Notes to the Group annual financial statements continued

For the year ended 31 May 2017

1. Results of operations continued

1.5 Earnings per share continued

		2017 R'000	2016 R'000
(c)	**Diluted – basic and headline**		
	Basic earnings (R'000)	**786 965**	691 590
	Weighted average number of ordinary shares in issue (thousands)	**667 349**	665 950
	Adjusted for forfeitable shares (thousands)	**5 813**	6 570
	Weighted average number of ordinary shares for diluted earnings (thousands)	**673 162**	672 520
	Diluted basic earnings per share (cents per share)	**116.91**	102.84
	Headline earnings (R'000)	**787 327**	668 261
	Weighted average number of ordinary shares for diluted headline earnings (thousands)	**673 162**	672 520
	Diluted headline earnings per share (cents)	**116.96**	99.37
(d)	**Core headline**		
	Reconciliation between net profit for the period and core headline earnings for the period:		
	Net profit for the period (R'000)	**786 965**	691 590
	Amortisation on intangibles raised through business combinations net of tax and non-controlling interest (R'000)	**14 069**	16 650
	Core net profit for the period (R'000)	**801 034**	708 240
	Headline earnings adjustments (R'000)	**362**	(23 329)
	Core headline earnings (R'000)	**801 396**	684 911
	Weighted average number of ordinary shares in issue (thousands)	**667 349**	665 950
	Core headline earnings per share (cents per share)	**120.09**	102.85
1.6	**Cash generated by operations**		
	Reconciliation of operating profit to cash generated by operating activities:		
	Operating profit	**1 218 472**	1 142 376
	Adjustments for:		
	Depreciation of property, plant and equipment	**44 684**	42 738
	Amortisation of intangible assets	**143 109**	130 353
	Impairment of intangible assets	**—**	2 568
	Discounting of receivables recognised in revenue	**163 069**	129 633
	Discounting of payables recognised in changes in inventories of finished goods	**(197 509)**	(165 903)
	Impairment of inventory	**1 178**	—
	Impairment of loans	**4 001**	—
	Loss/(profit) on disposal of property, plant and equipment	**30**	(500)
	Loss on disposal of intangible assets	**—**	4
	Loss on disposal of subsidiary	**—**	3 885
	Contingent purchase price release	**(10 210)**	(48 120)
	Equity compensation benefit expense	**23 417**	23 845
	Net unrealised forex loss/(profit)	**47 157**	(68 857)
	Changes in working capital (excluding the effects of acquisitions and disposals):		
	Increase in inventories	**(518 909)**	(225 756)
	(Increase)/decrease in trade and other receivables	**(105 132)**	52 252
	Increase/(decrease) in trade and other payables	**945 075**	(271 764)
	Increase in loans receivable	**(5 405)**	(1 281)
	Decrease/(increase) in starter pack assets	**964**	(1 288)
		1 753 991	744 185