ANNUAL FINANCIAL STATEMENTS 2022

Remgro Limited

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Statement of **RESPONSIBILITY** by the Board of Directors

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

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

The directors are satisfied that the information contained in the financial statements fairly represents the results of operations for the year and the financial position of the Remgro Group at year-end. The accuracy of the other information included in the Annual Report was considered by the directors and they are satisfied that it accords with the financial statements. The Board also confirms its compliance with the Companies Act and the Company's Memorandum of Incorporation for the reporting period.

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

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

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

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
26 September 2022

RESPONSIBILITY statement of the CEO and CFO

Each of the directors, whose names are stated below, hereby confirm that –

- the Annual Financial Statements set out on pages 19 to 118, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.

Jannie Durand
Chief Executive Officer

Neville Williams
Chief Financial Officer

Stellenbosch
26 September 2022

Statement by the COMPANY SECRETARY

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

Dreyer

Danielle Dreyer
Company Secretary

Stellenbosch
26 September 2022

AUDIT and RISK COMMITTEE Report

to the shareholders of Remgro Limited

This report by the Audit and Risk Committee (the committee), as appointed by the shareholders in respect of the year under review, is prepared in accordance with the principles of the King IV Report on Corporate Governance for South Africa (2016) (King IV) and the requirements of the Companies Act (No. 71 of 2008), as amended (Companies Act), and describes how the committee has discharged its statutory duties in terms of the Companies Act and its additional duties assigned to it by the Board in respect of the financial year ended 30 June 2022.

Committee members and attendance at meetings

The committee comprises four independent non-executive directors (as set out in the table below) and is chaired by Ms Sonja De Bruyn. All the committee members are suitably skilled and experienced. In terms of the committee's mandate, at least four meetings should be held annually.

Composition of the committee

Committee member*	Number of meetings held	Number of meetings attended
S E N De Bruyn (Chairman)	**4**	**4**
N P Mageza	**4**	**4**
P J Moleketi	**4**	**4**
F Robertson	**4**	**3**

* *Abridged curriculum vitae of all the directors of the Company are set out on pages 92 to 95 of the Integrated Annual Report.*

The Chief Executive Officer, Chief Financial Officer (CFO), head of internal audit, other members of senior management and representatives of the external auditors of the Company attend the committee meetings by invitation. Committee agendas provide for confidential meetings between committee members and the internal and external auditors, as well as management.

Role and responsibilities

The committee's role and responsibilities include its statutory duties as per the Companies Act, as well as the responsibilities assigned to it by the Board. The responsibilities of the Audit and Risk Committee are codified in a formal Terms of Reference, which is reviewed at least annually and which is available on Remgro's website at www.remgro.com. During the year under review, the Board reviewed the Terms of Reference of the Audit and Risk Committee, in light of the principles and recommended practices of King IV.

The committee is satisfied that it has fulfilled all of its duties during the financial year under review, as further detailed below.

The committee has also satisfied itself that there are effective boards and audit committees (where applicable) functioning at Remgro's significant operating subsidiaries (Distell Group Holdings Limited (Distell), RCL Foods Limited (RCL Foods), Siqalo Foods Proprietary Limited (Siqalo Foods) and Wispeco Holdings Proprietary Limited (Wispeco)), associates and joint ventures, whose minutes of meetings held are also included in the committee's agenda.

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

Statutory duties

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

- Nominated PricewaterhouseCoopers Inc. (PwC) (with Mr Anton Wentzel as designated partner), who, in the opinion of the committee, is independent of the Company, to the shareholders for appointment as the external auditor for the financial year ended 30 June 2022
- Determined the fees to be paid to the external auditor and their terms of engagement
- Ensured that the appointment of the external auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors
- Determined the nature and extent of any non-audit services that the external auditor may provide to the Company and its wholly owned subsidiaries administered by Remgro Management Services Limited (RMS)
- Pre-approved any proposed agreement with the external auditor for the provision of non-audit services to the Company and its wholly owned subsidiaries administered by RMS.

External audit

The committee is satisfied that the Company's external auditor, PwC, is independent of the Company and is therefore able to conduct its audit functions without any influence from the Company. The designated external audit partner rotates every five years.

PwC has been the auditor of the Company for 54 years. The business of the Company was previously transacted through Rembrandt Group Limited of which, based on available statutory records, PwC and its predecessor firms have been the external auditor for 74 years. The committee is satisfied with PwC's independence from the Company, notwithstanding its tenure as external auditor.

PwC has confirmed its compliance with the ethical requirements regarding independence and is considered independent with respect to the Group as required by the codes endorsed and administered by the Independent Regulatory Board for Auditors (IRBA), the South African Institute of Chartered Accountants and the International Federation of Accountants. As required by section 3.84(g)(iii) of the JSE Listings Requirements, the committee obtained the information listed in paragraph 22.15(h) of the JSE Listings Requirements and satisfied itself that the external auditor and audit partner for the year under review, Mr Anton Wentzel, as well as the audit partner for the financial year ending 30 June 2023, Ms Rika Labuschaigne, have the necessary experience, accreditation and are suitable for re-appointment. The committee nominated, for approval at the Annual General Meeting (AGM) on 30 November 2022, PwC as external auditor and Ms Rika Labuschaigne as audit partner for the 2023 financial year. The committee is also satisfied that the above-mentioned designated partners are not on the JSE's list of disqualified individuals. The committee thanked Mr Wentzel for his invaluable contribution as Remgro's external audit partner during the past five years.

In terms of the requirements of the IRBA, the Company is obliged to rotate its external auditor for the 2024 financial year. Following a comprehensive tender process during the 2021 financial year, the Audit and Risk Committee recommended to appoint Ernst & Young Inc. (EY) as the new external auditor of Remgro, with effect from the financial year ending 30 June 2024. An indicative non-binding advisory vote to appoint EY, with effect from the 2024 financial year, was tabled at Remgro's AGM held on 25 November 2021. At the meeting, 99.72% of the ordinary shareholders, which excludes the votes of the B ordinary shareholders, voted in favour of the appointment of EY, with effect from the 2024 financial year. The ordinary resolution to effect the statutory appointment would only be tabled at the Company's 2023 AGM. Subject to the passing of the relevant ordinary resolutions at the Company's 2022 AGM, the incumbent external auditor of the Company, PwC, will continue to act as external auditor of the Company for the financial year ending 30 June 2023.

A formal policy governs the process whereby the external auditor of the Company is considered for non-audit services. In terms of the policy, the committee is responsible for determining the nature and extent of any non-audit services that the external auditor may provide and to pre-approve any proposed contract with the external auditor for the provision of non-audit services. For the year under review, non-audit services related mainly to normal tax services. The extent of these services was within the committee's pre-approved amount.

Internal financial control and accounting systems

The committee is responsible for assessing the systems of internal financial controls and accounting systems of the Company and its wholly owned subsidiaries administered by RMS. In this regard the committee evaluated reports on the effectiveness of the systems of internal financial controls conducted by the internal audit function, considered information provided by management and held discussions with the external auditor on the results of their audit. The committee is of the opinion that the systems of internal financial controls are effective and form a basis for the preparation of reliable financial statements. In support of the aforementioned, the committee also received reports from the internal audit function regarding the effectiveness of the combined assurance process and anti-corruption, fraud prevention and detection measures in place.

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

Expertise and experience of the CFO and finance function

The committee has considered and satisfied itself with the appropriateness of the expertise and experience of the CFO, Mr Neville Williams, whose *curriculum vitae* appears on page 95 of the Integrated Annual Report.

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

Financial statements and going concern

The committee has reviewed the standalone and consolidated financial statements of the Company, and is satisfied that they comply with International Financial Reporting Standards (IFRS) and the Companies Act, and that the accounting policies used are appropriate. In particular, the committee considered the following significant issues, identified by the management team and the external auditor, and is satisfied that these issues have been appropriately accounted for in the Annual Financial Statements:

- ### Valuation of investments and consideration of possible impairments or reversal of impairments of investments and assets

  The intrinsic net asset value (INAV) is one of the measures used to assess shareholder value created. Investee companies, which represent operating segments, are valued and included in the INAV. The committee considered the methodologies, assumptions and judgements applied by management in determining the fair value of investments and is satisfied that the approach taken was appropriate.

  The committee further considered the methodologies, assumptions and judgements applied by management in determining the impairment of investments and assets, whose carrying values exceed their fair values, and is satisfied that the approach taken was appropriate. The most significant assets tested in this regard being the goodwill and indefinite life intangible assets that originated from the acquisition of Distell and Siqalo Foods, respectively.

  The committee also considered the methodologies, assumptions and judgements applied by management in determining the reversal of previous impaired or partially impaired investments, whose fair values exceed their carrying values, and is satisfied that the approach taken was appropriate. The most significant investment tested in this regard being Remgro's investment in Mediclinic International plc (Mediclinic).

  Refer to notes 2, 4.4 and 10.3 to the Annual Financial Statements for further details.

- ### Accounting for equity accounted investments

  The Company holds significant investments which are equity accounted for in terms of *IAS 28: Investments in Associates and Joint Ventures*. Some of the equity accounted investments have year-ends which are non-coterminous with that of the Company, the most significant investments in this regard being Mediclinic and Community Investment Ventures Holdings Proprietary Limited (CIVH). These investments are equity accounted from results for a financial period ended within three months from the Group's financial year-end. Significant transactions that occur after the equity accounted investments' period-end, but before the Group's year-end, are accounted for in Remgro's consolidated financial statements. Significant adjustments for the current year related to dividends received from equity accounted investments and the conversion of Mediclinic's financial information from its presentation currency (British pound) to the Company's presentation currency as at 30 June 2022. The committee considered these transactions and is satisfied with the accounting treatment thereof. Refer to note 4.1 to the Annual Financial Statements for further details.

- ### Accounting for investments held as assets held for sale

  On 15 November 2021, Distell and Heineken International B.V. (Heineken) announced their intention to combine the Heineken Southern African business, including an interest in Namibia Breweries Limited, with the bulk of the Distell business (consisting of its cider, other RTDs and spirits and wine business) in a new unlisted entity controlled by Heineken and referred to as Newco. The proposed transaction will also include an offer by Newco to Distell shareholders to acquire their Distell shares for R165 per share and/or unlisted shares in Newco, or a combination thereof. Remgro intends to elect to receive Newco shares for its Distell shares. The investment in Distell is classified as a subsidiary and is being consolidated. The investment in Distell does not yet meet the criteria to be classified as a disposal group under *IFRS 5* as the assets of Distell, which are the subject of the disposal, are not available for immediate sale in its present condition and the sale is not yet highly probable. The proposed transaction is still subject to a number of conditions precedent.

  The committee considered the assumptions and key judgements made by management in accounting for the investment in Distell and is satisfied with the accounting treatment thereof. Refer to note 1 (VII) to the Annual Financial Statements for further details.

- ### Going concern

  The committee has reviewed a documented assessment by management of the going concern premise of the Company. Based on the facts and circumstances known, management and the committee determined that there is not a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern, and therefore the committee recommended to the Board that the Company will be a going concern for the foreseeable future.

Risk and opportunities management

The committee has assigned oversight of the risk and opportunities management function to the Risk, Opportunities, Technology and Information Governance Operational Subcommittee (the ROTIG Committee), which is a subcommittee of the committee. The mandate of the ROTIG Committee includes the maintenance of the Risk Management and Opportunities Policy and plan, establishment of an operational Risk and Opportunities Register, technology and information risk management, legal compliance and occupational health and safety.

The ROTIG Committee is chaired by the CFO and the 15 other members are all senior managers of the Company. The chairman of the committee has a standing invitation to attend the ROTIG Committee meetings as an *ex officio* member to ensure the effective functioning of the ROTIG Committee and that appropriate risk information is shared with the committee.

Internal audit

The Company's internal audit division is an effective, independent appraisal function and forms an integral part of the Enterprise-wide Risk and Opportunities Management system that provides assurance on the effectiveness of the Company's system of internal control. The committee has appointed Mr Deon Annandale as Remgro's Chief Audit Executive (CAE). The committee is satisfied with the attributes, objectivity and independence of the CAE, and that the CAE has the necessary experience, gravitas and competence. The internal audit division of the Company is staffed by qualified and experienced personnel and services all of Remgro's wholly owned subsidiaries administered by RMS, as well as Wispeco. In addition, the internal audit division also performs independent internal audit work for other investee companies such as CIVH, Rand Merchant Investment Holdings Limited, SEACOM Capital Limited and Business Partners Limited.

During the year under review the committee considered and recommended the internal audit charter for approval by the Board. The committee further considered the internal audit quality assurance plan and the performance of the internal audit function, and is satisfied that the internal audit function conforms to a recognised industry code of ethics and standards. Further details on the Group's internal audit functions are provided in the Risk and Opportunities Management Report, which is included in the Integrated Annual Report.

Compliance

The committee is responsible for reviewing any major breach of relevant legal and regulatory requirements. The committee is satisfied that there has been no material non-compliance with laws and regulations during the year under review.

The committee is also satisfied that it has complied with all its legal, regulatory and other responsibilities during the year under review.

Recommendation to the Board

The committee has reviewed and considered the Integrated Annual Report, including the comprehensive Annual Financial Statements and Sustainability Report published on the Company's website at www.remgro.com, and has recommended it for approval by the Board.

Sonja De Bruyn
Chairman of the Audit and Risk Committee

Stellenbosch
26 September 2022

Report of the BOARD OF DIRECTORS

for the year ended 30 June 2022

Dear Shareholder

The Board has pleasure in reporting on the activities and financial results for the year under review.

Nature of activities

The Company is an investment holding company. Cash income is derived mainly from dividends and interest. The consolidated Annual Financial Statements of the Company and its subsidiaries also incorporate the equity accounted attributable income of associates and joint ventures.

The Group's interests consist mainly of investments in healthcare; consumer products; financial services; infrastructure; industrial and media interests.

Results

Year ended	30 June 2022	30 June 2021
Headline earnings (R million)	**6 494**	2 885
– per share (cents)	**1 150.6**	510.6
– diluted (cents)	**1 141.4**	508.1
Earnings – net profit for the year (R million)	**13 139**	3 550
– per share (cents)	**2 327.9**	628.3
– diluted (cents)	**2 312.5**	625.5
Dividends (R million)*	**852**	511
– ordinary – per share (cents)	**150.00**	90.00

* *A final dividend of 100 cents (2021: 60 cents) per share was declared after the year-end and was therefore not provided for in the Annual Financial Statements. The final dividend is subject to dividend tax.*

Investment activities

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

Mediclinic International plc (Mediclinic)

On 4 August 2022 the boards of Manta Bidco Limited (Bidco), MSC Mediterranean Shipping Company SA (MSC), Remgro and Mediclinic announced that they have reached agreement on the terms of a recommended cash offer by Bidco to acquire the entire issued and to be issued ordinary share capital of Mediclinic, other than the Mediclinic shares Remgro already owns (the Acquisition). Remgro currently holds 328 497 888 Mediclinic ordinary shares (representing an interest of approximately 44.6%). Bidco is a newly formed company, which is jointly owned by Remgro and MSC.

In terms of the Acquisition, Mediclinic shareholders will receive 504 pence per Mediclinic share (the offer price). The offer price represents a premium of 35% to the Mediclinic share price on 25 May 2022 of 373 pence, the day prior to the initial offer. Bidco reserves the right to reduce the offer price by future Mediclinic dividends (including the 3 pence per Mediclinic share declared by Mediclinic on 25 May 2022, paid on 26 August 2022), distributions or other returns of value in instances where current Mediclinic shareholders retain the right to such dividends, distributions or other returns of value declared, made or paid.

Remgro, MSC and Bidco have also entered into a subscription and rollover agreement, in terms of which Remgro will sell its existing Mediclinic shares to Bidco in exchange for shares in Bidco and subscribe for further shares in Bidco for approximately £201 million (representing an additional indirect interest in Mediclinic of approximately 5.4%). MSC will also subscribe for shares in Bidco (representing an indirect interest in Mediclinic of 50.0%). The share subscription in Bidco will enable the Acquisition. Bidco's issued share capital will be held equally by Remgro and MSC. Remgro currently accounts for its investment in Mediclinic as an equity accounted investment and, following the completion of the Acquisition, Remgro will also account for its 50% interest in Bidco (being an indirect 50.0% interest in Mediclinic) as an equity accounted investment. The Acquisition is still subject to various conditions precedent.

Rand Merchant Investment Holdings Limited (RMI)

On 20 September 2021, RMI announced its decision to restructure its investment portfolio by the distribution of all the shares held by it in its two life insurance-focused assets, Discovery Limited (Discovery) and Momentum Metropolitan Holdings Limited (Momentum Metropolitan) (the RMI Unbundling), and on 8 December 2021, RMI also announced the disposal of its 30% stake in Hastings Group Holdings plc (Hastings) for R14.6 billion.

The RMI Unbundling was completed during April 2022 and Remgro received 51 254 365 Discovery shares (7.7% interest), in the ratio of 10.91799 Discovery shares for every 100 RMI shares held, and 122 908 061 Momentum Metropolitan shares (8.6% interest), in the ratio of 26.18136 Momentum Metropolitan shares for every 100 RMI shares held. The market values of these investments at that time amounted to R8 561 million and R2 056 million, respectively, and both the investments were classified as financial instruments at fair value through other comprehensive income. In future only dividend income will be accounted for these investments in the income statement.

Following the RMI Unbundling and the Hastings disposal, RMI's remaining assets consist mainly of its 89.1% investment in OUTsurance Holdings Limited.

Distell Group Holdings Limited (Distell)

On 15 November 2021, Distell and Heineken International B.V. (Heineken) announced their intention to combine the Heineken Southern African business, including an interest in Namibia Breweries Limited, with the bulk of the Distell business (consisting of its cider, other RTDs and spirits and wine business) in a new unlisted entity controlled by Heineken and referred to as Newco. The proposed transaction will include the unbundling by Distell of the unlisted shares in Distell's subsidiary, Capevin Holdings Proprietary Limited (Capevin), which holds Distell's remaining assets, including its Scotch whisky business. The proposed transaction will also include an offer by Newco to Distell shareholders to acquire their Distell shares for R165 per share and/or unlisted shares in Newco, or a combination thereof and an offer by Heineken to Distell shareholders to acquire their Capevin shares for R15 per share. The proposed transaction was approved by the Distell shareholders on 15 February 2022. During September 2022, the Namibian Competition Commission approved the transaction with conditions and the Competition Commission of South Africa recommended it to the Competition Tribunal with various conditions attached. Once all the regulatory approvals have been obtained, shareholders will still be required to make an election.

Remgro intends to elect to receive Newco shares for its Distell shares and is accordingly expected to be a significant shareholder in Newco. Furthermore, Remgro does not intend to accept the cash offer to be made by Heineken for the Capevin shares that it will receive and is therefore expected to retain a controlling shareholding in Capevin.

Community Investment Ventures Holdings Proprietary Limited (CIVH)

During July 2021, Remgro subscribed for 67 364 shares in CIVH for a total amount of R2 124 million in terms of a rights issue. The proceeds of the rights issue was used to reduce the CIVH group's debt and to facilitate further growth. This share subscription and a share repurchase to exit one of the minorities during the year increased Remgro's interest in CIVH from 55.2% at 30 June 2021 to 57.0% at 30 June 2022.

On 10 November 2021, Remgro advised its shareholders that CIVH and Vodacom Proprietary Limited (Vodacom) reached an agreement in terms of which Vodacom will, through a combination of assets of approximately R4.2 billion and cash of at least R6.0 billion, acquire up to 40% of the ordinary shares of a newly created wholly owned subsidiary of CIVH (namely Infraco), which will hold *inter alia* CIVH's current interests in Vumatel and DFA. As a result of the proposed transaction, Remgro's indirect interest in DFA and Vumatel will dilute with the entrance of Vodacom as a shareholder, but Remgro will also obtain an indirect interest in the assets contributed by Vodacom. The proposed transaction is still subject to various conditions precedent, *inter alia* regulatory approvals.

FirstRand Limited (FirstRand)

During June and July 2020, Remgro entered a series of options (zero cost collars) to hedge the value of 60 000 000 of its FirstRand shares. Remgro classifies its investment in FirstRand as a financial instrument at fair value through other comprehensive income.

The 60 000 000 FirstRand shares were hedged on a 1:1 basis and the zero cost collars were recognised at fair value with changes in the fair value also accounted for in other comprehensive income.

The zero cost collars became exercisable during June and July 2022 and Remgro decided to sell the 60 000 000 FirstRand hedged shares to net settle the option liabilities. The net effect of the disposal of the 60 000 000 FirstRand hedged shares amounted to proceeds on disposal of R2 997 million (being R49.945 per FirstRand share). Remgro effectively sold 40 800 000 FirstRand shares for R2 038 million during June 2022, reducing its interest in FirstRand to 2.5% at 30 June 2022 (30 June 2021: 3.3%), and 19 200 000 FirstRand shares for R959 million during July 2022, which further reduced its interest to 2.2%.

On 30 June 2022, the zero cost collar was valued as a liability of R239 million (2021: R495 million).

Grindrod Shipping Holdings Limited (Grindrod Shipping)

On 25 November 2021, Remgro agreed to dispose of its investment in Grindrod Shipping (included under the Infrastructure platform under Other infrastructure investments) and the investment, which was previously classified as an equity accounted investment, was reclassified as a non-current asset held for sale. The transaction was concluded during January 2022 and Remgro sold its 4 329 580 Grindrod Shipping shares for a gross consideration of R1 191 million.

Invenfin Proprietary Limited (Invenfin) (a wholly owned subsidiary of Remgro)

During October 2021, Invenfin Investments 2 Proprietary Limited (an 88.7% held subsidiary of Invenfin) entered into an agreement for the disposal of its full 50.5% interest in Ad Dynamo Proprietary Limited (Ad Dynamo). The total disposal consideration amounted to R245 million. As one of Africa's largest digital media sales houses, Ad Dynamo partners exclusively with a number of leading global digital platforms to drive their revenue growth in Africa.

During November 2021, Invenfin sold one third of its Bolt Technology OÜ (Bolt) investment for R179 million (or €10 million), with the disposal consideration approximating Invenfin's total investment cost in Bolt to date. Bolt is a leading mobility and delivery services platform, headquartered in Tallinn, Estonia and operating across Europe and Africa.

Asia Partners Funds

During the year under review Remgro invested a further $9 million in Asia Partners I LP (Asia Partners I), thereby increasing its cumulative investment to $19 million. As at 30 June 2022 the fair value of Remgro's investment in Asia Partners I amounted to $24 million and remaining commitment to Asia Partners I amounted to $6 million.

During April 2022, Remgro also committed to invest up to $50 million in Asia Partners II LP (Asia Partners II). Asia Partners II makes private equity and private equity-related investments in technology or technology-enabled companies focused primarily on the Southeast Asia region. On 28 April 2022, Asia Partners II, who had an initial target fund size of $600 million, announced its initial close at $310 million in commitments. Subsequent to 30 June 2022 Remgro invested $8 million in Asia Partners II.

Pembani Remgro Infrastructure Fund (PRIF)

During the year under review Remgro invested a further R91 million in PRIF and received distributions of R9 million, thereby increasing its cumulative investment to R577 million and cumulative distributions received to R347 million. As at 30 June 2022 the fair value of Remgro's investment in PRIF amounted to R615 million and remaining commitment to PRIF amounted to R73 million.

Milestone China Funds

As at 30 June 2021, Remgro's total investment in Milestone China Opportunities Fund III (Milestone III) amounted to $100 million. During the year under review Remgro received distributions of $4 million from Milestone III, thereby increasing its cumulative distributions received to $89 million. As at 30 June 2022 the fair value of Remgro's investment in Milestone III amounted to $49 million.

Other

Other smaller investments amounted to R94 million.

Events after year-end

Grindrod Limited (Grindrod)

On 26 September 2022 Remgro approved the unbundling of its investment in Grindrod to its shareholders as a dividend *in specie* in terms of Section 46 of the Income Tax Act, in the ratio of 30.70841 Grindrod shares for every 100 Remgro shares held. The expected distribution date is 17 October 2022.

Other than the above-mentioned events, there were no other significant events subsequent to 30 June 2022.

Cash resources at the centre

The Company's cash resources at 30 June 2022 were as follows:

	30 June 2022			30 June
R million	**Local**	**Offshore**	**Total**	2021
Per consolidated statement of financial position	**7 929**	**3 955**	**11 884**	8 763
Investment in money market funds	**5 700**	**–**	**5 700**	5 010
Less: Cash of operating subsidiaries	**(3 833)**	**(1 471)**	**(5 304)**	(4 067
Cash at the centre	**9 796**	**2 484**	**12 280**	9 706

On 30 June 2022, approximately 46% (R5 650 million) of the available cash at the centre was invested in money market funds which are not classified as cash and cash equivalents on the statement of financial position. Refer to note 5 to the Annual Financial Statements for further details.

Group financial review

Statement of financial position

The analysis of "Equity employed" and "Source of headline earnings" below reflects the sectors into which the Group's investments have been classified. No adjustment has been made where investments are active mainly in one sector but also have interests in other sectors.

	30 June 2022		30 June 2021	
	R million	**R per share**	R million	R per share
Equity employed				
Attributable to equity holders	**98 443**	**174.52**	88 059	155.86
Employment of equity				
Healthcare	**26 681**	**47.30**	24 581	43.51
Consumer products	**23 463**	**41.60**	22 066	39.06
Financial services	**6 500**	**11.52**	11 447	20.26
Infrastructure	**8 571**	**15.19**	6 547	11.59
Industrial	**5 957**	**10.56**	4 732	8.38
Diversified investment vehicles	**5 354**	**9.49**	5 350	9.47
Media	**967**	**1.71**	818	1.45
Portfolio investments	**14 799**	**26.24**	8 320	14.73
Social impact investments	**132**	**0.23**	135	0.24
Central treasury				
– Cash at the centre	**12 280**	**21.77**	9 706	17.18
– Debt at the centre	**(7 838)**	**(13.90)**	(7 821)	(13.84)
Other net corporate assets	**1 577**	**2.81**	2 178	3.83
	98 443	**174.52**	88 059	155.86

Income statement

	30 June 2022 R million	30 June 2022 %	30 June 2021 R million	30 June 2021 %
Source of headline earnings				
Healthcare	**1 267**	**20**	674	23
Consumer products	**1 906**	**29**	1 576	55
Financial services	**866**	**13**	921	32
Infrastructure	**613**	**9**	(376)	(13)
Industrial	**1 800**	**28**	1 014	35
Diversified investment vehicles	**95**	**1**	(260)	(9)
Media	**178**	**3**	53	2
Portfolio investments	**444**	**7**	247	9
Social impact investments	**(20)**	**–**	(66)	(2)
Central treasury				
– Finance income	**224**	**3**	212	7
– Finance costs	**(627)**	**(10)**	(861)	(30)
Other net corporate costs	**(252)**	**(3)**	(249)	(9)
	6 494	**100**	2 885	100

R million	30 June 2022	30 June 2021
Composition of headline earnings		
Subsidiaries	**1 697**	812
Profits	**2 385**	1 862
Losses	**(688)**	(1 050)
Associates and joint ventures	**4 797**	2 073
Profits	**4 843**	2 780
Losses	**(46)**	(707)
	6 494	2 885

Share incentive schemes

Remgro currently has three long-term incentive plans, i.e. the old Remgro Equity Settled Share Appreciation Right Scheme (SAR Scheme), the Remgro Share Appreciation Rights Plan (SAR Plan) and the Remgro Equity Settled Conditional Share Plan (CSP).

In terms of the SAR Scheme and SAR Plan, participants are offered Remgro ordinary shares to the value of the appreciation of their rights to a specified number of Remgro ordinary shares that can be exercised at different intervals but before the expiry of seven years from date of grant. The earliest intervals at which the share appreciation rights vest and are exercisable are as follows:

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

In terms of the CSP, participants are awarded Remgro ordinary shares that will vest as follows:

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

Vesting on both schemes are conditional on fulfilment of the employment period and achievement of performance conditions (where applicable).

Refer to note 8 to the Annual Financial Statements for further details on both schemes.

Treasury shares

At 30 June 2021, 3 280 163 Remgro ordinary shares (0.6%) were held as treasury shares by a wholly owned subsidiary of Remgro. As previously reported, these shares were acquired for the purpose of hedging Remgro's share schemes.

During the year under review Remgro repurchased a further 1 000 000 Remgro ordinary shares at an average price of R136.94 per share for a total amount of R137 million, while 74 666 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants.

At 30 June 2022, 4 205 497 Remgro ordinary shares (0.8%) were held as treasury shares.

Principal shareholder

Rupert Beleggings Proprietary Limited (Rupert Beleggings) holds all the issued unlisted B ordinary shares of the Company and is entitled to 42.66% (2021: 42.62%) of the total votes.

An analysis of the shareholders appears on pages 119 and 120.

Subsidiaries and investments

Particulars of subsidiaries and equity accounted investments are disclosed in note 14 of the Annual Financial Statements.

Directors

The names of the directors appear on pages 92 to 95 of the Integrated Annual Report.

There were no changes to the directorate in the year under review. Mr F Robertson was appointed as a member of the Investment Committee effective 21 September 2021. Mr P J Neethling was appointed as an alternate member to Mr J P Rupert on the Investment Committee effective 23 March 2022.

In terms of the provision of the Memorandum of Incorporation, Mses S E N De Bruyn and M Lubbe and Messrs P J Moleketi, M Morobe and P J Neethling retire from the Board by rotation. These directors are eligible and offer themselves for re-election.

Directors' interests

At 30 June 2022 the aggregate of the direct and indirect interests of the directors and their associates in the issued ordinary share capital of the Company amounted to 3.33% (2021: 3.33%).

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

An analysis of directors' interests in the issued capital of the Company appears on page 121.

Directors' emoluments

The total directors' fees for services rendered as directors during the past financial year amounted to R6.1 million (2021: R5.7 million).

Acquisition of shares of the Company

It is recommended that a general authority be granted to the Board to acquire, should circumstances warrant it, the Company's own shares and to approve the acquisition of shares in the Company by any of its subsidiaries, subject to the provisions of the Companies Act (No. 71 of 2008), as amended, and the Listings Requirements of the JSE Limited (JSE).

A special resolution to grant this general authority to the Board is incorporated in the notice of the Annual General Meeting that appears on page 166 of the Integrated Annual Report.

Authority to place ordinary shares under the control of the directors

It is recommended that a general authority be granted to the Board to allot and issue ordinary shares, subject to the provisions of the Companies Act (No. 71 of 2008), as amended, the Memorandum of Incorporation and the Listings Requirements of the exchange operated by JSE Limited, provided that the aggregate number of ordinary shares to be allotted and issued is limited to 5% of the number of the unissued ordinary shares in the authorised share capital of the Company (being 23 539 150 ordinary shares). This authority cannot be used to issue shares for cash.

An ordinary resolution to grant this general authority to the Board is incorporated in the notice of the Annual General Meeting that appears on page 166 of the Integrated Annual Report.

Declaration of cash dividend

Declaration of cash dividend No. 44

Notice is hereby given that a final gross dividend of 100 cents (2021: 60 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 2022.

A dividend withholding tax of 20% or 20 cents per share will be applicable, resulting in a net dividend of 80 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 2022 therefore amounts to 150 cents, compared to 90 cents for the year ended 30 June 2021.

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

Payment

The final dividend is payable on Monday, 14 November 2022, to shareholders of the Company registered at the close of business on Friday, 11 November 2022.

Share certificates may not be dematerialised or rematerialised between Wednesday, 9 November 2022, and Friday, 11 November 2022, both days inclusive.

In terms of the Company's Memorandum of Incorporation, dividends will only be transferred electronically to the bank accounts of shareholders. 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.

Secretary

The name and address of the Company Secretary appear on page 160 of the Integrated Annual Report.

Approval

The comprehensive Annual Financial Statements set out on pages 19 to 118 have been approved by the Board.

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
26 September 2022

Report of the INDEPENDENT AUDITOR

to the shareholders of Remgro Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Remgro Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

What we have audited

Remgro Limited's consolidated and separate financial statements set out on pages 19 to 118 comprise:

- the consolidated and company statements of financial position as at 30 June 2022;
- the consolidated and company income statements for the year then ended;
- the consolidated and company statements of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company statements of cash flows for the year then ended; and
- the notes to the annual financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

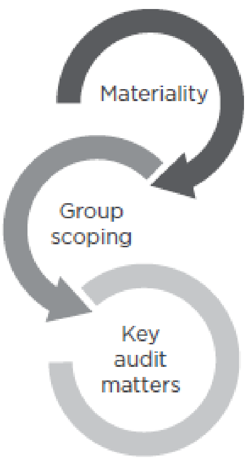
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards).*

Our audit approach

Overview



Overall group materiality

- Overall group materiality: R587 million, which represents 5% of consolidated profit before tax and share of profit of equity accounted investments before tax, adjusted for non-recurring items.

Group audit scope

- Full scope audits were performed for all individually significant components;
- Full scope audits, audits of balances or independent reviews were performed for components that are financially significant in aggregate with other components; and
- Analytical procedures were performed over the remaining insignificant components.

Key audit matters

Consolidated financial statements

- Accounting for equity accounted investments;
- Impairment assessment (including consideration of impairment reversals) of equity accounted investments; and
- Goodwill and indefinite life intangible asset impairment assessments.

Separate financial statements

- Impairment assessment (including consideration of impairment reversals) of investments in subsidiaries and investments in associates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Group materiality	R587 million
How we determined it	5% of consolidated profit before tax and share of profit of equity accounted investments before tax, adjusted for non-recurring items.
Rationale for the materiality benchmark applied	We chose consolidated profit before tax and share of profit of equity accounted investments before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users. Consolidated profit before tax and share of profit of equity accounted investments before tax was adjusted to exclude the non-recurring items as disclosed in note 3.1 to the consolidated financial statements. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our group audit scope

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

Our scoping included ten components, which were either a financially significant component (based on the contribution to headline earnings), components of which an identified financial statement line item or items were considered to be significant or an area of higher risk, or components which were financially significant in aggregate with other components. Full scope audits were performed on components which are financially significant or of which an identified financial statement line item or items were considered to be significant or an area of higher risk. In addition, full scope audits, audits of balances or independent reviews were performed for components that are not individually significant, but significant in aggregate with other components. The remainder of the components were considered to be non-significant, individually and in aggregate. We performed analytical procedures on these remaining non-significant components.

Group instructions were communicated to the component auditors. The instructions covered those areas that we required the component auditors to focus on, as well as information that we required them to report to us. We examined the reporting received from the component auditors and assessed the impact thereof on the consolidated financial statements. We examined the working papers of component auditors of significant components relating to areas of significant risks in the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Consolidated financial statements

Key audit matter

Accounting for equity accounted investments
(Refer to notes 4.1 and 4.2 to the consolidated financial statements)

The Group holds significant investments which are equity accounted in terms of International Accounting Standard *IAS 28*: *Investments in associates and joint ventures*. The Group's share of the after-tax profit of equity accounted investments for the year ended 30 June 2022 was R10 980 million, and the carrying value of the Group's equity accounted investments was R50 771 million at 30 June 2022.

The equity accounting of these investments was considered a matter of most significance to our current year audit due to the manual nature of the calculations supporting equity accounting entries and the significance of the equity accounted figures in relation to the reported results of the Group.

In addition, some of the equity accounted investments have year ends which are non-coterminous with that of the Group, the most significant investment in this regard being Mediclinic International plc (Mediclinic). These investments are equity accounted based on results for a financial year ended within three months before the Group's financial year-end.

Any significant transactions that occur between the equity accounted investment's year-end and the Group's year-end are accounted for in the consolidated financial statements for the Group at year-end.

Significant adjustments for the current period related to the following:

- Dividends received from equity accounted investments; and
- The conversion of Mediclinic's financial information from its presentation currency (British pound) to the Group's presentation currency at 30 June 2022.

How our audit addressed the key audit matter

We obtained the equity analysis prepared by management for each of the investments and performed the following procedures:

- We agreed the figures used by management in the equity analysis to the financial information of the investee companies which are equity accounted. We noted no material differences;
- We re-performed management's calculation of the effective interest in each of the equity accounted investments. We agreed the inputs in management's calculation to the number of shares held by the Group and the issued share capital of the investee company. We noted no material differences; and
- We tested the mathematical accuracy of the equity analysis by recalculating the Group's share in equity accounted earnings, other comprehensive income and equity movements and tracing it to the consolidation journals and the consolidation sheets. We noted no material differences.

We recalculated management's consolidation workings to test for mathematical accuracy and assessed the completeness of journal entries with reference to the prior year journal entries and corporate transactions executed by the Group during the current year. We found no material inconsistencies.

The financial information of significant equity accounted investments were audited by component auditors. We performed the following procedures regarding the work of the component auditors:

- We held discussions with the component auditors and issued them with Group instructions as described in the section '*How we tailored our Group audit scope*';
- We assessed the competence, knowledge and experience of the component auditors; and
- To assess the adequacy of the procedures performed by the component auditors of significant components to support our audit work, we examined their working papers on significant risks as well as the information they reported to us. We found the work performed by the component auditors to be sufficient and appropriate for our purposes.

For investments which have year-ends that are non-coterminous with that of the Group, the following procedures were performed:

- We read and examined minutes of board meetings and discussed with the Group's nominated directors to identify any significant or abnormal transactions that occurred in the period from 1 April 2022 to 30 June 2022, being the period not equity accounted by the Group, which could have had an effect on the results and

Key audit matter	How our audit addressed the key audit matter
Accounting for equity accounted investments (Refer to notes 4.1 and 4.2 to the consolidated financial statements) *(continued)*	carrying value of the equity accounted investments at 30 June 2022. No material adjustments, other than those recorded by management, were identified by our procedures and we found the accounting of these investments to be in line with *IAS 28: Investments in associates and joint ventures.* • We instructed the component auditors of Mediclinic, Community Investment Ventures Holdings Proprietary Limited (CIVH) and Air Products South Africa Proprietary Limited (Air Products) to perform, and report to us, procedures to identify significant events that occurred between their reporting period of 31 March 2022 and the Group's year-end which could have an effect on the financial results equity accounted by the Group. We examined the reports received from the component auditors in this regard and assessed the impact thereof on the consolidated financial statements. No significant events other than those adjusted by management relating to the foreign exchange on Mediclinic and dividends received during the period from 31 March and 30 June 2022 were identified from these procedures.
Impairment assessment (including consideration of impairment reversals) of equity accounted investments (Refer to note 4.4 to the consolidated financial statements) The Group has significant equity accounted investments. In terms of IFRS, impairment assessments should be performed if any indicators of impairment are identified. Similarly, reversals of impairment are considered if indicators of reversals of previously recorded impairment losses are identified. The fair value of the investment in Mediclinic based on the listed market price exceeded its equity accounted carrying value at 30 June 2022. Management concluded not to reverse previously recognised impairment losses as the underlying performance of the business did not show significant improvement since the impairment was first recognised. In addition, Mediclinic's share price at 30 June 2022 was also affected by the announcement of Remgro and Mediterranean Shipping Company's (MSC) intended offer to the other Mediclinic shareholders. Management performed a value-in-use to determine Mediclinic's recoverable amount. During the current year, management accounted for a reversal of previously recognised impairment losses of R361 million that were recorded in respect of Grindrod Limited (Grindrod). This represents an adjustment of the carrying value to the investment's fair value less cost of disposal at 30 June 2022. During the current year, management identified impairment indicators in relation to certain investments held at 30 June 2022.	We obtained management's assessment of potential impairments and impairment reversals and independently assessed the equity accounted investments for indicators of both impairments and impairment reversals by comparing the carrying value to the fair value of the investments. We noted no material additional investments that required a detailed assessment of impairment or reversal of previous impairment. *IAS 36: Impairment of assets* requires an assessment to be performed to determine whether there is evidence available that the economic performance of the asset is, or will be, better than expected, as evidenced by a significant improvement in earnings performance. For the investment in Mediclinic, we assessed the underlying performance of the business to determine whether there has been a significant improvement of the business that would warrant a reversal of the previously recognised impairment. We compared the results of the underlying divisions within Mediclinic from the time of the initial impairment to the most recent reporting date. Based on our procedures performed, we are in agreement with management's assessment that the earnings of the largest underlying divisions do not show significant improvement since the impairment was recognised. *IFRS 13: Fair value*, states that where significant events (for example announcements of corporate transactions) occur, a quoted market price might not be representative of fair value on the measurement date. We noted that the average listed market price per Mediclinic share during the past year was trading significantly below the year-end share price and, as such, the year-end share price might not represent the fair value of the investment. For Grindrod, we agreed the fair value less cost of disposal to the quoted market price at the reporting date and recalculated the write-up of the equity accounted carrying value of the investment to the recoverable amount and noted no differences.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment (including consideration of impairment reversals) of equity accounted investments (Refer to note 4.4 to the consolidated financial statements) ***(continued)*** Based on management's assessment, an impairment loss to the value of R193 million was recognised on the investment in Business Partners Limited (Business Partners). The impairment loss represents a write-down of the equity accounted carrying value of the investment to the recoverable amount based on fair value less cost of disposal. Management assessed the recoverable amount of eMedia Investments Proprietary Limited (eMedia) as at 30 June 2022 to determine whether an impairment loss should be recognised. The recoverable amount based on value-in-use exceeded the carrying value of the investment and accordingly management determined that no impairment loss should be recognised. The impairment assessment was considered a matter of most significance to our current year audit because of the potential financial significance of impairment losses and reversals to the consolidated financial results. Additionally, the assessment requires judgement and calculations of recoverable amounts contain a number of key assumptions, including discount rates, terminal growth rates and cash flow projections.	For Mediclinic, Business Partners and eMedia, we obtained management's calculations of the recoverable amount based on fair value less cost of disposal or value-in-use. Using this information, we performed the following procedures: • Using our valuation expertise, we challenged management's key assumptions by comparing terminal growth rates and discount rates to industry benchmarks and economic forecasts; and • We agreed the underlying cash flow forecasts to approved budgets and the current trading performance of the investee companies and obtained reasons for the growth profiles used. • We followed up on variances and obtained underlying evidence for variances noted. Based on our work performed, we accepted the recoverable amounts based on management's value-in-use and fair value less cost of disposal calculations with no impairment losses recognised. For the impairment loss recognised on the investment in Business Partners, we recalculated the write-down of the equity accounted carrying value of the investment to the recoverable amount and noted no material variances. For the investment in eMedia, we compared the recoverable amount to the carrying value and noted that no impairment loss was required. We assessed the disclosures regarding the impairment losses, reversals and the impairment assessments in the consolidated financial statements against the requirements of *IAS 36: Impairment of assets*.
Goodwill and indefinite life intangible asset impairment assessments **(Refer to note 10.3 to the consolidated financial statements)** The Group's net assets include a significant amount of goodwill and indefinite life intangible assets amounting to R7 970 million and R10 722 million respectively. Management performs annual impairment tests, in line with *IAS 36: Impairment of assets*, to assess the recoverability of the carrying value of goodwill and indefinite life intangible assets. The assessment in the current year was performed using value-in-use or fair value less cost of disposal calculations for the relevant cash-generating units (CGUs). Based on the impairment assessment, management concluded to recognise a R162 million impairment loss in the current year. Management performed sensitivity analyses on the assets by varying the key assumptions used (discount rates and perpetuity growth rates) to assess the impact on the valuation and available headroom, as disclosed in note 10.3 to the consolidated financial statements.	We held discussions with management to obtain an understanding of the methodology applied by management in performing its impairment test for each of the relevant CGUs and we found the approach adopted by management in the valuation models to be consistent with market practice and the applicable requirements of *IAS 36: Impairment of assets*. We tested management's calculation for each model by: • Testing the mathematical accuracy of management's impairment calculations. • Using our valuation expertise, we challenged management's key assumptions by comparing terminal growth rates and discount rates to industry benchmarks and economic forecasts. • We agreed cash flows to the business plans approved by the respective boards. • In assessing management's forecasts for reasonableness, we considered the historical accuracy of forecasts by comparing the actual results for the current year to the original forecasts. Where variances were noted, we followed up with management and assessed the reasonability of the variances. • Where the fair value was determined based on the market price, we agreed the share price to the listed market price as at 30 June 2022.

Key audit matter	How our audit addressed the key audit matter
Goodwill and indefinite life intangible asset impairment assessments (Refer to note 10.3 to the consolidated financial statements) *(continued)* We considered the impairment assessment of goodwill and indefinite life intangible assets to be a matter of most significance to our audit due to the following: • The judgement and assumptions (discount rates and terminal growth rates) applied by management in their impairment assessment; and • The magnitude of the related goodwill and indefinite life intangible asset balances to the consolidated financial statements.	Based on our work performed, we accepted the recoverable amounts determined by management's value-in-use and fair value less cost of disposal calculations. We performed independent sensitivity calculations on the impairment assessments in order to ascertain the impact of changes to the key assumptions on the available headroom. Based on the outcome of our procedures, we accepted management's assessment. We assessed the disclosure of management's impairment testing, in note 10.3 to the consolidated financial statements, against the requirements of *IAS 36: Impairment of assets*.

Separate Financial Statements

Key audit matter	How our audit addressed the key audit matter
Impairment assessment (including consideration of impairment reversals) of investments in subsidiaries and investments in associates (Refer to note 2 and 3 to the separate financial statements for the related disclosures). The Company holds investments in subsidiaries with a historical cost of R40 279 million and investments in associates with a historical cost of R14 224 million. In terms of IFRS, impairment assessments should be performed if any indicators of impairment are identified. Similarly, reversals of impairment are considered if indicators of reversals of previously recorded impairment losses are identified. Management previously recognised an impairment loss of R29 409 million against the investment in Remgro Healthcare Holdings (Proprietary) Limited (RHH). An increase in the listed market price of RHH's underlying investment in Mediclinic indicated a possible reversal of the previously recorded impairment loss. Management concluded not to reverse previously recognised impairment losses as the underlying performance of the business did not show significant improvement since the impairment was first recognised. In addition, Mediclinic's share price at 30 June 2022 was also affected by the announcement of Remgro and MSC's intended offer to the other Mediclinic shareholders. A decline in the listed market price of Rand Merchant Investment Holdings Limited (RMI) following the unbundling of Discovery Limited and Momentum Metropolitan Holdings Limited was identified as an impairment indicator relating to this investment. An impairment loss of R1 155 million was recognised against the investment in RMI in the current year. We considered this to be a matter of most significance to our current year audit because of the judgements required and the potential financial significance of reversals and impairment losses to the Company financial statements.	*IAS 36: Impairment of assets* requires an assessment to be performed to determine whether there is evidence available that the economic performance of the asset is, or will be, better than expected, as evidenced by a significant improvement in earnings performance. For the investment in RHH, we assessed the underlying performance of Mediclinic to determine whether there has been a significant improvement in the business that would warrant a reversal of the previously recognised impairment. We compared the results of the underlying divisions within Mediclinic from the time of the initial impairment to the most recent reporting date. We noted that the earnings of the largest underlying division did not show significant improvement since the impairment was recognised. *IFRS 13: Fair value*, states that where significant events (for example announcements of corporate transactions) occur, a quoted market price might not be representative of fair value on the measurement date. We noted that the average listed market price per Mediclinic share during the past year was trading significantly below the year-end share price and, as such, the year-end share price might not represent the fair value of the investment. For the investment in RMI, we obtained the listed share price at 30 June 2022 and recalculated the market value of the investment at that date. We recalculated the impairment loss based on the difference between the carrying value and the recoverable amount and noted no material variances. We assessed the disclosures regarding the impairment assessment in the financial statements against the requirements of *IAS 36: Impairment of assets*.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Remgro Limited Annual Financial Statements 2022", which includes the Statement by the Company Secretary, the Audit and Risk Committee Report and the Report of the Board of Directors as required by the Companies Act of South Africa and the document titled "Sustainability Report 2022" and "Remgro Limited Integrated Annual Report 2022". The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Remgro Limited for 54 years. The business of Remgro Limited was previously transacted through Rembrandt Group Limited of which based on available statutory records, PricewaterhouseCoopers Inc. and its predecessor firms have been the auditor for 74 years.

PricewaterhouseCoopers Inc.

Director: A Wentzel
Registered Auditor

Stellenbosch, South Africa
26 September 2022

Statement of FINANCIAL POSITION

at 30 June 2022

R million	Notes	30 June 2022	30 June 2021
Assets			
Non-current assets			
Property, plant and equipment	10.1	**17 831**	16 765
Investment properties	10.2	**137**	124
Intangible assets	10.3	**20 275**	20 680
Investments – Equity accounted	4.1	**50 771**	50 207
– Financial assets at fair value through other comprehensive income (FVOCI)	4.3	**20 650**	14 342
Financial assets at fair value through profit and loss (FVPL)	6.4	**242**	214
Retirement benefits	10.4	**709**	692
Long-term loans and debtors	10.5	**155**	146
Deferred taxation	11.1	**219**	208
		110 989	103 378
Current assets		**45 709**	37 388
Inventories	10.6	**13 568**	12 621
Biological agricultural assets	10.7	**1 232**	955
Debtors and short-term loans	10.8	**11 903**	9 597
Loans to equity accounted investments	4.1	**15**	94
Financial assets at FVPL	6.4	**78**	83
Taxation		**98**	258
Investment in money market funds	5.1	**5 700**	5 010
Cash and cash equivalents	5.2	**11 884**	8 763
		44 478	37 381
Assets held for sale	10.10	**1 231**	7
Total assets		**156 698**	140 766
Equity and liabilities			
Stated capital	7.1	**13 416**	13 416
Reserves	7.2	**85 712**	75 204
Treasury shares		**(685)**	(561)
Shareholders' equity		**98 443**	88 059
Non-controlling interest	7.3	**17 437**	15 517
Total equity		**115 880**	103 576
Non-current liabilities		**21 128**	20 103
Retirement benefits	10.4	**149**	136
Long-term loans	6.1	**11 693**	11 978
Lease liabilities	6.3	**959**	1 440
Deferred taxation	11.1	**8 276**	6 389
Hedge derivatives	6.4	**51**	160
Current liabilities		**19 690**	17 087
Trade and other payables	10.9	**16 025**	12 844
Short-term loans	6.2	**2 681**	3 401
Lease liabilities	6.3	**231**	275
Financial liabilities at FVPL	6.4	**33**	471
Taxation		**325**	96
		19 295	17 087
Liabilities held for sale	10.10	**395**	–
Total equity and liabilities		**156 698**	140 766

INCOME statement

for the year ended 30 June 2022

R million	Notes	30 June 2022	30 June 2021
Revenue	12.1	**76 096**	65 803
Inventory expenses		**(46 073)**	(38 387)
Staff costs	12.2	**(10 056)**	(9 251)
Depreciation	12.3	**(1 892)**	(1 711)
Other net operating expenses	12.3	**(13 015)**	(12 005)
Trading profit		**5 060**	4 449
Dividend income	4.5	**641**	366
Interest received		**537**	446
Finance costs		**(1 229)**	(1 548)
Impairment of investments, assets and goodwill	12.3	**(461)**	(119)
Reversal of impairment of investments and assets	12.3	**614**	1 158
Loss allowances on loans		**45**	(205)
Bargain purchase gain		**–**	8
Profit on sale and dilution of investments	12.3	**394**	17
Consolidated profit before tax		**5 601**	4 572
Taxation	11.3	**(1 602)**	(1 135)
Consolidated profit after tax		**3 999**	3 437
Share of after-tax profit of equity accounted investments	4.2	**10 980**	1 618
Net profit for the year		**14 979**	5 055
Attributable to:			
Equity holders		**13 139**	3 550
Non-controlling interest		**1 840**	1 505
		14 979	5 055
Earnings per share (cents)	3.2		
Basic		**2 327.9**	628.3
Diluted		**2 312.5**	625.5

Statement of COMPREHENSIVE INCOME

for the year ended 30 June 2022

R million	Equity reserves	Other reserves	Fair value reserves	Retained earnings	Share-holders' equity	Non-controlling interest	Total equity
30 June 2022							
Net profit for the year				**13 139**	**13 139**	**1 840**	**14 979**
Other comprehensive income, net of tax	**510**	**(383)**	**(2 705)**	**470**	**(2 108)**	**162**	**(1 946)**
Items that may be reclassified subsequently to the income statement:							
Exchange rate adjustments	**(307)**	**277**	**44**	**463**	**477**	**101**	**578**
Fair value adjustments for the year	**–**	**(595)**	**(216)**	**–**	**(811)**	**20**	**(791)**
Deferred taxation on fair value adjustments	**–**	**(25)**	**48**	**–**	**23**	**(10)**	**13**
Reclassification of other comprehensive income to the income statement	**89**	**(40)**	**–**	**–**	**49**	**15**	**64**
Other comprehensive income of equity accounted investments	**1 556**	**–**	**–**	**–**	**1 556**	**2**	**1 558**
Items that will not be reclassified to the income statement:							
Fair value adjustments for the year	**–**	**–**	**(306)**	**–**	**(306)**	**–**	**(306)**
Deferred taxation on fair value adjustments	**–**	**–**	**(2 235)**	**–**	**(2 235)**	**(1)**	**(2 236)**
Capital gains taxation on disposal of FVOCI investments	**–**	**–**	**(40)**	**–**	**(40)**	**–**	**(40)**
Remeasurement of post-employment benefit obligations	**–**	**–**	**–**	**2**	**2**	**40**	**42**
Deferred taxation on remeasurement of post-employment benefit obligations	**–**	**–**	**–**	**5**	**5**	**(5)**	**–**
Change in reserves of equity accounted investments	**(828)**	**–**	**–**	**–**	**(828)**	**–**	**(828)**
Total comprehensive income for the year	**510**	**(383)**	**(2 705)**	**13 609**	**11 031**	**2 002**	**13 033**
30 June 2021							
Net profit for the year				3 550	3 550	1 505	5 055
Other comprehensive income, net of tax	(1 703)	(2 592)	3 073	(983)	(2 205)	(307)	(2 512)
Items that may be reclassified subsequently to the income statement:							
Exchange rate adjustments	(308)	(2 401)	(47)	(1 061)	(3 817)	(371)	(4 188)
Fair value adjustments for the year	–	(254)	(317)	–	(571)	51	(520)
Deferred taxation on fair value adjustments	–	55	71	–	126	(14)	112
Reclassification of other comprehensive income to the income statement	–	8	–	–	8	1	9
Other comprehensive income of equity accounted investments	(2 626)	–	–	–	(2 626)	(1)	(2 627)
Items that will not be reclassified to the income statement:							
Fair value adjustments for the year	–	–	4 156	–	4 156	(6)	4 150
Deferred taxation on fair value adjustments	–	–	(447)	–	(447)	(1)	(448)
Capital gains taxation on disposal of FVOCI investments	–	–	(343)	–	(343)	–	(343)
Remeasurement of post-employment benefit obligations	–	–	–	109	109	48	157
Deferred taxation on remeasurement of post-employment benefit obligations	–	–	–	(31)	(31)	(14)	(45)
Change in reserves of equity accounted investments	1 231	–	–	–	1 231	–	1 231
Total comprehensive income for the year	(1 703)	(2 592)	3 073	2 567	1 345	1 198	2 543

Statement of CHANGES IN EQUITY

for the year ended 30 June 2022

R million	Stated and issued capital	Treasury shares	Equity reserves	Other reserves	Fair value reserves	Retained earnings	Share-holders' equity	Non-controlling interest	Total equity
30 June 2022									
Balances at 1 July	**13 416**	**(561)**	**9 687**	**2 277**	**1 360**	**61 880**	**88 059**	**15 517**	**103 576**
Total comprehensive income for the year	**–**	**–**	**510**	**(383)**	**(2 705)**	**13 609**	**11 031**	**2 002**	**13 033**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(621)**	**(621)**	**(100)**	**(721)**
Transactions with non-controlling shareholders	**–**	**–**	**–**	**(8)**	**–**	**(5)**	**(13)**	**2**	**(11)**
Transfer between reserves and other movements	**–**	**3**	**–**	**(200)**	**–**	**205**	**8**	**2**	**10**
Transfer of retained income of equity accounted investments	**–**	**–**	**(1 651)**	**–**	**–**	**1 651**	**–**	**–**	**–**
Transfer of gain on disposal of FVOCI investments to retained earnings	**–**	**–**	**–**	**667**	**(1 007)**	**340**	**–**	**–**	**–**
Business acquired	**–**	**–**	**–**	**12**	**–**	**–**	**12**	**28**	**40**
Long-term share incentive scheme reserve	**–**	**10**	**–**	**94**	**–**	**–**	**104**	**(14)**	**90**
Purchase of treasury shares by wholly owned subsidiary	**–**	**(137)**	**–**	**–**	**–**	**–**	**(137)**	**–**	**(137)**
Balances at 30 June	**13 416**	**(685)**	**8 546**	**2 459**	**(2 352)**	**77 059**	**98 443**	**17 437**	**115 880**
30 June 2021									
Balances at 1 July	13 416	(564)	10 814	4 470	(1 660)	60 297	86 773	14 670	101 443
Total comprehensive income for the year	–	–	(1 703)	(2 592)	3 073	2 567	1 345	1 198	2 543
Dividends paid	–	–	–	–	–	(452)	(452)	(54)	(506)
Transactions with non-controlling shareholders	–	–	–	161	–	(9)	152	(393)	(241)
Transfer between reserves and other movements	–	1	–	13	–	–	14	4	18
Transfer of retained income of equity accounted investments	–	–	576	–	–	(576)	–	–	–
Transfer of gain on disposal of FVOCI investments to retained earnings	–	–	–	–	(53)	53	–	–	–
Business acquired	–	–	–	–	–	–	–	3	3
Long-term share incentive scheme reserve	–	2	–	225	–	–	227	89	316
Balances at 30 June	13 416	(561)	9 687	2 277	1 360	61 880	88 059	15 517	103 576

Statement of CASH FLOWS

for the year ended 30 June 2022

R million	Notes	30 June 2022	30 June 2021
Cash flows – operating activities			
Trading profit		**5 060**	4 449
Adjustments	5.3.1	**2 981**	2 320
Trading profit before working capital changes		**8 041**	6 769
Working capital changes	5.3.2	**(285)**	248
Cash generated from operations		**7 756**	7 017
Cash flows generated from returns on investments		**2 758**	1 739
Interest received		**535**	446
Dividends received	5.3.3	**2 223**	1 293
Finance costs		**(1 185)**	(1 676)
Taxation paid	5.3.4	**(1 430)**	(1 628)
Cash available from operating activities		**7 899**	5 452
Proceeds from retirement fund assets transferred to Distell		**55**	405
Cash settled share-based payments made by Distell		**(148)**	–
Dividends paid	5.3.5	**(721)**	(506)
Cash inflow from operating activities		**7 085**	5 351
Cash flows – investing activities			
Investment in property, plant and equipment to maintain operations		**(1 637)**	(1 044)
Investment in property, plant and equipment and other assets to expand operations		**(1 635)**	(1 004)
Proceeds on disposal of property, plant and equipment and intangible assets		**262**	242
Proceeds on disposal of assets held for sale		**13**	510
Additions to investments and loans		**(2 437)**	(2 317)
Businesses acquired		**(84)**	(64)
Proceeds on disposal of investments and loans		**3 536**	2 542
Investment in money market funds		**(690)**	(800)
Withdrawal of money market funds		**–**	735
Cash outflow from investing activities		**(2 672)**	(1 200)
Cash flows – financing activities			
Loans repaid		**(1 618)**	(7 579)
Loans advanced		**406**	414
Lease payments		**(474)**	(454)
Investments in subsidiary companies		**(39)**	(258)
Purchase of treasury shares		**(137)**	–
Cash outflow from financing activities		**(1 862)**	(7 877)
Net increase/(decrease) in cash and cash equivalents		**2 551**	(3 726)
Exchange rate profit/(loss) on foreign cash		**353**	(892)
Cash and cash equivalents at the beginning of the year		**8 601**	13 219
Cash and cash equivalents at the end of the year		**11 505**	8 601
Cash and cash equivalents – per statement of financial position		**11 884**	8 763
Bank overdraft		**(379)**	(162)

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NOTES to the ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2022

1. Accounting policies

The Annual Financial Statements are prepared on the historical cost basis, unless otherwise indicated, in accordance with International Financial Reporting Standards (IFRS), the IFRS Interpretations Committee interpretations, the requirements of the Companies Act (No. 71 of 2008), as amended, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the Listings Requirements of the exchange operated by JSE Limited (JSE).

The Covid-19 pandemic had significantly less impact on the Group than the preceding two financial years. Management will continue to monitor its effects and implemented measures to mitigate the effects of Covid-19 on the Group.

These financial statements incorporate accounting policies that have been consistently applied to all periods presented and are consistent with those applied in the previous financial year. Various changes in IFRS became effective for the financial year under review, but did not impact the Group.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note VII of the accounting policies.

The over-arching accounting policies that the Group applied in the preparation of the financial statements are set out below, while those that are applicable to each line item are included in the relevant notes.

(I) Consolidation

Consolidation – subsidiaries

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

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

Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that are deemed an asset or liability are recognised in accordance with *IFRS 9: Financial Instruments* either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of the consideration transferred, non-controlling interest recognised and previously held interest measured are less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

1. Accounting policies (continued)

(I) Consolidation (continued)

Consolidation – subsidiaries (continued)

Intergroup transactions, balances and unrealised gains and losses are eliminated on consolidation. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Subsidiaries are measured at cost less accumulated impairments in the separate financial statements.

(II) Foreign currencies

Functional and presentation currency

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

Transactions and balances

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

Group entities

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

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

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

1. Accounting policies (continued)

(II) Foreign currencies (continued)

Group entities (continued)

Foreign currencies used

	30 June 2022	30 June 2021	*Movement (%)*
Closing exchange rates			
SA rand/British pound	**19.6301**	19.7408	*0.6*
SA rand/USA dollar	**16.2958**	14.2832	*(14.1)*
SA rand/Swiss franc	**16.9603**	15.4302	*(9.9)*
SA rand/euro	**16.9063**	16.9270	*0.1*
Average exchange rates			
SA rand/British pound	**20.2207**	20.7035	*2.3*
SA rand/USA dollar	**15.2046**	15.4003	*1.3*
SA rand/Swiss franc	**16.3062**	16.9174	*3.6*
SA rand/euro	**17.1234**	18.3537	*6.7*

(III) Impairment of assets

Goodwill and intangible assets with indefinite lives

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

Other assets

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

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

- Investment properties, property, plant and equipment and intangible assets with finite useful lives
  Where these assets are identified as being impaired, that is when the recoverable amount has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. Such written-off amounts are accounted for in the income statement.

- Financial assets measured at amortised cost
  The Group recognises an allowance for expected credit losses for all debt instruments measured at amortised cost. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. Expected credit losses are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

  For trade receivables only, the Group applies the simplified approach permitted by *IFRS 9*, which requires lifetime expected credit losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment, for example growth in gross domestic product and changes in unemployment rates. Trade receivables have been grouped based on shared credit risk characteristics, such as the days past due. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

  If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, such as improved credit rating, the previously recognised impairment loss is reversed and is recognised in the income statement.

1. Accounting policies (continued)

(III) Impairment of assets (continued)

Other assets (continued)

- Financial assets carried at fair value
  These financial assets are measured at fair value, either through profit and loss or other comprehensive income, based on the classification of the asset. As the assets are measured at fair value, no impairment review is performed.

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

(IV) Current/non-current distinction

Items are classified as current when it is expected to be realised, traded, consumed or settled within 12 months after the reporting date, or the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

(V) Income statement

The composition of the Group's net profit is relevant for a proper understanding of its financial results. Due to the nature of the Group's operations, a significant portion of its net profit results from associates and joint ventures. Consequently, additional information relating to the Group's share of the after-tax profit of associates and joint ventures is disclosed separately in note 4.2. In order to promote comparability, equity accounted income from associates and joint ventures, which is presented on an after-tax basis, is disclosed after the tax line in the income statement.

"Consolidated profit" represents the profit of the Company and its subsidiaries before equity accounted income, while "trading profit" represents the profit of the operating subsidiaries in the Group, before investment income, finance costs, results of corporate actions and impairments.

(VI) Earnings measures

From time to time corporate actions may lead to significant items being recognised in the income statement that may not be excluded from the calculation of headline earnings. In these instances, the Group may elect to disclose alternative earnings measures excluding these items in order to promote comparability between reporting periods. The Group elected not to disclose alternative earnings measures for the year under review.

In accordance with paragraph 3.4(b)(v) of the JSE Listings Requirements, the Company again confirms the use of headline earnings per share for trading statement purposes. This is still considered an appropriate measure given that, as an investment holding company, the assessment of headline earnings is a key performance measure.

(VII) Critical accounting judgements and critical accounting estimates and assumptions

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

Critical judgements in applying the Group's accounting policies

The most critical judgement exercised relates to the classification of investments. Refer to note 4 for further detail.

Judgement is also exercised with regard to the determination of the functional currency of the offshore entities that hold the Group's cash and short-term financial investments, as well as held the exchangeable bonds that were settled during the previous financial year. The functional currencies of these entities are determined with reference to the currency in which the entities receive their operating cash inflows, as this most fairly presents the economic effects of the underlying transactions, events and conditions. The structure that held the Group's exchangeable bonds also has a strong British pound residual risk, both through the underlying investment in Mediclinic and the external funding obtained. The funding is largely separate from Remgro as the funding came from bondholders and the underlying investments.

The operations of these entities are clearly separated from those of the parent and are managed separately from each other in terms of a strategic investment plan to invest and/or raise finance in hard currencies based on specific and pre-determined portfolio allocations. As a result, exchange differences arising on the translation of those entities into the reporting currency of the Group are deferred in other comprehensive income until being realised, as opposed to being reported in the income statement on a continuous basis.

1. Accounting policies (continued)

(VII) Critical accounting judgements and critical accounting estimates and assumptions (continued)

Critical judgements in applying the Group's accounting policies (continued)

Non-current assets held for sale and discontinued operations

The proposed transaction for Heineken International B.V. (Heineken) to acquire the majority of Distell's business was approved by the shareholders on 15 February 2022. Based on management's assessment, the criteria for classification in terms of *IFRS 5,* non-current assets held for sale and discontinued operations as it relates to these assets were not met at 30 June 2022, based on the following:

- Although management is committed to the transaction and the scheme has already been approved by the shareholders, various regulatory approvals are ongoing. These approvals are considered to be substantive in nature, as conditions may be imposed by these regulators, or the approvals may be withheld. The conditions may result in significant changes to the planned transaction and may result in delays in concluding the transaction. In addition, once the regulatory approvals have been obtained, shareholders will still be required to make an election to accept either cash, reinvestment in shares or a combination of cash and shares in a fixed ratio. The final selection in this regard may also result in changes to the transaction as planned due to overall limits applicable to the number of shares Scheme participants can elect to receive, or minimum subscription thresholds in the event that a capital raise is required. Scheme Conditions must be fulfilled or, if applicable, waived on or before the Scheme Longstop Date, failing which the Scheme will not proceed.
- The assets due to be distributed to shareholders if the transaction becomes effective were not available for immediate distribution in the condition as envisaged in the proposed transaction, as a comprehensive internal restructuring is still required to carve these assets out of the existing structure, both from a legal and operational perspective.

The held for sale classification is only achieved where the asset is available for immediate sale in its present condition and the sale is highly probable. On this basis, Distell's assets that will be affected by the envisaged transaction are not classified as held for sale as the "highly probable" criteria defined by *IFRS 5* is not considered to be met at 30 June 2022.

Reversal of a prior period impairment of the investment in Mediclinic

Included in the carrying value of the investment in Mediclinic is an impairment of R3 898 million. Management considered whether a reversal of a portion of the impairment is appropriate. Refer to note 4.4.1 for details.

Critical estimates and assumptions

Deferred tax on investments

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

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

Other significant estimates and assumptions

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

- the useful lives and residual values of investment properties, property, plant and equipment and intangible assets;
- retirement benefit obligations; and
- share-based payments expenses.

Details of these estimates and assumptions are set out in the relevant notes to the Annual Financial Statements.

2. Segment report

R million	Year ended 30 June 2022 Headline earnings[1]	30 June 2022 Net assets Book value[2]	30 June 2022 Net assets Intrinsic value	Year ended 30 June 2021 Headline earnings[1]	30 June 2021 Net assets Book value[2]	30 June 2021 Net assets Intrinsic value
Healthcare						
Mediclinic	**1 267**	**26 681**	**29 568**	674	24 581	19 358
Consumer products						
Distell – entity contribution	**735**	**8 386**	**11 969**	538	7 578	11 665
– *IFRS 3 charge*[3]	**(11)**	**–**	**–**	(47)	–	–
RCL Foods	**846**	**8 816**	**7 355**	759	8 262	6 926
Siqalo Foods – entity contribution	**401**	**6 261**	**6 345**	405	6 226	7 277
– *IFRS 3 charge*[3]	**(65)**	**–**	**–**	(79)	–	–
Financial services						
RMI	**796**	**5 307**	**13 069**	898	10 174	14 713
Business Partners	**70**	**1 193**	**1 193**	23	1 273	1 273
Infrastructure						
CIVH	**47**	**6 905**	**13 756**	(435)	4 981	12 054
Grindrod	**263**	**1 559**	**1 559**	16	842	842
SEACOM	**37**	**40**	**776**	26	23	799
Other infrastructure interests	**266**	**67**	**67**	17	701	701
Industrial						
Air Products	**422**	**1 162**	**4 690**	322	1 063	4 523
TotalEnergies	**1 076**	**3 158**	**3 274**	366	2 242	2 539
Wispeco	**281**	**1 448**	**1 402**	264	1 229	1 188
Other industrial interests	**21**	**189**	**379**	62	198	415
Diversified investment vehicles						
KTH	**80**	**1 497**	**2 145**	(182)	1 456	2 044
Prescient China Equity Fund	**–**	**1 189**	**1 189**	–	1 211	1 211
Milestone III	**–**	**792**	**792**	–	1 234	1 234
Other diversified investment vehicles	**15**	**1 876**	**2 122**	(78)	1 449	1 567
Media						
eMedia Investments	**145**	**856**	**738**	43	815	616
Other media investments	**33**	**111**	**150**	10	3	137
Portfolio investments						
FirstRand	**389**	**7 141**	**7 141**	191	7 659	7 659
Discovery	**–**	**5 410**	**5 410**	–	–	–
Momentum Metropolitan	**–**	**1 439**	**1 439**	–	–	–
Other portfolio investments	**55**	**809**	**809**	56	661	661
Social impact investments	**(20)**	**132**	**132**	(66)	135	135
Central treasury						
Finance income/cash at the centre	**224**	**12 280**	**12 280**	212	9 706	9 706
Finance costs/debt at the centre	**(627)**	**(7 838)**	**(7 838)**	(861)	(7 821)	(7 821)
Other net corporate costs/assets	**(252)**	**1 577**	**2 221**	(249)	2 178	2 919
	6 494	**98 443**	**124 132**	2 885	88 059	104 341
Potential CGT liability			**(3 930)**			(4 150)
Total	**6 494**	**98 443**	**120 202**	2 885	88 059	100 191

Additional segmental information is disclosed in note 12.1.

(1) *Refer to note 3.1 for the calculation of headline earnings.*
(2) *Total book value equals shareholders' equity.*
(3) *IFRS 3 charge represents the amortisation and depreciation expenses, net of tax, relating to the additional assets identified when Remgro obtained control over these entities.*

2. Segment report (continued)

Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company, who makes strategic decisions. Each significant investment is classified as an operating segment. Operating segments are presented in platforms. Platforms consist of investments with similar economic characteristics.

The measures the Chief Operating Decision-Maker uses are headline earnings and the intrinsic net asset value (INAV). The INAV is used to assess shareholder value created as well as the performance of each operating segment. It is therefore presented as part of the Group's segment information. The intrinsic value of assets is determined as follows:

- Listed investments – number of shares held multiplied by the quoted share price at the reporting date (level 1);
- Unlisted investments – valuations using the principles as prescribed in *IFRS 13* (level 3);
- Cash and debt at the centre – IFRS carrying value. Cash at the centre excludes cash held by subsidiaries that are separately valued (mainly Distell, RCL Foods, Siqalo Foods and Wispeco); and
- Other corporate assets – IFRS carrying value, with the exception of investment properties (level 3) included at fair value as disclosed in note 10.2.

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

The potential capital gains tax (CGT) liability is calculated on the specific identification method using the most favourable calculation for investments acquired before 1 October 2001 and taking into account the corporate relief provisions. The fair values of investments at FVOCI are disclosed net of deferred CGT.

Valuation of unlisted investments

The main assumptions used in the valuation of unlisted investments were discount rates, which varied between 12.1% and 14.9% (2021: 10.7% and 13.7%), and terminal growth rates, which varied between 1.0% and 5.5% (2021: 1.0% and 5.0%). Where the discounted cash flow method is used as valuation methodology, the forecast free cash flow period is generally limited to a maximum of five years.

Where Remgro holds a non-controlling interest, a tradeability discount (or discount for lack of control) is applied. No control premiums are applied.

Remgro's unlisted investments were valued as follows:

Investment	Valuation methodology
CIVH	Discounted cash flow method
Siqalo Foods	Discounted cash flow method
Air Products	Discounted cash flow method
TotalEnergies	Discounted cash flow method
KTH	Sum-of-the-parts (external valuation)
Wispeco	Discounted cash flow method
Business Partners	Net asset value (NAV)
Prescient China Equity Fund	Sum-of-the-parts
Milestone III	Sum-of-the-parts
SEACOM	Discounted cash flow method
eMedia Investments	Comparable market price
PRIF	Sum-of-the-parts
PGSI	Discounted cash flow method

Non-current assets, amounting to R34 811 million (2021: R32 988 million), are located in foreign countries.

2. Segment report (continued)

Segmental income statement

R million	RCL Foods[(1)]	Distell	Siqalo Foods[(1)]	Wispeco	Inter-segment elimi-nations	Other segments	Total as per income statement
30 June 2022							
Revenue	**34 907**	**34 134**	**3 546**	**3 598**	**(163)**	**74**	**76 096**
Depreciation	**(875)**	**(845)**	**(56)**	**(76)**	**–**	**(40)**	**(1 892)**
Amortisation	**(101)**	**(107)**	**(8)**	**–**	**–**	**(293)**	**(509)**
Interest received	**40**	**130**	**21**	**–**	**–**	**346**	**537**
Finance costs	**(312)**	**(274)**	**–**	**(15)**	**–**	**(628)**	**(1 229)**
Net impairments of investments, assets and goodwill	**(14)**	**–**	**–**	**–**	**–**	**167**	**153**
Equity accounted investments	**–**	**–**	**–**	**–**	**–**	**168**	**168**
Property, plant and equipment	**147**	**–**	**–**	**–**	**–**	**–**	**147**
Intangible and other assets	**(161)**	**–**	**–**	**–**	**–**	**(1)**	**(162)**
Profit on sale and dilution of investments	**3**	**–**	**–**	**–**	**–**	**391**	**394**
Taxation	**(413)**	**(1 031)**	**(95)**	**(111)**	**–**	**48**	**(1 602)**
Share of after-tax profit of equity accounted investments	**57**	**184**	**–**	**–**	**–**	**10 739**	**10 980**
Net profit for the year	**978**	**2 436**	**250**	**286**	**–**	**11 029**	**14 979**
Attributable to equity holders	**1 013**	**2 377**	**250**	**283**	**–**	**9 216**	**13 139**
Non-controlling interest	**(35)**	**59**	**–**	**3**	**–**	**1 813**	**1 840**
30 June 2021							
Revenue	31 688	28 254	3 088	2 925	(152)	–	65 803
Depreciation	(825)	(732)	(53)	(63)	–	(38)	(1 711)
Amortisation	(98)	(81)	(1)	–	–	(315)	(495)
Interest received	37	66	20	2	–	321	446
Finance costs	(326)	(357)	(1)	(7)	–	(857)	(1 548)
Net impairments of investments, assets and goodwill	(15)	59	–	–	–	995	1 039
Equity accounted investments	(5)	59	–	–	–	1 078	1 132
Property, plant and equipment	(10)	–	–	–	–	(83)	(93)
Profit on sale and dilution of investments	19	11	–	–	–	(13)	17
Bargain purchase gain	–	–	8	–	–	–	8
Taxation	(339)	(669)	(105)	(110)	–	88	(1 135)
Share of after-tax profit of equity accounted investments	147	114	–	–	–	1 357	1 618
Net profit for the year	996	2 003	280	288	–	1 488	5 055
Attributable to equity holders	993	1 936	280	286	–	55	3 550
Non-controlling interest	3	67	–	2	–	1 433	1 505

(1) *The company reports on the retail calendar of trading weeks that treats each financial year as an exact 52-week period, incorporating trade from Monday to Sunday each week. This treatment effectively results in the loss of a day (or two in a leap year) per calendar year. These days are brought to account approximately every six years by including a 53rd week.*

3. Results

3.1 Earnings

R million	30 June 2022 Gross	30 June 2022 Net	30 June 2021 Gross	30 June 2021 Net
Headline earnings reconciliation				
Net profit for the year attributable to equity holders (earnings)		**13 139**		3 550
– Impairment of equity accounted investments	**193**	**193**	22	22
– Reversal of impairment of equity accounted investments	**(361)**	**(361)**	(1 154)	(1 114)
– Impairment of property, plant and equipment	**106**	**106**	97	83
– Reversal of impairment of property, plant and equipment	**(253)**	**(199)**	(3)	(3)
– Impairment of intangible and other assets	**162**	**130**	–	–
– Bargain purchase gain	**–**	**–**	(8)	(8)
– Profit on sale and dilution of equity accounted investments	**(395)**	**(306)**	(29)	(17)
– Loss on sale and dilution of equity accounted investments	**1**	**1**	12	12
– Profit on disposal of property, plant and equipment	**(83)**	**(30)**	(249)	(101)
– Loss on disposal of property, plant and equipment	**23**	**16**	17	9
– Loss on disposal of intangible assets	**(12)**	**(3)**	–	–
– Non-headline earnings items included in equity accounted earnings of equity accounted investments	**(6 189)**	**(6 192)**	468	452
– Profit on disposal of property, plant and equipment	**(67)**	**(70)**	(31)	(29)
– Profit on sale of investments	**(6 298)**	**(6 298)**	(70)	(65)
– Loss on sale of investments	**1**	**1**	76	76
– Impairment of investments, assets and goodwill	**190**	**190**	507	484
– Other headline earnings adjustable items	**(15)**	**(15)**	(14)	(14)
Headline earnings		**6 494**		2 885

3.2 Per share measures

Cents	30 June 2022	30 June 2021
Earnings per share		
Headline earnings per share		
Basic	**1 150.6**	510.6
Diluted	**1 141.4**	508.1
Earnings per share		
Basic	**2 327.9**	628.3
Diluted	**2 312.5**	625.5
Dividends per share		
Ordinary	**150.00**	90.00
Interim	**50.00**	30.00
Final	**100.00**	60.00
Asset value per share		
Intrinsic net asset value (Rand)	**213.10**	177.33
Book net asset value (Rand)	**174.52**	155.86
Remgro share price (Rand)	**129.91**	114.60
Percentage discount to intrinsic net asset value (%)	**39.0**	35.4

3. Results (continued)

3.2 Per share measures (continued)

Earnings per share

In determining earnings per share and headline earnings per share, the weighted number of shares in issue after deduction of treasury shares was used as denominator.

Reconciliation of the weighted number of shares	**30 June 2022 Number of shares**	30 June 2021 Number of shares
Number of shares in issue at the beginning of the year	**568 273 994**	568 273 994
Weighted number of treasury shares	**(3 856 380)**	(3 289 232)
Weighted number of shares	**564 417 614**	564 984 762

Diluted earnings per share

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

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

Some subsidiary and equity accounted investments have similar management incentive schemes as well as other instruments that can dilute these companies' earnings in the future. To calculate Remgro's diluted earnings per share, R23 million (2021: R6 million) and R20 million (2021: R6 million) were offset against earnings and headline earnings respectively to account for the potential dilutive effect.

Reconciliation of the weighted number of shares in issue for diluted earnings per share	**30 June 2022 Number of shares**	30 June 2021 Number of shares
Weighted number of shares	**564 417 614**	564 984 762
Adjustment for potential dilutive effect of the Remgro share schemes	**2 755 961**	1 571 534
Diluted weighted number of shares	**567 173 575**	566 556 296

Asset value per share

In determining asset value per share the number of shares in issue, after deduction of treasury shares, was used as denominator (refer to note 7.1.3) and intrinsic NAV and book NAV, as per the segment report, as the respective nominators.

3.3 Cash dividend declared after year-end

A final gross dividend of 100 cents (2021: 60 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 2022.

A dividend withholding tax of 20% or 20 cents per share will be applicable, resulting in a net dividend of 80 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 2022 therefore amounts to 150 cents, compared to 90 cents for the year ended 30 June 2021.

The issued share capital at the declaration date is 529 217 007 ordinary shares and 39 056 987 B ordinary shares.

4. Investments

R million	30 June 2022	30 June 2021
Associates	**43 317**	44 756
Joint ventures	**7 454**	5 451
Investments – equity accounted	**50 771**	50 207
Loans to equity accounted investments – Current	**15**	94
	50 786	50 301
Financial assets at fair value through other comprehensive income	**20 650**	14 342
Total investments	**71 436**	64 643

4.1 Investments – equity accounted

Equity accounted investments

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

The equity method of accounting

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

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

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

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

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

Critical judgements

The most critical judgement exercised relates to the classification of investments as associates rather than subsidiaries or financial instruments at fair value. There are also investments, with specific reference to the investment in Mediclinic, in which Remgro holds an interest of less than 50% of the voting rights, but over which the Group may have *de facto* control. The directors considered whether the Group has *de facto* control over this investment and concluded that Remgro does not control Mediclinic. Mediclinic's relevant activities are controlled by Mediclinic's board of directors. Remgro does not have the right to appoint a majority of Mediclinic board members and, accordingly, cannot control Mediclinic's relevant activities. Accordingly, Mediclinic is accounted for as an associate using the equity method and not as a subsidiary.

Remgro holds an interest of 50% in Air Products' voting rights, but has neither control, nor joint control over the entity's relevant activities. Accordingly, Remgro has significant influence over Air Products and it is classified as an associate.

Remgro also has investments in which it holds more than 50% of the voting rights but where an assessment of its influence over the business's relevant activities indicated that it does not have control. With reference to CIVH in which Remgro held 57.0% on 30 June 2022 (2021: 55.2%), the limitations placed on shareholders by the entity's Memorandum of Incorporation effectively give Remgro joint control over the entity.

4. Investments (continued)

4.1 Investments – equity accounted (continued)

The Group's principal associates and joint ventures are:

Investment	Classification	Business
Air Products	Associate	Produces oxygen, nitrogen, argon, hydrogen and carbon dioxide for sale in gaseous form by pipeline under long-term contracts to major industrial users
Mediclinic	Associate	Incorporated in the United Kingdom and operates private medical facilities in Southern Africa, the Middle East, Switzerland and the United Kingdom
RMI	Associate	South African investment holding company with significant investment in OUTsurance
TotalEnergies	Associate	Refines and markets petroleum products in South Africa, as well as distributes to neighbouring countries
CIVH	Joint venture	South African holding company that builds, owns, maintains and monitors its fibre-optic network and related infrastructure

4.1.1 Associates

	30 June 2022			30 June 2021		
R million	***Listed***	***Unlisted***	**Total**	*Listed*	*Unlisted*	Total
Shares – at cost	**25 255**	**3 477**	**28 732**	25 650	3 592	29 242
Equity adjustment	**8 925**	**5 639**	**14 564**	11 267	4 230	15 497
Carrying value	**34 180**	**9 116**	**43 296**	36 917	7 822	44 739
Non-current loans	**–**	**21**	**21**	–	17	17
Current loans	**–**	**10**	**10**	–	91	91
	34 180	**9 147**	**43 327**	36 917	7 930	44 847
Market values of listed investments	**44 196**			35 575		

Reconciliation of carrying value at the beginning and end of the year (R million)	**30 June 2022**	30 June 2021
Carrying value at the beginning of the year	**44 847**	46 347
Share of net attributable profit of associates	**10 757**	2 216
Dividends received from associates	**(1 652)**	(894)
Discovery dividend *in specie* from RMI (refer note 4.3)	**(8 561)**	–
Momentum Metropolitan dividend *in specie* from RMI (refer note 4.3)	**(2 056)**	–
Investments made	**32**	179
Investments disposed	**(4)**	(36)
Dilutionary effects	**(138)**	(12)
Exchange rate differences[1]	**(177)**	(2 688)
Reversal of impairments/(impairments) (refer note 4.4)	**169**	1 075
Equity accounted movements on reserves	**944**	(1 338)
Loans advanced	**19**	27
Loan repaid	**(97)**	(29)
Grindrod Shipping disposed[2]	**(756)**	–
Carrying value at the end of the year	**43 327**	44 847

(1) *Mainly due to exchange rate differences between GBP and ZAR on Mediclinic.*

(2) *The investment in Grindrod Shipping was disposed for $78 million during January 2022. A profit on disposal of R198 million was recognised.*

4. Investments (continued)

4.1 Investments – equity accounted (continued)

4.1.1 Associates (continued)

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

	Year ended			
	30 June 2022		31 March 2022	
R million	**RMI**	**TotalEnergies**	**Air Products**	**Mediclinic**
Summarised statement of comprehensive income				
Revenue	21 218	87 382	4 025	65 533
Profit before tax	23 918	5 997	1 186	4 277
Taxation	(1 027)	(1 676)	(332)	(831)
Profit after tax	22 891	4 321	854	3 446
Attributable to non-controlling shareholders	(495)	–	(5)	(385)
Attributable profit for the year	22 396	4 321	849	3 061
Headline earnings	2 598	4 321	844	2 834
Other comprehensive income attributable to shareholders	(532)	–	–	2 169
Total comprehensive income attributable to shareholders	21 864	4 321	849	5 230
Summarised statement of financial position				
Net advance, loans and bank-related securities	2 765	–	–	–
Intangible assets	236	276	15	22 103
Property, plant and equipment and other	1 816	5 946	2 396	86 726
Investments and loans	22 124	1 727	82	3 710
Current assets	3 439	26 635	988	28 935
Total assets	30 380	34 584	3 481	141 474
	(18 893)	(21 901)	(856)	(80 484)
Non-controlling interest	(1 465)	–	(18)	(2 729)
Non-current liabilities	(14 188)	(2 175)	(555)	(61 599)
Current liabilities	(3 240)	(19 726)	(283)	(16 156)
Net assets	11 487	12 683	2 625	60 990
Reconciliation to carrying value				
Remgro's effective interest	30.65%	24.90%	50.00%	44.56%
Remgro's effective interest in net assets	3 521	3 158	1 312	27 177
Goodwill	1 786	–	–	3 402
Dividends received subsequent to associates' reporting date	–	–	(150)	–
Accumulated impairment (refer note 4.4.1)	–	–	–	(3 898)
Carrying value at 30 June 2022	5 307	3 158	1 162	26 681
Fair value of listed investments	13 069	–	–	29 568
Dividends received	11 500	162	325	–

4. Investments (continued)

4.1 Investments – equity accounted (continued)

4.1.1 Associates (continued)

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

	Year ended			
	30 June 2021		31 March 2021	
R million	RMI	TotalEnergies	Air Products	Mediclinic[1]
Summarised statement of comprehensive income				
Revenue	19 094	61 280	3 250	63 794
Profit before tax	4 426	2 026	900	2 215
Taxation	(1 140)	(558)	(249)	(533)
Profit after tax	3 286	1 468	651	1 682
Attributable to non-controlling shareholders	(341)	–	(5)	(234)
Attributable profit for the year	2 945	1 468	646	1 448
Headline earnings	2 929	1 468	643	1 514
Other comprehensive income attributable to shareholders	(1 212)	–	1	(2 407)
Total comprehensive income attributable to shareholders	1 733	1 468	647	(959)
Summarised statement of financial position				
Net advances, loans and bank-related securities	1 140	–	–	–
Intangible assets	213	263	15	20 944
Property, plant and equipment and other	1 673	5 653	2 425	86 205
Investments and loans	46 060	1 714	134	237
Current assets	5 042	19 028	850	24 320
Total assets	54 128	26 658	3 424	131 706
	(26 838)	(17 656)	(1 049)	(75 466)
Non-controlling interest	(1 789)	–	(18)	(2 329)
Non-current liabilities	(22 763)	(2 204)	(585)	(59 635)
Current liabilities	(2 286)	(15 452)	(446)	(13 502)
Net assets	27 290	9 002	2 375	56 240
Reconciliation to carrying value				
Remgro's effective interest	30.65%	24.90%	50.00%	44.56%
Remgro's effective interest in net assets	8 364	2 242	1 188	25 061
Goodwill	1 810	–	–	3 418
Dividends received subsequent to associates' reporting date	–	–	(125)	–
Accumulated impairment (refer note 4.4.1)	–	–	–	(3 898)
Carrying value at 30 June 2021	10 174	2 242	1 063	24 581
Fair value of listed investments	14 713	–	–	19 358
Dividends received	106	149	525	–

(1) *Remgro's interest in Mediclinic on 31 March 2021. The Group pledged 30 949 879 Mediclinic shares as security for the exchangeable bonds. The bonds were settled during the 2021 financial year.*

4. Investments (continued)

4.1 Investments – equity accounted (continued)

4.1.1 Associates (continued)

R million	30 June 2022	30 June 2021
Information pertaining to Remgro's other associates is aggregated as follows:		
Carrying value	**7 009**	6 695
The Group's share of:		
– Profit from operations	**1 026**	22
– Other comprehensive income	**(205)**	(51)
– Total comprehensive income	**822**	(29)
– Headline earnings	**1 046**	(202)

4.1.2 Joint ventures

R million	30 June 2022	30 June 2021
Unlisted shares – at cost	**8 942**	6 904
Equity adjustment	**(1 567)**	(1 525)
Carrying value	**7 375**	5 379
Non-current loans	**79**	72
Current loans	**5**	3
	7 459	5 454
Reconciliation of carrying value at the beginning and end of the year		
Carrying value at the beginning of the year	**5 454**	4 644
Share of net attributable profit/(loss) of joint ventures	**223**	(598)
Dividends received from joint ventures	**(35)**	(34)
Investments made[1]	**2 131**	1 651
Exchange rate differences	**(67)**	(39)
Reversal of impairments/(impairments) (refer note 4.4)	**–**	(64)
Equity accounted movements on reserves	**(215)**	(60)
Loans advanced	**11**	31
Investments disposed[2]	**(40)**	(68)
Loans repaid	**(3)**	(9)
Carrying value at the end of the year	**7 459**	5 454

(1) *During the year under review, Remgro participated in CIVH's rights issue by investing R2 124 million.*

(2) *During the year under review Remgro disposed of its investment in Ad Dynamo for R245 million, realising a profit on disposal of R194 million.*

4. Investments (continued)

4.1 Investments – equity accounted (continued)

4.1.2 Joint ventures (continued)

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

R million	31 March 2022 CIVH	31 March 2021 CIVH
Summarised statement of comprehensive income		
Revenue	**5 324**	4 759
Depreciation and amortisation	**(2 080)**	(1 937)
Interest income	**84**	43
Interest expense	**(1 437)**	(1 758)
Profit/(loss) before tax	**59**	(1 023)
Taxation	**(8)**	(51)
Profit/(loss) after tax	**51**	(1 074)
Attributable to non-controlling shareholders	**(18)**	20
Attributable profit/(loss) for the year	**33**	(1 054)
Headline earnings/(loss)	**81**	(797)
Total comprehensive income attributable to shareholders	**33**	(1 054)
Summarised statement of financial position		
Non-current assets	**29 980**	27 363
Cash and cash equivalents	**603**	1 031
Other current assets	**1 901**	829
Total assets	**32 484**	29 223
	(20 790)	(20 587)
Non-controlling interest	**(69)**	(30)
Non-current financial liabilities	**(14 805)**	(13 547)
Other non-current liabilities	**(1 482)**	(1 907)
Current financial liabilities (excluding trade and other payables and provisions)	**(2 642)**	(3 652)
Current liabilities	**(1 792)**	(1 451)
Net assets	**11 694**	8 636
Reconciliation to carrying value		
Remgro's effective interest	**57.02%**	55.16%
Remgro's effective interest in net assets	**6 668**	4 764
Goodwill	**237**	217
Carrying value at 30 June	**6 905**	4 981

R million	30 June 2022	30 June 2021
Information pertaining to Remgro's other joint ventures is aggregated as follows:		
Carrying value	**549**	526
The Group's share of:		
– Profit/(loss) from operations	**203**	(37)
– Other comprehensive income	**(6)**	(7)
– Total comprehensive income	**197**	(44)
– Headline earnings/(loss)	**134**	(38)

4. Investments (continued)

4.1 Investments – equity accounted (continued)

4.1.3 Accounting periods

The following principal equity accounted investments have different year-ends to that of the Group:

Investment	Financial year-end	Reporting period used to equity account
Associates		
Air Products	30 September	12 months ended 31 March 2022
Business Partners	31 March	Year ended 31 March 2022
eMedia Investments	31 March	Year ended 31 March 2022
Grindrod	31 December	12 months ended 30 June 2022
Mediclinic	31 March	Year ended 31 March 2022
PGSI	25 December	12 months ended 25 June 2022
SEACOM	31 December	12 months ended 30 June 2022
TotalEnergies	31 December	12 months ended 30 June 2022
Joint venture		
CIVH	31 March	Year ended 31 March 2022

The "reporting period used to equity account" the above investments was used as it is impractical to adjust their reported numbers to conform to the Group's reporting period. Significant events and transactions in the intermediate period are adjusted for. Significant adjustments for the current period relate to the conversion of Mediclinic at the 30 June 2022 exchange rate as its presentation currency is British pound.

4.2 Equity adjustment

R million	**30 June 2022**	30 June 2021
Share of after-tax profit/(loss) of equity accounted investments		
Profit before taking into account impairments and non-recurring items	**6 826**	3 404
Net impairment of investments, assets and goodwill	**(190)**	(507)
Profit/(loss) on the sale of investments	**6 297**	(6)
Other headline earnings adjustable items	**15**	14
Profit before tax and non-controlling interest	**12 948**	2 905
Taxation	**(1 605)**	(1 111)
Non-controlling interest	**(363)**	(176)
Share of net attributable profit of equity accounted investments – per income statement	**10 980**	1 618
Dividends received from equity accounted investments (refer note 4.5)	**(12 304)**	(928)
Share of net profit/(loss) retained by equity accounted investments	**(1 324)**	690
Non-controlling interest of subsidiaries	**6**	(12)
Dilution loss of interest in equity accounted investments	**(333)**	(102)
Equity adjustment transferred to non-distributable reserves (Refer to statement of changes in equity)	**(1 651)**	576

4.3 Investments – FVOCI

Other long-term financial instruments are classified at initial recognition by applying irrevocable choice to designate the instruments as at fair value through other comprehensive income. This classification is appropriate as the Group does not intend to actively trade these assets and are thus carried at fair value through other comprehensive income. Unrealised gains and losses arising from changes in the fair value of these financial instruments are recognised through other comprehensive income in the period in which they arise. Accumulated fair value adjustments relating to financial instruments at fair value through other comprehensive income are never reclassified to the income statement, but are, along with the related current and deferred CGT, transferred to retained earnings.

4. Investments (continued)

4.3 Investments – FVOCI (continued)

R million	30 June 2022 Listed	30 June 2022 Unlisted	30 June 2022 Total	30 June 2021 Listed	30 June 2021 Unlisted	30 June 2021 Total
Investments – FVOCI	**18 248**	**2 402**	**20 650**	11 934	2 408	14 342
Fair values of listed investments	**18 248**	**–**	**18 248**	11 934	–	11 934
Valuation of unlisted investments	**–**	**2 402**	**2 402**	–	2 408	2 408
Fair values and unlisted valuations	**18 248**	**2 402**	**20 650**	11 934	2 408	14 342

Reconciliation of carrying value at the beginning and end of the year (R million)	30 June 2022	30 June 2021
Carrying value at the beginning of the year	**14 342**	12 505
Fair value adjustments for the year	**(740)**	4 158
Investments made	**243**	423
Discovery received as a dividend *in specie*[1]	**8 561**	–
Momentum Metropolitan received as a dividend *in specie*[1]	**2 056**	–
Exchange rate adjustments	**352**	(478)
Disposals[2]	**(2 966)**	(2 266)
Transfer to assets held for sale[3]	**(1 198)**	–
Carrying value at the end of the year	**20 650**	14 342

(1) *The year under review includes dividends in specie received from RMI as part of the RMI Unbundling in the form of its two life insurance-focused assets, Discovery and Momentum Metropolitan. Remgro received 51 254 365 Discovery ordinary shares (7.7% interest) and 122 908 061 Momentum Metropolitan shares (8.6% interest).*

(2) *The year under review includes a partial disposal in FirstRand of R2 704 million with 40 800 000 shares being sold. This disposal was part of Remgro's decision to sell 60 000 000 of its FirstRand ordinary shares which were hedged in the 2020 financial year via a zero cost collar. The net fair value gain realised on disposal of R923 million was transferred from fair value reserves to retained earnings (2021: a partial disposal in FirstRand of R216 million, due to 40 000 000 FirstRand shares sold through an accelerated book build). Capital gains tax of R14 million (2021: R290 million) was incurred on this transaction and accounted for in other comprehensive income.*

(3) *During July 2022, the remaining 19 200 000 FirstRand shares hedged by the zero cost collar were sold and were classified as an asset held for sale amounting to R1 198 million on 30 June 2022.*

Significant FVOCI investments	30 June 2022	30 June 2021
Number of shares held in listed investments (million)		
British American Tobacco Plc, United Kingdom	**1 252 712**	1 252 712
Discovery Limited, South Africa	**51 254 365**	–
FirstRand Limited, South Africa	**122 853 406**	182 853 406
Momentum Metropolitan Holdings Limited, South Africa	**122 908 061**	–
Percentage interest held in unlisted investments[1]		
Prescient China Equity Fund	**45.1**	44.1
Milestone China Opportunities Fund III, L.P.	**28.1**	28.1

(1) *The Prescient China Equity Fund and the Milestone China Opportunities Fund III are managed by the respective fund managers. Remgro has a 5% interest in the Prescient Fund Manager as well as a 7.5% interest in the Milestone Fund Manager. Therefore, Remgro does not have control or significant influence in these funds.*

4. Investments (continued)

4.4 Investments – net impairments and loss allowances on loans

R million	30 June 2022	30 June 2021
Reversal of impairments/(impairments) and loss allowances on loans were recognised for the following equity accounted investments:		
Associates	**169**	1 075
ArcAqua (loan)	**1**	2
Business Partners[1]	**(193)**	(22)
Grindrod[2]	**361**	488
Grindrod Shipping[2]	**–**	607
Joint ventures	**–**	(64)
TD Spirits LLC (Distell joint venture)	**–**	59
Bos Brands (loan)[3]	**–**	(123)

(1) *The investment's fair value declined further mainly due to an increase in the tradability discount applied to the valuation thereof.*

(2) *Grindrod's listed share price recovered significantly (85% increase year-on-year) following much improved trading results mainly due to the recovery in the logistics and port and terminals sectors in which it operates.*

(3) *The expected credit loss provision on the loan recognised during the prior year was as a result of loss-making operations. The recoverable amount was calculated using the discounted cash flow valuation methodology.*

4.4.1 Mediclinic

At 30 June 2022, the listed market value of the investment in Mediclinic was R29 568 million, which significantly exceeded the carrying value of R26 681 million. The company's share price was also positively affected during June 2022 by Remgro and Mediterranean Shipping Company's cash offer to the other Mediclinic shareholders of £5.04 per Mediclinic share. Based on the volume weighted average price for the year ended 30 June 2022, the fair value of the investment amounted to R23 296 million. Remgro also performed a value in use calculation and concluded that no further impairment of the investment is required. Included in the carrying value of the investment is an impairment of R3 898 million which arose following regulatory changes in the investments' Switzerland business that affected its profitability since the 2019 financial year. Subsequently, the business was also severely impacted by the Covid-19 pandemic. While the Switzerland business is adapting to the new business environment and is recovering after the pandemic, its profitability has not yet improved sufficiently to warrant a (partial) reversal of the impairment.

At 30 June 2021, the listed market value of the investment in Mediclinic was R19 358 million, which was significantly lower than the carrying value of R24 581 million. At that date Remgro also performed a value in use calculation and concluded that no additional impairment of the investment is required as its recoverable amount exceeded its carrying value. There were also no indicators that required the consideration of a reversal of impairment.

The value in use calculation is based on a discounted cash flow model. The calculation requires the use of estimates in respect of cash flows, growth and discount rates and it assumes a stable regulatory environment. These estimates are based on publicly available information such as analysts' consensus forecast and guidance provided by Mediclinic in its annual results. Given that Mediclinic, in terms of London Stock Exchange listing requirements and its Disclosure Guidance and Transparency Rules, must monitor such publicly available information for reasonability against its internal budgets and forecast and publish guidance should there be a significant deviance, management has comfort that the estimates used in the discounted cash flow calculation are reasonable. Cash flow projections for a five-year period were estimated and reflect management's best view of future earnings.

The discount and terminal growth rates used for the business segments are as follows:

%	30 June 2022 Discount rate	30 June 2022 Terminal growth rate	30 June 2021 Discount rate	30 June 2021 Terminal growth rate
South Africa	**12.8**	**5.0**	12.7	4.5
Switzerland	**6.0**	**1.6**	5.1	1.6
Middle East	**8.7**	**3.5**	8.7	3.0

The value in use model is sensitive to changes in the discount rate, long-term growth rate and projected cash flows. Increases in the discount rate or decreases in the short-term cash flow projections or terminal growth rate could give rise to an impairment charge in future.

4. Investments (continued)

4.4 Investments – net impairments and loss allowances on loans (continued)

4.4.1 Mediclinic (continued)

Sensitivity analysis of assumptions used in the impairment test:

	Movement in discount rates	***Movement in growth rates***
South Africa (%)	**+0.50**	**-0.50**
Switzerland (%)	**+0.25**	**-0.25**
Middle East (%)	**+0.50**	**-0.50**
Potential impairment based on value in use as recoverable amount (R million)	**1 795**	**2 216**

Mediclinic operates in three regions. Each of its operations were separately valued as the economic indicators for each area vary. Accordingly, the sensitivity analysis took account thereof.

4.4.2 eMedia Investments

The fair value of the investment in eMedia Investments was valued at R738 million on 30 June 2022 (2021: R616 million), which is lower than the carrying value of R856 million (2021: R815 million). Accordingly, management performed a value in use calculation using a discounted cash flow model to determine the investment's recoverable amount. The calculation requires the use of estimates in respect of cash flows, growth and discount rates.

Cash flow projections for a five-year period were estimated and reflect management's best view of future earnings. The discount and terminal growth rates used were 13.5% and 3.0%, respectively. The value in use of the investment of R1 167 million, representing the investment's recoverable amount, exceeded the carrying value. Accordingly, no impairment was recognised for the year under review.

A 0.5% increase in the discount rate and a 0.5% decrease in the growth rate will not result in an additional impairment.

4.5 Dividend income

R million	**30 June 2022**	30 June 2021
Included in profit:		
Listed	**622**	301
Unlisted	**19**	65
	641	366
Dividends from equity accounted investments set off against investments	**12 304**	928

5. Cash position

5.1 Investment in money market funds

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

R million	**30 June 2022**	30 June 2021
Money market fund investments are held in the following currencies:		
SA rand	**5 700**	5 010

Local money market funds relate to investments in South African unit trusts offered by Nedgroup Collective Investments, STANLIB Collective Investments and Ninety One Corporate Money Market Fund mandated to invest only in money market instruments of major South African banks and government securities. These instruments carry very low credit risk (with AA+ GCR credit ratings) and provide daily liquidity but cannot be classified as cash and cash equivalents as the individual instruments held by the funds do not meet the maturity criteria of *IAS 7: Statement of Cash Flows*. These investments are categorised as "financial assets at fair value through profit and loss".

5. Cash position (continued)

5.2 Cash and cash equivalents

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

R million	30 June 2022	30 June 2021
Cash at the centre	**6 630**	4 726
Operating subsidiaries	**5 254**	4 037
	11 884	8 763
The cash is held in the following currencies:		
SA rand	**8 127**	5 344
USA dollar	**2 471**	2 331
British pound	**751**	443
Euro	**137**	140
Kenyan shilling	**149**	185
Botswana pula	**77**	53
Eswatini lilangeni	**39**	34
Nigeria Naira	**28**	11
Angola kwanza	**26**	11
New Taiwan dollar	**23**	55
Swiss franc	**11**	9
Namibian dollar	**10**	110
Other	**35**	37
	11 884	8 763
At year-end cash and cash equivalents earned interest at effective interest rates that varied between 0.001% and 8.25% (2021: 0.001% and 7.00%) per annum at local financial institutions and between -0.75% and 5.18% (2021: -0.60% and 4.83%) per annum abroad.		
Cash and cash equivalents are represented by the following:		
Current accounts and call accounts	**11 882**	8 761
Cash on hand	**2**	2
	11 884	8 763
At year-end the Group's cash was invested at financial institutions with the following Moody's credit rating (unless otherwise indicated):		
Aa2	**1**	1
Aa3	**854**	675
A1	**3 031**	2 073
Ba2	**7 291**	5 509
A- (GCR credit rating)	**100**	100
AA (S&P rating)	**600**	400
AA(NA) (GCR credit rating)	**5**	3
Cash on hand	**2**	2
	11 884	8 763

Remgro considered the expected credit losses on its investments in cash and cash equivalents and concluded that those losses would be negligible.

5.3 Cash flow information

5.3.1 Adjustments

Amortisation of intangible assets and depreciation	**2 401**	2 206
Movement in retirement benefits and provisions	**367**	170
Net movement in derivative instruments	**58**	(125)
Share scheme cost	**263**	334
Profit on the sale of property, plant and equipment	**(60)**	(233)
Other	**(47)**	(32)
	2 982	2 320

5. Cash position (continued)

5.3 Cash flow information (continued)

R million	30 June 2022	30 June 2021
5.3.2 Decrease/(increase) in working capital		
Increase in inventories and biological agricultural assets	**(1 229)**	(887)
Decrease/(increase) in trade and other receivables	**(1 910)**	355
Increase in trade and other payables	**2 854**	780
	(285)	248
5.3.3 Reconciliation of dividends received		
Receivable at the beginning of the year	**75**	74
Per income statement	**641**	366
Dividends from equity accounted investments set off against investments	**12 304**	928
Dividends *in specie* from equity accounted investments	**(10 623)**	–
Receivable at the end of the year	**(174)**	(75)
Cash received	**2 223**	1 293
5.3.4 Reconciliation of taxation paid with the amount disclosed in the income statement		
Paid in advance at the beginning of the year	**258**	258
Unpaid at the beginning of the year	**(96)**	(154)
Per income statement	**(1 770)**	(1 100)
Capital gains taxation per other comprehensive income	**(40)**	(343)
Provision for taxation on retirement fund assets transferred to Distell	**(15)**	(117)
Foreign exchange translation	**6**	(10)
Unpaid at the end of the year	**325**	96
Paid in advance at the end of the year	**(98)**	(258)
Cash paid	**(1 430)**	(1 628)
5.3.5 Reconciliation of dividends paid		
Per statement of changes in equity	**(621)**	(452)
Paid by subsidiaries to non-controlling shareholders	**(100)**	(54)
Cash paid	**(721)**	(506)

5.3.6 Reconciliation of liabilities arising from financing activities

R million	30 June 2021 Carrying value	***Loans advanced***	***Loans and leases repaid***	***Non-cash flow move-ments***[(1)]	**30 June 2022 Carrying value**
Included in debt at the centre	7 821	**–**	**–**	**17**	**7 838**
Distell	4 689	**253**	**(1 334)**	**103**	**3 711**
RCL Foods	4 383	**153**	**(758)**	**(234)**	**3 544**
Other loans and leases	39	**–**	**–**	**53**	**92**
Total loan and lease liabilities (excluding bank overdrafts)	16 932	**406**	**(2 092)**	**(61)**	**15 185**
Per statement of financial position:					
Long-term and short-term loans	15 379				**14 374**
Current and non-current lease liabilities	1 715				**1 190**
Less: Bank overdrafts	(162)				**(379)**

(1) *Non-cash flow movements relate mainly to foreign exchange translation reserves, accrued interest, lease liabilities recognised in terms of IFRS 16 as well as the corresponding interest incurred and remeasurements.*

6. Financing and commitments

Borrowings

Borrowings are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Preference shares issued by the Group that carry non-discretionary dividend obligations are classified as borrowings.

Compound financial liabilities

Compound financial liabilities issued by the Group did comprise of exchangeable bonds. The Group had the option to redeem the bonds in either cash or Mediclinic shares or a combination thereof at the Group's discretion. At initial recognition, the derivative component was separated from the compound financial liability and recognised at fair value.

The liability component was also recognised initially at the fair value of a similar liability that does not have an exchangeable option. Subsequent to initial recognition, the liability component was measured at amortised cost, while the derivative instrument was measured at fair value. Any changes in the fair value of the derivative were accounted for in profit and loss.

Financial instruments at fair value through profit and loss

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

6. Financing and commitments (continued)

6.1 Long-term loans

R million	30 June 2022	30 June 2021
Included in debt at the centre	**7 838**	7 821
20 000 Class A 7.5% cumulative redeemable preference shares		
Redeemable on 15 January 2024 with bi-annual dividend payments	**3 509**	3 508
10 000 Class B 7.8% cumulative redeemable preference shares (8.3% until 15 March 2021)		
Redeemable on 17 March 2025 with bi-annual dividend payments	**4 329**	4 313
Distell	**3 427**	4 424
Secured term and revolving facility rand loans, bearing interest at variable rates of between 5.783% – 5.883% (2021: 4.967% – 5.167%) per annum. Interest is payable quarterly and the loans are repayable in the 2023 and 2024 financial years respectively[1][2]	**1 900**	3 100
Secured inventory UK pound facility, bearing interest at the Bank of England base rate plus 1.3%, for a minimum period of five years from February 2022 (2021: interest at the Bank of England base rate plus 1.35% for five years from February 2017)[2][3]	**1 333**	1 317
Secured term Kenya shillings loan, bearing interest at a variable rate of 11.0% per annum. Interest is payable monthly and the loan is repayable in 42 monthly instalments from May 2023	**186**	–
Unsecured loans with varying terms and interest rates	**8**	7
RCL Foods	**2 384**	2 652
Term-funded debt package consisting of two bullet loans, repayable in 2023. The loans bear interest at an effective rate of Jibar with a margin of between 1.50% and 1.55% and is guaranteed by RCL Foods[4]	**2 013**	2 350
Secured long-term loan with a fixed rate of three-month Jibar with a margin of between 3.95% - 4.08% repayable quarterly, over a 10 year term (2021: fixed rate of three-month Jibar plus 4.08% per annum repayable annually, over a maximum period of three years)[5]	**154**	76
Secured long-term loan with a fixed rate of prime less 1.0% repayable bi-annually, over a maximum period of six years (2021: fixed rate of prime less 1.5% repayable annually, over a maximum period of three years)	**150**	183
Unsecured long-term loans repayable based on the growth of the underlying operations. These loans bear interest at an effective interest rate of three-month Jibar with a margin of between 1.50% and 4.25%	**30**	33
Unsecured loans with varying terms and interest rates	**37**	10
Other unsecured loans with varying terms and interest rates	**24**	–
	13 673	14 897
Instalments payable within one year transferred to short-term interest-bearing loans	**(1 980)**	(2 919)
	11 693	11 978
Payable – two to five years	**11 565**	11 919
Payable thereafter	**128**	59
	11 693	11 978

Refer to note 13.1 for the fair value of loans.

(1) *The covenants related to Distell's secured term borrowings are measured by net debt to EBITDA (less than 2.75:1), interest cover (more than 3.5:1) and various guarantor ratios. The covenants measurements for 30 June 2022 were as follows: net debt to EBITDA -0.1:1 (2021: 0.5:1) and the interest cover 34.4:1 (2021: 11.5:1).*

(2) *Distell's borrowings include secured liabilities of R3 419 million (2021: R4 424 million). These borrowings are secured by mortgages over Distell's immovable property, general notarial bonds over movable assets and a cession over trade and other receivables of specific subsidiaries to a maximum of R5.5 billion.*

(3) *The secured inventory UK pound facility, which was due to expire in February 2022, was renegotiated and extended for a further minimum five-year term expiring in February 2027. The facility was classified as current in the prior year as the refinance was not agreed to yet at 30 June 2021.*

(4) *The covenants related to RCL Foods' term-funded debt package require compliance with a senior leverage ratio of <3:1 and senior interest cover of >3.5:1. For the year under review RCL Foods was within the limits of its financial covenants.*

(5) *Secured by notarial bond, bank accounts and shares held by non-controlling shareholders in Matzonox Proprietary Limited.*

6. Financing and commitments (continued)

6.2 Short-term loans

R million	30 June 2022	30 June 2021
Interest-bearing loans		
Portion of long-term interest-bearing loans payable within one year	**1 980**	2 919
Bank overdrafts	**379**	162
Various secured and unsecured loans with varying terms and interest rates	**274**	316
	2 633	3 397
Interest-free loans with no fixed repayment conditions	**48**	4
	2 681	3 401

6.3 Leases

The Group leases various items of property, plant and equipment under non-cancellable operating lease agreements. The leases have varying terms, renewal rights and escalation clauses. The majority of escalation clauses are linked to the consumer price index or equivalent inflation rate and there are no contingent or restrictive lease arrangements.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of property for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if applicable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the incremental borrowing rate of the Group entity incurring the lease is used. That is the rate that the individual entity would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, for example term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. A lease agreement of which the underlying asset's value is R85 000 or less will be considered a low-value lease.

Some property and equipment leases contain extension and termination options. These options provide operational flexibility for managing the assets required for the Group's operations. The majority of extension and termination options held are exercisable only by the Group lessee entity and not by the respective lessor.

The Group sometimes provides residual value guarantees for vehicle leases to optimise costs.

6. Financing and commitments (continued)

6.3 Leases (continued)

R million	30 June 2022	30 June 2021
Lease liabilities		
Non-current	**959**	1 440
Current	**231**	275
	1 190	1 715
Gross lease liabilities – minimum lease payments	**1 514**	2 755
Due within one year	**324**	427
Due – two to five years	**878**	1 137
Due thereafter	**312**	1 191
Future finance charges on lease liabilities	**(324)**	(1 040)
Present value of lease liabilities	**1 190**	1 715
Due within one year	**231**	275
Due – two to five years	**700**	765
Due thereafter	**259**	675
	1 190	1 715
Right-of-use assets are included in:		
Buildings	**677**	1 207
Machinery and equipment	**32**	42
Vehicles	**124**	165
Office equipment	**2**	1
	835	1 415
Additions to right-of-use assets during the year	**262**	166
The following relating to leases are recognised in the income statement:		
Depreciation charge of right-of-use assets	**375**	380
Buildings	**270**	271
Machinery and equipment	**14**	19
Vehicles	**91**	90
Interest expense (included in finance costs)	**121**	171
Expense relating to short-term leases	**511**	492
Expense relating to leases of low-value assets (not included as short-term leases)	**45**	37
Expense relating to variable lease payments not included in lease liabilities	**60**	118
Lease repayments made during the year included in the statement of cash flows	**(474)**	(454)

6. Financing and commitments (continued)

6.4 Financial instruments at FVPL

The Group was party to the following instruments:

R million	30 June 2022	30 June 2021
Non-current assets		
Investment in LIVEKINDLY co (refer note 6.4.1)	**242**	214
	242	214
Current assets		
Foreign exchange contracts	**24**	11
Commodity option contracts	**31**	72
Equity index option on the S&P 500	**23**	–
	78	83
Non-current liabilities		
Zero cost collar (refer note 6.5.1)	**–**	160
Interest rate swaps (refer note 6.4.2)	**51**	–
	51	160
Current liabilities		
Interest rate swaps (refer note 6.4.2)	**16**	78
Zero cost collar (refer note 6.5.1)	**–**	335
Foreign exchange contracts	**2**	20
Commodity option contracts	**15**	–
Interest rate collar options	**–**	38
	33	471

6.4.1 LIVEKINDLY co (LIVEKINDLY)

During January 2020 RCL Foods secured a minority shareholding in LIVEKINDLY for R114 million. LIVEKINDLY is a start-up Swiss entity with a vision to create a vertically integrated plant-based food and beverage value chain of scale and with global reach. The increase in value at year-end is due to the foreign exchange translation gain on the investment of R28 million (2021: R21 million exchange loss). It's fair value remained unchanged, while a fair value gain of R98 million was accounted for in 2021. On 30 June 2022, the investment was valued at R242 million (2021: R214 million).

6.4.2 Interest rate swaps

In order to hedge specific exposures in the interest rate repricing profile of existing borrowings the Group may use interest rate derivatives to generate the desired interest profile.

Following higher inflation during 2022, the South African Reserve Bank increased interest rates which flowed through to the market interest rates against which the swaps were taken out.

	Final reset date	*Borrowings hedged* R million	*Interest payable* %	*Interest receivable* %	*Fair value of liability* R million
30 June 2022					
Interest rate swaps (0 – 1 year)	**17-Apr-23**	**700**	**7.29**	**3M Jibar**	**11**
Interest rate swaps (0 – 4 years)	**25-Mar-25**	**1 000**	**3M Jibar**	**5.35**	**56**
					67
30 June 2021					
Interest rate swaps (0 – 1 year)	19-Apr-22	1 000	7.19	3M Jibar	33
Interest rate swaps (0 – 2 years)	17-Apr-22	700	7.29	3M Jibar	39
Interest rate swaps (0 – 4 years)	25-Mar-25	1 000	3M Jibar	5.35	6
					78

3M Jibar: Three-month Johannesburg Interbank Agreed Rate.

6. Financing and commitments (continued)

6.5 Hedge derivatives

6.5.1 Zero cost collar

Fair value hedge accounting

Remgro applies *IFRS 9* hedge accounting for qualifying designated instruments that hedge the fair value of recognised assets. The hedged item is an equity instrument for which Remgro has elected to present changes in fair value in other comprehensive income. Accordingly, the hedged exposure affects other comprehensive income and recognised hedge ineffectiveness, as well as the hedge effectiveness, is presented in other comprehensive income. Remgro separated the intrinsic value and time value of an option contract and designated as the hedging instrument only the change in intrinsic value of the option.

The change in the time value of such option is recognised in other comprehensive income to the extent it relates to the hedged item (aligned time value) and is accumulated in the fair value reserve (a separate component of equity). Changes in the intrinsic value of the hedge are accumulated in the fair value hedge reserve.

Hedge accounting is discontinued prospectively only when the hedging relationship ceases to meet the qualifying criteria. If hedge accounting is discontinued in terms of *IFRS 9* for the hedging relationship that includes the change in intrinsic value of the option as the hedging instrument, the amount of the time value that has been accumulated in the separate component of equity shall be immediately reclassified into profit or loss as a reclassification adjustment.

Remgro hedged the fair value risk (i.e. the equity price risk) within a price range of the specifically designated portion of 60 million shares of its investment in FirstRand using a zero cost collar, which consists of put and call European options, which are referenced to the FirstRand share price. The effective date of the transaction was 17 June 2020 and the underlying options have an approximate lifetime of two years. The intrinsic value portion of the options was designated as a hedging instrument and is expected, over the lifetime of the instruments, to be an effective hedge. However, on measurement dates, hedge ineffectiveness is expected due to the nature of the measurement of the intrinsic value of an option using forward prices of a financial instrument versus the actual spot price thereof. A put and call option was entered into for each share hedged, resulting in a 1:1 hedge ratio. The hedge ratio remained 1:1 on the reporting date. Remgro also entered into a scrip lending agreement with the hedge provider in terms of which any dividends received on the hedged FirstRand shares during the contract term will be paid to the hedge provider as a cost of hedging.

6. Financing commitments (continued)

6.5 Hedge derivatives (continued)

6.5.1 Zero cost collar (continued)

The details of the options are as follows:

	30 June 2022		30 June 2021	
	Option 1	**Option 2**	Option 1	Option 2
Put strike price (Rand)	**36.46**	**40.51**	36.46	40.51
Call strike price (Rand)	**47.92**	**51.97**	47.92	51.97
Average forward price (Rand)	**62.37**	**62.37**	55.82	55.52
Number of options (million)	**10**	**9**	30	30
Number of hedged FirstRand shares (million)	**10**	**9**	30	30
Remaining option life (years)	**–**	**–**	1	1

R million	30 June 2022	30 June 2021
The hedging instrument		
Included in the statement of financial position under the following line items:		
Non-current liabilities		
Hedge derivatives	**–**	(160)
Current liabilities		
Hedge derivatives	**–**	(335)
Liabilities held for sale (refer note 10.10)	**(239)**	–
Carrying value of the collar instrument	**(239)**	(495)
Fair value of the collar instrument	**(239)**	(495)
Less: Intrinsic value of the collar instrument	**239**	279
Time value of the collar instrument	**–**	(216)
The change in fair value of the hedging instrument used as the basis for calculating hedge ineffectiveness for the period	**(627)**	(279)
The hedged item: FirstRand shares		
Carrying value of hedged FirstRand shares	**1 198**	3 215
FirstRand shares included in the statement of financial position	**8 860**	9 799
The accumulated amount of fair value hedge adjustments on the hedged item	**359**	–
Change in value of the hedged shares that are used as the basis for recognising hedge ineffectiveness for the period	**686**	292
Hedge ineffectiveness (included in fair value adjustment of investments at FVOCI in the statement of other comprehensive income in the fair value hedge reserve)	**(59)**	(13)

The intrinsic value of the options was calculated using the estimated forward price of FirstRand at the relevant date and the strike prices of the put and call options that established the collar. The intrinsic value of the options was R239 million on the reporting date (2021: R279 million). The time value portion of the collar amounted to less than R1 million on the reporting date (2021: R216 million).

The hedge liability and hedged shares measured at R239 million and R1 198 million, respectively, as at 30 June 2022, was settled and disposed of during July 2022. Accordingly, the items (along with the corresponding deferred tax balances) were classified as assets and liabilities held for sale in accordance with *IFRS 5* at the reporting date.

6.6 Commitments

R million	30 June 2022	30 June 2021
Capital commitments		
Uncompleted contracts for capital expenditure	**1 360**	1 200
Capital expenditure authorised but not yet contracted	**2 519**	2 054
Investments	**2 329**	2 564
	6 208	5 818

6.7 Borrowing powers

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

6. Financing commitments (continued)

6.8 Guarantees and contingent liabilities

R million	30 June 2022	30 June 2021
Guarantees to third parties	**25**	3 692

Remgro issued a guarantee to Rand Merchant Bank for a loan facility, which was granted to CIVH to fund the Vumatel acquisition. CIVH settled the loan during the year under review and Remgro had no exposure at 30 June 2022 (2021: exposure of R3 594 million).

7. Equity position

7.1 Stated and issued capital

7.1.1 Stated capital

Ordinary shares and B ordinary shares of the Company are classified as equity. Costs directly attributable to the issue of new shares are accounted for in equity as a deduction from the proceeds.

R million	30 June 2022	30 June 2021
Stated and issued capital		
Authorised		
1 000 000 000 ordinary shares of no par value		
100 000 000 B ordinary shares of no par value		
Issued		
529 217 007 ordinary shares of no par value	**12 729**	12 729
39 056 987 B ordinary shares of no par value	**687**	687
	13 416	13 416

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

7.1.2 Treasury shares

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

	30 June 2022 Number of shares	30 June 2021 Number of shares
Balances at the beginning of the year	**3 280 163**	3 297 213
Shares purchased during the year	**1 000 000**	–
Shares utilised to settle share incentive schemes' obligations	**(74 666)**	(17 050)
Balances at the end of the year	**4 205 497**	3 280 163

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

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

7. Equity position (continued)

7.1 Stated and issued capital (continued)

7.1.3 Shares in issue

	30 June 2022 Number of shares	30 June 2021 Number of shares
Stated capital	**568 273 994**	568 273 994
Treasury shares	**(4 205 497)**	(3 280 163)
	564 068 497	564 993 831

7.2 Reserves

7.2.1 Composition of shares

R million	30 June 2022	30 June 2021
Subsidiaries	**77 166**	65 517
Fair value reserve	**(2 352)**	1 360
Other reserves*	**2 459**	2 277
Retained earnings	**77 059**	61 880
Equity accounted investments		
Equity reserves	**8 546**	9 687
	85 712	75 204

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

7.2.2 Included in the respective reserves above are reserves arising on exchange rate translation

R million	*Equity reserves*	*Other reserves*	*Fair value reserves*	*Retained earnings*	30 June 2022 Total	30 June 2021 Total
Balances at the beginning of the year	**(900)**	**1 579**	**(114)**	**1 205**	**1 770**	5 579
Exchange rate adjustments during the year	**(307)**	**277**	**44**	**463**	**477**	(3 817)
Reclassification to the income statement	**89**	**(40)**	**–**	**–**	**49**	8
Balances at the end of the year	**(1 118)**	**1 816**	**(70)**	**1 668**	**2 296**	1 770

7. Equity position (continued)

7.3 Non-controlling interest

R million	30 June 2022	30 June 2021
Balances at the beginning of the year	**15 517**	14 670
Total comprehensive income for the year	**2 002**	1 198
Net profit for the year	**1 840**	1 505
Exchange rate adjustments	**101**	(371)
Fair value adjustments for the year	**9**	30
Reclassification to the income statement	**15**	1
Other comprehensive income of equity accounted investments	**2**	(1)
Remeasurement of post-employment benefit obligations	**35**	34
Dividends paid	**(100)**	(54)
Transactions with non-controlling shareholders	**2**	(393)
Long-term share incentive scheme reserve	**(14)**	89
Businesses acquired	**28**	3
Other movements	**2**	4
Balances at the end of the year	**17 437**	15 517
Distell	**14 812**	13 035
RCL Foods	**2 577**	2 445
Other non-wholly owned subsidiaries	**48**	37

The Group consists of various investing and operating subsidiaries, details of which are disclosed in note 14.2. The main operating subsidiaries are Distell and RCL Foods in which the Group has interests of 31.7% (2021: 31.7%) and 80.3% (2021: 80.4%), respectively. Remgro owns all of the unlisted B-shares issued by Distell. These shares carry voting rights only and, in conjunction with the ordinary shares held, Remgro has voting rights of 56.4% (2021: 56.4%) in Distell.

Distell derives its revenue primarily from the production, marketing and distribution of alcoholic beverages. Distell's non-controlling shareholders own 68.3% (2021: 68.3%) of Distell.

RCL Foods consists of five business divisions, namely Groceries (Culinary, Pies and Beverages operations), Baking (Milling, Speciality, Sunbake bakeries and Buns and Rolls operations), Chicken (including the Chicken and grain-based feed operations) (Rainbow), Sugar (Sugar and molasses-based feed operations) and Vector Logistics Proprietary Limited (Vector Logistics) (specialist third-party logistics provider). The group's revenue and operating profit are mainly driven by these business divisions and are presented as trading profit in the income statement. RCL Foods' non-controlling shareholders own 18.7% (2021: 18.6%) of RCL Foods. During the prior year Remgro acquired further shares in RCL Foods for R234 million.

7. Equity position (continued)

7.3 Non-controlling interest (continued)

Below is Distell's and RCL Foods' summarised financial information:

R million	30 June 2022 Distell	30 June 2022 RCL Foods	30 June 2021 Distell	30 June 2021 RCL Foods
Statement of financial position				
Assets				
Non-current assets	**12 168**	**11 850**	11 228	11 855
Current assets	**17 222**	**12 125**	14 523	10 553
	29 390	**23 975**	25 751	22 408
Equity and liabilities				
Shareholders' equity	**15 671**	**11 449**	13 087	10 730
Non-controlling interest	**486**	**(60)**	454	(36)
Non-current liabilities	**3 806**	**3 430**	3 377	4 684
Current liabilities	**9 427**	**9 156**	8 833	7 030
	29 390	**23 975**	25 751	22 408
Income statement				
Income				
Revenue	**34 134**	**34 907**	28 254	31 688
Finance income	**130**	**40**	66	37
Fair value adjustment – biological assets	**–**	**362**	–	298
Share of profit of equity accounted investments	**184**	**57**	114	147
Expenses				
Finance costs	**274**	**312**	357	326
Fair value adjustment – derivative instruments	**–**	**130**	–	102
Repairs and maintenance	**475**	**1 152**	308	1 064
Depreciation, amortisation and impairments	**844**	**990**	875	932
Operating lease and rental charges	**246**	**365**	121	520
Taxation	**1 031**	**413**	669	339
Profit/(loss) for the year	**2 436**	**978**	2 003	996
Profit/(loss) for the year attributable to equity holders	**2 377**	**1 013**	1 936	993
Profit/(loss) for the year attributable to non-controlling interest	**59**	**(35)**	67	3
Statement of comprehensive income				
Other comprehensive income	**234**	**2**	(533)	(12)
Total comprehensive income	**2 671**	**980**	1 470	984
Total comprehensive income attributable to equity holders	**2 613**	**1 016**	1 403	981
Total comprehensive income attributable to non-controlling interest	**58**	**(36)**	67	3
Dividends paid to non-controlling interest	**7**	**3**	4	3
Cash flow information				
Cash inflow from operating activities	**3 471**	**2 530**	4 080	945
Cash inflow/(outflow) from investing activities	**(1 439)**	**(1 255)**	113	(1 043)
Cash outflow from financing activities	**(1 117)**	**(606)**	(499)	(36)

7. Equity position (continued)

7.4 Capital management

The Company manages its shareholders' equity, i.e. its stated capital, reserves and treasury shares, as capital. The Group's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns to shareholders in the form of dividends and capital appreciation.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue shares or repurchase shares from shareholders. For the year under review cash dividends amounting to R852 million (2021: R511 million) were declared.

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

8. Share-based payments

Equity compensation plans

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

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

The share-based payments that are accounted for in the financial statements are in respect of the Remgro Equity Settled Share Appreciation Right Scheme, the Remgro Share Appreciation Rights Plan and the Remgro Conditional Share Plan (or the "Remgro Share Schemes"), as well as Distell's and RCL Foods' share schemes.

Background to the Remgro Share Schemes

The valuations of the Remgro Share Schemes were performed using an actuarial model that was developed by an independent third party from the standard binomial option pricing model in order to address the unique nature of the schemes, especially with regard to early exercise of offers.

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

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

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

8.1 Remgro Equity Settled Share Appreciation Right Scheme (SAR Scheme)

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

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

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

Following the unbundling of RMH during the 2020 financial year, the exercise prices of all options were reduced by between R47.82 and R95.43 in order to place participants in the same position they would have been had the unbundling not taken place. During the 2021 financial year, option lives of certain awards were extended to compensate for closed periods during which participants were not allowed to exercise options. These changes were treated as modifications to the scheme and resulted in additional expenses that will be amortised over the remaining option lives.

R million	**30 June 2022**	30 June 2021
Share-based payment cost included in the income statement	**10**	68

8. Share-based payments (continued)

8.1 Remgro Equity Settled Share Appreciation Right Scheme (SAR Scheme) (continued)

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

	30 June 2022 Number of SARs	**30 June 2022** Weighted average option price (Rand)	30 June 2021 Number of SARs	30 June 2021 Weighted average option price (Rand)
Carried forward from previous financial years	**3 574 948**	**130.97**	3 576 141	130.97
Forfeited during the year	**(10 183)**	**131.04**	(1 193)	155.81
Exercised during the year	**(153 823)**	**124.65**	–	–
Outstanding at the end of the year	**3 410 942**	**131.25**	3 574 948	130.97
Exercisable at the end of the year	**3 195 093**	**132.08**	2 836 887	133.24

Exercise prices of all options:

	30 June 2022 Number of SARs outstanding at year-end	**30 June 2022** Weighted average remaining contract lifetime in years	30 June 2021 Number of SARs outstanding at year-end	30 June 2021 Weighted average remaining contract lifetime in years
R90.00 – R99.99	**471 898**	**1.42**	471 898	2.42
R110.00 – R119.99	**627 221**	**2.40**	673 464	3.41
R120.00 – R129.99	**1 319 233**	**1.41**	1 432 725	2.42
R130.00 – R139.99	**49 919**	**1.46**	49 919	2.46
R140.00 – R149.99	**61 681**	**0.98**	64 924	1.98
R150.00 – R159.99	**92 684**	**1.12**	92 684	2.12
R160.00 – R169.99	**301 924**	**1.35**	302 370	2.35
R170.00 – R179.99	**477 884**	**1.34**	478 466	2.34
R180.00 – R189.99	**8 498**	**0.71**	8 498	1.71

8. Share-based payments (continued)

8.2 Remgro Share Appreciation Rights Plan and the Remgro Conditional Share Plan

During the 2019 financial year, Remgro implemented two share-based payment plans to replace the Remgro Share Appreciation Right Scheme.

Remgro Conditional Share Plan (CSP)

The CSP provides employees with the opportunity to receive shares in the Company through the award of conditional rights to a fixed number of shares in Remgro (either in the form of performance shares or retention shares).

Awards under the CSP will vest as follows:

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

There were also special retention awards that vested as follows:

- Half of the awards granted vested after one year
- The remainder of the awards granted vested after two years

All awards under the CSP lapse after a period of 90 days following the last vesting date.

Remgro Share Appreciation Rights Plan (SAR Plan)

The SAR Plan provides employees with the opportunity to receive shares in the Company. Participants in the SAR Plan are remunerated with Remgro shares to the value of the appreciation of their rights to a specific number of Remgro ordinary shares.

The earliest intervals at which the SARs vest and are exercisable are as follows:

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

All SARs must be exercised within seven years after the grant date, upon which date unexercised SARs lapse.

Some of the awards granted under the CSP and SAR plans will vest based on certain performance conditions. These non-market-related performance conditions will therefore not affect the value of the awards, but will affect the number of awards that vest.

8. Share-based payments (continued)

8.2 Remgro Share Appreciation Rights Plan and the Remgro Conditional Share Plan (continued)

R million	30 June 2022	30 June 2021
Share-based payment cost included in the income statement	45	66
Fair value of offers made during the year	104	200

Number of all CSPs offered to participants of the CSP:

	30 June 2022 Number of CSPs	30 June 2021 Number of CSPs
Outstanding at the beginning of the year	2 412 538	476 142
Awarded during the year	726 536	1 990 881
Awarded following Remgro dividend	2 949	1 005
Exercised during the year	(54 586)	(17 050)
Forfeited due to unmet performance conditions	(308 161)	–
Forfeited during the year	(21 852)	(38 440)
Outstanding at the end of the year	2 757 424	2 412 538
Exercisable at the end of the year	–	–

All awards offered during the current year were offered on 5 December 2021, while awards from the previous year were offered on 5 December 2020.

Number and weighted average option prices of all SARs offered to participants of the SAR Plan:

	30 June 2022		30 June 2021	
	Number of SARs	Weighted average option price (Rand)	Number of SARs	Weighted average option price (Rand)
Outstanding at the beginning of the year	1 435 950	96.71	223 559	112.38
Offered during the year	492 280	126.99	1 212 391	93.82
Forfeited due to unmet performance conditions	(199 562)	112.38	–	–
Outstanding at the end of the year	1 728 668	103.53	1 435 950	96.71
Exercisable at the end of the year	8 003	112.38	–	–

Exercise prices of all options:

	30 June 2022		30 June 2021	
	Number of SARs outstanding at year-end	Weighted average remaining contract lifetime in years	Number of SARs outstanding at year-end	Weighted average remaining contract lifetime in years
R98.82	1 212 391	4.96	1 212 391	5.96
R112.38	23 997	3.44	223 559	4.44
R126.99	492 280	6.44	–	–

8. Share-based payments (continued)

8.2 Remgro Share Appreciation Rights Plan and the Remgro Conditional Share Plan (continued)

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

Assumptions	**30 June 2022**	30 June 2021
Weighted average Remgro share price for the year (Rand)	**133.23**	99.50
Average expected exercise period (years)	**1 – 6**	1 – 5
Price volatility (%)	**24.50 – 36.84**	29.52 – 45.26
Risk-free rate (%)	**4.60 – 8.81**	4.22 – 6.50
Expected dividend yield (%)	**2.74**	3.56

In terms of the rules of the SAR Plan and the CSP, no award will be made if at the time of or as a result of the making of such award, the aggregate number of Remgro ordinary shares in respect of which any unexercised SAR Plan may be exercised or CSP awards, shall exceed 26 450 000 Remgro ordinary shares, being approximately 5% of issued ordinary shares.

If it is assumed that all awards made under the CSP vest in full and all of the participants to the SAR Plan exercise all options awarded to them based on Remgro's closing share price on 30 June 2022 of R129.91 (2021: R114.60), the number of Remgro ordinary shares available for new awards will be limited to:

	30 June 2022 Number of shares	30 June 2021 Number of shares
Overall limit, adjusted for unexercised SARs and CSPs, at the beginning of the year	**23 813 301**	25 973 858
CSP	**(344 886)**	(1 936 396)
Awarded during the year	**(726 536)**	(1 990 881)
Awarded following Remgro dividend	**(2 949)**	(1 005)
Exercised during the year	**54 586**	17 050
Forfeited during the year	**330 013**	38 440
SAR Plan	**(126 931)**	(224 161)
Calculated Remgro ordinary shares at the beginning of the year	**224 161**	–
Calculated Remgro ordinary shares at the end of the year	**(351 092)**	(224 161)
Overall limit, adjusted for unexercised SARs and CSPs, at the end of the year	**23 341 484**	23 813 301

8. Share-based payments (continued)

8.3 Distell share schemes

Distell has equity settled share appreciation rights (SAR) schemes to remunerate selected employees and executive directors with shares to the value of the appreciation of a specified number of Distell ordinary shares that must be exercised within a period of seven years after the grant date. Specific performance criteria, which are linked to revenue and EBITDA growth, are stipulated for SARs offered after 1 July 2015.

The earliest intervals at which the SARs are exercisable are as follows:

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

Distell also established a conditional share plan (CSP) scheme to promote the continued growth of the group and to incentivise, motivate and retain the appropriate calibre of employees and executive directors with the opportunity to receive shares as remuneration, subject to certain employment-related and performance conditions being met. No new allocations under the SAR scheme have been made during the year under review.

An expense of R105 million (2021: R107 million) relating to equity settled share-based payments was recognised in Distell's income statement for the year ended 30 June 2022.

SAR and CSP awards that vested during the current financial year were settled in cash as one of the conditions of the Heineken transaction. The cash-settlement of the vested awards is treated as a repurchase of the Company's own shares for accounting purposes and the fair value is reflected as a reduction in the employee share scheme reserve. During the current year this resulted in a pay-out of R149 million.

Pursuant to the Heineken transaction, all awards made to participants in either of these two long-term incentive plans which have not yet vested at the time of implementation of the Scheme of Arrangement that will give effect to the transaction, will be cash settled upon implementation of the Scheme.

8.4 RCL Foods share schemes

RCL Foods has an equity settled share scheme, as well as a share appreciation right scheme, for certain of its employees in terms of which share options offered are exercisable in three equal tranches from two, three and four years (for the share scheme) and three, four and five years (for the share appreciation right scheme) after the grant date. Subject to the discretion of the RCL Foods Share Incentive Trust's trustees, options are forfeited if not exercised before termination of employment. An expense of R94 million (2021: R75 million) relating to these schemes was recognised in the income statement.

9. Directors' and key management personnel's emoluments

R'000	**30 June 2022** *Executive*	*Non-executive*	**Total**	30 June 2021 Executive	Non-executive	Total
Executive directors						
Fees	**1 170**	**–**	**1 170**	1 170	–	1 170
Salaries	**19 263**	**–**	**19 263**	18 232	–	18 232
Retirement fund contributions	**4 046**	**–**	**4 046**	3 844	–	3 844
Other benefits	**1 273**	**–**	**1 273**	1 257	–	1 257
Subtotal	**25 752**	**–**	**25 752**	24 503	–	24 503
Non-executive directors						
Independent	**–**	**4 492**	**4 492**	–	4 105	4 105
Non-independent	**–**	**480**	**480**	–	390	390
Total	**25 752**	**4 972**	**30 724**	24 503	4 495	28 998
Share options exercised						
Increase in value – Remgro SAR Scheme*	**–**	**–**	**–**	–	–	–

* *This refers to the increase in value of the SARs from the offer date to the date of exercise.*

R'000	**30 June 2022** *Fees*	*Salaries and other*	**Total**	30 June 2021 Fees	Salaries and other	Total
Paid by:						
The Company	**4 972**	**–**	**4 972**	4 495	–	4 495
Subsidiaries	**1 170**	**24 582**	**25 752**	1 170	23 333	24 503
Total	**6 142**	**24 582**	**30 724**	5 665	23 333	28 998

9. Directors' and key management personnel's emoluments (continued)

Directors: Fixed pay

R'000	**30 June 2022** *Fees*	*Salaries*	*Retire-ment fund*	*Other benefits[7]*	**Total**	30 June 2021 Fees	Salaries	Retire-ment fund	Other benefits[7]	Total
Executive										
J J Durand	**390**	**12 107**	**2 479**	**419**	**15 395**	390	11 596	2 377	441	14 804
M Lubbe	**390**	**2 647**	**602**	**431**	**4 070**	390	2 327	535	412	3 664
N J Williams	**390**	**4 509**	**965**	**423**	**6 287**	390	4 309	932	404	6 035
Subtotal	**1 170**	**19 263**	**4 046**	**1 273**	**25 752**	1 170	18 232	3 844	1 257	24 503
Non-executive (independent)										
S E N De Bruyn[1]	**972**	**–**	**–**	**–**	**972**	791	–	–	–	791
P K Harris[2]	**–**	**–**	**–**	**–**	**–**	227	–	–	–	227
N P Mageza[3]	**620**	**–**	**–**	**–**	**620**	678	–	–	–	678
P J Moleketi	**620**	**–**	**–**	**–**	**620**	678	–	–	–	678
M Morobe[4]	**580**	**–**	**–**	**–**	**580**	510	–	–	–	510
G G Nieuwoudt	**480**	**–**	**–**	**–**	**480**	390	–	–	–	390
K S Rantloane[5]	**540**	**–**	**–**	**–**	**540**	228	–	–	–	228
F Robertson	**680**	**–**	**–**	**–**	**680**	603	–	–	–	603
Subtotal	**4 492**	**–**	**–**	**–**	**4 492**	4 105	–	–	–	4 105
Non-executive (non-independent)										
J Malherbe	**480**	**–**	**–**	**–**	**480**	390	–	–	–	390
P J Neethling[6]	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
A E Rupert[6]	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
J P Rupert[6]	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Subtotal	**480**	**–**	**–**	**–**	**480**	390	–	–	–	390
Total	**6 142**	**19 263**	**4 046**	**1 273**	**30 724**	5 665	18 232	3 844	1 257	28 998

(1) *Ms S E N De Bruyn was appointed as a member of the Remuneration and Nomination Committee with effect from 30 November 2020.*
(2) *Mr P K Harris retired as independent non-executive director with effect from 30 November 2020.*
(3) *During the year under review Mr N P Mageza also received R772 000 (2021: R746 000) as director's fees from RCL Foods Limited, a subsidiary of Remgro Limited.*
(4) *During the year under review Mr M Morobe also received R150 000 as director's fees from Wispeco Holdings Proprietary Limited, a subsidiary of Remgro Limited.*
(5) *Mr K S Rantloane was appointed as an independent non-executive director and member of the Investment Committee with effect from 30 November 2020.*
(6) *Messrs A E Rupert, J P Rupert and P J Neethling receive no emoluments.*
(7) *Benefits include medical scheme contributions, vehicle benefits and UIF contributions.*

Prescribed officers: Fixed pay

R'000	**30 June 2022** *Salaries*	*Retire-ment fund*	*Other benefits[1]*	**Total**	30 June 2021 Salaries	Retire-ment fund	Other benefits[1]	Total
P R Louw	**3 037**	**598**	**432**	**4 067**	2 912	578	412	3 902
P J Uys	**6 074**	**1 196**	**387**	**7 657**	5 828	1 156	384	7 368
Total	**9 111**	**1 794**	**819**	**11 724**	8 740	1 734	796	11 270

(1) *Benefits include medical scheme contributions, vehicle benefits and UIF contributions.*

9. Directors' and key management personnel's emoluments (continued)

Share-based payments to directors and key management personnel

Share appreciation rights (SARs)

Directors

Participant	Offer date[1]	Offer price[2] (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2021	Adjusted offer price[3] (Rand)	SARs accepted/ (forfeited) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year[4] (R'000)	Balance of SARs accepted as at 30 June 2022[5]
Executive										
J J Durand	**29-Nov-12[6]**	**147.25**	**271 258**	**10 763**	271 258	**94.22**				**271 258**
	04-Dec-13[6]	**191.70**	**93 128**	**5 064**	93 128	**127.40**				**93 128**
	26-Nov-14[6]	**253.53**	**108 468**	**7 442**	108 468	**164.57**				**108 468**
	24-Nov-15[6]	**272.00**	**192 676**	**15 591**	192 676	**170.38**				**192 676**
	01-Dec-16	**209.11**	**150 872**	**10 554**	150 872	**125.95**				**150 872**
	14-Dec-17	**206.35**	**132 309**	**9 705**	132 309	**118.86**				**132 309**
	05-Dec-18[7]	**205.07**	**87 135**	**5 436**	87 135	**112.38**	**(87 135)**			**–**
	05-Dec-20[8]	**93.82**	**235 427**	**6 111**	235 427	**93.82**				**235 427**
	05-Dec-20	**93.82**	**235 454**	**6 631**	235 454	**93.82**				**235 454**
	05-Dec-21	**126.99**	**181 379**	**7 853**	–	**126.99**	**181 379**			**181 379**
M Lubbe	**29-Nov-12[6]**	**147.25**	**13 961**	**554**	13 961	**94.22**				**13 961**
	04-Dec-13[6]	**191.70**	**7 444**	**405**	7 444	**127.40**				**7 444**
	26-Nov-14[6]	**253.53**	**4 011**	**275**	4 011	**164.57**				**4 011**
	24-Nov-15[6]	**272.00**	**8 036**	**650**	8 036	**170.38**				**8 036**
	01-Dec-16	**209.11**	**65 632**	**4 591**	65 632	**125.95**				**65 632**
	14-Dec-17	**206.35**	**15 481**	**1 136**	15 481	**118.86**				**15 481**
	05-Dec-18[7]	**205.07**	**14 648**	**914**	14 648	**112.38**	**(14 648)**			**–**
	05-Dec-20[8]	**93.82**	**39 078**	**1 014**	39 078	**93.82**				**39 078**
	05-Dec-20	**93.82**	**46 448**	**1 308**	46 448	**93.82**				**46 448**
	05-Dec-21	**126.99**	**35 796**	**1 550**	–	**126.99**	**35 796**			**35 796**
N J Williams	**29-Nov-12[6]**	**147.25**	**81 901**	**3 250**	81 901	**94.22**				**81 901**
	04-Dec-13[6]	**191.70**	**22 221**	**1 208**	22 221	**127.40**				**22 221**
	26-Nov-14[6]	**253.53**	**16 430**	**1 127**	16 430	**164.57**				**16 430**
	24-Nov-15[6]	**272.00**	**27 492**	**2 225**	27 492	**170.38**				**27 492**
	01-Dec-16	**209.11**	**98 716**	**6 905**	98 716	**125.95**				**98 716**
	14-Dec-17	**206.35**	**55 677**	**4 084**	55 677	**118.86**				**55 677**
	05-Dec-18[7]	**205.07**	**28 465**	**1 776**	28 465	**112.38**	**(28 465)**			**–**
	05-Dec-20[8]	**93.82**	**72 103**	**1 871**	72 103	**93.82**				**72 103**
	05-Dec-20	**93.82**	**72 124**	**2 031**	72 124	**93.82**				**72 124**
	05-Dec-21	**126.99**	**55 568**	**2 406**	–	**126.99**	**55 568**			**55 568**
Total					2 196 595		**142 495**		**–**	**2 339 090**

(1) Unless otherwise indicated, one-third of the SARs are exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after the grant date, upon which date unexercised SARs lapse.

(2) Offer price of SARs granted before December 2018 is equal to the face value on grant date. Offer price of SARs granted from December 2018 onwards is the five-day VWAP on offer date.

(3) In terms of the rules of the share schemes, the offer price of SARs that were awarded prior to unbundlings, rights issues, special dividends, etc., was reduced to ensure that the participants were placed in substantially the same position as they were prior to such corporate actions.

(4) This refers to the increase in value of the SARs from the offer date to the date of exercise.

(5) SARs offered from December 2018 onwards, have performance conditions and reflect the number of SARs as if performance conditions were fully met.

(6) The expiry dates of these awards were extended to November 2023. As an alternative option to the 2012 SAR awards, a special award of CSPs was also made to employees. Should the employee choose to exercise the 2012 SAR award, the special CSP award will lapse.

(7) The performance conditions of the 2018 awards were not met and the SARs were forfeited.

(8) These awards relate to the 2019 award not made and will vest in one-thirds on the second, third and fourth anniversaries of the grant date, respectively.

9. Directors' and key management personnel's emoluments (continued)

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

Share appreciation rights (SARs) (continued)

Directors (continued)

Participant	Offer date[1]	Offer price[2] (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2020	Adjusted offer price[3] (Rand)	SARs accepted/ (exercised or expired) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year[4] (R'000)	Balance of SARs accepted as at 30 June 2021[5]
Executive										
J J Durand	29-Nov-12[6]	147.25	271 258	10 763	271 258	94.22				271 258
	04-Dec-13[6]	191.70	93 128	5 064	93 128	127.40				93 128
	26-Nov-14[6]	253.53	108 468	7 442	108 468	164.57				108 468
	24-Nov-15[6]	272.00	192 676	15 591	192 676	170.38				192 676
	01-Dec-16	209.11	150 872	10 554	150 872	125.95				150 872
	14-Dec-17	206.35	132 309	9 705	132 309	118.86				132 309
	05-Dec-18	205.07	87 135	5 436	87 135	112.38				87 135
	05-Dec-20[7]	93.82	235 427	6 111	–	93.82	235 427			235 427
	05-Dec-20	93.82	235 454	6 631	–	93.82	235 454			235 454
M Lubbe	29-Nov-12[6]	147.25	13 961	554	13 961	94.22				13 961
	04-Dec-13[6]	191.70	7 444	405	7 444	127.40				7 444
	26-Nov-14[6]	253.53	4 011	275	4 011	164.57				4 011
	24-Nov-15[6]	272.00	8 036	650	8 036	170.38				8 036
	01-Dec-16	209.11	65 632	4 591	65 632	125.95				65 632
	14-Dec-17	206.35	15 481	1 136	15 481	118.86				15 481
	05-Dec-18	205.07	14 648	914	14 648	112.38				14 648
	05-Dec-20[7]	93.82	39 078	1 014	–	93.82	39 078			39 078
	05-Dec-20	93.82	46 448	1 308	–	93.82	46 448			46 448
N J Williams	29-Nov-12[6]	147.25	81 901	3 250	81 901	94.22				81 901
	04-Dec-13[6]	191.70	22 221	1 208	22 221	127.40				22 221
	26-Nov-14[6]	253.53	16 430	1 127	16 430	164.57				16 430
	24-Nov-15[6]	272.00	27 492	2 225	27 492	170.38				27 492
	01-Dec-16	209.11	98 716	6 905	98 716	125.95				98 716
	14-Dec-17	206.35	55 677	4 084	55 677	118.86				55 677
	05-Dec-18	205.07	28 465	1 776	28 465	112.38				28 465
	05-Dec-20[7]	93.82	72 103	1 871	–	93.82	72 103			72 103
	05-Dec-20	93.82	72 124	2 031	–	93.82	72 124			72 124
Total					1 495 961		700 634		–	2 196 595

(1) *Unless otherwise indicated, one-third of the SARs are exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after the grant date, upon which date unexercised SARs lapse.*

(2) *Offer price of SARs granted before December 2018 is equal to the face value on grant date. Offer price of SARs granted from December 2018 onwards is the five-day VWAP on offer date.*

(3) *In terms of the rules of the share schemes, the offer price of SARs that were awarded prior to unbundlings, rights issues, special dividends, etc., was reduced to ensure that the participants were placed in substantially the same position as they were prior to such corporate actions.*

(4) *This refers to the increase in value of the SARs of the indicated participants from the offer date to the date of exercise.*

(5) *SARs offered from December 2018 onwards, have performance conditions and reflect the number of SARs as if performance conditions were fully met.*

(6) *The expiry dates of these awards were extended to November 2023. As an alternative option to the 2012 SAR awards, a special award of CSPs was also made to employees. Should the employee choose to exercise the 2012 SAR award, the special CSP award will lapse.*

(7) *These awards relate to the 2019 award not made and will vest in one-thirds on the second, third and fourth anniversaries of the grant date, respectively.*

9. Directors' and key management personnel's emoluments (continued)

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

Share appreciation rights (SARs) (continued)

Prescribed officers

Participant	Offer date[1]	Offer price[2] (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2021	Adjusted offer price[3] (Rand)	SARs accepted/ (forfeited) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year[4] (R'000)	Balance of SARs accepted as at 30 June 2022[5]
P R Louw	**29-Nov-12[6]**	**147.25**	**22 646**	**899**	22 646	**94.22**				**22 646**
	04-Dec-13[6]	**191.70**	**12 944**	**704**	12 944	**127.40**				**12 944**
	26-Nov-14[6]	**253.53**	**5 952**	**408**	5 952	**164.57**				**5 952**
	24-Nov-15[6]	**272.00**	**9 497**	**768**	9 497	**170.38**				**9 497**
	01-Dec-16	**209.11**	**91 120**	**6 374**	91 120	**125.95**				**91 120**
	14-Dec-17	**206.35**	**20 301**	**1 489**	20 301	**118.86**				**20 301**
	05-Dec-18[7]	**205.07**	**17 881**	**1 116**	17 881	**112.38**	**(17 881)**			**–**
	05-Dec-20[8]	**93.82**	**46 428**	**1 205**	46 428	**93.82**				**46 428**
	05-Dec-20	**93.82**	**46 448**	**1 308**	46 448	**93.82**				**46 448**
	05-Dec-21	**126.99**	**35 796**	**1 550**	–	**126.99**	**35 796**			**35 796**
P J Uys	**02-Apr-13[6]**	**183.15**	**218 400**	**10 519**	218 400	**121.67**				**218 400**
	04-Dec-13[6]	**191.70**	**3 325**	**181**	3 325	**127.40**				**3 325**
	26-Nov-14[6]	**253.53**	**14 774**	**1 014**	14 774	**164.57**				**14 774**
	24-Nov-15[6]	**272.00**	**11 533**	**933**	11 533	**170.38**				**11 533**
	01-Dec-16	**209.11**	**91 463**	**6 398**	91 463	**125.95**				**91 463**
	14-Dec-17	**206.35**	**85 936**	**6 303**	85 936	**118.86**				**85 936**
	05-Dec-18[7]	**205.07**	**35 822**	**2 235**	35 822	**112.38**	**(35 822)**			**–**
	05-Dec-20[8]	**93.82**	**88 088**	**2 286**	88 088	**93.82**				**88 088**
	05-Dec-20	**93.82**	**88 108**	**2 481**	88 108	**93.82**				**88 108**
	05-Dec-21	**126.99**	**67 853**	**2 938**	–	**126.99**	**67 853**			**67 853**
Total					910 666		**49 946**		**–**	**960 612**

[1] Unless otherwise indicated, one-third of the SARs are exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after grant date, upon which date unexercised SARs lapse.

[2] Offer price of SARs granted before December 2018 is equal to the face value on grant date. Offer price of SARs granted from December 2018 onwards is the five-day VWAP on offer date.

[3] In terms of the rules of the share schemes, the offer price of SARs that were awarded prior to unbundlings, rights issues, special dividends, etc., was reduced to ensure that the participants were placed in substantially the same position as they were prior to such corporate actions.

[4] This refers to the increase in value of the SARs from the offer date to the date of exercise.

[5] SARs offered from December 2018 onwards, have performance conditions and reflect the number of SARs as if performance conditions were fully met.

[6] The expiry dates of these awards were extended to November 2023. As an alternative option to the 2012 SAR awards, a special award of CSPs was also made to employees. Should the employee choose to exercise the 2012 SAR award, the special CSP award will lapse.

[7] The performance conditions of the 2018 awards were not met and the SARs were forfeited.

[8] These awards relate to the 2019 award not made and will vest in one-thirds on the second, third and fourth anniversaries of the grant date, respectively.

9. Directors' and key management personnel's emoluments (continued)

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

Share appreciation rights (SARs) (continued)

Prescribed officers (continued)

Participant	Offer date[1]	Offer price[2] (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2020	Adjusted offer price[3] (Rand)	SARs accepted/ (exercised or expired) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year[4] (R'000)	Balance of SARs accepted as at 30 June 2021[5]
P R Louw	29-Nov-12[6]	147.25	22 646	899	22 646	94.22				22 646
	04-Dec-13[6]	191.70	12 944	704	12 944	127.40				12 944
	26-Nov-14[6]	253.53	5 952	408	5 952	164.57				5 952
	24-Nov-15[6]	272.00	9 497	768	9 497	170.38				9 497
	01-Dec-16	209.11	91 120	6 374	91 120	125.95				91 120
	14-Dec-17	206.35	20 301	1 489	20 301	118.86				20 301
	05-Dec-18	205.07	17 881	1 116	17 881	112.38				17 881
	05-Dec-20[7]	93.82	46 428	1 205	–	93.82	46 428			46 428
	05-Dec-20	93.82	46 448	1 308	–	93.82	46 448			46 448
P J Uys	02-Apr-13[6]	183.15	218 400	10 519	218 400	121.67				218 400
	04-Dec-13[6]	191.70	3 325	181	3 325	127.40				3 325
	26-Nov-14[6]	253.53	14 774	1 014	14 774	164.57				14 774
	24-Nov-15[6]	272.00	11 533	933	11 533	170.38				11 533
	01-Dec-16	209.11	91 463	6 398	91 463	125.95				91 463
	14-Dec-17	206.35	85 936	6 303	85 936	118.86				85 936
	05-Dec-18	205.07	35 822	2 235	35 822	112.38				35 822
	05-Dec-20[7]	93.82	88 088	2 286	–	93.82	88 088			88 088
	05-Dec-20	93.82	88 108	2 481	–	93.82	88 108			88 108
Total					641 594		269 072		–	910 666

(1) *Unless otherwise indicated, one-third of the SARs are exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after grant date, upon which date unexercised SARs lapse.*

(2) *Offer price of SARs granted before December 2018 is equal to the face value on grant date. Offer price of SARs granted from December 2018 onwards is the five-day VWAP on offer date.*

(3) *In terms of the rules of the share schemes, the offer price of SARs that were awarded prior to unbundlings, rights issues, special dividends, etc., was reduced to ensure that the participants were placed in substantially the same position as they were prior to such corporate actions.*

(4) *This refers to the increase in value of the SARs of the indicated participants from the offer date to the date of exercise.*

(5) *SARs offered from December 2018 onwards, have performance conditions and reflect the number of SARs as if performance conditions were fully met.*

(6) *The expiry dates of these awards were extended to November 2023. As an alternative option to the 2012 SAR awards, a special award of CSPs was also made to employees. Should the employee choose to exercise the 2012 SAR award, the special CSP award will lapse.*

(7) *These awards relate to the 2019 award not made and will vest in one-thirds on the second, third and fourth anniversaries of the grant date, respectively.*

9. Directors' and key management personnel's emoluments (continued)

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

Conditional share plan shares (CSPs)

Directors

Participant	Offer date[1]	Offer price[2] (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer date (R'000)	Balance of CSPs accepted as at 30 June 2021	CSPs accepted/ (forfeited) during the year	Share price on vesting date[3] (Rand)	Cash value of CSPs vesting in year[4] (R'000)	Balance of CSPs accepted as at 30 June 2022[5, 6]
Executive									
J J Durand	05-Dec-18[7]	205.07	120 107	15 933	120 107	(120 107)			–
	05-Dec-20[8]	93.82	235 427	20 366	235 427				235 427
	05-Dec-20	93.82	235 454	19 655	235 454				235 454
	05-Dec-20[9]	93.82	95 672	8 728	95 672				95 672
	05-Dec-21	126.99	181 379	20 747	–	181 379			181 379
M Lubbe	05-Dec-18[7]	205.07	20 191	2 678	20 191	(20 191)			–
	05-Dec-20[8]	93.82	39 078	3 380	39 078				39 078
	05-Dec-20	93.82	46 448	3 877	46 448				46 448
	05-Dec-20[9]	93.82	4 924	449	4 924				4 924
	05-Dec-21	126.99	35 796	4 094	–	35 796			35 796
N J Williams	05-Dec-18[7]	205.07	39 237	5 205	39 237	(39 237)			–
	05-Dec-20[8]	93.82	72 103	6 237	72 103				72 103
	05-Dec-20	93.82	72 124	6 021	72 124				72 124
	05-Dec-20[9]	93.82	28 887	2 635	28 887				28 887
	05-Dec-21	126.99	55 568	6 356	–	55 568			55 568
Total					1 009 652	93 208		–	1 102 860

(1) *Unless otherwise indicated, one-third of the CSPs vest, after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date.*
(2) *Offer price of CSPs granted is the five-day VWAP on offer date.*
(3) *Five-day VWAP of Remgro on vesting date.*
(4) *This refers to the total value of the CSPs on vesting.*
(5) *CSPs have performance conditions and reflect the number of CSPs as if performance conditions were fully met.*
(6) *Dividend equivalents will be accumulated and delivered in shares upon vesting.*
(7) *The performance conditions of the 2018 awards were not met and the CSPs were forfeited.*
(8) *These awards relate to the 2019 award not made and will vest in one-thirds on the second, third and fourth anniversaries of the grant date, respectively.*
(9) *As an alternative to the 2012 SAR awards, this special award of CSPs was also made to employees. Should the employee choose to exercise the 2012 SAR award, this special CSP award will lapse.*

9. Directors' and key management personnel's emoluments (continued)

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

Conditional share plan shares (CSPs) (continued)

Directors (continued)

Participant	Offer date[1]	Offer price[2] (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer date (R'000)	Balance of CSPs accepted as at 30 June 2020	CSPs accepted/ (exercised or expired) during the year	Share price on vesting date[3] (Rand)	Cash value of CSPs vesting in year[4] (R'000)	Balance of CSPs accepted as at 30 June 2021[5, 6]
Executive									
J J Durand	05-Dec-18	205.07	120 107	15 933	120 107				120 107
	05-Dec-20[7]	93.82	235 427	20 366	–	235 427			235 427
	05-Dec-20	93.82	235 454	19 655	–	235 454			235 454
	05-Dec-20[8]	93.82	95 672	8 728	–	95 672			95 672
M Lubbe	05-Dec-18	205.07	20 191	2 678	20 191				20 191
	05-Dec-20[7]	93.82	39 078	3 380	–	39 078			39 078
	05-Dec-20	93.82	46 448	3 877	–	46 448			46 448
	05-Dec-20[8]	93.82	4 924	449	–	4 924			4 924
N J Williams	05-Dec-18	205.07	39 237	5 205	39 237				39 237
	05-Dec-20[7]	93.82	72 103	6 237	–	72 103			72 103
	05-Dec-20	93.82	72 124	6 021	–	72 124			72 124
	05-Dec-20[8]	93.82	28 887	2 635	–	28 887			28 887
Total					179 535	830 117		–	1 009 652

(1) *Unless otherwise indicated, one-third of the CSPs vest, after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date.*
(2) *Offer price of CSPs granted is the five-day VWAP on offer date.*
(3) *Five-day VWAP of Remgro on vesting date.*
(4) *This refers to the total value of the CSPs on vesting.*
(5) *CSPs have performance conditions and reflect the number of CSPs as if performance conditions were fully met.*
(6) *Dividend equivalents will be accumulated and delivered in shares upon vesting.*
(7) *These awards relate to the 2019 award not made and will vest in one-thirds on the second, third and fourth anniversaries of the grant date, respectively.*
(8) *As an alternative to the 2012 SAR awards, this special award of CSPs was also made to employees. Should the employee choose to exercise the 2012 SAR award, this special CSP award will lapse.*

9. Directors' and key management personnel's emoluments (continued)

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

Conditional share plan shares (CSPs) (continued)

Prescribed officers

Participant	Offer date[1]	Offer price[2] (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer date (R'000)	Balance of CSPs accepted as at 30 June 2021	CSPs accepted/ (forfeited) during the year	Share price on vesting date[3] (Rand)	Cash value of CSPs vesting in year[4] (R'000)	Balance of CSPs accepted as at 30 June 2022[5, 6]
P R Louw	**05-Dec-18[7]**	**205.07**	**24 648**	**3 270**	24 648	**(24 648)**			**–**
	05-Dec-20[8]	**93.82**	**46 428**	**4 016**	46 428				**46 428**
	05-Dec-20	**93.82**	**46 448**	**3 877**	46 448				**46 448**
	05-Dec-20[9]	**93.82**	**7 988**	**729**	7 988				**7 988**
	05-Dec-21	**126.99**	**35 796**	**4 094**	–	**35 796**			**35 796**
P J Uys	**05-Dec-18[7]**	**205.07**	**49 378**	**6 550**	49 378	**(49 378)**			**–**
	05-Dec-20[8]	**93.82**	**88 088**	**7 620**	88 088				**88 088**
	05-Dec-20	**93.82**	**88 108**	**7 355**	88 108				**88 108**
	05-Dec-21	**126.99**	**67 853**	**7 761**	–	**67 853**			**67 853**
Total					351 086	**29 623**		**–**	**380 709**

[1] *Unless otherwise indicated, one-third of the CSPs vest, after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date.*
[2] *Offer price of CSPs granted is the five-day VWAP on offer date.*
[3] *Five-day VWAP of Remgro on vesting date.*
[4] *This refers to the total value of the CSPs on vesting date.*
[5] *CSPs have performance conditions and reflect the number of CSPs as if performance conditions were fully met.*
[6] *Dividend equivalents will be accumulated and delivered in shares upon vesting.*
[7] *The performance conditions of the 2018 awards were not met and the CSPs were forfeited.*
[8] *These awards relate to the 2019 award not made and will vest in one-thirds on the second, third and fourth anniversaries of the grant date, respectively.*
[9] *As an alternative to the 2012 SAR awards, this special award of CSPs was also made to employees. Should the employee choose to exercise the 2012 SAR award, this special CSP award will lapse.*

Participant	Offer date[1]	Offer price[2] (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer date (R'000)	Balance of CSPs accepted as at 30 June 2020	CSPs accepted/ (exercised or expired) during the year	Share price on vesting date[3] (Rand)	Cash value of CSPs vesting in year[4] (R'000)	Balance of CSPs accepted as at 30 June 2021[5, 6]
P R Louw	05-Dec-18	205.07	24 648	3 270	24 648				24 648
	05-Dec-20[7]	93.82	46 428	4 016	–	46 428			46 428
	05-Dec-20	93.82	46 448	3 877	–	46 448			46 448
	05-Dec-20[8]	93.82	7 988	729	–	7 988			7 988
P J Uys	05-Dec-18	205.07	49 378	6 550	49 378				49 378
	05-Dec-20[7]	93.82	88 088	7 620	–	88 088			88 088
	05-Dec-20	93.82	88 108	7 355	–	88 108			88 108
Total					74 026	277 060		–	351 086

[1] *Unless otherwise indicated, one-third of the CSPs vest, after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date.*
[2] *Offer price of CSPs granted is the five-day VWAP on offer date.*
[3] *Five-day VWAP of Remgro on vesting date.*
[4] *This refers to the total value of the CSPs on vesting date.*
[5] *CSPs have performance conditions and reflect the number of CSPs as if performance conditions were fully met.*
[6] *Dividend equivalents will be accumulated and delivered in shares upon vesting.*
[7] *These awards relate to the 2019 award not made and will vest in one-thirds on the second, third and fourth anniversaries of the grant date, respectively.*
[8] *As an alternative to the 2012 SAR awards, this special award of CSPs was also made to employees. Should the employee choose to exercise the 2012 SAR award, this special CSP award will lapse.*

10. Other assets and liabilities

10.1 Property, plant and equipment

Property, plant and equipment

Property, plant and equipment consist mainly of land and buildings, machinery, equipment, office equipment, bearer plants and vehicles. All property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Refer to note 6.3 for the accounting treatment of right-of-use assets.

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

Depreciation rates (%) are as follows:	**30 June 2022**	30 June 2021
Bearer plants	**5.0 – 10.0**	5.0 – 10.0
Buildings	**1.7 – 50.0**	1.7 – 50.0
Machinery and equipment	**2.2 – 50.0**	2.2 – 50.0
Vehicles	**3.0 – 50.0**	3.0 – 50.0
Office equipment	**5.0 – 50.0**	5.0 – 50.0

R million	*Land and buildings*	*Machinery and equipment*	*Vehicles*	*Office equipment*	*Bearer plants*	Total
Carrying value at 1 July 2020	8 009	7 108	1 089	429	210	16 845
Cost	10 179	16 773	2 023	895	401	30 271
Accumulated depreciation	(2 170)	(9 665)	(934)	(466)	(191)	(13 426)
Additions	661	1 125	188	95	12	2 081
Businesses acquired	57	18	1	–	–	76
Disposals	(117)	(53)	(39)	(2)	(4)	(215)
Depreciation	(379)	(1 014)	(194)	(83)	(36)	(1 706)
Impairments	(55)	(2)	(36)	–	–	(93)
Foreign exchange translation	(129)	(95)	(5)	(4)	–	(233)
Transfers and other	(473)	454	26	3	–	10
Carrying value at 30 June 2021	7 574	7 541	1 030	438	182	16 765
Cost	10 056	17 724	2 047	967	407	31 201
Accumulated depreciation	(2 482)	(10 183)	(1 017)	(529)	(225)	(14 436)
Additions	**1 068**	**1 663**	**188**	**121**	**37**	**3 077**
Disposals	**(54)**	**(86)**	**(27)**	**(4)**	**(14)**	**(185)**
Depreciation	**(394)**	**(1 159)**	**(207)**	**(94)**	**(33)**	**(1 887)**
Reversal of impairment/(impairments)	**(89)**	**236**	**–**	**–**	**–**	**147**
Foreign exchange translation	**63**	**21**	**3**	**–**	**–**	**87**
Reassessment of leases	**(157)**	**(2)**	**–**	**–**	**–**	**(159)**
Transfers and other	**(287)**	**268**	**3**	**3**	**(1)**	**(14)**
Carrying value at 30 June 2022	**7 724**	**8 482**	**990**	**464**	**171**	**17 831**
Cost	**10 346**	**19 174**	**2 169**	**1 058**	**414**	**33 161**
Accumulated depreciation	**(2 622)**	**(10 692)**	**(1 179)**	**(594)**	**(243)**	**(15 330)**

The secured term facility of Distell is secured by mortgages over immovable property, general notarial bonds over movable assets and a cession over trade and other receivables of specific subsidiaries to a maximum of R5 500 million.

The registers containing details of land and buildings are available for inspection by shareholders or their proxies at the registered offices of the companies to which the relevant properties belong.

10. Other assets and liabilities (continued)

10.1 Property, plant and equipment (continued)

RCL Foods impairment assessments

During the current year, total net impairment reversals of R147 million was recognised by RCL Foods group. These reversals relate to the following cash-generating units (CGU): Sugar (R253 million impairment reversal), Vector Logistics (R40 million impairment loss) and unallocated segments (R66 million impairment loss).

During the current year the Sugar business delivered its second highest profit following the record result of the prior year which resulted in the CGU being tested for possible impairment reversals in the current year.

The key assumptions used in the value in use calculation are presented below. These calculations use cash flow projections based on financial budgets approved by RCL Foods management, which include assumptions on profit before tax, working capital and capital maintenance expenditure. Impairment sensitivities in the Sugar business only relate to Sivunosetfu Farming Services Proprietary Limited for the current year while the prior year related to all CGU's.

The forecast cash flows used in the value in use calculations are the output of RCL Foods' five-year business planning process.

The assumptions used in the value in use calculations include:

- volume growth: RCL Foods is a food producer with products sold mainly in the South African market. Volume assumptions are therefore closely linked to population and gross domestic product (GDP) growth forecasts for South Africa. Compounded volume growth over the five-year period does not exceed long-term GDP forecasts, apart from additional volume resulting from recent capital investments which have yet to reach full production and innovation/new product launches serviced from existing capacity;
- selling price and cost growth are linked to consumer price index (CPI) and food inflation (which tracks ahead of CPI);
- capital expenditure: capex spend is limited to replacement capex, in line with the group's maintenance programmes;
- working capital: working capital is held at a constant percentage of revenue based on the historic averages achieved in each CGU; and
- the cash flow beyond year five (terminal cash flow) has assumed a steady state of growth with capital expenditure equal to depreciation, volumes and profit margins maintained at year five levels with the growth beyond year five resulting solely from price inflation.

Key assumptions	**30 June 2022**	30 June 2021
Discount rate (pre-tax) (%)	**14.5 – 45.0**	14.5 – 18.6
Growth rate (%)	**4.0**	4.0
Period (years)	**5**	5

Sensitivity analysis of assumptions used in the impairment test:

Assumptions (R million)	***Movement***	**30 June 2022 Additional impairment**
Discount rate (%)	**+1.0**	**520**
Growth rate (%)	**-0.5**	**214**

Note that the impairment above relates to the entire carrying value of the CGU and not only to the value of the property, plant and equipment.

10. Other assets and liabilities (continued)

10.2 Investment properties

Investment properties are held to generate rental income and appreciate in capital value. Investment properties are treated as long-term investments and are carried at cost less accumulated depreciation. Buildings are depreciated to their estimated residual values on a straight-line basis over their expected useful lives. Depreciation rates between 4% and 20% per annum are applied on significant components.

The fair values disclosed for investment properties are determined by external independent valuators every third year and adjusted by management by taking into account property-specific information in each intermediary year.

R million	30 June 2022 Cost	30 June 2022 Accumulated depreciation	30 June 2022 Carrying value	30 June 2021 Cost	30 June 2021 Accumulated depreciation	30 June 2021 Carrying value
Land	**7**	**–**	**7**	7	–	7
Buildings	**165**	**(35)**	**130**	147	(30)	117
	172	**(35)**	**137**	154	(30)	124

Reconciliation of carrying value at the beginning and end of the year (R million)	Land	Buildings	30 June 2022	Land	Buildings	30 June 2021
Balances at the beginning of the year	**7**	**117**	**124**	3	106	109
Additions	**–**	**20**	**20**	4	16	20
Depreciation	**–**	**(5)**	**(5)**	–	(5)	(5)
Transfers and other	**–**	**(2)**	**(2)**	–	–	–
Balances at the end of the year	**7**	**130**	**137**	7	117	124

The Group's diverse investment property portfolio was valued at 30 June 2022 by independent, qualified valuers using, depending on the specific property, either a discounted cash flow or a depreciated replacement cost approach utilising inputs appropriate to each specific property. The Group obtains external valuations of its properties every three years. The fair value of the investment properties (level 3), VAT exclusive, is R731 million (2021: R810 million).

The registers containing details of investment properties are available for inspection by shareholders or their proxies at the registered offices of the companies to which the relevant properties belong.

10. Other assets and liabilities (continued)

10.3 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Remgro's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is carried at cost less accumulated impairment losses.

Identifiable intangible assets

Identifiable intangible assets include trade marks, customer contracts and customer and supplier relationships and software. The cost of developing and establishing identifiable intangible assets is expensed as incurred. Consequently, the value thereof is not reflected in the Annual Financial Statements. The cost of purchased identifiable intangible assets is written off on a straight-line basis over their expected useful lives. Identifiable intangible assets with indefinite useful lives are not amortised, but are annually tested for impairment.

An intangible asset is regarded as having an indefinite useful life if, based on all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Indefinite life is not the same as infinite, i.e. limitless. The useful life of an intangible asset reflects only the level of future maintenance (and management's ability and intention to carry out such maintenance) that is necessary to preserve the asset's operating capability as assessed when initially estimating the asset's useful life. The following factors were taken into account to determine the useful life of intangible assets:

- Track record of stability;
- High barriers to market entry; and
- Management's commitment to continue to invest for the long term to extend the period over which the intangible asset is expected to continue to provide economic benefits.

Industrial property rights

Industrial property rights are intangible assets held by the Group for use in the manufacturing and distribution of its alcoholic products and are expected to be used during more than one period. All industrial property rights are carried at historical cost less amortisation and impairment. The historical cost includes all expenditure that is directly attributable to the acquisition of the industrial property rights and is depreciated on a straight-line basis to an estimated residual value over the expected useful life of the assets.

Research and development costs

Research cost is expensed as incurred. Where the asset recognition criteria have been met, development cost is capitalised and written off over the expected useful life of the product. Development cost previously expensed is not recognised as an asset in a subsequent period.

10. Other assets and liabilities (continued)

10.3 Intangible assets (continued)

R million	*Goodwill*	*Trade marks*	*Customer and supplier relationships*	*Software*	*Industrial property rights*	Total
Carrying value at 1 July 2020	8 010	11 528	1 148	371	10	21 067
Cost	11 729	12 318	2 340	917	14	27 318
Accumulated amortisation	(3 719)	(790)	(1 192)	(546)	(4)	(6 251)
Additions	–	–	–	143	–	143
Businesses acquired	54	–	5	–	–	59
Amortisation	–	(77)	(331)	(87)	–	(495)
Foreign exchange translation	–	(76)	(11)	(1)	(3)	(91)
Transfers and other	–	–	–	(3)	–	(3)
Carrying value at 30 June 2021	8 064	11 375	811	423	7	20 680
Cost	11 783	12 239	2 334	1 017	12	27 385
Accumulated amortisation	(3 719)	(864)	(1 523)	(594)	(5)	(6 705)
Additions	**–**	**–**	**–**	**172**	**–**	**172**
Disposals	**–**	**–**	**–**	**–**	**(11)**	**(11)**
Businesses acquired	**69**	**22**	**–**	**–**	**–**	**91**
Impairment	**(162)**	**–**	**–**	**–**	**–**	**(162)**
Amortisation	**–**	**(84)**	**(297)**	**(128)**	**–**	**(509)**
Foreign exchange translation	**–**	**1**	**–**	**–**	**4**	**5**
Transfers and other	**(1)**	**(20)**	**21**	**9**	**–**	**9**
Carrying value at 30 June 2022	**7 970**	**11 294**	**535**	**476**	**–**	**20 275**
Cost	**11 838**	**12 272**	**2 325**	**1 194**	**–**	**27 629**
Accumulated amortisation	**(3 868)**	**(978)**	**(1 790)**	**(718)**	**–**	**(7 354)**

Amortisation periods (years)	**30 June 2022**	30 June 2021
Trade marks	**5 – 20**	5 – 20
Customer and supplier relationships	**3 – 20**	3 – 20
Software	**3 – 20**	3 – 20
Industrial property rights	**60**	60

Based on Distell's fair value, no impairment was required on the Distell CGU for the current and prior financial years. At 30 June 2020, Remgro recognised an impairment amounting to R1 809 million relating to the goodwill allocated to Distell with the business combination of the company during May 2018.

During the current year RCL Foods acquired a 100% shareholding in Siyathuthuka Sugar Estate Proprietary Limited. The acquisition resulted in goodwill being recognised. The subsidiary was acquired exclusively with a view to resale and the goodwill (R162 million) was subsequently impaired in accordance with the measurement principles of *IFRS 5*. Based on current forecasts and projections, no additional impairment on RCL Foods' goodwill was required for the 2022 and 2021 financial years. During the 2020 financial year, RCL Foods recognised an impairment on goodwill (R598 million) relating to its Vector Logistics (R287 million), Beverages (R123 million), Pies (R114 million) and Speciality (R74 million) business units, including indefinite life intangible assets of R315 million in the Milling business unit. The recoverable amounts of the RCL Foods CGUs were based on their value in use.

No impairment on the goodwill allocated to Siqalo Foods was required for both the 2022 and 2021 financial years.

10. Other assets and liabilities (continued)

10.3 Intangible assets (continued)

Distell recognised no impairments on trade marks and industrial property rights.

Software with a book value of R21 million is still in the development phase (2021: R19 million).

No intangible assets were pledged as security.

Goodwill and indefinite life intangible assets are tested annually for possible impairment and for this purpose are allocated to the respective cash-generating units as indicated below:

Goodwill	Siqalo Foods[1]	Distell and its subsidiaries[2]	RCL Foods and its subsidiaries[3]	Wispeco and its subsidiaries	Total
30 June 2022					
Carrying value (R million)	**4 320**	**1 726**	**1 889**	**19**	**7 954**
Basis of valuation of cash-generating units	**Fair value**	**Fair value**	**Value in use**	**Value in use**	
Discount rate (%)	**14.2**	**n/a**	**14.5 – 17.5**	**14.4**	
Growth rate (%)	**5.5**	**n/a**	**4.0**	**3.0**	
Period (years)	**5**	**n/a**	**5**	**5**	
30 June 2021					
Carrying value (R million)	4 320	1 726	1 998	19	8 063
Basis of valuation of cash-generating units	Fair value	Fair value	Value in use	Value in use	
Discount rate (%)	12.1	n/a	14.5 – 17.0	13.3	
Growth rate (%)	5.0	n/a	4.0	3.0 – 9.0	
Period (years)	5	n/a	5	5	

(1) *Goodwill of R5 208 million was recognised with the acquisition of Siqalo Foods. R888 million was impaired during the 2019 financial year.*

(2) *Goodwill of R3 535 million was recognised with the acquisition of Distell during May 2018. R1 809 million was impaired during the 2020 financial year.*

(3) *Goodwill relates to the acquisition of Vector Logistics Proprietary Limited in 2005, New Foodcorp Holdings Proprietary Limited (Foodcorp) in 2013, the sweetener operation in 2018, Driehoek Voere in 2019 and L&A Logistics Limited during the 2021 financial year. During the 2022 financial year, RCL Foods acquired a 100% shareholding in Siyathuthuka Sugar Estate Proprietary Limited. The carrying value includes accumulated impairments amounting to R1 150 million.*

Indefinite life intangible assets	Siqalo Foods[1]	Distell and its subsidiaries[2]	RCL Foods and its subsidiaries[3]	Total
30 June 2022				
Carrying value included in trade marks (R million)	**1 153**	**8 357**	**1 212**	**10 722**
Basis of valuation	**Fair value**	**Fair value**	**Value in use**	
Discount rate (%)	**14.2**	**n/a**	**14.5 – 17.5**	
Growth rate (%)	**5.5**	**n/a**	**4.0**	
Period (years)	**5**	**n/a**	**5**	
30 June 2021				
Carrying value included in trade marks (R million)	1 153	8 355	1 212	10 720
Basis of valuation	Fair value	Fair value	Value in use	
Discount rate (%)	12.1	n/a	14.5 – 17.0	
Growth rate (%)	5.0	n/a	4.0	
Period (years)	5	n/a	5	

(1) *Relates to the acquisition of Siqalo Foods.*
(2) *Relates to the acquisition of Distell.*
(3) *Relates to the acquisition of Foodcorp.*

10. Other assets and liabilities (continued)

10.3 Intangible assets (continued)

Sensitivity analysis of assumptions used in the impairment tests:

Siqalo Foods

	30 June 2022		30 June 2021	
Assumptions (R million)	***Movement***	***Additional impairment***	*Movement*	*Additional impairment*
Discount rate (%)	**+1.0**	**521**	+1.0	–
Growth rate (%)	**-1.0**	**375**	-1.0	–

The recoverable amount of Siqalo Foods, being its fair value, exceeded its carrying amount at 30 June 2021 and 2022.

Distell

	30 June 2022		30 June 2021	
Assumptions (R million)	***Movement***	***Additional impairment***	*Movement*	*Additional impairment*
Change in share price (%)	**-10.0**	**–**	-10.0	–

At 30 June 2022 and 2021, the fair value of the Distell CGU measured at its listed share price of R171.35 per share and R167.00, respectively, exceeded its carrying value. Accordingly, no impairment was recognised relating to the underlying assets. Should the share price decline by 10%, the fair value of the CGU will still exceed its carrying value at those dates.

RCL Foods

	30 June 2022		30 June 2021	
Assumptions (R million)	***Movement***	***Additional impairment***	*Movement*	*Additional impairment*
Discount rate (%)	**+1.0**	**171**	+1.0	110
Growth rate (%)	**-0.5**	**123**	-0.5	21

Wispeco

	30 June 2022		30 June 2021	
Assumptions (R million)	***Movement***	***Additional impairment***	*Movement*	*Additional impairment*
Discount rate (%)	**+1.0**	**–**	+1.0	–
Growth rate (%)	**-1.0**	**–**	-1.0	–

10. Other assets and liabilities (continued)

10.4 Retirement benefits

Pension obligations

The Group provides defined-benefit and defined-contribution post-employment plans for their employees. The plan assets are held in separate trustee-administered funds. These plans are funded by payments from the employees and the Group, taking into account recommendations of independent qualified actuaries.

For the defined-benefit plans, the pension accounting costs are assessed using the projected unit credit method. The cost of providing pensions is charged to the income statement to spread the regular costs over the service lives of the employees in accordance with advice of qualified actuaries. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities that have maturity terms approximating the terms of the related liability.

Past service costs are immediately expensed.

The net surplus or deficit of the benefit obligation is the difference between the present value of the funded obligations and the fair value of the plan assets. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

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

Post-employment medical obligations

The Group provides post-employment medical benefits to its retirees. The entitlement to post-employment medical benefits is based on the employees remaining in service up to retirement age and the completion of a minimum service period. The projected unit credit method of valuation is used to calculate the liability for post-employment medical benefits.

The expected costs of these benefits are expensed, and the liabilities accumulated over the period of employment, using accounting methodology similar to that for defined-benefit pension plans. Independent qualified actuaries value these obligations.

R million	30 June 2022	30 June 2021
Statement of financial position obligations		
Post-employment medical benefits	**(149)**	(136)
	(149)	(136)
Statement of financial position assets	**709**	692
Retirement benefits	**321**	281
Defined-contribution fund employer's surplus	**41**	60
Post-employment medical benefits	**347**	351
Net defined-benefit post-retirement asset	**560**	556
Represented by:		
Retirement benefits (refer note 10.4.1)	**321**	281
Post-employment medical benefits (refer note 10.4.2)	**198**	215
Defined-contribution fund employer's surplus	**41**	60
	560	556
Income statement*		
Retirement benefits	**(25)**	(15)
Post-employment medical benefits	**(2)**	(75)
Income	**(27)**	(90)
Statement of comprehensive income – other comprehensive income		
Retirement benefits (refer note 10.4.1)	**(14)**	(80)
Post-employment medical benefits (refer note 10.4.2)	**(28)**	(77)
Income	**(42)**	(157)

* *Refer to note 12.2 on page 96.*

10. Other assets and liabilities (continued)

10.4 Retirement benefits (continued)

10.4.1 Retirement benefits

Some of the Company's subsidiaries have various defined-benefit and defined-contribution funds which are privately administered independent of the finances of the Group. The Group operates defined-benefit funds in South Africa, governed by the Pension Funds Act, 1956 (as amended). All salaried employees are obliged to accept membership of one of these funds.

	Statement of financial position				Income statement	Statement of other compre-hensive income
R million	*Fair value of plan assets*	*Present value of funded obligations*	*Effect of the asset limit*	*Amount recognised in the statement of financial position*	*(Income)/ expense included in staff costs*	*(Income)/ expense*
Balances at 1 July 2020	838	(448)	(192)	198		
Current service cost	–	(3)	–	(3)	3	–
Net interest income/(expense)	76	(40)	(18)	18	(18)	–
Change in effect of asset limit	–	–	(12)	(12)	–	12
Fund expenses	(2)	2	–	–	–	–
Exchange rate differences	(12)	12	–	–	–	–
Benefit payments	(39)	39	–	–	–	–
Liability settled	(12)	–	–	(12)	–	–
Remeasurements:						
– Return on plan assets excluding interest	69	–	21	90	–	(90)
– Change in financial assumptions	–	2	–	2	–	(2)
Balances at 30 June 2021	918	(436)	(201)	281	(15)	(80)
Current service cost	**–**	**(3)**	**–**	**(3)**	**3**	**–**
Net interest income/(expense)	**90**	**(42)**	**(20)**	**28**	**(28)**	**–**
Change in effect of asset limit	**–**	**–**	**25**	**25**	**–**	**(25)**
Fund expenses	**(2)**	**2**	**–**	**–**	**–**	**–**
Contributions	**3**	**(2)**	**–**	**1**	**–**	**–**
Benefit payments	**(41)**	**41**	**–**	**–**	**–**	**–**
Remeasurements:						
– Return on plan assets excluding interest	**(44)**	**–**	**23**	**(21)**	**–**	**21**
– Experience adjustments	**–**	**(1)**	**–**	**(1)**	**–**	**1**
– Change in financial assumptions	**–**	**11**	**–**	**11**	**–**	**(11)**
Balances at 30 June 2022	**924**	**(430)**	**(173)**	**321**	**(25)**	**(14)**

10. Other assets and liabilities (continued)

10.4 Retirement benefits (continued)

10.4.1 Retirement benefits (continued)

R million	30 June 2022	30 June 2021
Actual return on plan assets	**46**	145
Expected contributions for the year ending 30 June 2023: R1 million		
Number of members	**321**	348
Composition of plan assets (%)		
Cash	**11.1**	10.5
Equity	**21.5**	20.8
Bonds	**44.5**	43.9
Property	**0.3**	0.3
International	**22.6**	24.5
	100.0	100.0
Principal actuarial assumptions on reporting date (%)		
Discount rate	**10.9 – 11.1**	9.7 – 10.2
Future salary increases	**7.4 – 7.6**	6.2 – 6.7
Future pension increases	**6.4 – 6.6**	5.2 – 5.7
Inflation rate	**6.4 – 6.6**	5.2 – 5.7

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

	30 June 2022 Impact on defined-benefit obligation			30 June 2021 Impact on defined-benefit obligation		
R million	*Change in assumption*	*Increase in assumption*	*Decrease in assumption*	*Change in assumption*	*Increase in assumption*	*Decrease in assumption*
South Africa						
Discount rate	**1.0%**	**(22)**	**27**	1.0%	(25)	24
Inflation rate	**1.0%**	**27**	**(23)**	1.0%	28	(22)

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

10.4.2 Post-employment medical benefits

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

Plan assets used to fund Distell's Southern African post-employment medical liability were restructured during the current and prior years. Accordingly, R55 million (2021: R405 million) of excess cash was transferred to Distell in line with the rules of the fund. Distell's post-employment medical liability is still funded.

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

R million	30 June 2022	30 June 2021
Present value of funded obligations	**(873)**	(826)
Fair value of plan assets	**1 191**	1 152
Excess of the funded plans	**318**	326
Present value of unfunded obligations	**(120)**	(111)
Asset included in the statement of financial position	**198**	215

10. Other assets and liabilities (continued)

10.4 Retirement benefits (continued)

10.4.2 Post-employment medical benefits (continued)

	Statement of financial position			Income statement	Statement of other comprehensive income
R million	***Fair value of plan assets***	***Present value of funded obligations***	***Amount recognised in the statement of financial position***	***(Income)/ expense included in staff costs***	***(Income)/ expense***
Balances at 1 July 2020	1 368	(908)	460		
Current service cost	–	(26)	(26)	26	–
Net interest income/(expense)	198	(123)	75	(75)	–
Contributions	–	1	1	–	–
Benefit payments	(36)	43	7	–	–
Liability settled	(405)	26	(379)	(26)	–
Remeasurements:					
– Change in financial assumptions	–	39	39	–	(39)
– Return on plan assets excluding interest income	26	–	26	–	(26)
– Gain/(loss) due to experience adjustment	–	12	12	–	(12)
Balances at 30 June 2021	1 151	(936)	215	(75)	(77)
Current service cost	**–**	**(27)**	**(27)**	**27**	**–**
Past service cost	**–**	**1**	**1**	**(1)**	**–**
Net interest income/(expense)	**139**	**(111)**	**28**	**(28)**	**–**
Contributions	**–**	**1**	**1**	**–**	**–**
Benefit payments	**(36)**	**43**	**7**	**–**	**–**
Cash withdrawal by employer	**(55)**	**–**	**(55)**	**–**	**–**
Remeasurements:					
– Change in financial assumptions	**–**	**15**	**15**	**–**	**(15)**
– Return on plan assets excluding interest income	**(9)**	**–**	**(9)**	**–**	**9**
– Gain/(loss) due to experience adjustment	**–**	**22**	**22**	**–**	**(22)**
Balances at 30 June 2022	**1 190**	**(992)**	**198**	**(2)**	**(28)**

R million	**30 June 2022**	30 June 2021
Actual return on plan assets	**130**	224
Expected medical premiums for the year ending 30 June 2023: R7 million		
Number of members	**3 252**	3 210
Composition of plan assets (%)		
Cash	**0.2**	0.3
Equity	**4.5**	5.9
Bonds	**95.1**	93.8
Property	**0.2**	–
	100.0	100.0

10. Other assets and liabilities (continued)

10.4 Retirement benefits (continued)

10.4.2 Post-employment medical benefits (continued)

Principal actuarial assumptions on reporting date (%)	**30 June 2022**	30 June 2021
Discount rate	**9.3 – 13.2**	8.2 – 12.6
Annual increase in healthcare costs	**7.9 – 9.7**	6.7 – 9.6

The sensitivity of the post-employment medical liability to changes in the principal assumptions is:

	30 June 2022 Impact on post-employment medical liability			30 June 2021 Impact on post-employment medical liability		
R million	***Change in assumption***	***Increase in assumption***	***Decrease in assumption***	*Change in assumption*	*Increase in assumption*	*Decrease in assumption*
Discount rate	**1.0%**	**(118)**	**147**	1.0%	(117)	141
Healthcare cost inflation	**1.0%**	**151**	**(122)**	1.0%	148	(118)

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

10.5 Long-term loans and debtors

R million	**30 June 2022**	30 June 2021
Loans advanced to Distell's and RCL Foods' producers and other unrelated parties with varying interest rates and repayment terms	**48**	59
Gross loans	**52**	66
Expected credit loss allowance	**(4)**	(7)
Loans advanced by Distell to related parties, denominated in SA rand and USA dollar, with market-related interest rates and no specific repayment terms	**54**	45
Loans advanced to an RCL Foods producer. Secured by a second mortgage bond over properties. This loan was interest-free (refer note 10.5.1).	**–**	14
Gross loans	**–**	71
Expected credit loss allowance	**–**	(57)
Other smaller loans advanced with varying interest rates	**53**	28
USA dollar savings bonds of the Reserve Bank of Zimbabwe. Two-year tenure with an effective interest rate of 6.80% per annum (refer note 10.5.2)	**–**	–
Gross loans	**406**	358
Expected credit loss allowance	**(406)**	(358)
	155	146

Other than the below mentioned loss allowances provided for, the lifetime expected loss assessment for the other loans indicated that no significant credit loss exposure exists.

10.5.1 Loss allowance on loans advanced to an RCL Foods producer

RCL Foods acquired a 100% interest in this producer during the year under review and derecognised all loss allowances. RCL Foods had access to the results and forecast information for the forthcoming years in order to assess the borrower's capacity to meet its contractual cash flow obligations as they become due. In assessing the expected credit losses arising on the loan to this producer, both internal (current profitability and forward looking information) and external (current and future state of sugar industry and macroeconomic factors) factors were considered and concluded that the producer is facing major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to it not having adequate capacity to meet its financial commitments. Based on RCL Foods management's assessment, a R20 million loss allowance was recognised during the prior financial year.

10. Other assets and liabilities (continued)

10.5 Long-term loans and debtors (continued)

10.5.2 Reserve Bank of Zimbabwe savings bonds

During previous financial years Distell invested $23.4 million in these bonds following foreign currency restrictions which severely limited the ability of a major customer in Zimbabwe to repatriate funds to South Africa. The bonds have a tenure of two years, which expired during the prior financial year, and carried interest at 6.8%. The credit risk increased significantly since initial recognition and the bonds were not redeemed by the Reserve Bank of Zimbabwe on the agreed dates. An expected credit loss allowance was provided for in prior financial years on the full value of the bonds.

10.6 Inventories

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

R million	30 June 2022	30 June 2021
Raw materials	**1 362**	891
Finished products	**5 498**	5 459
Work in progress	**5 729**	5 450
Consumables	**979**	821
	13 568	12 621
Inventory expensed during the year	**46 073**	38 387
Inventory carried at net realisable value	**164**	162

Inventories at year-end consist primarily of Distell's and RCL Foods' inventories.

Distell's inventory provisions amounted to R106 million (2021: R115 million) at year-end.

The secured term facility of Distell is secured by mortgages over immovable property, general notarial bonds over movable assets and a cession over trade and other receivables of specific subsidiaries to a maximum of R5 500 million (2021: R5 500 million). Bank borrowings are secured by inventories of Distell for a maximum value of R1 874 million (2021: R1 190 million).

RCL Foods' net realisable value write-down of R18 million (2021: R20 million) relates to Rainbow. Due to the fast-moving nature of the products, RCL Foods based its write-down calculation on actual selling price information available, post year-end, related to these products which supports the net realisable value of stock on hand.

10. Other assets and liabilities (continued)

10.7 Biological agricultural assets

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

Growing crops

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

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

Chicken stock

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

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

R million	*Breeding stock*	*Broiler stock*	*Sugar cane plants*	*Banana fruit*	Total
Carrying value at 1 July 2020	367	177	258	3	805
Additions	1 302	4 126	–	–	5 428
Decrease due to harvest	(1 264)	(4 030)	(259)	(3)	(5 556)
Fair value adjustment	4	19	248	7	278
Carrying value at 30 June 2021	409	292	247	7	955
Additions	**1 476**	**4 808**	**–**	**–**	**6 284**
Decrease due to harvest	**(1 382)**	**(4 730)**	**(248)**	**(7)**	**(6 367)**
Fair value adjustment	**(9)**	**19**	**347**	**3**	**360**
Carrying value at 30 June 2022	**494**	**389**	**346**	**3**	**1 232**

10. Other assets and liabilities (continued)

10.7 Biological agricultural assets (continued)

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

Description	**Valuation technique**	**Unobservable inputs**	**Range of unobservable inputs**	**Relationship of unobservable input to fair value**	**Fair value at 30 June 2022 R million**
Chicken stock	**Replacement cost of the components of growing the stock**	**Eggs per hen**	**152 to 166 per hen**	**The higher the eggs per hen, the higher the fair value**	
		Cost of a day-old breeder bird	**R62.04 to R84.62 per chick**	**The higher the cost per chick, the higher the fair value**	
		Mortality rates	**4.3% to 10.5%**	**The higher the mortality, the lower the fair value**	
		Average live mass	**1.60kg to 1.86kg per bird**	**The higher the average live mass, the higher the fair value**	
		Feed cost	**R6 663 to R7 723 per ton**	**The higher the feed cost per ton, the higher the fair value**	**883**
Sugar cane plants	**Recoverable value**	**Recoverable value (price per ton of sucrose) less harvesting, transport and other costs to sell**	**R3 836 per ton**	**The higher the recoverable value of sucrose less harvesting, transport and other costs to sell per ton, the higher the value of sugar cane plants**	**346**
Banana fruit	**Recoverable value**	**Market-related selling price per ton of bananas less harvesting, transport and other costs to sell**	**R3 954 per ton**	**The higher the market-related selling price value less harvesting, transport and other costs to sell per ton of bananas, the higher the value of banana fruit**	**3**

Description	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable input to fair value	Fair value at 30 June 2021 R million
Chicken stock	Replacement cost of the components of growing the stock	Eggs per hen	140 to 202 per hen	The higher the eggs per hen, the higher the fair value	
		Cost of a day-old breeder bird	R58.79 to R94.00 per chick	The higher the cost per chick, the higher the fair value	
		Mortality rates	3.0% to 8.9%	The higher the mortality, the lower the fair value	
		Average live mass	1.54kg to 1.87kg per bird	The higher the average live mass, the higher the fair value	
		Feed cost	R6 085 to R6 846 per ton	The higher the feed cost per ton, the higher the fair value	701
Sugar cane plants	Recoverable value	Recoverable value (price per ton of sucrose) less harvesting, transport and other costs to sell	R3 644 to R4 017 per ton	The higher the recoverable value of sucrose less harvesting, transport and other costs to sell per ton, the higher the value of sugar cane plants	247
Banana fruit	Recoverable value	Market-related selling price per ton of bananas less harvesting, transport and other costs to sell	R3 954 per ton	The higher the market-related selling price value less harvesting, transport and other costs to sell per ton of bananas, the higher the value of banana fruit	7

10. Other assets and liabilities (continued)

10.7 Biological agricultural assets (continued)

Sensitivity analysis

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

Input	Sensitivity
Feed cost – chicken stock	A 5.0% change in feed cost would result in a R10 million (2021: R8 million) change in fair value.
Recoverable value price per ton – sugar cane plants	A change of 5.0% in recoverable value would result in a R24 million change in fair value (2021: R17 million).

10.8 Debtors and short-term loans

R million	**30 June 2022**	30 June 2021
Trade debtors (gross)	**9 879**	7 962
Less: Loss allowance	**(251)**	(295)
Trade debtors (net)	**9 628**	7 667
Dividends receivable	**174**	75
Short-term loans	**90**	100
Advance payments	**337**	328
VAT receivable	**177**	233
Accrued finance income	**41**	28
Other*	**1 456**	1 166
	11 903	9 597

* *Includes RCL Foods' Vector Logistics distribution contract of R554 million (2021: R473 million).*

Debtors with a carrying value of R4 881 million (2021: R4 385 million) provided collateral to the Group. The collateral consists of mortgage and notarial bonds, cessions, bank guarantees and credit insurance.

The secured term facility of Distell is secured by mortgages over immovable property, general notarial bonds over movable assets and a cession over trade and other receivables of specific subsidiaries to a maximum of R5 500 million (2021: R5 500 million).

Movements on the Group loss allowance for trade debtors are as follows:

R million	**30 June 2022**	30 June 2021
Balances at the beginning of the year	**295**	268
Loss allowance	**39**	91
Trade debtors written off as uncollectable during the year	**(43)**	(54)
Unused amounts written back	**(39)**	(9)
Exchange difference	**(1)**	(1)
Balances at the end of the year	**251**	295

During the year, bad debts amounting to R43 million (2021: R54 million) were written off. The other classes of assets in trade debtors and short-term loans have no assets where impairments were made. Refer to note 13 for further details.

10. Other assets and liabilities (continued)

10.9 Trade and other payables

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

R million	30 June 2022	30 June 2021
Trade payables	**8 615**	6 938
Accrued expenses	**4 451**	3 816
Excise duty	**2 673**	1 847
VAT payable	**286**	243
	16 025	12 844

10.10 Assets and liabilities held for sale

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

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

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

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

R million	30 June 2022	30 June 2021
Assets held for sale comprise:		
Assets held for sale	**1 231**	7
Liabilities held for sale	**(395)**	–
	836	7
The details are as follows:		
Zero cost collar liability and FirstRand Limited shares		
Remgro hedged the fair value risk (i.e. the equity price risk) within a price range of the specifically designated portion of 60 million shares of its investment in FirstRand using a zero cost collar, which consists of put and call European options, which are referenced to the FirstRand share price. The hedge liability and hedged shares, along with the corresponding deferred tax balances, were classified as held for sale in accordance with *IFRS 5* at the reporting date and was settled and disposed of during July 2022. Refer to note 6.5 for further details.		
The carrying value of the assets and liabilities held for sale were	**804**	–
Investment – FVOCI	**1 198**	–
Deferred tax liability	**(155)**	–
Hedge derivative liability	**(239)**	–
Other	**32**	7
Non-current assets held for sale	**836**	7

11. Taxation

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

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

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

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

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

11. Taxation (continued)

11.1 Deferred taxation

Deferred tax assets

R million	*Property, plant and equipment*	*Invento-ries and biological assets*	*Intangi-ble-assets*	*Provi-sions*	*Invest-ments*	*Tax losses*	*Other*	**Total**
At 1 July 2020	(108)	(24)	4	145	–	131	42	190
As per the income statement	9	36	2	(7)	–	52	(59)	33
Accounted for in other comprehensive income	–	–	–	–	(1)	–	(8)	(9)
Businesses acquired	–	–	–	–	–	–	(2)	(2)
Transfer between categories	–	–	–	–	–	–	(3)	(3)
Foreign exchange translation reserve	–	–	–	–	–	(1)	–	(1)
At 30 June 2021	(99)	12	6	138	(1)	182	(30)	208
As per the income statement	**(23)**	**(4)**	**–**	**14**	**1**	**59**	**(36)**	**11**
Accounted for in other comprehensive income	**–**	**–**	**–**	**5**	**–**	**–**	**–**	**5**
Foreign exchange translation reserve	**–**	**–**	**–**	**–**	**–**	**1**	**1**	**2**
Tax rate change	**3**	**–**	**–**	**(3)**	**–**	**(4)**	**(3)**	**(7)**
At 30 June 2022	**(119)**	**8**	**6**	**154**	**–**	**238**	**(68)**	**219**

Deferred tax liabilities

R million	*Property, plant and equipment*	*Invento-ries and biological assets*	*Intangi-ble assets*	*Provi-sions*	*Invest-ments*	*Tax losses*	*Other*	**Total**
At 1 July 2020	(1 814)	(166)	(3 470)	128	(1 722)	1 096	(158)	(6 106)
As per the income statement	(181)	(25)	90	229	(15)	(128)	(38)	(68)
Accounted for in other comprehensive income	–	(21)	–	(24)	(135)	(61)	(19)	(260)
Transfer between categories	–	–	–	–	–	–	3	3
Foreign exchange translation reserve	8	2	23	–	5	1	3	42
At 30 June 2021	(1 987)	(210)	(3 357)	333	(1 867)	908	(209)	(6 389)
As per the income statement	**(403)**	**(50)**	**249**	**47**	**56**	**106**	**12**	**17**
Accounted for in other comprehensive income	**(1)**	**–**	**–**	**–**	**(1 502)**	**(814)**	**(21)**	**(2 338)**
Transfer to asset held for sale	**–**	**–**	**–**	**–**	**155**	**–**	**–**	**155**
Foreign exchange translation reserve	**(1)**	**–**	**(2)**	**–**	**–**	**–**	**(2)**	**(5)**
Tax rate change	**54**	**–**	**97**	**(5)**	**145**	**(1)**	**(6)**	**284**
At 30 June 2022	**(2 338)**	**(260)**	**(3 013)**	**375**	**(3 013)**	**199**	**(226)**	**(8 276)**

11. Taxation (continued)

11.2 Tax losses

R million	**30 June 2022**	30 June 2021
Estimated tax losses available for set off against future taxable income	**686**	695
Utilised to create deferred tax asset	**(236)**	(384)
	450	311

The Group has the following capital losses and assessed tax losses in respect of which no deferred tax asset has been recognised due to the uncertainty that future capital gains and taxable income will arise and against which these losses can be utilised:

- Assessed tax losses amounting to R450 million (2021: R311 million);
- Capital losses amounting to R1 198 million (2021: R4 897 million); and
- Capital losses amounting to R5 554 million (2021: R3 437 million), which can be utilised against future capital gains in limited circumstances.

11.3 Taxation in income statement

R million			**30 June 2022**	30 June 2021
Current	– current year	– South African normal taxation	**1 484**	1 080
		– Capital gains tax	**90**	18
		– Foreign income	**–**	2
		– Foreign taxation	**152**	9
	– previous year	– South African normal taxation	**18**	(9)
		– Foreign taxation	**26**	–
			1 770	1 100
Deferred	– current year		**(2)**	42
	– previous year		**(7)**	(7)
	– tax rate change		**(159)**	–
			1 602	1 135

11. Taxation (continued)

11.4 Tax rate reconciliation

%	30 June 2022	30 June 2021
Effective tax rate	**28.6**	24.8
Reduction/(increase) in standard rate as a result of:		
Exempt dividend income	**3.2**	2.2
Non-taxable capital profit	**(1.4)**	(0.1)
Non-deductible expenditure[(1)]	**(25.2)**	(26.9)
Non-taxable income[(2)]	**21.1**	26.4
Foreign taxation	**(2.6)**	(0.3)
Previous year taxation	**3.5**	2.2
Tax rate change[(3)]	**1.0**	–
Tax losses utilised	**(0.2)**	(0.3)
Standard rate	**28.0**	28.0

(1) *Non-deductible expenditure includes finance costs pertaining to debt at the centre amounting to R627 million (2021: R861 million). The finance costs have a tax effect of R176 million (2021: R241 million), resulting in an increase in the effective tax rate of 3.1% (2021: increase of 5.3%).*

(2) *Non-taxable income mainly includes the profit on sale and dilution of investments, reversal of impairments of investments, assets and loans amounting to R1 053 million (2021: non-taxable income mainly includes the reversal of impairments of investments, assets and loans amounting to R1 157 million).*

(3) *A change in tax rate from 28% to 27% was substantively enacted on 23 February 2022 for the reporting periods ending on or after 31 March 2023. The change has no impact on current tax liabilities arising before its effective date. The measurement of deferred tax assets and liabilities will however be affected for the current financial year-end.*

11.5 Taxation in statement of comprehensive income

R million	30 June 2022	30 June 2021
Current – current year – Capital gains tax	**40**	343

12. Other income and expenses

12.1 Revenue

Revenue

Revenue comprises the fair value of the consideration received/receivable arising in the course of the Group's ordinary activities through the sale of goods and services. Revenue is disclosed net of value added tax, general sales taxes, returns, rebates, discounts and other allowances and after eliminating sales within the Group.

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

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of a product or when services are rendered to a customer. In certain instances, the sale of goods includes delivery and these sales are identified as being a single performance obligation. In all other cases, where the Group is requested to arrange transport for the customer, two separate performance obligations arise – the sale of goods and the provision of transport. To the extent that the Group is responsible for the provision of the transport services to the customer, the Group acts as a principal and revenue from transport services is recorded at the gross amount.

Revenue from the sale of goods is recognised only when the performance obligations arising from the contract with a customer are satisfied and the amount of revenue that it expects to be entitled to can be determined. For sales that include delivery (as indicated above), revenue from the sale of goods is recognised when the goods are transferred to the transport provider for delivery.

The products sold often include various discounts, including volume discounts based on aggregate sales and early settlement discounts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

In instances where the delivery is a separate performance obligation (as indicated above), revenue from the sale of goods is recognised when the goods are transferred to the transport provider for delivery.

A refund liability (included in trade and other payables) is recognised for expected discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with credit terms which are consistent with market practice. The Group's obligation to replace or accept return of faulty products is recognised as a refund liability (included in trade and other payables) and a right to the returned goods (included in other current assets) is recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a category level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from the sale of services relates mainly to transport services and is recognised when the underlying goods have been delivered. The Group is not entitled to payment until the delivery service has been completed. Revenue from other services provided by the Group is recognised when the service has been rendered with reference to completion of the specific transaction assessed on the basis of actual service provided as a proportion of total services to be provided.

The Group currently accepts returns from customers for damaged goods, with the corresponding refund liability recorded within trade and other receivables, unless a separate obligation to settle with the customer exists, in which case the liability is recorded in trade and other payables.

The Group bases its estimates of incentive rebates and settlement discounts on historical results. Variable consideration is calculated by applying percentages agreed with the customer to actual sales for the period.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Recognition of other income

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

12. Other income and expenses (continued)

12.1 Revenue (continued)

Segment revenue

R million	30 June 2022	30 June 2021
Consumer products		
Distell	**34 134**	28 254
RCL Foods	**34 744**	31 536
Siqalo Foods	**3 546**	3 088
Industrial		
Wispeco	**3 598**	2 925
Other	**74**	–
Total revenue	**76 096**	65 803

Disaggregated revenue information

R million	30 June 2022	30 June 2021
Distell		
Spirits	**13 680**	11 127
Wine	**7 422**	6 880
Cider and ready-to-drinks	**13 012**	10 223
Other	**20**	24
	34 134	28 254
RCL Foods[(1)]		
Food Division	**21 221**	19 769
Groceries	**6 006**	5 522
Baking	**6 214**	5 849
Sugar	**9 001**	8 398
Rainbow	**11 385**	10 336
Vector Logistics	**3 692**	3 154
Sales between RCL Foods' business units	**(1 581)**	(1 766)
Group	**190**	195
	34 907	31 688
Siqalo Foods		
Spreads	**3 546**	3 088
Wispeco		
Extrusions and related products	**3 050**	2 545
Other	**548**	380
	3 598	2 925
Other	**74**	–
Elimination of intersegment revenue	**(163)**	(152)
Total revenue	**76 096**	65 803

(1) *RCL Foods performed a strategic review of its portfolio. It resulted in Rainbow being established as a separate division while Groceries, Baking and Sugar were grouped as the Food Division.*

Geographical segmental information: Revenue from Distell, RCL Foods and Wispeco amounting to R9 211 million (2021: R7 877 million), is derived from outside of South Africa.

12. Other income and expenses (continued)

12.2 Staff costs

Short-term employee benefits

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

R million	30 June 2022	30 June 2021
Salaries and wages	**8 785**	8 076
Share-based payments	**254**	316
Pension costs – defined-contribution	**664**	622
Pension costs – return on defined-contribution asset	**(3)**	(11)
Pension costs – defined-benefit	**(25)**	(15)
Post-employment medical benefits	**(2)**	(75)
Other	**383**	338
	10 056	9 251

12.3 Profit

R million	30 June 2022	30 June 2021
Profit includes the following separately disclosable as well as significant income and expense items:		
Income		
Fair value adjustment – biological assets	**360**	278
Fair value adjustment – derivative instruments	**241**	152
Rental income – investment properties	**4**	14
Profit on sale and dilution of investments	**394**	17
Grindrod Shipping	**198**	–
Ad Dynamo	**194**	–
Other	**2**	17
Net profit on the sale of property, plant and equipment	**60**	232
Exchange rate differences	**41**	–
Expenses		
Amortisation of intangible assets	**509**	495
Expenses – investment properties	**7**	6
Lease payments	**616**	649
Short-term leases	**511**	494
Low-value assets	**45**	37
Variable lease payments	**60**	118
Repairs and maintenance	**1 750**	1 495
Research and development costs written off	**32**	37
Auditors' remuneration – audit fees	**69**	65
– other services	**12**	3
Net impairment of investments, assets and goodwill	**(153)**	(1 039)
Investments (refer note 4.4)	**(168)**	(1 132)
Property, plant and equipment (refer note 10.1)	**(147)**	93
Intangible and other assets	**162**	–
Loss allowances on loans	**(45)**	205
Professional fees	**177**	130
Depreciation	**1 892**	1 711
Property, plant and equipment (refer note 10.1)	**1 887**	1 706
Investment properties (refer note 10.2)	**5**	5
Exchange rate losses	**–**	246
Water, electricity and municipal services	**1 747**	1 517
Fuel and gas	**840**	666
Transportation and vehicle expenses	**1 927**	1 538
Advertising expenses	**1 853**	1 650
Sugar industry levy	**406**	329

13. Financial instruments

Financial instruments disclosed in the financial statements include cash and cash equivalents, investment in money market funds, financial assets at fair value, derivative instruments, debtors and short-term loans, trade and other payables and borrowings.

Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured at fair value through other comprehensive income;
- Those to be measured at fair value through profit and loss; and
- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies financial assets when, and only when, its business model for managing those assets changes.

The Group classifies its financial liabilities apart from derivatives as other financial liabilities. Derivative financial liabilities are classified as financial liabilities at fair value through profit and loss.

Measurement

Financial instruments are initially recognised at fair value, including directly attributable transaction costs, when the Group becomes party to the contractual terms of the instruments. Transaction costs relating to the acquisition of financial instruments held at fair value through profit and loss are expensed. Subsequent to initial recognition, financial instruments that are not measured at fair value are measured as follows:

Loans and receivables

These assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit and loss and presented in other gains/(losses), together with foreign exchange gains and losses.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is recognised at fair value and subsequently measured at the higher of the expected credit loss relating to the guarantee given and the amount initially recognised less accumulated amortisation, where appropriate.

Derecognition of financial instruments

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

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

Fair value estimation

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

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

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

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

13. Financial instruments (continued)

13.1 Classes of financial instruments and fair value

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

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

Financial assets (R million)	*Non-financial assets*	*Loans and receivables*	*Financial assets at FVPL*	*Financial assets at FVOCI*	*Carrying value*	*Fair value*
30 June 2022						
Financial assets at FVOCI	**–**	**–**	**–**	**20 650**	**20 650**	**20 650**
Financial assets at FVPL	**–**	**–**	**320**	**–**	**320**	**320**
Long-term loans and debtors	**–**	**155**	**–**	**–**	**155**	**155**
Loans to equity accounted investments	**–**	**115**	**–**	**–**	**115**	**115**
Debtors and short-term loans	**1 261**	**10 642**	**–**	**–**	**11 903**	**11 903**
Investment in money market funds	**–**	**–**	**5 700**	**–**	**5 700**	**5 700**
Cash and cash equivalents	**–**	**11 884**	**–**	**–**	**11 884**	**11 884**
Assets held for sale	**10**	**–**	**–**	**1 221**	**1 231**	**1 231**
	1 271	**22 796**	**6 020**	**21 871**	**51 958**	**51 958**
30 June 2021						
Financial assets at FVOCI	–	–	–	14 342	14 342	14 342
Financial assets at FVPL	–	–	297	–	297	297
Long-term loans and debtors	–	146	–	–	146	146
Loans to equity accounted investments	–	183	–	–	183	183
Debtors and short-term loans	1 727	7 870	–	–	9 597	9 597
Investment in money market funds	–	–	5 010	–	5 010	5 010
Cash and cash equivalents	–	8 763	–	–	8 763	8 763
Assets held for sale	7	–	–	–	7	7
	1 734	16 962	5 307	14 342	38 345	38 345

13. Financial instruments (continued)

13.1 Classes of financial instruments and fair value (continued)

Financial liabilities (R million)	Non-financial liabilities	Liabilities at amortised cost	Financial liabilities at FVPL	Financial liabilities at FVOCI	Carrying value	Fair value
30 June 2022						
Long-term loans	**–**	**11 693**	**–**	**–**	**11 693**	**12 508**
Trade and other payables	**286**	**15 739**	**–**	**–**	**16 025**	**16 025**
Short-term loans	**–**	**2 681**	**–**	**–**	**2 681**	**2 681**
Current instruments at FVPL	**–**	**–**	**33**	**–**	**33**	**33**
Hedge derivatives	**–**	**–**	**51**	**–**	**51**	**51**
Liabilities held for sale	**156**	**–**	**–**	**239**	**395**	**395**
	442	**30 113**	**84**	**239**	**30 878**	**31 693**
30 June 2021						
Long-term loans	–	11 978	–	–	11 978	12 386
Trade and other payables	243	12 601	–	–	12 844	12 844
Short-term loans	–	3 401	–	–	3 401	3 401
Current instruments at FVPL	–	–	471	–	471	471
Hedge derivatives	–	–	–	160	160	160
	243	27 980	471	160	28 854	29 262

Fair value

Except for the term-funded debt package (refer note 6.1) with a fair value of R2 040 million (2021: R2 420 million), the fair value of the financial instruments approximates their carrying value on 30 June 2022 and 30 June 2021.

Fair value estimation

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

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

13. Financial instruments (continued)

13.1 Classes of financial instruments and fair value (continued)

Fair value estimation (continued)

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

R million	*Level 1*	*Level 2*	*Level 3*	Total
30 June 2022				
Assets				
Non-current assets				
Financial assets at FVOCI	**18 248**	**–**	**2 402**	**20 650**
Financial assets at FVPL	**–**	**–**	**242**	**242**
Current assets				
Financial assets at FVPL	**–**	**78**	**–**	**78**
Investment in money market funds	**5 700**	**–**	**–**	**5 700**
	23 948	**78**	**2 644**	**26 670**
30 June 2021				
Assets				
Non-current assets				
Financial assets at FVOCI	11 933	3	2 406	14 342
Financial assets at FVPL	–	–	214	214
Current assets				
Financial assets at FVPL	–	83	–	83
Investment in money market funds	5 010	–	–	5 010
	16 943	86	2 620	19 649

Reconciliation of carrying value of level 3 assets at the beginning and end of the year (R million)	*Financial assets at FVOCI*	*Financial assets at FVPL*	Total
Balances at 1 July 2020	1 963	309	2 272
Additions	403	–	403
Disposals	(244)	(142)	(386)
Exchange rate adjustment	(242)	82	(160)
Fair value adjustments through other comprehensive income	526	–	526
Fair value adjustments through profit and loss	–	(35)	(35)
Balances at 30 June 2021	2 406	214	2 620
Additions	**243**	**–**	**243**
Disposals	**(258)**	**–**	**(258)**
Exchange rate adjustment	**176**	**28**	**204**
Fair value adjustments through other comprehensive income	**(165)**	**–**	**(165)**
Balances at 30 June 2022	**2 402**	**242**	**2 644**

Level 3 financial assets consist mainly of investments in the Milestone China entities (Milestone) and PRIF amounting to R835 million (2021: R1 273 million) and R615 million (2021: R368 million), respectively. These investments are all valued based on the fair value of each investment's underlying assets, which are valued using a variety of valuation methodologies. Listed entities are valued at the last quoted share price on the reporting date, whereas unlisted entities' valuation methods include discounted cash flow valuations, appropriate earnings and revenue multiples.

Milestone's fair value consists of listed investments (27%), cash and cash equivalents (1%) and unlisted investments (72%) (2021: 33%, 5% and 62%, respectively). Unlisted investments included at transaction prices in Milestone's fair value amounted to R217 million (2021: R649 million), while its remaining unlisted investment was valued at R376 million (2021: R140 million). PRIF's main assets are the investments in ETG Group, Lumos Global, Solar Saver, Icolo, Zimborders, GridX and Medallion. ETG Group was valued using a market-based approach, specifically the comparable company method (Enterprise value/EBITDA), while the other investments were valued using the discounted cash flow method.

The investments in LifeQ, Bolt and Asia Partners (a diversified investment vehicle) were valued at R240 million, R210 million and R398 million, respectively, at 30 June 2022 (2021: R186 million, R336 million and R152 million).

Remgro's unlisted investments classified as level 3 financial instruments are widely held. Accordingly, changes in the assumptions used to value the above-mentioned unlisted investments will not have a significant impact on Remgro's financial statements.

13. Financial instruments (continued)

13.1 Classes of financial instruments and fair value (continued)

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

R million	*Level 1*	*Level 2*	*Level 3*	Total
30 June 2022				
Current instruments at FVPL	**–**	**33**	**–**	**33**
Hedge derivatives	**–**	**51**	**–**	**51**
	–	**84**	**–**	**84**
30 June 2021				
Current instruments at FVPL	–	471	–	471

13.2 Financial instruments and risk management

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

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

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

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

Market risk

Price risk

Exposure to price risk is due to investments in listed and unlisted shares which are classified as either FVOCI or FVPL, investment in money market funds and investments in commodity future contracts.

Equity investments at FVOCI consist primarily of FirstRand, Momentum Metropolitan and Discovery. The FirstRand investment is partially hedged, the details of which are disclosed in note 6.5. Other investments at FVOCI consist mainly of the investments in BAT, PRIF, Prescient China Equity Fund and the Milestone China Funds, the details of which are disclosed in note 4.3. Investments at FVPL consist mainly of put option derivatives, the investment in LIVEKINDLY and interest rates swaps, the details of which are disclosed in note 6.4. The Management Board monitors all these investments continuously and makes recommendations to the Investment Committee and the Board of Directors in this regard.

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

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

13. Financial instruments (continued)

13.2 Financial instruments and risk management (continued)

Market risk (continued)

Foreign exchange risk

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

The Group is also exposed to foreign exchange translation risk through its investment in money market funds (note 5.1) and foreign cash (note 5.2).

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

Interest rate risk

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

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

The Group's sensitivity to market risk

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

	30 June 2022			30 June 2021		
	Change	***Income statement* R million**	***Equity* R million**	*Change*	*Income statement* R million	*Equity* R million
Interest rates	**+2.0%**	**200**	**–**	+2.0%	140	(1)
Foreign exchange	**+5.0%**	**(37)**	**311**	+5.0%	(60)	291
Equity prices	**+10.0%**	**17**	**1 508**	+10.0%	15	854

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

Credit risk

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

Loans receivable

Management continuously assesses the credit risk of loans to equity accounted investments through its representation on the respective boards. The credit risk of loans to other investee companies is assessed through regular reporting from the respective investee companies. Loans to equity accounted investments and other investee companies are within their mandated terms. The loss allowances for loans to external parties are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions, as well as forward looking estimates at the end of each reporting period.

Trade receivables

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

13. Financial instruments (continued)

13.2 Financial instruments and risk management (continued)

Credit risk (continued)

Trade receivables (continued)

The Group applies the simplified approach for providing the expected credit losses prescribed by *IFRS 9*, which permits the use of lifetime expected loss provision for all trade receivables.

Distell and RCL Foods are Remgro subsidiaries with significant trade receivables.

Distell has no insured trade receivables, holds no collateral as security and there is a cession, as per note 10.8, on trade receivables. Credit granting is controlled by a robust application process and credit limits are assigned and are updated continuously taking into account financial position, past experience and other factors.

In assessing the credit risk associated with trade debtors, Distell's debtors are categorised in various customer segments with similar risk profiles. These categories include national grocer chains, retailers, smaller liquor groups, independent retailers, sub-Saharan African and international customers in various regions. Expected credit losses are recognised using the simplified model based on a provision matrix that incorporates historical observed default rates and that is adjusted for forward-looking information and other observable inputs. Forward-looking information includes expected economic growth and employment rates of the regions assessed and the potential impact thereof on the buying power of consumers and sustainability of customers The lifting of restrictions imposed on the trading of alcohol by various governments due to Covid-19 had a positive impact on the financial performance and sustainability of customers, which led to an improvement in the loss rates applied in the current year. Receivables are analysed in various age buckets and varying loss rates applied to each age bucket, with long-overdue buckets having higher loss rates.

Distell's provision matrix of the lifetime expected loss allowance for trade debtors as at 30 June 2022 is as follows:

	Current	*Up to 60 days past due*	*Up to 90 days past due*	*Above 90 days past due*	Total
South African grocers and retailers	**0.8%**	**5.0%**	**56.1%**	**90.8%**	**1.2%**
South African liquor groups and redistributors	**1.2%**	**7.5%**	**50.0%**	**50.0%**	**2.0%**
South African other	**2.1%**	**20.9%**	**57.2%**	**92.5%**	**15.9%**
International	**0.1%**	**0.0%**	**0.2%**	**26.7%**	**1.5%**
Africa	**1.1%**	**7.4%**	**25.4%**	**32.8%**	**7.0%**
	1.0%	**4.1%**	**16.4%**	**50.3%**	**4.7%**

Distell's gross carrying amount of trade debtors per risk segment for the current financial year is as follows:

R million	*Current*	*Up to 60 days past due*	*Up to 90 days past due*	*Above 90 days past due*	Total
South African grocers and retailers	**1 309**	**3**	**–**	**6**	**1 318**
South African liquor groups and redistributors	**660**	**25**	**4**	**4**	**693**
South African other	**444**	**22**	**3**	**77**	**546**
International	**409**	**166**	**29**	**33**	**637**
Africa	**768**	**69**	**22**	**156**	**1 015**
	3 590	**285**	**58**	**276**	**4 209**

13. Financial instruments (continued)

13.2 Financial instruments and risk management (continued)

Credit risk (continued)

Trade receivables (continued)

RCL Foods' exposure to credit risk with regards to trade and other receivables is influenced mainly by the individual characteristics of each customer and there is no significant concentration of risk related to industry segments. The granting of credit is controlled by well-established criteria that are reviewed on a regular basis. The terms granted to trade debtors are determined by the respective credit policies of each operating subsidiary. The maximum exposure to credit risk at the reporting date is the carrying amount of each trade receivable and amounts guaranteed as disclosed in note 10.8.

In the current year, 94.6% (2021: 90.9%) of the RCL Foods' trade debtors, which have not been specifically impaired, have been covered by credit insurance. Vector Logistics segment debtors in excess of R50 000 are selected for insurance cover with Lombard Insurance Company Limited (Lombard Insurance) which covered 90.0% of their trade debtors in the current financial year (2021: 92.2%). The RCL Foods Value-Added Business segment business units (Groceries, Baking and Sugar) trade debtors are covered by Lombard Insurance on all debtors balances in excess of R50 000 which covered 100% of their debtors in the current financial year (2021: 90.2%). Animal Feed debtors within the Rainbow segment are covered by Lombard Insurance on all debtors balances in excess of R50 000 which covered 99.6% of their debtors in the current financial year. The Rainbow and a portion of the RCL Foods Value-Added Business segment trade debtors represent large retail customers assessed as being a low risk of default. Rainbow and Groceries segment trade debtors are managed by the Vector Logistics segment and subject to the covers that Vector Logistics has in place. Credit insurance premiums are paid on a monthly basis based on net invoiced sales. The credit policy requires each new customer to be analysed individually for creditworthiness before delivery and payment terms are offered. RCL Foods review includes external ratings where available and in some cases bank references. Limits are established for each customer which represents the maximum trading amount without requiring further approval. These limits are reviewed on an ongoing basis. Customers that fail to meet the RCL Foods' benchmark creditworthiness may transact with RCL Foods on a cash basis. Customers that default on payments are closely monitored and put on "stop supply" if required.

Remgro's loss allowance is as follows:

Loss allowance matrix (R million)	*Low risk of defaults*	*Insured trade receivables*	*Trade receivables specifically provided*	*Current*	*Up to 60 days past due*	*More than 60 days past due*	**30 June 2022 Total**
Gross carrying amount							
Distell	–	–	–	3 590	285	335	4 210
RCL Foods	142	2 624	38	2 206	72	32	5 114
Wispeco	–	–	–	291	98	11	400
Siqalo Foods	854	–	–	–	–	–	854
	996	2 624	38	6 087	455	378	10 578
Loss allowance							
Distell				37	12	148	197
RCL Foods		1		2	1	2	6
Wispeco				2	15	8	25
Siqalo Foods				n/a	n/a	n/a	n/a
		1		41	28	158	228
Specific allowance							
RCL Foods							23
Total loss allowance							251
Expected loss rate							
Distell				1.02%	4.12%	44.30%	
RCL Foods				0.10%	0.76%	6.41%	
Wispeco				0.69%	15.04%	75.61%	
Siqalo Foods				n/a	n/a	n/a	
				0.67%	5.94%	42.01%	

13. Financial instruments (continued)

13.2 Financial instruments and risk management (continued)

Credit risk (continued)

Trade receivables (continued)

Loss allowance matrix (R million)	*Low risk of defaults*	*Insured trade receivables*	*Trade receivables specifically provided*	*Current*	*Up to 60 days past due*	*More than 60 days past due*	30 June 2021 Total
Gross carrying amount							
RCL Foods	2 018	844	76	1 484	140	35	4 597
Distell	–	–	–	2 516	153	261	2 930
Wispeco	–	–	–	229	51	17	297
Siqalo Foods	503	–	–	1	–	–	504
	2 521	844	76	4 230	344	313	8 328
Loss allowance							
RCL Foods				7	4	4	15
Distell				63	27	123	213
Wispeco				1	14	11	26
Siqalo Foods				n/a	n/a	n/a	n/a
				71	45	138	254
Specific allowance							
RCL Foods							30
Total loss allowance							284
Expected loss rate							
RCL Foods				0.49%	2.73%	10.17%	
Distell				2.49%	17.52%	46.87%	
Wispeco				0.64%	26.84%	63.33%	
Siqalo Foods				n/a	n/a	n/a	
				1.69%	12.86%	43.61%	

Derivative instrument transactions and cash investments

Derivative instruments consist mainly of the zero cost collar described in note 6.5, as well as interest rate swaps and collars, commodity option contracts and foreign exchange contracts as described in note 6.4. Derivative instruments are limited to transactions with financial institutions with an acceptable credit rating. Remgro's Treasury Committee and/or the respective subsidiaries approve these institutions and determine the limit of credit exposure of each separate entity.

Investment in money market funds and cash and cash equivalents are only held by approved institutions with acceptable creditworthiness. The Treasury Committee sets the limit for each financial institution. Refer to the investment in money market funds note (note 5.1) and cash and cash equivalents note (note 5.2) for additional information.

13. Financial instruments (continued)

13.2 Financial instruments and risk management (continued)

Liquidity risk

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

The following schedule indicates the repayment terms of outstanding debt:

Financial liabilities (R million)	Carrying value	Contractual cash flow	Non-discounted cash flow 0 to 12 months	1 to 5 years	5 years and longer
30 June 2022					
Long-term loans	**11 693**	**11 912**	**–**	**11 773**	**139**
Trade and other payables	**16 025**	**16 025**	**16 025**	**–**	**–**
Short-term loans	**2 681**	**3 028**	**3 028**	**–**	**–**
Current instruments at FVPL	**33**	**456**	**456**	**–**	**–**
Financial guarantee	**–**	**25**	**25**	**–**	**–**
	30 432	**31 446**	**19 534**	**11 773**	**139**
30 June 2021					
Long-term loans	11 978	13 747	160	13 518	69
Trade and other payables	12 844	12 844	12 844	–	–
Short-term loans	3 401	6 943	6 943	–	–
Current instruments at FVPL	471	1 073	1 073	–	–
Financial guarantee	–	3 692	3 692	–	–
	28 694	38 299	24 712	13 518	69

14. Related parties

Related parties that have been identified consist of subsidiaries, equity accounted investments, key management personnel and certain shareholders. Details of these parties and transactions with them are disclosed below.

14.1 Related party transactions

R million	30 June 2022	30 June 2021
Transactions of Remgro Limited and its subsidiaries with:		
Principal shareholder		
Dividends	**(43)**	(31)
Equity accounted investments		
Interest received	**12**	17
Interest paid	**(20)**	(20)
Dividends received	**12 304**	928
Administration fees received	**17**	17
Administration fees paid	**–**	(4)
Sales	**154**	175
Purchases	**(1 306)**	(1 551)
Corporate finance transactions and underwriting fees paid	**(12)**	(14)
Key management personnel (refer note 9)		
Salaries and other benefits	**(37)**	(30)
Retirement benefits	**(6)**	(6)
Share-based payments	**18**	66
Balances due from/(to) related parties:		
Equity accounted investments	**(179)**	–
Equity accounted investments	**416**	313

No security is given for any outstanding balances. No provisions for expected credit losses against outstanding balances with related parties have been made. This has been assessed and considered to be immaterial. No bad debt of related parties has been written off during the year.

14. Related parties (continued)

14.2 Principal subsidiaries

Name of company **Incorporated in South Africa unless otherwise stated**		**Share capital R (unless otherwise stated)**	**Effective interest 30 June 2022 %**	Effective interest 30 June 2021 %
Distell Group Holdings Limited[1]	*	27 844 563 000	**31.7**	31.7
Eikenlust Proprietary Limited		100	**100.0**	100.0
Energy Exchange of Southern Africa Proprietary Limited		41 000 002	**79.7**	–
Enerweb Proprietary Limited		1 000	**51.0**	–
Entek Investments Proprietary Limited		16 029 279	**100.0**	100.0
Historical Homes of South Africa Limited		555 000	**65.8**	65.8
Industrial Electronic Investments Proprietary Limited		1 000	**100.0**	100.0
Industrial Partnership Investments Proprietary Limited		125 000	**100.0**	100.0
Invenfin Proprietary Limited		100	**100.0**	100.0
IPI (Overseas) Limited – Jersey		918 530 004	**100.0**	100.0
IPROP Holdings Limited – British Virgin Islands	(USD)	4 882 892	**100.0**	100.0
Metkor Group Proprietary Limited		82 978 237	**100.0**	100.0
Millennia Jersey Limited – Jersey	(GBP)	458 000 000	**100.0**	100.0
Partnership in Mining Proprietary Limited		100	**100.0**	100.0
RCL Foods Limited	*	10 334 136 000	**80.3**	80.4
Remgro Beverages Proprietary Limited		8 940 134 267	**100.0**	100.0
Remgro Finance Corporation Proprietary Limited		958 430	**100.0**	100.0
Remgro Health Limited – Jersey	(GBP)	100 000 000	**100.0**	100.0
Remgro Healthcare Holdings Proprietary Limited		36 543 642 592	**100.0**	100.0
Remgro International Holdings Proprietary Limited		2	**100.0**	100.0
Remgro International Limited – Jersey		5 014 710	**100.0**	100.0
Remgro Investment Corporation Proprietary Limited		100	**100.0**	100.0
Remgro Jersey GBP Limited – Jersey	(GBP)	100 000 000	**100.0**	100.0
Remgro Loan Corporation Proprietary Limited		700	**100.0**	100.0
Remgro Management Services Limited		100	**100.0**	100.0
Remgro South Africa Proprietary Limited		48 614	**100.0**	100.0
Remgro Sport Investments Proprietary Limited		100	**100.0**	100.0
Remgro USA Limited – Jersey	(USD)	2	**100.0**	100.0
Remont Proprietary Limited		100	**100.0**	100.0
Robertsons Holdings Proprietary Limited		1 000	**100.0**	100.0
RPII Holdings Proprietary Limited		8 600 000	**100.0**	100.0
SEACOM SA SPV Proprietary Limited		100	**100.0**	100.0
Siqalo Foods Proprietary Limited		1	**100.0**	100.0
Stellenbosch Academy of Sport Proprietary Limited		2	**100.0**	100.0
TSB Sugar Holdings Proprietary Limited		7 532 040 746	**100.0**	100.0
V&R Management Services AG – Switzerland	(CHF)	100 000	**100.0**	100.0
VenFin Holdings Limited – Jersey	(USD)	88 578 773	**100.0**	100.0
VenFin Proprietary Limited		2 849 304 076	**100.0**	100.0
VenFin Media Investments Proprietary Limited		2	**100.0**	100.0
Wispeco Holdings Proprietary Limited		11 641 000	**100.0**	100.0

Details of income and investments in subsidiaries are disclosed in the Company's separate Annual Financial Statements.

(GBP) British pound
(USD) USA dollar
(CHF) Swiss franc
** Listed company*

[1] *Remgro owns all of the unlisted B-shares issued by Distell. These shares carry voting rights only and, in conjunction with the ordinary shares held, Remgro has voting rights of 56.4% (2021: 56.4%) in Distell.*

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

14. Related parties (continued)

14.3 Principal equity accounted investments

Name of company **Incorporated in South Africa unless otherwise stated**	**Listed (L)/ Unlisted (U)**	**30 June 2022** **Shares held**	**30 June 2022** **Effective interest %**	30 June 2021 Shares held	30 June 2021 Effective interest %
Healthcare					
Mediclinic International plc – UK	L	**328 497 888**	**44.6**	328 497 888	44.6
Financial services					
Rand Merchant Investment Holdings Limited	L	**469 448 728**	**30.6**	469 448 728	30.6
Business Partners Limited	U	**76 276 317**	**44.1**	76 276 317	44.1
Infrastructure					
Community Investment Ventures Holdings Proprietary Limited	U	**392 141**	**57.0**	324 777	55.2
Grindrod Limited	L	**173 183 235**	**25.9**	173 183 235	25.8
Grindrod Shipping Holdings Limited – Singapore	L	**–**	**–**	4 329 580	22.5
SEACOM Capital Limited – Mauritius	U	**1 000**	**30.0**	1 000	30.0
Industrial					
Air Products South Africa Proprietary Limited	U	**4 500 000**	**50.0**	4 500 000	50.0
TotalEnergies Marketing Proprietary Limited	U	**12 872 450**	**24.9**	12 872 450	24.9
PGSI Limited – BVI	U	**26 297 697**	**37.7**	26 297 697	37.7
Media					
eMedia Investments Proprietary Limited	U	**17 730 595**	**32.3**	17 730 595	32.3
Diversified investment vehicles					
Kagiso Tiso Holdings Proprietary Limited (RF)	U	**325 892**	**43.5**	325 892	43.5

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

All these investments were equity accounted.

BVI – British Virgin Islands
UK – United Kingdom

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

14.4 Key management personnel

Only Remgro's directors and members of the Management Board are key management personnel. Information on directors' emoluments and their shareholding in the Company appears in notes 8 and 9 as well as on page 121.

14.5 Shareholders

A detailed analysis of shareholders appears on pages 119 and 120.

15. Events after year-end

Distell

On 15 November 2021, Distell Group Holdings Limited (Distell) and Heineken International B.V. (Heineken) announced their intention to combine the Heineken Southern African business, including an interest in Namibia Breweries Limited, with the bulk of the Distell business (consisting of its cider, other RTDs and spirits and wine business) in a new unlisted entity controlled by Heineken and referred to as Newco. The proposed transaction will also include an offer by Newco to Distell shareholders to acquire their Distell shares for R165 per share and/or unlisted shares in Newco, or a combination thereof. Remgro intends to elect to receive Newco shares for its Distell shares. The proposed transaction was approved by the Distell shareholders on 15 February 2022. During September 2022, the Namibian Competition Commission approved the transaction with conditions and the Competition Commission of South Africa recommended it to the Competition Tribunal with various conditions attached. Once all the regulatory approvals have been obtained, shareholders will still be required to make an election.

Mediclinic

On 4 August 2022 the boards of Manta Bidco Limited (Bidco), MSC Mediterranean Shipping Company SA (MSC), Remgro and Mediclinic announced that they have reached agreement on the terms of a recommended cash offer by Bidco to acquire the entire issued and to be issued ordinary share capital of Mediclinic, other than the Mediclinic shares Remgro already owns (the Acquisition). Remgro currently holds 328 497 888 Mediclinic ordinary shares (representing an interest of approximately 44.6%). Bidco is a newly formed company, which is jointly owned by Remgro and MSC.

In terms of the Acquisition, Mediclinic shareholders will receive 504 pence per Mediclinic share (the offer price). The offer price represents a premium of 35% to the Mediclinic share price on 25 May 2022 of 373 pence, the day prior to the initial offer. Bidco reserves the right to reduce the offer price by future Mediclinic dividends (including the 3 pence per Mediclinic share declared by Mediclinic on 25 May 2022, paid on 26 August 2022), distributions or other returns of value in instances where current Mediclinic shareholders retain the right to such dividends, distributions or other returns of value declared, made or paid.

Remgro, MSC and Bidco have also entered into a subscription and rollover agreement, in terms of which Remgro will sell its existing Mediclinic shares to Bidco in exchange for shares in Bidco and subscribe for further shares in Bidco for approximately £201 million (representing an additional indirect interest in Mediclinic of approximately 5.4%). MSC will also subscribe for shares in Bidco (representing an indirect interest in Mediclinic of 50.0%). The share subscription in Bidco will enable the Acquisition. Bidco's issued share capital will be held equally by Remgro and MSC. Remgro currently accounts for its investment in Mediclinic as an equity accounted investment and, following the completion of the Acquisition, Remgro will also account for its 50% interest in Bidco (being an indirect 50.0% interest in Mediclinic) as an equity accounted investment. The Acquisition is still subject to various conditions precedent.

Grindrod

On 26 September 2022 Remgro approved the unbundling of its investment in Grindrod to its shareholders as a dividend *in specie* in terms of Section 46 of the Income Tax Act, in the ratio of 30.70841 Grindrod shares for every 100 Remgro shares held. The expected distribution date is 17 October 2022.

Other than the above-mentioned events, there were no other significant events subsequent to 30 June 2022.

16. New accounting standards and interpretations

Management considered all new accounting standards, interpretations and amendments to IFRS that were issued prior to 30 June 2022, but not yet effective on that date.

Published standards, amendments and interpretations not yet effective and not early adopted:

The following new accounting standards, interpretations and amendments will not have a material impact on the financial statements:

- *IFRS 17: Insurance Contracts*

  (effective date – financial periods commencing on/after 1 January 2023)

  IFRS 17 will replace the current *IFRS 4: Insurance Contracts. IFRS 4* allows users to use local Generally Accepted Accounting Principles (GAAP) while *IFRS 17* defines clear and consistent rules that significantly increase the comparability of financial statements. Under *IFRS 17*, various prescribed models are used to measure insurance contracts. For insurers, this standard will have an impact on financial statements and key performance indicators.

- Amendments to *IFRS 3: Business Combinations*

  (effective date – financial periods commencing on/after 1 January 2022)

  The International Accounting Standards Board (IASB) added a new exception in *IFRS 3* for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying *IFRS 3* should instead refer to *IAS 37: Provisions, Contingent Liabilities and Contingent Assets*, or *IFRIC 21: Levies*, rather than the 2018 Conceptual Framework. The IASB has also clarified that the acquirer should not recognise contingent assets, as defined in *IAS 37*, at the acquisition date.

- Amendments to *IAS 1: Classification of Liabilities as Current or Non-current*

  (effective date – financial periods commencing on/after 1 January 2022)

  The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

- Amendments to *IAS 1: Presentation of Financial Statements, Practice statement 2 and IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors*

  (effective date – financial periods commencing on/after 1 January 2023)

  The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

- Amendments to *IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest rate benchmark reform (Phase 2)*

  (effective date – financial periods commencing on/after 1 January 2021)

  The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.

- Amendment to *IAS 12: Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)*

  (effective date – financial periods commencing on/after 1 January 2023)

  The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

- Amendments to *IAS 16: Property, Plant and Equipment* – Proceeds before Intended Use

  (effective date – financial periods commencing on/after 1 January 2021)

  The amendment to *IAS 16* prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

- Amendments to *IAS 37: Provisions, Contingent Liabilities and Contingent Assets* – Onerous Contracts (cost of fulfilling a contract)

  (effective date – financial periods commencing on/after 1 January 2022)

  The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of "costs to fulfil a contract". Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

- Annual improvements cycle 2018 – 2020

  (effective date – financial periods commencing on/after 1 January 2022)

  These amendments include minor changes to *IFRS 1*, *IFRS 9*, *IFRS 16* and *IAS 41*.

Statement of FINANCIAL POSITION
at 30 June 2022

R million	Notes	30 June 2022	30 June 2021
Assets			
Non-current assets			
Investments – Subsidiaries	2	**10 870**	10 870
– Equity accounted investment	3	**13 069**	14 224
– At fair value through other comprehensive income (FVOCI)	4	**15 981**	9 799
		39 920	34 893
Current assets		**16 912**	14 273
Intergroup debt	5	**16 671**	14 272
Trade and other receivables	6	**241**	1
Assets held for sale	6	**1 198**	–
Total assets		**58 030**	49 166
Equity and liabilities			
Stated capital	7	**13 416**	13 416
Derivative fair value reserve		**–**	(168)
Fair value reserve		**(2 632)**	879
Fair value hedge reserve		**(187)**	(216)
Retained earnings		**43 801**	33 320
Shareholders' equity		**54 398**	47 231
Non-current liability			
Deferred taxation	11	**2 793**	836
Hedge derivatives		**–**	160
Current liabilities		**444**	939
Financial guarantees	9	**407**	561
Hedge derivatives		**–**	334
Trade and other payables	5, 8	**23**	25
Taxation		**14**	19
Liabilities held for sale	6	**395**	–
Total equity and liabilities		**58 030**	49 166

INCOME statement
for the year ended 30 June 2022

R million	Note	30 June 2022	30 June 2021
Dividends received		**12 067**	351
Guarantee fee income		**154**	143
Interest received		**–**	4
Hedge instrument expense		**(177)**	(54)
Other net operating expenses		**(29)**	(27)
Reversal of impairment/(impairment) of equity accounted investment		**(1 155)**	516
Net profit before taxation		**10 860**	933
Taxation	11	**–**	(1)
Net profit for the year		**10 860**	932

Statement of **COMPREHENSIVE INCOME**

for the year ended 30 June 2022

R million	**30 June 2022**	30 June 2021
Net profit for the year	**10 860**	932
Other comprehensive income, net of tax	**(3 068)**	2 255
Items that may be reclassified subsequently to the income statement:		
Fair value adjustment for the year	**(411)**	(596)
Deferred taxation on fair value adjustment	**(59)**	133
Items that will not be reclassified to the income statement:		
Fair value adjustments for the year	**(534)**	3 330
Deferred taxation on fair value adjustments	**(1 244)**	(388)
Deferred taxation on taxable capital loss	**(809)**	66
Capital gains taxation on disposal of FVOCI investment	**(11)**	(290)
Total comprehensive income for the year	**7 792**	3 187

Statement of **CHANGES IN EQUITY**

for the year ended 30 June 2022

R million	*Stated capital*	*Derivative fair value reserve*	*Fair value reserve*	*Fair value hedge reserve*	*Retained earnings*	Total
Balances at 1 July 2020	13 416	78	(1 853)	–	32 858	44 499
Total comprehensive income for the year	–	(246)	2 717	(216)	932	3 187
Transfer of realised reserves of FVOCI investment to retained earnings	–	–	15	–	(15)	–
Dividends paid	–	–	–	–	(455)	(455)
Balances at 30 June 2021	13 416	(168)	879	(216)	33 320	47 231
Total comprehensive income for the year	**–**	**168**	**(2 598)**	**(638)**	**10 860**	**7 792**
Transfer of realised reserves of FVOCI investments to retained earnings	**–**	**–**	**(913)**	**667**	**246**	**–**
Dividends paid	**–**	**–**	**–**	**–**	**(625)**	**(625)**
Balances at 30 June 2022	**13 416**	**–**	**(2 632)**	**(187)**	**43 801**	**54 398**

Statement of CASH FLOWS

for the year ended 30 June 2022

R million	Notes	30 June 2022	30 June 2021
Cash flows – operating activities			
Net profit before taxation		**10 860**	933
Adjustments	12	**(11 066)**	(1 014)
Operating loss before working capital changes		**(206)**	(81)
Working capital changes	12	**(2)**	64
Cash utilised by operations		**(208)**	(17)
Dividends received		**1 450**	351
Dividends paid		**(625)**	(455)
Taxation paid	12	**(16)**	(272)
Cash inflow/(outflow) from operating activities		**601**	(393)
Cash flows – investing activities			
Addition to investments		**–**	(122)
Proceeds on disposal of investment		**1 798**	2 019
Increase in intergroup debt		**(3 640)**	(2 489)
Decrease in intergroup debt		**1 241**	985
Cash inflow/(outflow) from investing activities		**(601)**	393
Net increase/(decrease) in cash and cash equivalents		**–**	–
Cash and cash equivalents at the beginning of the year		**–**	–
Cash and cash equivalents at the end of the year		**–**	–

NOTES to the **ANNUAL FINANCIAL STATEMENTS**

for the year ended 30 June 2022

1. Accounting policies

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

2. Investments – subsidiaries

R million	30 June 2022	30 June 2021
Unlisted shares – at cost	**40 279**	40 279
Less: Provision for impairment	**(29 409)**	(29 409)
	10 870	10 870

The provision for impairment recognised during the prior financial years relates to the investment in Remgro Healthcare Holdings Proprietary Limited (RHH). RHH and its subsidiaries are shareholders in Mediclinic, thus the recoverable amount of the investment in RHH is derived from the Mediclinic share price. During the year under review the Company performed an impairment assessment on its investment in RHH and determined that the recoverable amount exceeded the carrying value due to an increase in the Mediclinic share price. However, the share price was impacted by the Remgro and MSC offer to other shareholders. The previous impairments were recognised as a result of changes in Mediclinic's Swiss business environment that impacted its profitability. While the business is adapting, profitability has not yet improved sufficiently to warrant a reversal of impairment.

Percentage interest held in unlisted shares (%)	30 June 2022	30 June 2021
Industrial Partnership Investments Proprietary Limited	**100.0**	100.0
Partnership in Mining Proprietary Limited	**100.0**	100.0
Remgro Healthcare Holdings Proprietary Limited	**100.0**	100.0
Remgro International Holdings Proprietary Limited	**100.0**	100.0
Remgro Investment Corporation Proprietary Limited	**100.0**	100.0
Remgro South Africa Proprietary Limited	**100.0**	100.0
Remont Proprietary Limited	**100.0**	100.0
VenFin Proprietary Limited	**100.0**	100.0

3. Investments – equity accounted

Associates

R million	30 June 2022	30 June 2021
Listed shares – at cost (refer note 2)	**14 224**	14 224
Less: Provision for impairment	**(1 155)**	–
	13 069	14 224
Market value of listed investment	**13 069**	14 713
Number of shares held in listed company (million)		
Rand Merchant Investment Holdings Limited	**469**	469

During the year under review RMI unbundled its investments in Discovery and Momentum Metropolitan as dividends *in specie* to the Company. This was treated as a return on capital. These investments were classified as financial instruments at fair value through other comprehensive income and accounted for as dividends in the income statement. As a result of the unbundling, there was a significant decrease in RMI's listed share price, which is its recoverable amount. The investment in RMI was impaired to its share price at 30 June 2022.

4. Investments – FVOCI

R million	30 June 2022	30 June 2021
Listed shares	**15 981**	9 799
The movement between the balance of the FVOCI investment at the beginning and end of the year can be analysed as follows:		
Beginning of the year	**9 799**	8 367
Additions	**–**	122
Discovery received as a dividend *in specie*	**8 561**	–
Momentum Metropolitan received as a dividend *in specie*	**2 056**	–
Disposals	**(2 703)**	(2 020)
Fair value adjustment for the year	**(534)**	3 330
Transfer to assets held for sale (refer note 6)	**(1 198)**	–
End of the year	**15 981**	9 799
Market value of listed shares	**15 981**	9 799
Number of shares held in listed companies (million)		
Discovery Limited	**51**	–
FirstRand Limited	**123**	183
Momentum Metropolitan Holdings Limited	**123**	–

Refer to note 6.5 and 10.10 of the consolidated Annual Financial Statements for information pertaining to the hedging and scrip lending of shares held in FirstRand.

5. Intergroup debt

R million	30 June 2022	30 June 2021
Owing by subsidiaries		
Interest-free loan payable on demand	**16 671**	14 272
Owing to subsidiaries		
Included in trade and other payables	**(4)**	(6)
	16 667	14 266

Intercompany loans receivable are repayable on demand and are interest free. Expected credit losses on these loans are realised based on the counterparty's ability to settle its debt on the reporting date. In the event that the counterparty has insufficient liquid assets to settle its debt, the Company strategy is to recover the outstanding balance over time, in which case the expected cash flows are discounted at the effective rate of the intercompany loan, i.e. 0%. Consequently, expected credit losses are realised to the extent that the counterparty has insufficient assets to repay its debt. During the year, there were no material expected credit losses.

6. Assets and liabilities held for sale

The detail of the assets and liabilities held for sale is presented in note 10.10 of the consolidated Annual Financial Statements. Included in trade and other receivables at 30 June 2022 is an amount of R240 million pertaining to proceeds receivable on the disposal of the FirstRand shares.

7. Stated capital

The detail of the stated capital is presented in note 7.1 of the consolidated Annual Financial Statements.

8. Trade and other payables

R million	30 June 2022	30 June 2021
Fellow subsidiary	**4**	6
Other	**19**	19
	23	25

9. Financial guarantees

The Company entered into various guarantee agreements as guarantor for debt raised by its subsidiaries. As a result of the Company acting as guarantor, the subsidiaries negotiated favourable interest rates on the debt instruments.

Guarantee to a subsidiary

Since the Company does not receive a guarantee fee from the subsidiary, the beneficial interest increment is regarded as a deemed income received by the Company for accounting purposes. A guarantee fee liability was raised on entering this agreement and annual guarantee fee income will be recognised in the income statement until settlement of the underlying debt. The financial guarantee is not recognised on consolidation as separate contracts, since it is included in the Group's liability to the third party.

10. Other net operating expenses

Other net operating expenses are stated after taking into account directors' emoluments of R5.0 million (2021: R4.5 million). The detail of the remuneration and benefits received by each director of the Company is presented in notes 8 and 9 of the consolidated Annual Financial Statements.

11. Taxation

11.1 Deferred taxation

R million	***Fair value adjustments***	***Tax losses***	**Total**
Deferred tax liabilities			
At 1 July 2020	(1 522)	875	(647)
Accounted for in other comprehensive income	(123)	(66)	(189)
At 30 June 2021	(1 645)	809	(836)
Accounted for in other comprehensive income	**(1 413)**	**(809)**	**(2 222)**
Tax rate change	**109**	**–**	**109**
Transfer to asset held for sale	**208**	**–**	**208**
Transfer to liability held for sale	**(52)**	**–**	**(52)**
At 30 June 2022	**(2 793)**	**–**	**(2 793)**

Deferred taxation on fair value adjustments on FVOCI investments, is provided for at the capital gains tax rate of 21.6% (2021: 22.4%), as it is probable that these investments will be realised over the medium term.

The Company has a calculated capital loss of R2 117 million. The calculated capital loss of R2 117 million can be set off against future capital gains, in limited circumstances.

On 23 February 2022, the Minister of Finance announced that the corporate income tax rate will be reduced from 28% to 27%, effective for years of assessment ending on or after 31 March 2023. This decrease is effective for the Company's 2023 financial year. Accordingly, all deferred income tax temporary differences were remeasured on 30 June 2022 using a corporate tax rate of 27%.

11.2 Taxation in income statement

R million	**30 June 2022**	30 June 2021
Current – current year – South African normal taxation	**–**	1

11.3 Tax rate reconciliation

%	**30 June 2022**	30 June 2021
Effective tax rate	**–**	–
Reduction/(increase) in standard rate as a result of:		
Non-taxable income	**31.0**	30.0
Non-deductible expenses	**(3.0)**	(2.0)
Standard rate	**28.0**	28.0

11. Taxation (continued)

11.4 Taxation in statement of comprehensive income

R million	30 June 2022	30 June 2021
Current – current year – Capital gains tax	**11**	290

12. Cash flow information

R million	30 June 2022	30 June 2021
Adjustments		
Dividends received	**(12 067)**	(351)
Guarantee fee income	**(154)**	(143)
Interest received	**–**	(4)
(Reversal of impairment)/impairment of investment	**1 155**	(516)
	(11 066)	(1 014)
Decrease/(increase) in working capital		
Increase/(decrease) in financial guarantee receivable and liability	**–**	82
Increase/(decrease) in trade and other payables	**(2)**	(18)
	(2)	64
Reconciliation of taxation received/(paid) with the amount disclosed in the income statement		
Unpaid at the beginning of the year	**(19)**	–
Paid per income statement	**–**	(1)
Paid per other comprehensive income	**(11)**	(290)
Unpaid at the end of the year	**14**	19
Cash paid	**(16)**	(272)

13. Related party information

Subsidiaries

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

Key management personnel

Only Remgro's directors and members of the Management Board are key management personnel. Information on directors' emoluments and their shareholding in the Company appear in notes 8 and 9 of the consolidated Annual Financial Statements as well as on page 121.

Shareholders

A detailed analysis of shareholders (unaudited) appears on pages 119 and 120.

Related party transactions (R million)	30 June 2022	30 June 2021
Transactions of Remgro Limited with:		
Principal shareholder		
Dividends paid	**(43)**	(31)
Joint venture		
Interest received	**–**	4
Balances due by/(owed to) related parties:		
Subsidiaries	**16 668**	14 266

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

14. Financial instruments

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

14.1 Credit risk

Credit risk is the risk of financial loss should a counterparty fail to meet its contractual obligations and arises from credit exposure from outstanding loans and debtors. Included in trade and other receivables is an amount of R240 million, received subsequent to year-end, representing proceeds receivable on the disposal of FirstRand shares. The risk in terms of outstanding loans and debtors is limited as it consists primarily of intergroup debt and the maximum exposure to credit risk at the reporting date is the carrying value of this class of asset.

The Company is also exposed to credit risk as it acts as guarantor for debt raised by its subsidiaries. The exposure from these guarantees amounts to R7 813 million (2021: R11 390 million). The directors assessed the credit risk as low since the underlying subsidiary holds Mediclinic shares in excess of the debt balance.

14.2 Liquidity risk

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

The Company's liabilities consist of financial guarantees as well as trade and other payables. The risk in terms of the financial guarantees is limited as the Company guarantees repayment of debt incurred by its subsidiaries. The exposure from these guarantees amounts to R7 813 million (2021: R11 390 million). The risks in terms of the outstanding trade and other payables are also low due to the size of the amount involved.

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

14.3 Market risk

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

Foreign exchange risk

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

Interest rate risk

The Company has no exposure to interest rate risk at 30 June 2022. Exposure for the prior year was due to an interest-bearing guarantee fee receivable from its joint venture which was settled during the year under review.

Price risk

The Company is exposed to price risk due to its investments held and classified as FVOCI investments. The market price of these investments are monitored on a continuous basis by management.

The impact on equity of a 5% change in the market price of the FVOCI investments on the reporting date, amounts to R673 million (2021: R380 million).

Refer to note 6.5 of the consolidated Annual Financial Statements for the price risk relating to the derivative instrument recognised on the hedging and scrip lending of shares held in FirstRand.

14.4 Fair value

At 30 June 2022 and 30 June 2021, the fair value of financial assets and liabilities disclosed in the statement of financial position approximates their carrying value.

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

- Level 1 – Unadjusted listed prices in an active market for identical assets or liabilities; or
- Level 2 – Inputs, other than listed prices, that are directly or indirectly observable; or
- Level 3 – Inputs that are not based on observable market data.

The fair value of listed shares that are classified as at fair value through other comprehensive income are determined from listed share prices in an active market and included in level 1.

14.5 Capital management

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

SHAREHOLDERS' information

Statistics at 30 June 2022

	30 June 2022 %	30 June 2022 Number of shares	30 June 2021 %	30 June 2021 Number of shares
Major beneficial shareholders				
Ordinary shares				
Public Investment Corporation	**17.19**	**90 996 741**	17.43	92 226 021
Other	**82.81**	**438 220 266**	82.57	436 990 986
	100.00	**529 217 007**	100.00	529 217 007
B ordinary shares				
Rupert Beleggings Proprietary Limited	**100.00**	**39 056 987**	100.00	39 056 987
Total		**568 273 994**		568 273 994

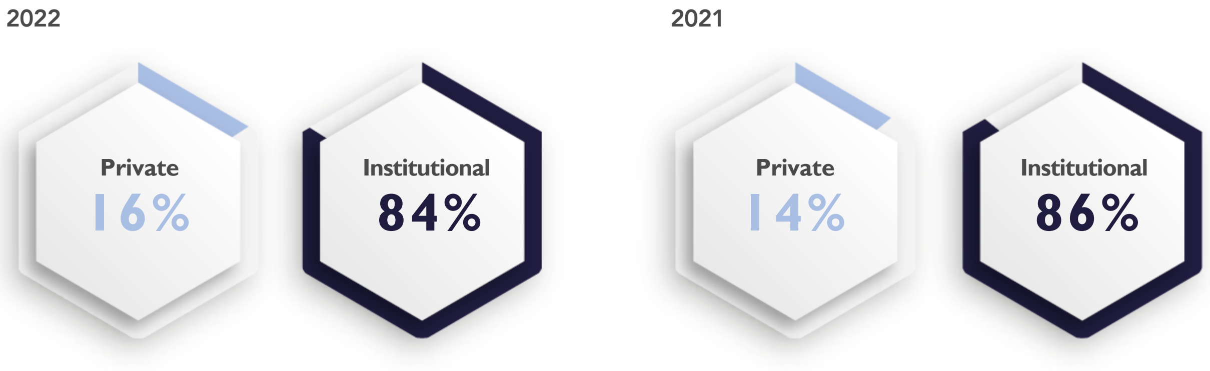
No other shareholder held a beneficial interest of more than 5% in the ordinary shares of the Company on 30 June 2022.

	30 June 2022	30 June 2021	30 June 2020	30 June 2019
Distribution of shareholders				
Ordinary shares				
Public shareholders	**43 862**	42 694	51 228	54 812
Percentage of shareholders	**99.92**	99.90	99.92	99.91
Number of shares	**507 156 402**	508 022 210	507 822 981	504 306 132
Percentage of shares issued	**95.83**	96.00	95.96	95.29
Non-public shareholders				
Directors (including major subsidiaries' directors) and their associates/Share Trust/Treasury shares/Prescribed officers/associates of Remgro and/or its major subsidiaries	**37**	44	43	48
Percentage of shareholders	**0.08**	0.10	0.08	0.09
Number of shares	**22 060 605**	21 194 797	21 394 026	24 910 875
Percentage of shares issued	**4.17**	4.00	4.04	4.71
Number of shareholders	**43 899**	42 738	51 271	54 860

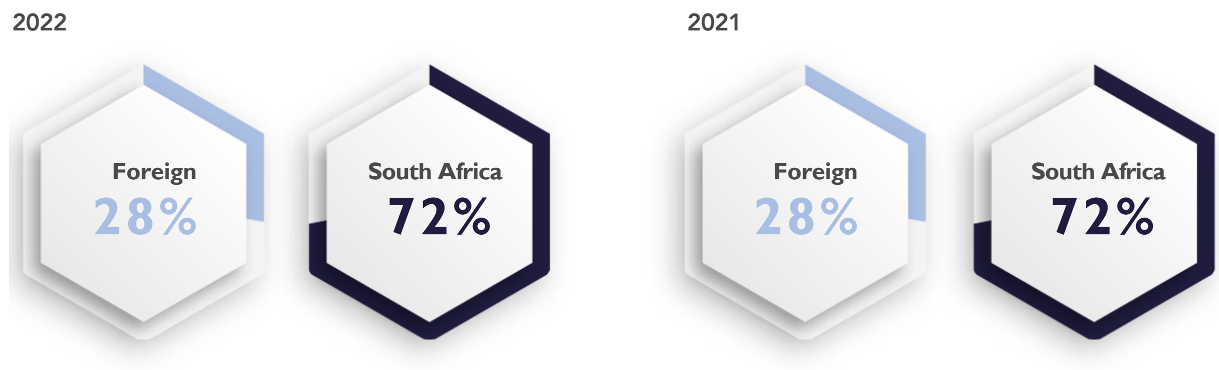
	30 June 2022	30 June 2021	30 June 2020	30 June 2019
Number of shares in issue				
– Ordinary shares of no par value	**529 217 007**	529 217 007	529 217 007	529 217 007
– Unlisted B ordinary shares of no par value	**39 056 987**	39 056 987	39 056 987	39 056 987
Total number of shares in issue	**568 273 994**	568 273 994	568 273 994	568 273 994
Number of shares held in treasury				
Ordinary shares repurchased and held in treasury	**(4 205 497)**	(3 280 163)	(3 297 213)	(3 334 936)
	564 068 497	564 993 831	564 976 781	564 939 058
Weighted number of shares	**564 417 614**	564 984 762	564 961 299	565 619 396

Additional information

Institutional and private shareholding in Remgro Limited ordinary shares



Foreign and local shareholding in Remgro Limited ordinary shares



Interests of the directors in the issued capital of the Company

Ordinary shares

Directors	Direct beneficial	Indirect beneficial	Associates	Total
30 June 2022				
S E N De Bruyn	**497**	**–**	**–**	**497**
J J Durand	**–**	**849 376**	**1 650**	**851 026**
M Lubbe	**32 184**	**–**	**–**	**32 184**
N P Mageza	**–**	**296**	**–**	**296**
J Malherbe	**–**	**1 176 061**	**2 934**	**1 178 995**
P J Moleketi	**1 243**	**–**	**19 718**	**20 961**
M Morobe	**–**	**633**	**–**	**633**
P J Neethling	**–**	**–**	**7 898 806**	**7 898 806**
K S Rantloane	**57**	**–**	**–**	**57**
F Robertson	**–**	**5 500**	**–**	**5 500**
J P Rupert*	**–**	**–**	**7 553 865**	**7 553 865**
N J Williams**	**25 000**	**–**	**66 000**	**91 000**
	58 981	**2 031 866**	**15 542 973**	**17 633 820**

* *Messrs J P Rupert and A E Rupert are both directors of an Associate that holds 7 551 005 ordinary shares in Remgro Limited.*
** *Of Mr N J Williams's shareholding, 25 000 shares have been pledged as collateral for an overdraft facility at a financial institution.*

Directors	Direct beneficial	Indirect beneficial	Associates	Total
30 June 2021				
S E N De Bruyn	497	–	–	497
J J Durand	–	849 376	1 650	851 026
M Lubbe	32 184	–	–	32 184
N P Mageza	–	296	–	296
J Malherbe	–	1 176 061	2 934	1 178 995
P J Moleketi	1 243	–	19 718	20 961
M Morobe	–	633	–	633
P J Neethling	–	–	7 898 806	7 898 806
K S Rantloane	57	–	–	57
F Robertson	–	5 500	–	5 500
J P Rupert*	–	–	7 553 865	7 553 865
N J Williams**	25 000	–	66 000	91 000
	58 981	2 031 866	15 542 973	17 633 820

* *Messrs J P Rupert and A E Rupert are both directors of an Associate that holds 7 551 005 ordinary shares in Remgro Limited.*
** *Of Mr N J Williams's shareholding, 25 000 shares have been pledged as collateral for an overdraft facility at a financial institution.*

On 30 November 2020, when Mr P K Harris retired, his indirect beneficial holding was 186 030 ordinary shares in Remgro Limited.

B ordinary shares

Mr J P Rupert is a director of Rupert Beleggings Proprietary Limited which owns all the issued unlisted B ordinary shares.

Since the end of the financial year to the date of this report the interests of the directors remained unchanged.