrastructure	**6**	*(98.5)*	392
Media and sport	**(36)**	*(125.0)*	(16)
Other investments	**67**	*(20.2)*	84
Central treasury			
- finance income	**125**	*12.6*	111
- finance costs	**(1 602)**	-	-
Other net corporate costs	**(251)**	*(382.7)*	(52)
Headline earnings	**5 887**	*(26.4)*	7 996
Once-off costs	**788**	-	-
Option remeasurement	**730**	-	-
Headline earnings, excluding once-off costs and option remeasurement	**7 405**	*(7.4)*	7 996

Refer to Annexures A and B for segmental information.

Commentary on reporting platforms' performance

Food, liquor and home care

The contribution from food, liquor and home care to Remgro's headline earnings amounted to R1 618 million (2015: R1 531 million), representing an increase of 5.7%. RCL Foods' contribution to Remgro's headline earnings decreased by 12.8% to R658 million (2015: R755 million). During the year under review RCL Foods' results were positively impacted by the release of a R163 million provision raised for uncertain tax disputes as part of the Foodcorp acquisition, as well as a R119 million gain on the exercise of the Zam Chick and Zamhatch put options. Excluding these remeasurements, RCL Foods' contribution to Remgro's headline earnings would have decreased by 41.7% to R440 million. This decrease is mainly due to lower contributions from the Sugar and Chicken businesses. The Chicken business was impacted by a massive oversupply in the local market caused by local production and dumping, while the Sugar business remained under pressure due to the severe drought conditions. Unilever's contribution to Remgro's headline earnings increased by 39.3% to R461 million (2015: R331 million). This increase is mainly the result of revenue growth and margin improvement. Distell's contribution to headline earnings, which includes the investment in Capevin Holdings, amounted to R499 million (2015: R445 million). This increase is mainly the result of revenue growth and efficiency improvements across the business. Distell experienced strong performances from all product categories and also benefited from a weaker rand against the major currencies in which it trades.

Banking

The headline earnings contribution from the banking division amounted to R2 989 million (2015: R2 845 million), representing an increase of 5.1%. FirstRand and RMBH reported headline earnings growth of 5.9% and 4.5% respectively. On a normalised basis, FirstRand and RMBH reported earnings growth of 7.4% and 7.0% respectively, mainly due to growth in both interest income and non-interest income from FNB, RMB and WesBank, partly offset by an increase in credit impairment charges, which reflect the deteriorating macro-economic environment.

Healthcare

Mediclinic's contribution to Remgro's headline earnings amounted to R1 566 million (2015: R1 734 million). It should be noted that Mediclinic's results for the year under review include once-off transaction costs incurred with the Al Noor transaction of R891 million, while the comparative period included positive Swiss prior year tax adjustments of R712 million. Excluding these once-off items Mediclinic's contribution to Remgro's headline earnings would have increased by 36.1% from R1 434 million to R1 952 million. This increase is mainly due to solid performances by all three operating platforms, as well as the positive effect of the weaker rand.

Insurance

RMI Holdings' contribution to headline earnings decreased by 9.9% to R888 million (2015: R986 million). This decrease is mainly the result of a once-off profit in the comparative period, with the release of a put option liability at Discovery, which is excluded from RMI Holdings' normalised earnings. On a normalised basis, RMI Holdings reported an increase of 5.9% in earnings, with Discovery and OUTsurance achieving good earnings growth of 6.6% and 42.7% respectively, offset by lower earnings from MMI Holdings (lower by 15.8%). OUTsurance's growth can be attributed to the significant improvement in the contribution from the Youi group. The comparative year's results were negatively impacted by numerous weather-related catastrophes in Australia. MMI Holdings' decrease is mainly due to lower underwriting profits, as well as lower asset-based fees.

Industrial

Total's contribution to Remgro's headline earnings amounted to R291 million (2015: R133 million). Included in the contribution to headline earnings is unfavourable stock revaluations amounting to R88 million (2015: R286 million). These revaluations are the result of the volatility in the Brent Crude price and the rand exchange rate. Excluding these revaluations, the contribution decreased by 9.5% from R419 million to R379 million mainly due to an excellent operational performance by NATREF in the comparative period, which the refinery was unable to repeat during the current reporting period. Remgro's share of the results of KTH amounted to a loss of R229 million (2015: loss of R108 million). KTH's results were negatively impacted by unfavourable fair value adjustments relating to its investments in Exxaro Resources Limited and MMI Holdings Limited preference shares. Air Products' and Wispeco's contribution to headline earnings amounted to R275 million and R144 million respectively (2015: R222 million and R104 million), while PGSI contributed R36 million to Remgro's headline earnings (2015: R30 million).

Infrastructure

Grindrod's contribution to Remgro's headline earnings amounted to a loss of R45 million (2015: a profit of R135 million). This decrease is mainly the result of weak commodity markets and significantly lower dry-bulk shipping rates. For the year under review the CIV group contributed R64 million to headline earnings (2015: R51 million). SEACOM reported a headline loss of R113 million for the year under review (2015: headline earnings of R96 million), with Remgro's share of this loss amounting to R33 million (2015: profit of R24 million). This decrease is mainly due to a higher depreciation charge on certain cable assets resulting from a change in the estimated useful life of these assets. During the year under review the Pembani Remgro Infrastructure Fund (PRIF) had its second and third closes, which resulted in Remgro receiving an income distribution of R18 million (2015: R170 million in respect of the first close), mainly due to foreign exchange gains realised in the PRIF structure.

Media and sport

Media and sport consist of the interests in eMedia and various sport interests, including interests in rugby franchises, as well as the Stellenbosch Academy of Sport. eMedia's contribution to Remgro's headline earnings decreased by 59.4% to R28 million (2015: R69 million), mainly due to continued pressure on advertising revenue as a result of a sharp drop in market share during the previous financial year, leading to a considerable investment in local programming to recover market share, as well as continued investment into the multi-channel business. The sport interests' contribution to headline earnings amounted to a loss of R64 million (2015: loss of R85 million).

Other investments

The contribution from other investments to headline earnings amounted to R67 million (2015: R84 million), of which Business Partners' contribution was R48 million (2015: R47 million).

Central treasury and other net corporate costs

Finance income amounted to R125 million (2015: R111 million). This increase is mainly the result of higher average cash balances, as well as higher interest rates than in the comparative period. Finance costs mainly consist of funding costs amounting to R466 million and once-off transaction costs amounting to R402 million, which relate to the Mediclinic rights issue and Al Noor transaction, as well as a fair value adjustment of R730 million, relating to the increase in the value of the exchange option of the exchangeable bonds. Other net corporate costs amounted to R251 million (2015: R52 million). The year under review includes transaction and funding costs amounting to R115 million (2015: R38 million) relating to Remgro's acquisition of Spire Healthcare Group plc (Spire). Remgro recouped this amount from Mediclinic as part of the Spire disposal consideration, which resulted in a profit on disposal of investment of R153 million, excluded from headline earnings. The comparative period also includes a net after-tax facilitation and underwriting fee of R99 million received from Mediclinic on the Spire transaction and resultant rights issue.

Earnings

Earnings decreased by 38.2% to R5 386 million (2015: R8 715 million). The decrease is mainly the result of the once-off transaction costs incurred with the Mediclinic rights issue and Al Noor transaction (R788 million), the fair value adjustment relating to the increase in value of the exchange option of the exchangeable bonds (R730 million), the impairment of the investment in Grindrod (R1 861 million) and Remgro's portion of the impairments in Grindrod's Rail and Shipping divisions (R577 million), as well as Remgro's portion of an impairment in RCL Foods' Milling business (R439 million). The decrease is partly offset by a profit of R2 262 million realised on the dilution of Remgro's interest in Mediclinic as part of the Al Noor transaction (2015: profit of R958 million due to a bookbuild exercise).

3. INTRINSIC NET ASSET VALUE

Remgro's intrinsic net asset value per share increased by 6.1% from R288.89 at 30 June 2015 to R306.44 at 30 June 2016. The closing share price at 30 June 2016 was R254.66 (2015: R255.94) representing a discount of 16.9% (2015: 11.4%) to the intrinsic net asset value. Refer to Annexure B for full details.

4. INVESTMENT ACTIVITIES

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

Mediclinic International Limited (Mediclinic)

Facilitation of Mediclinic's acquisition of Spire

During June 2015 Remgro entered into an agreement with funds managed by Cinven to acquire 119 923 335 Spire Healthcare Group plc (Spire) shares (equivalent to a 29.9% shareholding in Spire) at a price of £3.60 per share for a total purchase consideration of £431.7 million (excluding transaction costs). The transaction was concluded early in July 2015 and Remgro financed the transaction through a combination of its own cash and external funding.

In conjunction with the above transaction, Remgro and Mediclinic concluded an agreement whereby Mediclinic would acquire Remgro's interest in Spire, subject to Mediclinic raising the appropriate funds in order to conclude such a transaction. During August 2015 Mediclinic raised R10.0 billion through a rights issue in terms of which 111 111 111 new Mediclinic shares were issued at a price of R90.00 per share. Remgro, by following its rights and by underwriting the balance of the rights issue, subscribed for an additional 51 342 886 Mediclinic shares totalling R4.6 billion. Following the successful conclusion of the rights issue, Mediclinic acquired Remgro's shareholding in Spire during August 2015 for an amount of R8.6 billion, equal to the purchase price, transaction and funding costs. Remgro thus effectively only facilitated the acquisition of Spire by Mediclinic.

In order to participate in the above-mentioned rights issue Remgro obtained bridge financing amounting to R3.5 billion. On 13 January 2016 Remgro (through its wholly owned subsidiary, Remgro Healthcare Holdings Proprietary Limited (Remgro Healthcare)) refinanced the bridge financing by issuing fixed rate cumulative redeemable preference shares. These preference shares have a tenure of four years and the dividend rate is fixed at 7.7%, payable semi-annually.

After the above transactions, Remgro's effective interest in Mediclinic was 42.5% (30 June 2015: 42.0%).

Combination of Mediclinic and Al Noor Hospitals Group plc (Al Noor)

On 14 October 2015 Mediclinic and Al Noor agreed on the terms for the combination of their respective businesses (the “Combination”) pursuant to which Al Noor offered to acquire 100% of the issued share capital of Mediclinic. The transaction was concluded on 15 February 2016 and given the relative size of Mediclinic and Al Noor, the Combination was classified as a reverse takeover of Al Noor. The combined group was renamed Mediclinic International plc (Mediclinic plc) and it retained its premium listing on the Main Market of the London Stock Exchange (LSE). Mediclinic plc also obtained an inward secondary listing on the main board of the Johannesburg Stock Exchange (JSE) and it was admitted to the FTSE 100 index of the LSE. Mediclinic shareholders received 0.625 Al Noor shares for every Mediclinic share held by them, based on the five-day volume weighted average price up to and including 1 October 2015 of the Mediclinic shares on the JSE and of the Al Noor shares on the LSE (which was £5.20 and £8.32, respectively). As a result of the reverse take-over, Remgro realised a profit on the dilution of the interest in Mediclinic amounting to R2 262 million.

In addition to the Al Noor shares received by Remgro and as an indivisible component of the Combination, Remgro also subscribed for an additional 72 115 384 shares in Al Noor at a subscription price of £8.32 per share for an aggregate amount of £600.0 million during February 2016 (the “Remgro Subscription”). In order to fund the Remgro Subscription, Remgro obtained bridge financing of which £400.0 million was borrowed offshore, while £200.0 million (or R4.3 billion) was borrowed in South Africa.

On 16 March 2016 Remgro (through its wholly owned subsidiary, Remgro Healthcare) refinanced the local bridge financing with newly issued fixed rate cumulative redeemable preference shares amounting to R4.4 billion. The preference shares have a tenure of five years and a fixed dividend rate of 8.3%, payable semi-annually.

On 22 March 2016 Remgro (through its wholly owned subsidiary, Remgro Jersey GBP Limited) refinanced £350.0 million of the foreign bridge financing by issuing exchangeable bonds with a tenure of five years and a fixed rate of 2.625%, payable semi-annually. The exchangeable bonds are exchangeable into approximately 30.9 million Mediclinic plc ordinary shares, and the exchange price for the bonds is £11.3086 per Mediclinic plc share, representing a 30% premium above the weighted average price on the LSE between launch and pricing of the bond offering. Upon exchange or redemption of the bonds, Remgro will have the discretionary right to deliver an amount in cash or shares or a combination of cash and shares. The bonds were included for trading on the open market (Freiverkehr) segment of the Frankfurt Stock Exchange on 23 March 2016.

On 30 June 2016 Remgro’s effective interest in Mediclinic was 44.6%.

Britehouse Holdings Proprietary Limited (Britehouse)

During September 2015 Remgro disposed of its investment in Britehouse for a total consideration of R159.6 million. A profit of R93.7 million was realised on this transaction, which is excluded from headline earnings.

Milestone China Funds

During the year under review Remgro advanced the remaining committed loan amount of $6.9 million to Milestone Capital Strategic Holdings. Remgro also invested a further $6.7 million in Milestone China Opportunities Fund III (Milestone III), thereby increasing its cumulative investment in Milestone III to $93.2 million. As at 30 June 2016 the remaining commitment to Milestone III amounted to $6.8 million.

Pembani Remgro Infrastructure Fund (PRIF)

During the year under review Remgro committed a further R150.0 million to PRIF, bringing the total committed funds to R650.0 million. As a result of the additional commitment and PRIF’s successful second and third closes, Remgro invested a further net amount of R28.6 million in PRIF, thereby increasing its cumulative investment in PRIF to R211.9 million. As at 30 June 2016 the remaining commitment to PRIF amounted to R438.1 million.

Other

Other smaller investments amounted to R152 million.

Events after year-end

Invenfin Proprietary Limited (Invenfin)
On 27 July 2016 Remgro (through its wholly owned subsidiary, Invenfin) acquired a 30% stake in Dynamic Commodities Proprietary Limited (Dynamic Commodities) for R80.0 million. Dynamic Commodities is an export-focused company that produces high quality frozen desserts, snacks and value-added “fresh frozen” fruit. During August 2016, Invenfin also acquired a 30% stake in Joya Brands Proprietary Limited, a sweets manufacturer, for R50.2 million.

Other than the above-mentioned transactions, there were no other significant transactions subsequent to 30 June 2016.

5. TREASURY SHARES

At 30 June 2015, 2 169 558 Remgro ordinary shares (0.5%) 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 444 165 Remgro ordinary shares were utilised to settle Remgro’s obligation towards scheme participants who exercised the rights granted to them.

At 30 June 2016, 1 725 393 Remgro ordinary shares (0.4%) were held as treasury shares.

6. CASH RESOURCES AT THE CENTRE

The Company’s cash resources at 30 June 2016 were as follows:

		30 June 2016		30 June 2015
R million	**Local**	**Offshore**	**Total**	
Per consolidated statement of financial position	**2 001**	**1 568**	**3 569**	4 050
Investment in money market funds	**500**	**550**	**1 050**	986
Less: Cash of operating subsidiaries	**(795)**	**(46)**	**(841)**	(1 017)
Cash at the centre	**1 706**	**2 072**	**3 778**	4 019

On 30 June 2016, approximately 28% (R1 050 million) of the available cash at the centre was invested in money market funds which are not classified as cash and cash equivalents on the statement of financial position.

DIRECTORATE

Mr Neville Williams was appointed as Chief Financial Officer on 1 April 2016, replacing Mr Leon Crouse who retired on 31 March 2016.

REPORTS OF THE INDEPENDENT AUDITOR

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

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

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

DECLARATION OF CASH DIVIDEND

Declaration of Cash Dividend No. 32
Notice is hereby given that a final gross dividend of 275 cents (2015: 259 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 2016.

A dividend withholding tax of 15% or 41.25 cents per share will be applicable, resulting in a net dividend of 233.75 cents per share, unless the shareholder concerned is exempt from paying dividend withholding tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

The total gross dividend per share for the year ended 30 June 2016 therefore amounts to 460 cents, compared to 428 cents for the year ended 30 June 2015.

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.

Dates of importance:

Last day to trade in order to participate in the dividend	Tuesday, 15 November 2016
Shares trade ex dividend	Wednesday, 16 November 2016
Record date	Friday, 18 November 2016
Payment date	Monday, 21 November 2016

Share certificates may not be dematerialised or rematerialised between Wednesday, 16 November 2016, and Friday, 18 November 2016, both days inclusive.

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

The Integrated Annual Report will be posted to members and will be available on Remgro's website at www.remgro.com during October 2016.

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
20 September 2016

DIRECTORATE

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

Executive directors
J J Durand (*Chief Executive Officer*),
W E Bührmann, N J Williams

CORPORATE INFORMATION

Secretary
M Lubbe

Listing
JSE Limited
Sector: Industrials – Diversified Industrials

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

Transfer Secretaries
Computershare Investor Services Proprietary Limited, 70 Marshall Street,
Johannesburg 2001
(PO Box 61051, Marshalltown 2107)

Auditors
PricewaterhouseCoopers Inc.
Stellenbosch

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

Website
www.remgro.com

REMGRO LIMITED

ANNEXURE A

COMPOSITION OF HEADLINE EARNINGS

R million	Year ended 30 June 2016	2015
Food, liquor and home care		
Unilever	**461**	331
Distell[1]	**499**	445
RCL Foods	**658**	755
Banking		
RMBH	**2 112**	2 005
FirstRand	**877**	840
Healthcare		
Mediclinic	**1 566**	1 734
Insurance		
RMI Holdings	**888**	986
Industrial		
Air Products	**275**	222
KTH	**(229)**	(108)
Total	**291**	133
PGSI	**36**	30
Wispeco	**144**	104
Infrastructure		
Grindrod	**(45)**	135
CIV group	**64**	51
SEACOM	**(33)**	24
Other infrastructure interests	**20**	182
Media and sport		
eMedia	**28**	69
Other media and sport interests	**(64)**	(85)
Other investments	**67**	84
Central treasury		
Finance income	**125**	111
Finance costs[2]	**(1 602)**	**-**
Other net corporate costs	**(251)**	(52)
Headline earnings	**5 887**	7 996
Weighted number of shares (million)	**514.6**	514.2
Headline earnings per share (cents)	**1 143.9**	1 555.0

1. Includes the investment in Capevin Holdings Limited.
2. Finance costs include the once-off costs (R402 million) and the option remeasurement (R730 million).

REMGRO LIMITED

ANNEXURE B

COMPOSITION OF INTRINSIC NET ASSET VALUE

	30 June 2016		30 June 2015	
R million	**Book value**	**Intrinsic value**	Book value	Intrinsic value
Food, liquor and home care				
Unilever	**3 589**	**10 650**	3 384	8 688
Distell[1]	**3 500**	**10 723**	3 157	11 098
RCL Foods	**7 294**	**9 278**	7 346	11 514
Banking				
RMBH	**13 132**	**22 356**	12 267	26 409
FirstRand	**4 652**	**9 857**	4 300	11 720
Healthcare				
Mediclinic	**33 629**	**69 691**	13 227	36 727
Insurance				
RMI Holdings	**7 157**	**18 526**	6 717	19 096
Industrial				
Air Products	**933**	**4 241**	882	4 164
KTH	**1 631**	**2 723**	1 876	2 696
Total	**1 575**	**1 879**	1 428	1 785
PGSI	**734**	**734**	672	672
Wispeco	**702**	**1 055**	603	920
Infrastructure				
Grindrod	**1 986**	**1 986**	4 016	2 329
CIV group	**1 871**	**3 166**	1 795	2 797
SEACOM	**655**	**1 043**	566	1 001
Other infrastructure interests	**540**	**540**	480	480
Media and sport				
eMedia	**1 116**	**1 342**	1 126	2 094
Other media and sport interests	**328**	**328**	374	382
Other investments	**3 737**	**3 717**	3 047	3 266
Central treasury				
Cash at the centre[2]	**3 778**	**3 778**	4 019	4 019
Debt at the centre	**(16 452)**	**(16 452)**	-	-
Other net corporate assets	**2 779**	**3 149**	1 832	2 224
Net asset value (NAV)	**78 866**	**164 310**	73 114	154 081
Potential CGT liability[3]		**(6 526)**		(5 466)
NAV after tax	**78 866**	**157 784**	73 114	148 615
Issued shares after deduction of shares repurchased (million)	**514.9**	**514.9**	514.4	514.4
NAV after tax per share (Rand)	**153.17**	**306.44**	142.12	288.89
Remgro share price (Rand)		**254.66**		255.94
Percentage discount to NAV		**16.9**		11.4

1. Includes the investment in Capevin Holdings Limited.
2. Cash at the centre excludes cash held by subsidiaries that are separately valued above (mainly RCL Foods and Wispeco).
3. The potential capital gains tax (CGT) liability is calculated on the specific identification method using the most favourable calculation for investments acquired before 1 October 2001 and also taking into account the corporate relief provisions. The increase in the potential CGT liability is mainly the result of the increased CGT inclusion rate. Deferred CGT on investments "available-for-sale" is included in "other net corporate assets" above.
4. For purposes of determining the intrinsic value, the unlisted investments are shown at directors' valuation and the listed investments are shown at stock exchange prices.
5. Intrinsic net asset values have not been audited.

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF REMGRO LIMITED

The summary consolidated financial statements of Remgro Limited, set out on pages 1 to 10 and 19 of the audited consolidated results, which comprise the summary consolidated statement of financial position as at 30 June 2016, the summary consolidated income statement and the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Remgro Limited for the year ended 30 June 2016. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 20 September 2016. Our auditor's report on the audited consolidated financial statements contained an "Other Matter" paragraph: "Other reports required by the Companies Act" (refer below).

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

Directors' responsibility for the summary consolidated financial statements

The Company's directors are responsible for the preparation of a summary of the audited consolidated financial statements in accordance with the JSE Limited's (JSE) requirements for summary financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of summary consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Remgro Limited for the year ended 30 June 2016 are consistent, in all material respects, with those consolidated financial statements, in accordance with the JSE's requirements for summary financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other reports required by the Companies Act

The "Other reports required by the Companies Act" paragraph in our audit report dated 20 September 2016 states that as part of our audit of the consolidated financial statements for the year ended 30 June 2016, we have read the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.

PricewaterhouseCoopers Inc.
Director: N H Döman
Registered Auditor

Stellenbosch
20 September 2016