Notes to the Group annual financial statements continued

For the year ended 31 May 2019

1. RESULTS OF OPERATIONS continued

1.5 Earnings per share

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*.

(a) Headline earnings, earnings and core headline earnings per share

	Attributable earnings		Cents per share	
	2019 R'000	Restated* 2018 R'000	**2019**	Restated* 2018
Headline earnings per share				
Basic	**(2 853 640)**	1 116 131	**(312.49)**	130.44
Diluted[1.]		1 052 737		122.34
Core	**(2 783 155)**	1 160 477	**(304.77)**	135.62
Earnings attributable to ordinary equity holders				
Basic	**(6 646 383)**	1 122 085	**(727.81)**	131.13
Diluted[1.]		1 058 691		123.03

[1.] *There are no dilutive instruments in the current year.*

(b) Weighted average number of shares

	2019 '000	2018 '000
Weighted average number of ordinary shares	**913 208**	855 687
Adjusted for forfeitable shares	**—**	4 801
Weighted average number of ordinary shares for diluted earnings[1.]	**913 208**	860 488

[1.] *There are no dilutive instruments in the current year.*

The same weighted average number of shares for basic earnings per share is used for core headline earnings per share.

(c) Analysis of headline earnings

	(Loss)/profit before tax and non-controlling interest R'000	**Tax R'000**	**Non-controlling interest R'000**	**Headline earnings R'000**
2019				
Loss attributable to equity holders of the parent	**(6 307 074)**	**(315 122)**	**(24 187)**	**(6 646 383)**
Profit on disposal of property, plant and equipment	**(1 155)**	**323**	**74**	**(758)**
Impairment of property, plant and equipment	**2 002**	**(561)**	**—**	**1 441**
Impairment of intangible assets	**5 111**	**(1 431)**	**—**	**3 680**
Foreign currency translation reserve recycled to profit or loss	**(144)**	**—**	**—**	**(144)**
Impairments on investments	**2 669 376**	**—**	**(7 378)**	**2 661 998**
Fair value uplift on conversion from an associate to a subsidiary	**(27 741)**	**—**	**—**	**(27 741)**
Profit on disposal of property, plant and equipment in associate	**(5 524)**	**—**	**—**	**(5 524)**
Impairment of goodwill	**124 400**	**—**	**—**	**124 400**
Impairment of investment within associate equity accounted earnings	**47 174**	**—**	**—**	**47 174**
Impairment of property, plant and equipment in associate	**801 049**	**—**	**—**	**801 049**
Impairment of intangible assets in associate	**187 168**	**—**	**—**	**187 168**
Headline earnings				**(2 853 640)**

1. RESULTS OF OPERATIONS continued

1.5 Earnings per share continued

Core headline continued

(c) Analysis of headline earnings continued

	Profit before tax and non-controlling interest R'000	Tax R'000	Non-controlling interest R'000	Headline earnings R'000
2018 – restated*				
Profit attributable to equity holders of the parent	1 506 839	(331 069)	(53 685)	1 122 085
Profit on disposal of property, plant and equipment	(1 784)	499	13	(1 272)
Impairment of property, plant and equipment	3 800	(1 064)	—	2 736
Impairment of intangible assets	338	(95)	—	243
Foreign currency translation reserve recycled to profit or loss	(3 098)	—	—	(3 098)
Profit on disposal of subsidiary	(2 824)	—	—	(2 824)
Profit on disposal of property, plant and equipment in associate	(16 771)	4 696	—	(12 075)
Impairment of intangible assets in associate	14 355	(4 019)	—	10 336
Headline earnings				1 116 131

** As a result of the prior year error the Group has restated their comparative financial information. Refer to note 11 for details.*

(d) Reconciliation of earnings from basic to diluted

	Earnings Restated* 2018 R'000	Headline earnings Restated* 2018 R'000
Basic earnings	1 122 085	1 116 131
Dilutive instrument[1]	(4 842)	(4 842)
Dilutive instrument in associate[2]	(58 552)	(58 552)
Dilutive earnings	1 058 691	1 052 737

[1] The dilutive instrument represents the effect of the dilution in Panacea Mobile Proprietary Limited and Simigenix Proprietary Limited. Refer to the statement of changes in equity.

[2] The dilutive instrument in associate refers to the potential dilution of the Group's shareholding in Cell C Limited due to its equity-settled share scheme. In the current year this instrument was anti-dilutive.

(e) Analysis of core headline earnings

	2019 R'000	Restated* 2018 R'000
Reconciliation between net profit for the period and core headline earnings for the period:		
Net profit for the period	**(6 646 383)**	1 122 085
Amortisation on intangibles raised through business combinations net of tax and non-controlling interest	**70 485**	44 345
Core net profit for the period	**(6 575 898)**	1 166 430
Headline earnings adjustments	**3 792 743**	(5 953)
Core headline earnings	**(2 783 155)**	1 160 477

** As a result of the prior year error the Group has restated their comparative financial information. Refer to note 11 for details.*