REMGRO LIMITED

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

AUDITED SUMMARY CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2018 AND CASH DIVIDEND DECLARATION

SALIENT FEATURES

Headline earnings per share, excluding option remeasurement	+7.7%
Headline earnings per share	+1.8%
Ordinary dividend per share	+7.5%
Intrinsic net asset value per share	R256.97

Remgro Limited

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R million	30 June 2018*	2017
ASSETS		
Non-current assets		
Property, plant and equipment	13 626	6 668
Investment properties	119	129
Intangible assets	18 427	4 927
Investments - Equity accounted	73 722	80 883
- Available-for-sale	3 067	3 345
Retirement benefits	737	201
Loans	697	562
Deferred taxation	158	23
	110 553	96 738
Current assets	40 375	22 317
Inventories	10 967	3 055
Biological agricultural assets	807	791
Debtors and short-term loans	8 599	4 885
Investment in money market funds	3 996	5 888
Cash and cash equivalents	12 169	7 524
Other current assets	93	85
	36 631	22 228
Assets held for sale	3 744	89
Total assets	150 928	119 055
EQUITY AND LIABILITIES		
Stated capital	13 416	13 416
Reserves	84 865	79 235
Treasury shares	(183)	(219)
Shareholders' equity	98 098	92 432
Non-controlling interest	15 348	2 870
Total equity	113 446	95 302
Non-current liabilities	25 891	18 493
Retirement benefits	195	173
Long-term loans	20 316	16 446
Deferred taxation	5 268	1 511
Derivative instruments	112	363
Current liabilities	11 591	5 260
Trade and other payables	9 904	4 710
Short-term loans	1 557	480
Other current liabilities	130	69
	11 591	5 259
Liabilities held for sale	-	1
Total equity and liabilities	150 928	119 055
Net asset value per share (Rand)		
- At book value	R173.04	R163.13
- At intrinsic value	R256.97	R251.48

* *Since 11 May 2018, Remgro consolidates its investment in Distell and therefore, certain line items are not directly comparable with the prior year. Refer to "Comparison with the prior year" under "Comments" for further detail.*

Remgro Limited

SUMMARY CONSOLIDATED INCOME STATEMENT

R million	Year ended 30 June 2018	2017
CONTINUING OPERATIONS		
Sales	31 115	27 600
Inventory expenses	(17 814)	(16 138)
Staff costs	(5 641)	(4 972)
Depreciation	(810)	(752)
Other net operating expenses	(5 590)	(4 978)
Trading profit	1 260	760
Dividend income	112	61
Interest received	886	633
Fair value adjustment on exchangeable bonds' option	261	687
Finance costs	(1 266)	(1 255)
Net impairment of investments, loans, assets and goodwill	(202)	105
Profit on sale and dilution of investments	5 188	199
Consolidated profit before tax	6 239	1 190
Taxation	(423)	(227)
Consolidated profit after tax	5 816	963
Share of after-tax profit of equity accounted investments	2 893	7 099
Net profit for the year from continuing operations	8 709	8 062
DISCONTINUED OPERATIONS*		
Profit for the year from discontinued operations	490	446
Net profit for the year	9 199	8 508
Attributable to:		
Equity holders	8 943	8 431
Continuing operations	8 453	7 985
Discontinued operations	490	446
Non-controlling interest	256	77
	9 199	8 508

	2018	2017
EQUITY ACCOUNTED INVESTMENTS		
Share of after-tax profit of equity accounted investments		
Profit before taking into account impairments and non-recurring items	10 035	10 066
Net impairment of investments, assets and goodwill	(5 935)	(668)
Profit on the sale of investments	505	325
Recycling of foreign currency translation reserves	647	83
Other headline earnings adjustable items	13	18
Profit before tax and non-controlling interest	5 265	9 824
Taxation	(1 499)	(1 895)
Non-controlling interest	(383)	(384)
	3 383	7 545
Continuing operations	2 893	7 099
Discontinued operations	490	446

* *On 30 June 2018 the investment in Unilever was transferred from "investments - equity accounted" to "assets held for sale" (refer to the section dealing with "Investment activities"). Profit from discontinued operations consists of the equity accounted earnings of Unilever. Comparative information has been represented accordingly.*

Remgro Limited

HEADLINE EARNINGS RECONCILIATION

R million	Year ended 30 June 2018	2017
CONTINUING OPERATIONS		
Net profit for the year attributable to equity holders (earnings)	**8 453**	7 985
- Impairment of equity accounted investments	**580**	177
- Reversal of impairment of equity accounted investments	**(529)**	(479)
- Impairment of available-for-sale investments	**44**	5
- Impairment of property, plant and equipment	**71**	181
- Profit on sale and dilution of equity accounted investments[1]	**(5 156)**	(208)
- Loss on sale and dilution of equity accounted investments	**52**	9
- Profit on sale of available-for-sale investments	**(116)**	(15)
- Loss on sale of available-for-sale investments	**-**	15
- Profit on disposal of property, plant and equipment	**(114)**	(110)
- Recycling of foreign currency translation reserves	**(10)**	-
- Impairment of intangible assets	**34**	-
- Loss on sale of subsidiary	**42**	-
- Non-headline earnings items included in equity accounted earnings of equity accounted investments	**4 726**	220
- Profit on disposal of property, plant and equipment	**(44)**	(22)
- Profit on the sale of investments	**(583)**	(351)
- Loss on the sale of investments	**78**	26
- Impairment of investments, assets and goodwill[2]	**5 935**	668
- Recycling of foreign currency translation reserves	**(647)**	(83)
- Other headline earnings adjustable items	**(13)**	(18)
- Taxation effect of adjustments	**32**	5
- Non-controlling interest	**(35)**	(13)
Headline earnings from continuing operations	**8 074**	7 772
DISCONTINUED OPERATIONS		
Net profit for the year attributable to equity holders (earnings)	**490**	446
- Non-headline earnings items included in equity accounted earnings of equity accounted investments		
- Loss on disposal of property, plant and equipment	**12**	3
- Taxation effect of adjustments	**(3)**	-
Headline earnings from discontinued operations	**499**	449
Total headline earnings from continuing and discontinued operations	**8 573**	8 221
Option remeasurement	**(261)**	(687)
Headline earnings, excluding option remeasurement	**8 312**	7 534

1. *"Profit on sale and dilution of equity accounted investments" includes the profit realised on the Distell restructuring transaction of R5 150 million.*
2. *"Impairment of investments, assets and goodwill" from equity accounted investments includes Remgro's portion of the impairments of Mediclinic's investments in Hirslanden and Spire of R5 257 million.*

Remgro Limited

EARNINGS AND DIVIDENDS

Cents	Year ended 30 June 2018	2017
Headline earnings per share		
– Basic	1 512.6	1 485.5
Continuing operations	1 424.6	1 404.4
Discontinued operations	88.0	81.1
– Diluted	1 504.5	1 479.5
Continuing operations	1 416.5	1 398.5
Discontinued operations	88.0	81.0
Headline earnings per share, excluding option remeasurement		
– Basic	1 466.5	1 361.3
Continuing operations	1 378.5	1 280.2
Discontinued operations	88.0	81.1
– Diluted	1 458.4	1 355.5
Continuing operations	1 370.4	1 274.5
Discontinued operations	88.0	81.0
Earnings per share		
– Basic	1 577.9	1 523.4
Continuing operations	1 491.4	1 442.8
Discontinued operations	86.5	80.6
– Diluted	1 567.5	1 517.2
Continuing operations	1 481.1	1 436.8
Discontinued operations	86.4	80.4
Dividends per share		
Ordinary	532.00	495.00
– Interim	204.00	194.00
– Final	328.00	301.00

Remgro Limited

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R million	Year ended 30 June 2018	2017
Net profit for the year	**9 199**	8 508
Other comprehensive income, net of tax	**(311)**	(2 097)
Items that may be reclassified subsequently to the income statement:		
Exchange rate adjustments	**2 012**	(4 477)
Fair value adjustments for the year	**(149)**	69
Deferred taxation on fair value adjustments	**55**	21
Reclassification of other comprehensive income to the income statement	**(206)**	(20)
Other comprehensive income of equity accounted investments	**(2 127)**	2 245
Items that will not be reclassified to the income statement:		
Remeasurement of post-employment benefit obligations	**189**	68
Deferred taxation on remeasurement of post-employment benefit obligations	**(53)**	(19)
Change in reserves of equity accounted investments	**(32)**	16
Total comprehensive income for the year	**8 888**	6 411
Total comprehensive income attributable to:		
Equity holders	**8 374**	6 338
Non-controlling interest	**514**	73
	8 888	6 411

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R million	Year ended 30 June 2018	2017
Balance at the beginning of the year	**95 302**	81 657
Total comprehensive income for the year	**8 888**	6 411
Dividends paid	**(2 934)**	(2 708)
Transactions with non-controlling shareholders	**40**	18
Other movements	**18**	18
Long-term share incentive scheme reserve	**182**	127
Non-controlling shareholders' interest in acquisition of subsidiary	**11 953**	-
Non-controlling shareholders' interest in disposal of subsidiary	**(3)**	-
Shares issued	**-**	9 945
Share issue costs	**-**	(134)
Purchase of treasury shares by wholly owned subsidiary	**-**	(32)
Balance at the end of the year	**113 446**	95 302

Remgro Limited

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

R million	Year ended 30 June 2018	2017
Cash generated from operations	2 096	2 241
Interest received	879	633
Taxation paid	(657)	(363)
Dividends received[1]	3 789	4 163
Finance costs	(1 159)	(1 179)
Cash available from operating activities	4 948	5 495
Dividends paid	(2 934)	(2 708)
Net cash inflow from operating activities	2 014	2 787
Investing activities[1, 2]	2 208	(6 572)
Financing activities[3]	78	8 553
Net increase in cash and cash equivalents	4 300	4 768
Exchange rate profit/(loss) on foreign cash	213	(424)
Cash and cash equivalents at the beginning of the year	7 472	3 128
Cash and cash equivalents at the end of the year	11 985	7 472
Cash and cash equivalents – per statement of financial position	12 169	7 524
Bank overdraft	(184)	(52)

1. *The dividend received from RMI Holdings in respect of the reinvestment alternative (refer to the section dealing with "Investment activities"), amounting to R471 million, is not included in "Dividends received" and "Investing activities" for cash flow purposes.*
2. *"Investing activities" includes the net cash and cash equivalents of Distell at the acquisition date amounting to R1 306 million, as well as a decrease in money market funds of R1 892 million (2017: an increase of R4 838 million).*
3. *"Financing activities" for the comparative year included the Remgro rights issue of R9 811 million.*

ADDITIONAL INFORMATION

	30 June 2018	2017
Number of shares in issue		
- Ordinary shares of no par value	529 217 007	529 217 007
- Unlisted B ordinary shares of no par value	39 056 987	39 056 987
Total number of shares in issue	568 273 994	568 273 994
Number of shares held in treasury		
- Ordinary shares repurchased and held in treasury	(1 389 033)	(1 666 638)
	566 884 961	566 607 356
Weighted number of shares	566 773 693	553 423 346

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 2018	2017
Equity accounted investments		
Associates	70 735	75 392
Joint ventures	2 987	5 491
	73 722	80 883
Equity accounted investment reconciliation		
Carrying value at the beginning of the year	80 883	78 565
Share of net attributable profit	3 383	7 545
Dividends received	(4 259)	(3 861)
Exchange rate differences	1 779	(4 947)
Investments made	675	771
Derecognition of equity accounted investments in Distell and Capevin	(3 885)	-
Transfer of Unilever to non-current assets held for sale	(3 588)	-
Businesses acquired	968	-
Grindrod impairment reversal	487	478
Equity accounted movements on reserves	(2 145)	2 256
Other movements	(576)	76
Carrying value at the end of the year	73 722	80 883
Long-term loans		
20 000 Class A 7.7% cumulative redeemable preference shares	3 512	3 512
10 000 Class B 8.3% cumulative redeemable preference shares	4 382	4 382
Exchangeable bonds with an effective interest rate of 4.5%	6 090	5 650
Various other loans	7 533	3 127
	21 517	16 671
Short-term portion of long-term loans	(1 201)	(225)
	20 316	16 446
Additions to and replacement of property, plant and equipment	1 153	1 228
Capital and investment commitments*	4 366	1 247
(Including amounts authorised, but not yet contracted for)		
Guarantees and contingent liabilities	9	26
Dividends received from equity accounted investments set off against investments	4 259	3 861
Refer to the section dealing with “Investment activities” for more detail on related party transactions.		

* *Capital and investment commitments at 30 June 2018 include an amount of R2 459 million from Distell.*

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

R million	***Level 1***	***Level 2***	***Level 3***	**Total**
30 June 2018				
Assets				
Available-for-sale	**934**	**41**	**2 092**	**3 067**
Derivative instruments	**-**	**12**	**-**	**12**
Investment in money market funds	**3 996**	**-**	**-**	**3 996**
	4 930	**53**	**2 092**	**7 075**
Liabilities				
Non-current derivative instruments	**-**	**112**	**-**	**112**
Current derivative instruments	**-**	**34**	**43**	**77**
	-	**146**	**43**	**189**
30 June 2017				
Assets				
Available-for-sale	1 178	-	2 167	3 345
Derivative instruments	-	1	-	1
Investment in money market funds	5 888	-	-	5 888
	7 066	1	2 167	9 234
Liabilities				
Non-current derivative instruments	-	363	-	363
Current derivative instruments	-	13	49	62
	-	376	49	425

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

R million	30 June 2018	2017
Assets: Available-for-sale		
Balances at the beginning of the year	2 167	2 148
Additions	103	119
Disposals	(356)	(67)
Exchange rate adjustments	81	(178)
Fair value adjustments through comprehensive income	97	145
Balances at the end of the year	2 092	2 167
Liabilities: Derivative instruments		
Balances at the beginning of the year	49	54
Put option exercised	(6)	(5)
Balances at the end of the year	43	49

There were no transfers between the different levels.

Level 3 financial assets consist mainly of investments in the Milestone China entities (Milestone) and the Pembani Remgro Infrastructure Fund (PRIF) amounting to R1 737 million and R234 million respectively, while the investment in the Kagiso Infrastructure Empowerment Fund was disposed of during the year under review. These investments are all valued based on the fair value of each investment's underlying assets, which are valued using a variety of valuation methodologies. Listed entities are valued at the last quoted share price on the reporting date, whereas unlisted entities' valuation methods include discounted cash flow valuations, appropriate earnings and revenue multiples.

Milestone's fair value consists of listed investments (43%), cash and cash equivalents (6%), unlisted investments (60%) and other net liabilities (9%). Unlisted investments included at transaction prices in Milestone's fair value amounted to R573 million, while its remaining eight unlisted investments were valued at R469 million. PRIF's main assets are the investments in ETG Group, Nova Lumos and GPR Leasing. ETG Group was valued at its last traded price used for the acquisition of an interest by a third party. GPR Leasing and Nova Lumos were valued using the discounted cash flow method.

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

COMMENTS

1. ACCOUNTING POLICIES

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

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, with the exception of the adoption of the amendments to *IAS 7: Cash flow statements*, *IAS 12: Income taxes* and *IFRS 12: Disclosure of interest in other entities*. The implementation of these interpretations and amendments had no impact on the results of either the current or prior years.

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

2. COMPARISON WITH THE PRIOR YEAR

Since 11 May 2018 Remgro holds the majority of voting rights (56.0%) in Distell, thereby resulting in the investment in Distell now being consolidated at 31.8%. Therefore, certain line items in the statement of financial position and income statement are not directly comparable with the prior year. Based on the preliminary accounting for the business combination, the fair value of the major classes of assets and liabilities acquired are as follows:

	R million
Property, plant and equipment	6 608
Intangible assets	10 169
Inventories	7 765
Debtors and short-term loans	2 149
Cash and cash equivalents less bank overdraft	1 306
Other net assets	1 229
Long-term loans	(4 378)
Deferred taxation (assets and liabilities)	(3 693)
Trade and other payables	(3 857)
Non-controlling interest	(11 893)
Fair value of net assets acquired	5 405
Goodwill	3 535
Total purchase consideration	8 940

Distell's revenue contribution for the year under review is R4 219 million. Refer to "Investment activities" for further detail.

3. RESULTS

Headline earnings

For the year to 30 June 2018 headline earnings increased by 4.3% from R8 221 million to R8 573 million, while headline earnings per share (HEPS) increased by 1.8% from 1 485.5 cents to 1 512.6 cents. The difference in the increase between headline earnings and HEPS is attributed to the impact of the rights issue during the comparative year.

Included in headline earnings for the year under review is a positive fair value adjustment amounting to R261 million (2017: R687 million), relating to the decrease in value of the bondholders' exchange option of the exchangeable bonds (option remeasurement). Excluding the option remeasurement, headline earnings increased by 10.3% from R7 534 million to R8 312 million, while HEPS increased by 7.7% from 1 361.3 cents to 1 466.5 cents. The increase in headline earnings, excluding option remeasurement, is mainly due to higher earnings from the banking and insurance platforms, RCL Foods, Total and higher finance income, offset by a lower contribution from Mediclinic as well as transaction costs incurred on the Distell ownership restructuring and the Unilever Spreads business acquisition.

Contribution to headline earnings by reporting platform

R million	Year ended 30 June 2018	% Change	Year ended 30 June 2017
Banking	**3 525**	*11.4*	3 163
Healthcare	**1 556**	*(17.0)*	1 875
Consumer products	**1 605**	*18.5*	1 354
Insurance	**1 228**	*18.0*	1 041
Industrial	**971**	*29.5*	750
Infrastructure	**57**	*58.3*	36
Media and sport	**(47)**	*19.0*	(58)
Other investments	**66**	*(5.7)*	70
Central treasury			
- finance income	**524**	*50.1*	349
- finance costs	**(891)**	*1.3*	(903)
- option remeasurement	**261**	*(62.0)*	687
Other net corporate costs	**(282)**	*(97.2)*	(143)
Headline earnings	**8 573**	*4.3*	8 221
Option remeasurement	**(261)**		(687)
Headline earnings, excluding option remeasurement	**8 312**	*10.3*	7 534

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

Commentary on reporting platforms' performance (unaudited)

Banking

The headline earnings contribution from the banking division amounted to R3 525 million (2017: R3 163 million), representing an increase of 11.4%. FirstRand and RMH reported headline earnings growth of 11.6% and 11.4% respectively. On a normalised basis, which excludes certain non-operational and accounting anomalies, and is a better reflection of underlying performance, both FirstRand and RMH reported earnings growth of 7.9%. These increases are mainly due to growth in both net interest income, underpinned by good growth in advances and deposits, and non-interest revenue due to strong growth in fee and commission income. This growth in earnings was partly offset by an increase in non-performing loans due to the constrained macro-economic environment resulting in an increase in credit impairment charges.

Healthcare

Mediclinic's contribution to Remgro's headline earnings amounted to R1 556 million (2017: R1 875 million), representing a decrease of 17.0%. It should be noted that all the Al Noor facilities were rebranded to Mediclinic and therefore Mediclinic's contribution for the year under review included an accelerated amortisation charge of R171 million relating to the Al Noor trade name. Mediclinic's contribution also included a derecognition charge of R114 million in respect of unamortised finance expenses relating to the refinancing of Hirslanden's debt. Excluding the impact of the accelerated amortisation and derecognition of unamortised finance expenses, Mediclinic's contribution to Remgro's headline earnings would have decreased by 1.8% from R1 875 million to R1 841 million. The strengthening of the rand against the Swiss franc, British pound and United Arab Emirates dirham also had a negative impact on Mediclinic's contribution. In British pound terms Mediclinic's contribution, excluding the accelerated amortisation and derecognition of unamortised finance expenses, increased by 4.9% mainly due to a stronger performance by the Southern Africa and Middle East operating divisions, offset by a lower contribution from Hirslanden and a decrease in the equity accounted earnings from Spire.

Hirslanden's results were impacted by a subdued market, the continued change in insurance mix and the evolving changes in the regulatory environment, while Spire's contribution to Mediclinic's results included a provision of £9 million for the potential cost of a settlement relating to civil litigation against a consultant who previously had practicing privileges at Spire and a charge relating to a decision to cease the provision of radiotherapy services at the Spire Specialist Cancer Care Centre in Baddow (Essex).

Consumer products

The contribution from consumer products to Remgro's headline earnings amounted to R1 605 million (2017: R1 354 million), representing an increase of 18.5%.

RCL Foods' contribution to Remgro's headline earnings increased by 52.6% to R647 million (2017: R424 million). This increase is mainly due to the recovery in the Chicken business unit, strong volume performances in the Dressings, Pet Food and Pies categories, lower interest costs and a tax credit of R64 million relating to an energy efficiency allowance in the Sugar business unit. The improvement from the Chicken business unit resulted from a revised business model, lower feed prices and improved realisations. The increase was dampened by the impact of listeriosis within the business unit, amounting to an estimated negative impact of R158 million. The Sugar operations experienced challenging market conditions due to low international prices, a relatively strong currency and a significant volume of dumped imports.

Unilever's contribution to Remgro's headline earnings increased by 11.1% to R499 million (2017: R449 million). This increase is mainly due to an improvement in gross margins as a result of tighter spend management.

Distell's contribution to headline earnings, which includes the investment in Capevin Holdings, amounted to R459 million (2017: R481 million). Distell's results for the year under review were negatively impacted by once-off losses and write-offs amounting to R78 million (2017: R22 million) in its associate, Tanzania Distilleries Limited, following a sachet ban and excise duty dispute. The comparative year included a reversal of a provision for interest payable in respect of an extended excise duty dispute of R42 million. Distell reported headline earnings growth, adjusted for foreign exchange movements, retrenchment and group restructuring costs, as well as the aforementioned once-off items, of 5.2%, mainly driven by a 10.4% increase in revenue achieved across all regions and categories.

Insurance

RMI Holdings' contribution to headline earnings increased by 18.0% to R1 228 million (2017: R1 041 million). On a normalised basis, RMI Holdings reported an increase of 14.8% in earnings mainly due to the contributions from Discovery (up 16.2%), OUTsurance (up 11.5%) and the newly acquired Hastings, partly offset by higher funding costs relating to the Hastings acquisition and a lower contribution by MMI (down 12.4%). The strong result by Discovery was driven by both established and emerging businesses, while OUTsurance's results were impacted by favourable claims conditions throughout all major operations. MMI's results were negatively impacted by the continued challenging macro-economic environment, as well as operational shortcomings in the Momentum and Metropolitan retail divisions.

Industrial

Total's contribution to Remgro's headline earnings amounted to R501 million (2017: R224 million). Included in the contribution to headline earnings for the year under review are favourable stock revaluations amounting to R216 million (2017: unfavourable stock revaluations of R82 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 6.9% from R306 million to R285 million.

Remgro's share of the results of KTH amounted to R55 million (2017: R34 million). This increase is mainly due to lower finance costs as a result of the repayment of debt following the disposal of the investment in Exxaro Resources Limited.

Air Products' and Wispeco's contribution to headline earnings amounted to R289 million and R122 million respectively (2017: R298 million and R169 million), while PGSI contributed R4 million to Remgro's headline earnings (2017: R25 million).

Infrastructure

Grindrod's contribution to Remgro's headline earnings amounted to a loss of R46 million (2017: a loss of R48 million), impacted by stock impairments in the rail assembly business due to the closure of this business unit. This decrease was partly offset by improved results across core businesses mainly due to increased commodity demand and stronger drybulk shipping rates.

For the year under review the CIV group contributed R48 million to headline earnings (2017: R110 million). This decrease is mainly due to higher finance costs and depreciation due to increased infrastructure spend. Despite the decrease in earnings, the CIV group's monthly annuity income increased to R138 million (2017: R115 million).

Remgro's share of SEACOM's profit amounted to R15 million (2017: loss of R33 million). This increase is mainly due to improved results in South Africa and Kenya, as well as a once-off realisation of deferred revenue relating to the early termination of long-term contracts.

Media and sport

Media and sport primarily consist of the interests in eMedia Investments and various sport interests, including interests in rugby franchises, as well as the Stellenbosch Academy of Sport.

eMedia Investments' contribution to Remgro's headline earnings decreased to R1 million (2017: R49 million). This decrease is mainly due to a significant decline in license revenue resulting from a renegotiated DStv agreement, and the continued investment in the Openview platform.

Other investments

The contribution from other investments to headline earnings amounted to R66 million (2017: R70 million), of which Business Partners' contribution was R65 million (2017: R54 million).

Central treasury and other net corporate costs

Finance income amounted to R524 million (2017: R349 million). This increase is mainly due to higher average cash balances as a result of the Remgro rights issue in the comparative year. Finance costs amounted to R891 million (2017: R903 million). The positive fair value adjustment of R261 million (2017: R687 million) relates to the decrease in the value of the exchange option of the exchangeable bonds. Other net corporate costs amounted to R282 million (2017: R143 million). The increase in other net corporate costs is mainly due to transaction costs amounting to R109 million, incurred on the Distell ownership restructuring and the Unilever Spreads business acquisition.

Earnings

Earnings increased by 6.1% to R8 943 million (2017: R8 431 million). This increase is mainly due to the profit realised on the Distell restructuring transaction of R5 150 million, as well as the increase in headline earnings as explained above. This increase is partly offset by Remgro's portion of the impairments of Mediclinic's investments in Hirslanden and Spire of R5 257 million, as well as the lower positive fair value adjustment, relating to the decrease in value of the exchange option of the exchangeable bonds of R261 million (2017: R687 million).

4. INTRINSIC NET ASSET VALUE

Remgro's intrinsic net asset value per share increased by 2.2% from R251.48 at 30 June 2017 to R256.97 at 30 June 2018. The closing share price at 30 June 2018 was R204.29 (2017: R213.46) representing a discount of 20.5% (2017: 15.1%) to the intrinsic net asset value. Refer to Annexure B for full details.

5. INVESTMENT ACTIVITIES

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

Distell Group Holdings Limited (Distell)

On 30 June 2017 Remgro had an indirect economic interest of 31.8% in Distell Group Limited (previously listed Distell). This interest was held through its 50.0% shareholding in Remgro-Capevin Investments Proprietary Limited (RCI) and 19.0% shareholding in Capevin Holdings Limited (Capevin). Capevin held the other 50.0% shareholding in RCI and RCI had a 53.5% economic interest (or 52.8% voting interest) in the previously listed Distell.

On 11 May 2018 the competition authorities approved the restructuring of the previously listed Distell's multi-tiered ownership structure. In terms of the restructuring, Remgro exchanged its 50.0% shareholding in RCI for additional ordinary shares in Capevin (the RCI Exchange). The RCI Exchange increased Remgro's interest in Capevin from 19.0% to 59.5%. Following the RCI Exchange, Remgro exchanged its entire Capevin shareholding for ordinary shares in Distell, a new listed entity which is substantially similar to the previously listed Distell.Remgro also received unlisted B shares in Distell, which shares are linked to the Distell ordinary shares acquired by Remgro by virtue of the RCI Exchange, resulting in Remgro replicating

RCI's 52.8% voting rights in the previously listed Distell. The unlisted B shares only carry voting rights in Distell and have no economic participation. The restructuring had no impact on Remgro's intrinsic net asset value and Remgro retained its 31.8% economic interest in Distell, but increased its voting rights in Distell to 56.0%.

Remgro's investments in RCI and Capevin were previously classified as a joint venture and an associate, respectively, and accounted for using the equity method. Since the restructuring, Remgro holds the majority of voting rights (56.0%) in Distell, thereby resulting in the investment in Distell now being consolidated at 31.8% with effect from 11 May 2018, while the investments in RCI and Capevin were derecognised at their fair values totalling R8 940 million, realising an accounting profit on the sale of investments of R5 150 million.

In terms of *IFRS 3: Business Combinations* the purchase consideration for Distell, consisting of the fair value of Remgro's previously held interests in RCI and Capevin, amounted to R8 940 million. The preliminary fair value of the underlying assets acquired and liabilities assumed at the effective date were: intangible assets of R10 169 million, property, plant and equipment of R6 608 million, and other net assets of R521 million. Non-controlling shareholders' proportionate interest in the fair value of Distell's net assets amounted to R11 893 million, while Remgro's economic interest therein amounted to R5 405 million. The balance of R3 535 million, being the difference between the purchase price and Remgro's portion of Distell's identifiable net assets, was allocated to goodwill.

The fair value adjustment to Distell's statement of financial position relates mainly to the recognition of brands (*inter alia Hunters*, *Savanna*, *Amarula* and *Bernini*). The amortisation of these additional assets will result in an annual after-tax expense of R145 million (Remgro's portion being R46 million) included in headline earnings. Since Remgro retained its economic interest of 31.8% in Distell's underlying business, the impact on attributable headline earnings for the year under review only relates to the additional after-tax amortisation expense of R8 million for the period to 30 June 2018.

RMI Holdings Limited (RMI Holdings)
On 19 September 2017 and 12 March 2018 RMI Holdings declared its final dividend for the year ended 30 June 2017 and interim dividend for the six months ended 31 December 2017 respectively. Both dividends included an alternative to the cash dividend of either receiving a scrip distribution or reinvesting the cash dividend by subscribing for new RMI Holdings ordinary shares. Remgro elected the reinvestment alternative for both declarations. Cash dividends amounting to R471 million were reinvested for 7 691 641 new RMI Holdings ordinary shares at R38.00 per share and 4 196 921 new RMI Holdings ordinary shares at R42.50 per share during October 2017 and April 2018 respectively. These investments increased Remgro's interest in RMI Holdings marginally to 30.3% (30 June 2017: 29.9%).

Grindrod Limited (Grindrod)
On 19 June 2018 Grindrod distributed its shipping division to its shareholders as a dividend *in specie*. Grindrod shareholders received 1 Grindrod Shipping Holdings Limited (Grindrod Shipping) share for every 40 Grindrod shares held and, accordingly, Remgro received 4 329 580 Grindrod Shipping shares. Grindrod Shipping listed on the NASDAQ on 18 June 2018 with a secondary inward listing on the JSE on 19 June 2018. On 30 June 2018 Remgro's effective interests in Grindrod and Grindrod Shipping were 23.0% (2017: 23.1%) and 22.7% respectively.

Kagiso Infrastructure Empowerment Fund (KIEF)
During the year under review, Remgro disposed of its investment in KIEF, realising a profit on disposal of R103 million on the transaction. Remgro initially committed funds amounting to R350 million to KIEF, which had a target size of R650 million and aimed to invest in infrastructure projects, including roads, airports, power and telecommunication installations, railway systems, ports, water and social infrastructure. In total, Remgro invested R285 million in KIEF and received income and capital distributions amounting to R381 million, which includes the proceeds on disposal of KIEF.

Invenfin Proprietary Limited (Invenfin)
During the year under review Remgro (through its wholly owned subsidiary, Invenfin) invested a further R80 million in Bos Brands Proprietary Limited (Bos Brands), thereby increasing its cumulative investment in Bos Brands to R244 million. Bos Brands is an owner, producer, marketer and distributor of a range of ice teas and sports drinks, under the BOS brand.

Pembani Remgro Infrastructure Fund (PRIF)

During the year under review Remgro invested a further R43 million in PRIF, thereby increasing its cumulative investment to R298 million. As at 30 June 2018 the remaining commitment to PRIF amounted to R352 million.

Other

Other smaller investments amounted to R114 million.

Events after year-end

Unilever South Africa Holdings Proprietary Limited (Unilever)

The competition authorities have approved Unilever's acquisition of Remgro's 25.75% shareholding in Unilever in exchange for Unilever's Spreads business in Southern Africa, as well as a cash consideration of R4 900 million, representing a total transaction value of R11 900 million. This transaction valued the Unilever Spreads business at R7 000 million. The effective date of the transaction was 2 July 2018.

On 2 July 2018 the Unilever Spreads business, valued at R7 000 million, was transferred to Silver 2017 Proprietary Limited (Silver), which became a wholly owned subsidiary of Remgro, and the investment in Unilever was disposed of for R11 900 million. In terms of *IFRS 3: Business Combinations* the purchase price of the Unilever Spreads business will be allocated to intangible assets (mainly brands like *Rama*, *Stork* and *Flora*), property, plant and equipment and other net assets, while the balance will be allocated to goodwill. At the date of publication of the audited consolidated results, the acquisition date fair values of acquired net assets have not yet been determined.

RMI Holdings

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

Community Investment Ventures Holdings Proprietary Limited (CIVH)

On 29 August 2018 Remgro invested a further R324 million in CIVH as part of a CIVH rights offer.

Milestone Capital Strategic Holdings Limited (MCSH)

During August 2018 Remgro disposed of its investment and loan in MCSH for a total purchase consideration of $70 million.

Other than the above-mentioned transactions, there were no other significant transactions subsequent to 30 June 2018.

6. TREASURY SHARES

At 30 June 2017, 1 666 638 Remgro ordinary shares (0.3%) were held as treasury shares by a wholly owned subsidiary of Remgro. As previously reported, these shares were acquired for the purpose of hedging Remgro's share incentive scheme.

During the year under review 277 605 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants who exercised the rights granted to them.

At 30 June 2018, 1 389 033 (0.3%) Remgro ordinary shares were held as treasury shares.

7. CASH RESOURCES AT THE CENTRE

The Company's cash resources at 30 June 2018 were as follows:

	30 June 2018			30 June 2017
R million	**Local**	**Offshore**	**Total**	
Per consolidated statement of financial position	**6 921**	**5 248**	**12 169**	7 524
Investment in money market funds	**3 915**	**81**	**3 996**	5 888
Less: Cash of operating subsidiaries	**(1 701)**	**(760)**	**(2 461)**	(1 189)
Cash at the centre	**9 135**	**4 569**	**13 704**	12 223

On 30 June 2018, approximately 29% (R3 996 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 W E Bührmann has retired as an executive director from the Board of Remgro on 30 April 2018. He has reached his normal retirement age of 63 for executive directors.

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

REPORTS OF THE INDEPENDENT AUDITOR

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

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

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

Remgro
Limited

DECLARATION OF CASH DIVIDEND

Declaration of Dividend No. 36

Notice is hereby given that a final gross dividend of 328 cents (2017: 301 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 2018.

A dividend withholding tax of 20% or 65.6 cents per share will be applicable, resulting in a net dividend of 262.4 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 2018 therefore amounts to 532 cents, compared to 495 cents for the year ended 30 June 2017.

The issued share capital at the declaration date is 529 217 007 ordinary shares and 39 056 987 B ordinary shares. The income tax number of the Company is 9500-124-71-5.

Dates of importance:

Last day to trade in order to participate in the dividend	Tuesday, 13 November 2018
Shares trade ex dividend	Wednesday, 14 November 2018
Record date	Friday, 16 November 2018
Payment date	Monday, 19 November 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 14 November 2018, and Friday, 16 November 2018, both days inclusive.

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

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
19 September 2018

DIRECTORATE

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

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

CORPORATE INFORMATION

Secretary
D I Heynes

Listing
JSE Limited
Sector: Industrial – Diversified Industrial

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

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

Auditors
PricewaterhouseCoopers Inc.
Stellenbosch

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

Website
www.remgro.com

Remgro Limited

ANNEXURE A

COMPOSITION OF HEADLINE EARNINGS (audited)

R million	Year ended 30 June 2018	2017
Banking		
RMH	2 486	2 232
FirstRand	1 039	931
Healthcare		
Mediclinic	1 556	1 875
Consumer products		
Unilever	499	449
Distell[1]	459	481
RCL Foods	647	424
Insurance		
RMI Holdings	1 228	1 041
Industrial		
Air Products	289	298
KTH	55	34
Total	501	224
PGSI	4	25
Wispeco	122	169
Infrastructure		
Grindrod	(46)	(48)
CIV group	48	110
SEACOM	15	(33)
Other infrastructure interests	40	7
Media and sport		
eMedia Investments	1	49
Other media and sport interests	(48)	(107)
Other investments	66	70
Central treasury		
Finance income	524	349
Finance costs	(891)	(903)
Option remeasurement	261	687
Other net corporate costs	(282)	(143)
Headline earnings	8 573	8 221
Weighted number of shares (million)	566.8	553.4
Headline earnings per share (cents)	1 512.6	1 485.5

Note

1. Includes the investment in Capevin Holdings Limited.

Remgro Limited

ANNEXURE B

COMPOSITION OF INTRINSIC NET ASSET VALUE (audited)

R million	30 June 2018 Book value	30 June 2018 Intrinsic value	30 June 2017 Book value	30 June 2017 Intrinsic value
Banking				
RMH	15 385	30 123	14 016	23 350
FirstRand	5 486	14 045	5 010	10 365
Healthcare				
Mediclinic	29 373	31 329	33 763	41 568
Consumer products				
Unilever	3 588	11 900	3 737	10 702
Distell[1]	9 110	9 674	3 727	9 556
RCL Foods	8 128	11 534	7 553	10 173
Insurance				
RMI Holdings	8 479	17 285	7 277	17 532
Industrial				
Air Products	1 026	4 158	1 047	4 298
KTH	1 964	2 218	1 684	2 466
Total	2 007	2 382	1 640	2 167
PGSI	692	692	643	643
Wispeco	874	984	821	1 368
Infrastructure				
Grindrod	1 624	1 624	1 915	1 915
Grindrod Shipping	623	623	-	-
CIV group	2 301	4 940	2 242	4 829
SEACOM	353	870	321	896
Other infrastructure interests	256	256	520	520
Media and sport				
eMedia Investments	866	866	1 147	1 424
Other media and sport interests	223	268	365	319
Other investments	4 060	4 196	3 947	3 932
Central treasury				
Cash at the centre[2]	13 704	13 704	12 223	12 223
Debt at the centre	(14 097)	(14 097)	(13 907)	(13 907)
Other net corporate assets	2 073	2 536	2 741	3 164
Intrinsic net asset value (INAV)	98 098	152 110	92 432	149 503
Potential CGT liability[3]		(6 438)		(7 010)
INAV after tax	98 098	145 672	92 432	142 493
Issued shares after deduction of shares repurchased (million)	566.9	566.9	566.6	566.6
INAV after tax per share (Rand)	173.04	256.97	163.13	251.48
Remgro share price (Rand)		204.29		213.46
Percentage discount to INAV		20.5		15.1

Notes

1. The prior year 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, Distell and Wispeco).
3. The potential capital gains tax (CGT) liability is calculated on the specific identification method using the most favourable calculation for investments acquired before 1 October 2001 and also taking into account the corporate relief provisions. Deferred CGT on investments "available-for-sale" is included in "other net corporate assets" above.
4. For purposes of determining the intrinsic net asset value, the unlisted investments are shown at directors' valuation and the listed investments are shown at stock exchange prices.

REPORT OT THE INDEPENDENT AUDITOR

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

Opinion

The summary consolidated financial statements of Remgro Limited, set out on pages 2 to 11, 16, 20 and 21 of the audited summary consolidated results, which comprise the summary consolidated statement of financial position as at 30 June 2018, and the summary consolidated income statement and the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Remgro Limited for the year ended 30 June 2018.

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

Summary consolidated financial statements

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

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 19 September 2018. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director’s responsibility for the summary consolidated financial statements

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

Auditor’s responsibility

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

PricewaterhouseCoopers Inc.
Director: A Wentzel
Registered Auditor

Stellenbosch
19 September 2018