1. Results of operations continued

1.4 Finance costs and finance income

Finance costs/income are recognised in profit and loss using the effective interest rate method as the instruments to which this relates are measured at amortised cost.

	2016 R'000	2015 R'000
Finance costs		
– Bank	**61**	54
– Loans and facilities	**33 851**	60 557
– Unwinding of contingent purchase price	**9 712**	6 999
– Other	**4 583**	354
– Discounting of payables	**165 903**	165 201
	214 110	233 165
Finance income		
– Bank	**(34 002)**	(13 458)
– Loans	**(4 336)**	(2 522)
– Related-party loans (refer to note 8)	**(25 351)**	(14 486)
– Other	**(577)**	(255)
– Discounting of receivables	**(129 633)**	(142 326)
	(193 899)	(173 047)
Net finance costs	**20 211**	60 118

1.5 Earnings per share

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

(b) Headline

Headline earnings are calculated by applying the principles contained in Circular 2/2015 as issued by the South African Institute of Chartered Accountants, as required by JSE Limited.

The weighted average number of ordinary shares used is the same as that used for the basic earnings per share.

(c) Diluted – basic and headline

Diluted earnings per share are calculated by adjusting the number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are the forfeitable shares granted. For this calculation, an adjustment is made for the number of shares that would be issued on vesting under the forfeitable share plan.

(d) Core headline

Core headline earnings per share are calculated by adding back to headline earnings, the amortisation of intangible assets net of deferred taxation and non-controlling interests as a consequence of the purchase price allocations completed in terms of IFRS 3(R) – *Business Combinations*.

For the year ended 31 May 2016

1. Results of operations continued

1.5 Earnings per share continued

(a) Basic

	2016	2015
Profit attributable to equity holders of the parent (R'000)	**691 590**	577 617
Weighted average number of ordinary shares in issue (thousands)	**665 950**	665 030
Basic earnings per share (cents per share)	**103.85**	86.86

(b) Headline

	Profit before tax and non-controlling interest R'000	Tax R'000	Non-controlling interest R'000	Headline earnings R'000
2016				
Profit attributable to equity holders of the parent	**1 050 395**	**(318 783)**	**(40 022)**	**691 590**
Profit on disposal of property, plant and equipment	**(500)**	**140**	**—**	**(360)**
Loss on disposal of intangible assets	**4**	**(1)**	**—**	**3**
Impairment of intangible assets	**2 568**	**(719)**	**(300)**	**1 549**
Loss on disposal of subsidiary	**3 885**	**1 569**	**—**	**5 454**
Profit on dilution/disposal of associate and joint venture	**(29 975)**	**—**	**—**	**(29 975)**
Headline earnings				**668 261**
Weighted average number of ordinary shares in issue (thousands)				**665 950**
Headline earnings per share (cents per share)				**100.35**
2015				
Profit attributable to equity holders of the parent	846 690	(265 497)	(3 576)	577 617
Profit on disposal of property, plant and equipment	(1 707)	478	4	(1 225)
Impairment of property, plant and equipment in joint venture	3 264	—	—	3 264
Profit on disposal of subsidiary	(3 962)	—	—	(3 962)
Profit on disposal of associate	(37 238)	8 595	—	(28 643)
Headline earnings				547 051
Weighted average number of ordinary shares in issue (thousands)				665 030
Headline earnings per share (cents per share)				82.26

1. Results of operations continued

1.5 Earnings per share continued

		2016 R'000	2015 R'000
(c)	**Diluted – basic and headline**		
	Basic earnings (R'000)	**691 590**	577 617
	Dilutive instrument (R'000)	**—**	(5 603)
	Diluted earnings (R'000)	**691 590**	572 014
	Weighted average number of ordinary shares in issue (thousands)	**665 950**	665 030
	Adjusted for forfeitable shares (thousands)	**6 570**	7 672
	Weighted average number of ordinary shares for diluted earnings (thousands)	**672 520**	672 702
	Diluted basic earnings per share (cents per share)	**102.84**	85.03
	Headline earnings (R'000)	**668 261**	547 051
	Dilutive instrument (R'000)	**—**	(5 603)
	Diluted headline earnings (R'000)	**668 261**	541 448
	Weighted average number of ordinary shares for diluted headline earnings (thousands)	**672 520**	672 702
	Diluted headline earnings per share (cents)	**99.37**	80.49
(d)	**Core headline**		
	Reconciliation between net profit for the period and core headline earnings for the period:		
	Net profit for the period (R'000)	**691 590**	577 617
	Amortisation on intangibles raised through business combinations net of tax and non-controlling interest (R'000)	**16 650**	18 961
	Core net profit for the period (R'000)	**708 240**	596 578
	Headline earnings adjustments (R'000)	**(23 329)**	(30 566)
	Core headline earnings (R'000)	**684 911**	566 012
	Weighted average number of ordinary shares in issue (thousands)	**665 950**	665 030
	Core headline earnings per share (cents per share)	**102.85**	85.11

1.6 Cash generated by operations

	2016 R'000	2015 R'000
Reconciliation of operating profit to cash generated by operating activities:		
Operating profit	**1 142 376**	986 146
Adjustments for:		
Depreciation of property, plant and equipment	**42 738**	40 813
Amortisation of intangible assets	**130 353**	121 819
Impairment of intangible assets	**2 568**	—
Discounting of receivables recognised in revenue	**129 633**	142 326
Discounting of payables recognised in changes in inventories of finished goods	**(165 903)**	(165 201)
Impairment of loans	**—**	4 907
Profit on disposal of property, plant and equipment	**(500)**	(1 707)
Loss on disposal of intangible assets	**4**	—
Loss/(profit) on disposal of subsidiary	**3 885**	(3 962)
Profit on disposal of associates	**—**	(37 238)
Equity compensation benefit expense	**23 845**	24 290
Net forex profit	**(68 857)**	(25 718)
Changes in working capital (excluding the effects of acquisitions and disposals):		
Increase in inventories	**(225 756)**	(123 152)
Decrease/(increase) in trade and other receivables	**52 252**	(538 269)
(Decrease)/increase in trade and other payables	**(319 884)**	2 500
(Increase)/decrease in loans receivable	**(1 281)**	5 322
Increase in starter pack assets	**(1 288)**	(3 070)
	744 185	429 806