

Summary consolidated financial statements

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The summary consolidated financial statements comprise a summary of the audited annual financial statements of the Group for the year ended 1 July 2018. The annual financial statements of the Group for the year ended 1 July 2018 have been audited by PricewaterhouseCoopers Inc., in compliance with the applicable requirements of the Companies Act, 2008. The preparation of the audited annual financial statements of the Group was supervised by Mr A de Bruyn, CA(SA). A copy of the full audited annual financial statements is available on www.shopriteholdings.co.za or may be requested from the company secretary (cosec@shoprite.co.za, tel +27 (0) 21 980 4284) at PO Box 215, Brackenfell, 7561, South Africa.

Statement of responsibility by the board of directors

Shoprite Holdings Ltd and its subsidiaries for the year ended 1 July 2018

The summary consolidated financial statements are the responsibility of the directors of Shoprite Holdings Ltd. The audited annual financial statements of the Group for the year ended 1 July 2018, from which these summary consolidated financial statements have been derived, were prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

The directors are responsible for the preparation and fair presentation of the summary consolidated financial statements and are satisfied that the systems and internal financial controls implemented by management are effective and that these summary consolidated financial statements are a true and accurate extract from the audited annual financial statements of the Group.

The directors believe that the Group has adequate resources to continue trading as a going concern in the foreseeable future. The annual financial statements support the viability of the Group.

The Group's external auditors, PricewaterhouseCoopers Incorporated, audited the summary consolidated financial statements, and their report is presented on page 73. The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

Approval of the summary consolidated financial statements

The summary consolidated financial statements of the Shoprite Holdings Ltd Group were approved by the board of directors on 20 August 2018 and signed on its behalf by:



CH Wiese
Chairman



PC Engelbrecht
Chief Executive Officer

Certificate of the Company Secretary

In terms of section 88(2)(e) of the Companies Act no 71 of 2008 (as amended) I, PG du Preez, in my capacity as Company Secretary, confirm that for the year ended 1 July 2018, the Company has lodged with the Companies and Intellectual Property Commission, all such returns as are required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.



PG du Preez
Company Secretary

20 August 2018

Directors' report

Shoprite Holdings Ltd and its subsidiaries for the year ended 1 July 2018

Nature of business

Shoprite Holdings Limited ("Shoprite Holdings") is an investment holding company listed on the Johannesburg Stock Exchange Limited ("JSE") in the "food retailers & wholesalers" sector. Secondary listings are also maintained on the Namibian and Zambian Stock Exchanges. Cash income is derived mainly from dividends and interest. The consolidated annual financial statements of Shoprite Holdings and its subsidiaries also incorporate the equity accounted attributable income of associated companies and joint ventures.

Shoprite Holdings comprises of the following main subsidiaries

Shoprite Checkers (Pty) Ltd

Supermarkets: Serves a broad customer base through our Shoprite, Shoprite Hyper, Checkers, Checkers Hyper and Usave store formats.

Supply Chain Management: Supplies the Group's outlets in South Africa and 14 Non-RSA countries. The Group prides itself in running a state-of-the-art distribution operation.

Franchise: The OK Franchise division's stores offer a wide range of perishable and non-perishable food items through supermarket/ convenience outlets primarily under the OK brand. Wholesale franchise partners trade under the Megasave brand and retail buying partners under the Sentra brand. Add-on retail liquor outlets operate mainly under the OK Liquor brand.

Freshmark: Freshmark is the Group's fruit and vegetable procurement and distribution division and supplies fresh produce to the Group's retail outlets.

Liquor Stores: Trading under the Shoprite LiquorShop and Checkers LiquorShop brands respectively, the liquor shops have extended the Group's offering by providing a selection of wines, beers and a wide range of premium spirits to its customers.

Meat Markets: The Group's customers are served through in-store butcheries that employ qualified butchers and technicians.

Money Markets: The Money Markets offer a comprehensive range of financial services and products to the Group's customers through dedicated in-store service counters.

Furniture: The Furniture division offers furniture, electrical appliances and home entertainment products to customers for cash or credit through its OK Furniture, OK Power Express, OK Dreams and House & Home outlets in South Africa, Botswana, Namibia, Swaziland, Lesotho, Zambia, Mozambique and Angola.

Pharmacies and wholesale distribution: MediRite's in-store pharmacies offer consumers an easy access to affordable healthcare and healthcare professionals and through in-store dispensaries with outlets throughout South Africa and also in Angola, Mozambique and Swaziland. The Group's pharmaceutical wholesaler, Transpharm, sells and distributes pharmaceutical products and surgical equipment to hospitals and clinics, dispensing doctors, veterinary surgeons and private and corporate pharmacies.

Properties: This division is tasked to expand the Group's supermarket portfolio through the identification and leasing of new supermarket premises or developing new shopping centres to accommodate one of the supermarket formats. New retail developments and the redevelopment of existing properties are supervised through every stage of the planning-, design- and construction process.

Shoprite Investments Ltd

As a wholly owned subsidiary of Shoprite Holdings, Shoprite Investments conducts the Group's treasury function and financing of credit sales to third parties.

Computicket (Pty) Ltd

As a premier ticketing solution provider and one of the most recognised brand names, Computicket offers theatre, concert, festival, sport and cinema tickets along with bus tickets and gift vouchers through a network of outlets located across South Africa, Botswana, Mozambique, Namibia and Zambia, a call centre as well as the Computicket website. Computicket Travel also offers a variety of travel packages and services.

Shoprite International Ltd

Incorporated in the Republic of Mauritius, Shoprite International is the holding company for the majority of the Group's non-South African retail and property investments.

Shoprite Insurance Company Ltd

Provides first and third party short-term insurance to the Group and its customers.

Shoprite DTMC (Pty) Ltd

Registered as a domestic treasury management company with the South African Reserve Bank with the USD as functional currency.

Other Group Subsidiaries

The interests of Shoprite Holdings in other subsidiaries are set out on page 87 of the Integrated Report.

Financial review

The Group's diluted headline earnings per share amounts to 968.7 cents for the year (2017: 1 007.4 cents). Details of the profit of Shoprite Holdings and its subsidiaries are contained in the statement of comprehensive income on page 75 with reference to the operating segment information on page 79. The financial position of Shoprite Holdings and its subsidiaries are recorded in the statement of financial position on page 74. Further details are furnished in the notes to the summary consolidated financial statements on pages 78 to 86. The Group's net asset value per share as at 1 July 2018 was 4 937 cents (2017: 4 905 cents).

Distribution to shareholders

Ordinary dividends

An interim cash dividend (no 138) of 205 cents per share was paid on 19 March 2018. A final dividend (no 139) of 279 cents per share, is payable on 10 September 2018, bringing the total dividend for the year to 484 cents (2017: 504 cents) per ordinary share.

Share capital

At the annual general and general meetings of shareholders on 30 October 2017, shareholders approved the:

- Conversion of 650 000 000 ordinary shares of 113.4 cents each into 650 000 000 ordinary shares having no par value;
- Increase in authorised ordinary share capital to 1 300 000 000 ordinary shares having no par value;
- Increase in the number of authorised deferred shares from 360 000 000 to 720 000 000 deferred shares.

During the period under review Shoprite Holdings purchased 8 683 327 ordinary shares from Bassgro (Pty) Ltd which were delisted on 15 September 2017 and cancelled. Subsequent to the delisting the issued ordinary share capital of Shoprite Holdings is 591 338 502 shares.

Going concern

The annual financial statements of the Group were prepared on a going concern basis.

The Board has performed a formal review of the Group's results and its ability to continue trading as a going concern in the foreseeable future.

The directors of Shoprite Holdings confirm that they are satisfied that the Group has adequate resources to continue in business for the foreseeable future.

Borrowings

Shoprite Holdings has unlimited borrowing powers in terms of its Memorandum of Incorporation (MOI).

The Group's overall level of debt increased from R3.274 billion to R6.977 billion during the financial year under review.

Special resolutions

At the annual general meeting of Shoprite Holdings held on 30 October 2017, shareholders approved the following special resolutions:

- **Special resolution number 1:** Remuneration payable to non-executive directors;
- **Special resolution number 2:** Financial assistance to subsidiaries, related and inter-related entities;
- **Special resolution number 3:** Financial assistance for subscription of securities;
- **Special resolution number 4:** General authority to repurchase shares;
- **Special resolution number 5:** Conversion of par value shares; and
- **Special resolution number 6:** Increase in authorised share capital.

During the reporting period the following special resolutions were passed by main Group subsidiaries:

Shoprite Checkers (Pty) Ltd

- **Special resolution number 1:** Financial assistance to subsidiaries, related and inter-related entities.

Shoprite Investments Ltd

- **Special resolution number 1:** Financial assistance to subsidiaries, related and inter-related entities.

Directors and secretary

The directors' names and details are furnished on pages 28 and 29 and the company secretary's name, business and postal address on the inside back cover of the Integrated Report.

In terms of the Memorandum of Incorporation of Shoprite Holdings ("the MOI"), no less than one third of the non-executive directors shall retire by rotation at each annual general meeting.

Messrs JF Basson, JJ Fouché, JA Rock and Dr ATM Mokgokong retire as directors, in terms of Article 33.5.1 of the MOI of the Company, at the annual general meeting. All these directors have offered themselves for re-election as directors of Shoprite Holdings.

Ms S Zinn was appointed as an independent non-executive director on 31 August 2018 but retires in terms of Article 33.3 of the MOI at the annual general meeting on 29 October 2018. Being eligible for election, Ms Zinn offers herself for re-election.

The Board supports the re-election of these directors.

Mr JW Basson resigned as non-executive vice chairman with effect from 25 October 2017 whilst Mr A de Bruyn was appointed as executive director from 2 July 2018.

Directors' and alternate directors' interests in ordinary shares

Non-executive directors

	Direct beneficial	Indirect beneficial	Total 2018	Total 2017
CH Wiese	—	82 232 795	82 232 795	101 315 275
JF Basson	—	1 000	1 000	1 000
JW Basson*	n/a	n/a	n/a	9 104 122
JJ Fouché	472 171	—	472 171	472 171
CG Goosen	3 000	1 014 202	1 017 202	1 117 202
EC Kieswetter	9 509	—	9 509	7 924
JA Louw	—	50 000	50 000	50 000
ATM Mokgokong	—	—	—	—
JA Rock	—	—	—	—
JD Wiese**	—	14 674	14 674	14 074

* Resigned as non-executive vice chairman on 25 October 2017

** Alternate director

Executive directors

	Direct beneficial	Indirect beneficial	Total 2018	Total 2017
PC Engelbrecht	313 555	201 039	514 594	463 720
M Bosman [#]	136 410	60 000	196 410	208 147
B Harisunker	407 379	—	407 379	407 379
EL Nel ⁺	—	148 727	148 727	148 727
JAL Basson**	66 044	89 201	155 245	155 245

[#] Retired with effect from 2 July 2018

⁺ Retired with effect from 29 June 2018

** Appointment as alternate director ended with effect from 29 June 2018

There were no changes in the shareholdings of directors in ordinary shares between the financial year-end and the date of this report.

Non-executive director's interest in non-convertible, non-participating, no par value deferred shares

	Total 2018	Total 2017
CH Wiese	305 621 601	305 621 601

Corporate governance

Statements of the Board's application of the codes of good corporate governance are set out in the Corporate Governance report on pages 47 to 50.

Board committees

The reports of the various board committees are included in the corporate governance section of the Integrated Report on pages 51 to 67.

Auditors

Subject to shareholder approval at the annual general meeting, PricewaterhouseCoopers Incorporated will continue in office in accordance with Section 90(1) of the Companies Act.



Directors' report (continued)

Shoprite Holdings Ltd and its subsidiaries for the year ended 1 July 2018

Events after the reporting date

Other than the facts in this Integrated Report, there have been no material changes in the affairs or financial position of the Group and its subsidiaries from 1 July 2018 to the date of this report.

Holding company

Shoprite Holdings has no holding company. An analysis of the main shareholders appears on page 92 of this report.

Litigation statement

Save for the referral to the National Consumer Tribunal and the judgement delivered in the Nigeria High Court as stated in note 32.3 of the annual financial statements, the directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous twelve (12) months, a material effect on the Group's financial position.

Currency of the summary consolidated financial statements

Shoprite Holdings Ltd and its subsidiaries for the year ended 1 July 2018

The summary consolidated financial statements are expressed in South African rand. The approximate rand cost of a unit of the following currencies at year-end was:

	2018	2017		2018	2017		2018	2017
US dollar	13.710	13.038	Botswana pula	1.318	1.278	India rupee	0.200	0.202
Pound sterling	17.979	16.969	Uganda shilling	0.004	0.004	Ghana cedi	2.862	2.940
Euro	15.972	14.916	Malawi kwacha	0.019	0.018	Madagascar ariary	0.004	0.004
Zambia kwacha	1.370	1.416	Mauritius rupee	0.392	0.376	Nigeria naira	0.045	0.043
Mozambique metical	0.229	0.217	Angola kwanza	0.055	0.078	DRC franc	0.008	0.009

Independent auditor's report on the summary consolidated financial statements

To the shareholders of Shoprite Holdings Limited

Opinion

The summary consolidated financial statements of Shoprite Holdings Limited, set out on pages 74 to 87 of the Shoprite Holdings Limited Integrated Report 2018, which comprise the summary consolidated statement of financial position as at 1 July 2018, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Shoprite Holdings Limited for the year ended 1 July 2018.

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

Summary consolidated financial statements

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

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 20 August 2018. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's responsibility for the summary consolidated financial statements

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

Auditor's responsibility

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

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: MC Hamman
Registered Auditor

Cape Town
20 August 2018

Summary consolidated statement of financial position

Shoprite Holdings Ltd and its Subsidiaries as at 1 July 2018

	Notes	2018 Rm	2017 Rm
Assets			
Non-current assets			
Property, plant and equipment	3	21 218	18 407
Equity accounted investments		—	27
Held-to-maturity investments	4	2 090	1 311
Loans and receivables	5	1 318	1 110
Deferred income tax assets		876	859
Intangible assets		2 994	2 355
Trade and other receivables		856	503
Current assets			
Inventories		17 959	17 794
Trade and other receivables		4 931	5 105
Derivative financial instruments		—	1
Current income tax assets		120	154
Held-to-maturity investments	4	1 600	—
Loans and receivables	5	231	211
Cash and cash equivalents		7 465	7 767
Assets held for sale			
		184	119
Total assets		61 842	55 723
Equity			
Capital and reserves attributable to owners of the parent			
Share capital	6	—	681
Share premium		—	8 585
Stated capital	6	7 516	—
Treasury shares	6	(554)	(446)
Reserves		20 424	18 838
		27 386	27 658
Non-controlling interest			
		91	91
Total equity		27 477	27 749
Liabilities			
Non-current liabilities			
Borrowings	7	1 371	—
Deferred income tax liabilities		697	96
Provisions		264	232
Fixed escalation operating lease accruals		1 235	1 164
Current liabilities			
Trade and other payables		20 621	17 414
Borrowings	7	5 606	3 274
Current income tax liabilities		481	582
Provisions		95	154
Bank overdrafts		3 995	5 058
Total liabilities		34 365	27 974
Total equity and liabilities		61 842	55 723

Summary consolidated statement of comprehensive income

Shoprite Holdings Ltd and its subsidiaries for the year ended 1 July 2018

	Notes	% change	52 weeks 2018 Rm	52 weeks 2017 Rm
Sale of merchandise		3.1	145 306	141 000
Cost of sales		3.2	(110 580)	(107 174)
Gross profit		2.7	34 726	33 826
Other operating income		6.3	2 779	2 615
Depreciation and amortisation		16.3	(2 530)	(2 176)
Operating leases		11.9	(4 272)	(3 819)
Employee benefits		3.4	(10 851)	(10 498)
Other operating expenses		5.7	(12 494)	(11 821)
Net monetary gain			653	—
Trading profit		(1.4)	8 011	8 127
Exchange rate losses			(251)	(236)
Items of a capital nature			(246)	(166)
Operating profit		(2.7)	7 514	7 725
Interest received		(4.9)	215	226
Finance costs		24.1	(422)	(340)
Share of profit of equity accounted investments			27	4
Profit before income tax		(3.7)	7 334	7 615
Income tax expense		(2.7)	(2 121)	(2 180)
Profit for the year		(4.1)	5 213	5 435
Other comprehensive income, net of income tax			(689)	(933)
Items that will not be reclassified to profit or loss				
Re-measurements of post-employment medical benefit obligations			2	3
Items that may subsequently be reclassified to profit or loss				
Foreign currency translation differences including hyperinflation effect			(678)	(822)
Share of foreign currency translation differences of equity accounted investments			(2)	(103)
Gains/(losses) on effective cash flow hedge			(11)	(11)
For the year			3	(11)
Reclassified to profit for the year			(14)	—
Total comprehensive income for the year			4 524	4 502
Profit attributable to:				
Owners of the parent			5 201	5 428
Non-controlling interest			12	7
			5 213	5 435
Total comprehensive income attributable to:				
Owners of the parent			4 512	4 495
Non-controlling interest			12	7
			4 524	4 502
Basic earnings per share (cents)	9	(6.6)	934.3	999.8
Diluted earnings per share (cents)	9	(5.2)	933.4	984.8
Basic headline earnings per share (cents)	9	(5.2)	969.6	1 023.2
Diluted headline earnings per share (cents)	9	(3.8)	968.7	1 007.4

Summary consolidated statement of changes in equity

Shoprite Holdings Ltd and its subsidiaries for the year ended 1 July 2018

Rm	Total equity	Non-controlling interest	Attributable to owners of the parent						
			Total	Share capital	Share premium	Stated capital	Treasury shares	Other reserves	Retained earnings
Balance at 3 July 2016	21 139	65	21 074	650	4 029	—	(760)	554	16 601
Total comprehensive income	4 502	7	4 495	—	—	—	—	(936)	5 431
Profit for the year	5 435	7	5 428						5 428
Recognised in other comprehensive income									
Re-measurements of post-employment medical benefit obligations	4		4						4
Income tax effect of re-measurements of post-employment medical benefit obligations	(1)		(1)						(1)
Foreign currency translation differences	(925)		(925)					(925)	
Losses on effective cash flow hedge	(15)		(15)					(15)	
Income tax effect of losses on effective cash flow hedge	4		4					4	
Share-based payments – value of employee services	139		139						139
Modification of cash bonus arrangement transferred from provisions	6		6					6	
Purchase of treasury shares	(59)		(59)				(59)		
Treasury shares disposed	2		2				2		
Realisation of share-based payment reserve	—		—				371	(371)	
Ordinary shares issued on conversion of convertible bonds	4 587		4 587	31	4 556				
Equity component of convertible bonds converted during the period transferred to retained earnings	—		—					(361)	361
Non-controlling interest on acquisition of subsidiary	2	2	—						
Non-controlling interest on disposal of subsidiary	27	27	—						
Dividends distributed to shareholders	(2 596)	(10)	(2 586)						(2 586)
Balance at 2 July 2017	27 749	91	27 658	681	8 585	—	(446)	(969)	19 807
Total comprehensive income	4 524	12	4 512	—	—	—	—	(691)	5 203
Profit for the year	5 213	12	5 201						5 201
Recognised in other comprehensive income									
Re-measurements of post-employment medical benefit obligations	3		3						3
Income tax effect of re-measurements of post-employment medical benefit obligations	(1)		(1)						(1)
Foreign currency translation differences including hyperinflation effect	177		177					177	
Income tax on foreign currency translation differences including hyperinflation effect	(857)		(857)					(857)	
Gains on effective cash flow hedge	(15)		(15)					(15)	
Income tax effect of gains on effective cash flow hedge	4		4					4	
Cash flow hedging reserve transferred to receivables	(3)		(3)					(3)	
Income tax effect of cash flow hedging reserve transferred to receivables	1		1					1	
Share-based payments – value of employee services	64		64					64	
Modification of cash bonus arrangement transferred from provisions	9		9					9	
Buy-back and cancellation of ordinary shares	(1 750)		(1 750)	(10)	(1 740)				
Purchase of treasury shares	(142)		(142)				(142)		
Treasury shares disposed	6		6				5		1
Realisation of share-based payment reserve	—		—				29	(29)	
Conversion to stated capital	—		—	(671)	(6 845)	7 516			
Transfer from capital redemption reserve	—		—					(2)	2
Dividends distributed to shareholders	(2 981)	(12)	(2 969)						(2 969)
Balance at 1 July 2018	27 477	91	27 386	—	—	7 516	(554)	(1 620)	22 044

Summary consolidated statement of cash flows

Shoprite Holdings Ltd and its subsidiaries for the year ended 1 July 2018

	Notes	2018 Rm	2017 Rm
Cash flows from operating activities		7 418	3 339
Operating profit		7 514	7 725
Less: investment income		(344)	(189)
Non-cash items	11.1	2 919	3 089
Changes in working capital	11.2	2 686	(2 278)
Cash generated from operations		12 775	8 347
Interest received		493	399
Interest paid		(555)	(416)
Dividends received		49	16
Dividends paid		(2 980)	(2 595)
Income tax paid		(2 364)	(2 412)
Cash flows utilised by investing activities		(7 355)	(6 985)
Investment in property, plant and equipment and intangible assets to expand operations		(3 720)	(3 836)
Investment in property, plant and equipment and intangible assets to maintain operations		(1 616)	(1 331)
Proceeds on disposal of property, plant and equipment and intangible assets		132	40
Proceeds on disposal of assets held for sale		121	—
Payments for held-to-maturity investments		(2 401)	(1 370)
Proceeds from held-to-maturity investments		490	—
Amounts paid to Resilient Africa (Pty) Ltd		(7)	(612)
Amounts received from Resilient Africa (Pty) Ltd		—	136
Amounts paid to RMB Westport Osapa		(182)	—
Amounts repaid by employees		102	123
Other investing activities		(99)	(125)
Investment in joint venture		(150)	—
Cash outflow on disposal of investment in subsidiary		—	(9)
Acquisition of subsidiaries and operations		(25)	(1)
Cash flows from financing activities		1 426	2 826
Purchase of treasury shares		(142)	(59)
Proceeds from treasury shares disposed		6	4
Buy-back and cancellation of ordinary shares		(1 750)	—
Convertible bonds settled at maturity date		—	(108)
Repayment of borrowings		(7 895)	(111)
Increase in borrowings		11 207	3 100
Net movement in cash and cash equivalents		1 489	(820)
Cash and cash equivalents at the beginning of the year		2 709	3 819
Effect of exchange rate movements and hyperinflation on cash and cash equivalents		(728)	(290)
Cash and cash equivalents at the end of the year		3 470	2 709
Consisting of:			
Cash and cash equivalents		7 465	7 767
Bank overdrafts		(3 995)	(5 058)
		3 470	2 709

Selected explanatory notes to the summary consolidated financial statements

Shoprite Holdings Ltd and its subsidiaries for the year ended 1 July 2018

1 Basis of preparation and accounting policies

The Group reports on the retail calendar of trading weeks which 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. Accordingly the results for the financial year under review are for a 52-week period, ended 1 July 2018, compared to 52 weeks in the previous financial year.

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

The accounting policies applied in the preparation of the consolidated annual financial statements from which the summary consolidated financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except as set out below. Various new and revised accounting standards became effective during the year, but their implementation had no significant impact on the results of either the current or the previous year.

IAS 29: Financial reporting in hyperinflationary economies

During the reporting period, the Group classified the economy of Angola as hyperinflationary, effective from 3 July 2017. Accordingly, the results and the financial position, including comparative amounts, of the Group's Angolan subsidiaries have been expressed in terms of the measuring unit current at the reporting date, as required by IAS 29. The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. Gains or losses on the net monetary position are recognised in profit or loss. All items recognised in the statement of comprehensive income are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred while all items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period. At the beginning of the first period of application, the components of owners' equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised in other comprehensive income. Restated retained earnings at the beginning of the first period of application are derived from all other amounts in the restated statement of financial position. As the presentation currency of the Group is that of a non-hyperinflationary economy, comparative amounts of the Group are not adjusted for changes in the price level or exchange rates in the current year.

2 Operating segment information

2.1 Analysis per reportable segment

	2018						
	Supermarkets RSA Rm	Supermarkets Non-RSA Rm	Furniture Rm	Other operating segments Rm	Total operating segments Rm	Hyperinflation effect Rm	Consolidated Rm
Sale of merchandise	112 383	23 163	5 967	9 464	150 977	(777)	150 200
External	107 547	23 106	5 967	9 463	146 083	(777)	145 306
Inter-segment	4 836	57	—	1	4 894	—	4 894
Trading profit	6 539	650	256	250	7 695	316	8 011
Interest income included in trading profit	59	245	355	34	693	(29)	664
Depreciation and amortisation*	2 201	455	105	41	2 802	80	2 882
Total assets	35 008	17 259	4 199	3 073	59 539	2 303	61 842

	2017						
	Supermarkets RSA Rm	Supermarkets Non-RSA Rm	Furniture Rm	Other operating segments Rm	Total operating segments Rm	Hyperinflation effect Rm	Consolidated Rm
Sale of merchandise	107 001	24 867	5 432	9 000	146 300	—	146 300
External	101 734	24 840	5 432	8 994	141 000	—	141 000
Inter-segment	5 267	27	—	6	5 300	—	5 300
Trading profit	6 424	1 407	123	173	8 127	—	8 127
Interest income included in trading profit	70	78	314	36	498	—	498
Depreciation and amortisation*	1 884	421	108	44	2 457	—	2 457
Total assets	32 535	16 407	4 180	2 601	55 723	—	55 723

2.2 Geographical analysis

	2018				
	South Africa Rm	Outside South Africa Rm	Total operating segments Rm	Hyperinflation effect Rm	Consolidated Rm
Sale of merchandise – external	120 216	25 867	146 083	(777)	145 306
Non-current assets**	17 567	4 889	22 456	2 612	25 068

	2017				
	South Africa Rm	Outside South Africa Rm	Total operating segments Rm	Hyperinflation effect Rm	Consolidated Rm
Sale of merchandise – external	113 660	27 340	141 000	—	141 000
Non-current assets**	16 101	5 164	21 265	—	21 265

* Represent gross depreciation and amortisation before appropriate allocations of distribution cost.

** Non-current assets consist of property, plant and equipment, intangible assets and non-financial trade and other receivables.

Selected explanatory notes to the summary consolidated financial statements (continued)

Shoprite Holdings Ltd and its subsidiaries for the year ended 1 July 2018

	2018 Rm	2017 Rm
3 Property, plant and equipment		
Carrying value at the beginning of the year	18 407	16 908
Additions	4 411	4 347
Borrowing costs capitalised	—	44
Transfer to assets held for sale	(140)	(119)
Acquisition of subsidiary	—	33
Disposal	(212)	(106)
Depreciation	(2 518)	(2 146)
Impairment	(55)	(19)
Reversal of impairment	6	—
Foreign currency translation differences including hyperinflation effect	1 319	(535)
Carrying value at the end of the year	21 218	18 407
4 Held-to-maturity investments		
AOA, USD Index Linked, Angola Government Bonds (note 4.1)	3 008	1 311
Angola Treasury Bills (note 4.2)	682	—
	3 690	1 311
Analysis of total held-to-maturity investments:		
Non-current	2 090	1 311
Current	1 600	—
	3 690	1 311

4.1 AOA, USD Index Linked, Angola Government Bonds

The AOA, USD Index Linked, Angola Government Bonds are denominated in Angola kwanza, earn interest at an average rate of 7.0% (2017: 7.0%) p.a. and mature after a period of 2 to 3 years. Accrued interest is payable bi-annually.

The maximum exposure to credit risk at the reporting date is the carrying value. None of the AOA, USD Index Linked, Angola Government Bonds are either past due or impaired. The Group does not hold any collateral as security.

4.2 Angola Treasury Bills

The Angola Treasury Bills are denominated in Angola kwanza, earn interest at an average rate of 22.8% (2017: N/A) p.a. and mature within 12 months. Accrued interest is payable at maturity.

The maximum exposure to credit risk at the reporting date is the carrying value. None of the Angola Treasury Bills are either past due or impaired. The Group does not hold any collateral as security.

	2018 Rm	2017 Rm
5 Loans and receivables		
Amounts owing by associate (note 5.1)	990	953
Amounts owing by employees	—	102
Amounts owing by franchisees	334	266
Amounts owing by RMB Westport Osapa	195	—
Other	30	—
	1 549	1 321
Analysis of total loans and receivables:		
Non-current	1 318	1 110
Current	231	211
	1 549	1 321
5.1 Amounts owing by associate	990	953
ZAR denominated amounts owing by Resilient Africa (Pty) Ltd (note 5.1.1)	373	367
USD denominated amounts owing by Resilient Africa (Pty) Ltd (note 5.1.2)	617	586

5.1.1 The ZAR denominated shareholder loan earns interest at an average rate of 6.6% (2017: 6.6%) p.a. and is repayable on demand, subject to certain conditions.

The maximum exposure to credit risk at the reporting date is the carrying value. An impairment allowance of R60 million (2017: R26 million) was recognised for the shareholder loan. The Group does not hold any collateral as security for this amount.

5.1.2 The US dollar denominated amount earns interest at an average rate of 3.0% (2017: 3.0%) p.a. and is repayable after seven years, subject to certain conditions.

The maximum exposure to credit risk at the reporting date is the carrying value. No allowance for impairment has been made. The Group manages its credit risk by holding share pledges and cession agreements in the underlying subsidiaries of Resilient Africa (Pty) Ltd as collateral for this amount.

Selected explanatory notes to the summary consolidated financial statements (continued)

Shoprite Holdings Ltd and its subsidiaries for the year ended 1 July 2018

	2018 Rm	2017 Rm
6 Share capital and treasury shares		
6.1 Stated capital		
Conversion of share capital	671	—
Conversion of share premium	6 845	—
	7 516	—

The Company converted its par value ordinary shares of 113.4 cents each to no par value ordinary shares and increased the number of authorised no par value ordinary shares from 650 000 000 to 1 300 000 000 during the year under review.

6.2 Ordinary share capital

Authorised:

1 300 000 000 no par value ordinary shares (2017: 650 000 000 ordinary shares of 113.4 cents each)

Issued:

591 338 502 no par value ordinary shares (2017: 600 021 829 ordinary shares of 113.4 cents each)

Reconciliation of movement in number of ordinary shares issued:

	Number of shares	
	2018	2017
Balance at the beginning of the year	600 021 829	572 871 960
Shares issued during the year	—	27 149 869
Buy-back and cancellation of ordinary shares	(8 683 327)	—
Balance at the end of the year	591 338 502	600 021 829

Treasury shares held by Shoprite Checkers (Pty) Ltd are netted off against share capital on consolidation.

The net number of ordinary shares in issue for the Group are:

	Number of shares	
	2018	2017
Issued ordinary share capital	591 338 502	600 021 829
Treasury shares (note 6.4)	(36 659 642)	(36 166 544)
	554 678 860	563 855 285

The unissued ordinary shares are under the control of the directors who may issue them on such terms and conditions as they deem fit until the Company's next annual general meeting.

All shares are fully paid up.

6.3 Deferred share capital

Authorised:

720 000 000 (2017: 360 000 000) non-convertible, non-participating, non-transferable no par value deferred shares

Issued:

305 621 601 (2017: 305 621 601) non-convertible, non-participating, non-transferable no par value deferred shares

Reconciliation of movement in number of deferred shares issued:

	Number of shares	
	2018	2017
Balance at the beginning of the year	305 621 601	291 792 794
Shares issued during the year	—	13 828 807
Balance at the end of the year	305 621 601	305 621 601

The unissued deferred shares are not under the control of the directors, and can only be issued under predetermined circumstances as set out in the Memorandum of Incorporation of Shoprite Holdings Ltd.

All shares are fully paid up and carry the same voting rights as the ordinary shares.

6.4 Treasury shares

36 659 642 (2017: 36 166 544) ordinary shares

Reconciliation of movement in number of treasury shares for the Group:

	Number of shares	
	2018	2017
Balance at the beginning of the year	36 166 544	38 246 183
Shares purchased during the year	689 219	300 439
Shares disposed during the year	(25 342)	(19 259)
Shares utilised for settlement of equity-settled share-based payment arrangements	(170 779)	(2 360 819)
Balance at the end of the year	36 659 642	36 166 544
Consisting of:		
Shares owned by Shoprite Checkers (Pty) Ltd	35 436 572	35 436 572
Shares held by Shoprite Checkers (Pty) Ltd for the benefit of participants to equity-settled share-based payment arrangements	1 223 070	729 972
	36 659 642	36 166 544

2018
Rm

2017
Rm

554

446

Selected explanatory notes to the summary consolidated financial statements (continued)

Shoprite Holdings Ltd and its subsidiaries for the year ended 1 July 2018

	2018 Rm	2017 Rm
7 Borrowings		
Consisting of:		
ABSA Bank Ltd (note 7.1)	—	1 304
Barclays Bank Mauritius Ltd (note 7.2)	1 359	1 173
Standard Chartered Bank (Mauritius) Ltd (note 7.3)	1 371	652
Standard Finance (Isle of Man) Ltd (note 7.4)	4 113	—
First National Bank of Namibia Ltd	134	134
The Standard Bank of South Africa Ltd	—	11
	6 977	3 274
Analysis of total borrowings:		
Non-current	1 371	—
Current	5 606	3 274
	6 977	3 274

7.1 ABSA Bank Ltd

This loan was denominated in US dollar, unsecured, repaid during the period and carried interest at an average of 2.46% (2017: 1.82%) p.a.

7.2 Barclays Bank Mauritius Ltd

This loan is denominated in US dollar, unsecured, payable within 12 months and bears interest at an average of 2.51% (2017: 2.16%) p.a.

7.3 Standard Chartered Bank (Mauritius) Ltd

This loan is denominated in US dollar, unsecured, payable within 12 months and bears interest at an average of 2.69% (2017: 2.47%) p.a.

7.4 Standard Finance (Isle of Man) Ltd

This loan is denominated in US dollar and unsecured. R1.37 billion is payable after 36 months and bears interest at a fixed rate of 3.49% p.a. The remaining balance is payable within 12 months and bears interest at an average of 2.76% p.a.

8 Fair value disclosures

The Group has a number of financial instruments which are not measured at fair value in the statement of financial position. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature. Significant differences were identified for the following instruments at the end of the reporting period:

	Carrying amount		Fair value	
	2018 Rm	2017 Rm	2018 Rm	2017 Rm
Held-to-maturity investments	3 690	1 311	3 681	1 311
Loans and receivables	1 549	1 321	1 418	1 321
Borrowings	6 977	3 274	6 892	3 274

	2018 Rm	2017 Rm
9 Earnings per share		
Profit attributable to owners of the parent	5 201	5 428
Re-measurements	246	167
Profit on disposal of assets held for sale	(20)	—
Loss on disposal and scrapping of plant and equipment and intangible assets	108	79
Impairment of property, plant and equipment	49	19
Impairment of intangible assets	51	70
Insurance claims receivable	—	(5)
Loss on disposal of investment in joint venture	80	—
(Profit)/loss on other investing activities	(22)	3
Re-measurements included in share of profit/loss of equity-accounted investments	—	1
Income tax effect on re-measurements	(49)	(41)
Headline earnings	5 398	5 554
Profit attributable to owners of the parent:		
Used in calculating basic earnings per share	5 201	5 428
Add: Interest savings on convertible bonds	—	135
Used in calculating diluted earnings per share	5 201	5 563
Headline earnings	5 398	5 554
Add: Interest savings on convertible bonds	—	135
Used in calculating diluted headline earnings per share	5 398	5 689
	'000	'000
Number of ordinary shares		
– In issue	554 679	563 855
– Weighted average	556 643	542 927
– Weighted average adjusted for dilution	557 172	564 814
Reconciliation of weighted average number of ordinary shares in issue during the year:		
Weighted average number of ordinary shares	556 643	542 927
Adjustments for dilutive potential of full share grants and convertible bonds	529	21 887
Weighted average number of ordinary shares for diluted earnings per share	557 172	564 814
	Cents	Cents
Earnings per share		
– Basic earnings	934.3	999.8
– Diluted earnings	933.4	984.8
– Basic headline earnings	969.6	1 023.2
– Diluted headline earnings	968.7	1 007.4
10 Dividends per share	Cents	Cents
10.1 Dividends per share paid		
No 137 paid 11 September 2017 (2017: No 135 paid 12 September 2016)	324.0	296.0
No 138 paid 19 March 2018 (2017: No 136 paid 20 March 2017)	205.0	180.0
	529.0	476.0
10.2 Dividends per share declared		
No 139 payable 10 September 2018 (2017: No 137 paid 11 September 2017)	279.0	324.0

Selected explanatory notes to the summary consolidated financial statements (continued)

Shoprite Holdings Ltd and its subsidiaries for the year ended 1 July 2018

	2018 Rm	2017 Rm
11 Cash flow information		
11.1 Non-cash items		
Depreciation of property, plant and equipment	2 518	2 146
Amortisation of intangible assets	364	311
Net fair value losses/(gains) on financial instruments	2	(33)
Net monetary gain	(653)	—
Exchange rate losses	251	236
Profit on disposal of assets held for sale	(20)	—
Loss on disposal and scrapping of plant and equipment and intangible assets	108	79
Impairment of property, plant and equipment	49	19
Impairment of intangible assets	51	70
Loss on disposal of investment in joint venture	80	—
Movement in provisions	(15)	(52)
Movement in cash-settled share-based payment accrual	21	11
Movement in share-based payment reserve	64	139
Movement in fixed escalation operating lease accruals	99	163
	2 919	3 089
11.2 Changes in working capital		
Inventories	(880)	(3 237)
Trade and other receivables	(14)	(164)
Trade and other payables	3 580	1 123
	2 686	(2 278)
12 Related party information		
<p>During the year under review, in the ordinary course of business, certain companies within the Group entered into transactions with each other. All these intergroup transactions are similar to those in the prior year and have been eliminated in the annual financial statements on consolidation. Related party transactions also include key management personnel compensation and loans to associates and joint ventures. For further information, refer to the audited annual financial statements.</p>		
<p>In the prior year, Dr Basson notified the Company of the exercise of his put option. This specific repurchase of 8 683 327 Shoprite Holdings Ltd shares at R201.07 per share was approved by shareholders at an extraordinary general meeting held on 5 September 2017, where after the shares were repurchased by the Company and cancelled with effect from 15 September 2017.</p>		
13 Supplementary information		
Net asset value per share (cents)	4 937	4 905
Contracted capital commitments	1 621	1 807
Contingent liabilities	356	85
<p>Contingent liabilities consist mainly of outstanding legal matters including a judgment in Nigeria that has gone on appeal as well as possible tax exposures that the Group has submitted objections to.</p>		

Annexure A – Interests in subsidiaries

Shoprite Holdings Ltd and its Subsidiaries as at 1 July 2018

	Country of incorporation and place of business	Issued ordinary and preference share capital and premium Rm	Percentage shares held by Group %	Investment in shares		Amount owing by	
				2018 Rm	2017 Rm	2018 Rm	2017 Rm
Direct subsidiaries							
Shoprite Checkers (Pty) Ltd	South Africa	1 129	100	174	174	3 262	1 748
Shoprite DTMC (Pty) Ltd	South Africa*	424	100	424	—	—	—
Shoprite Investments Ltd	South Africa	400	100	400	400	779	3 819
Shoprite International Ltd	Mauritius*	7 856	100	7 856	7 315	57	9
Shoprite Insurance Company Ltd	South Africa	20	100	20	20	—	—
				8 874	7 909	4 098	5 576
Indirect subsidiaries							
Africa Supermarkets Ltd	Zambia*	229	100				
Checkers Chatsworth Ltd**	South Africa	2	48				
Computicket (Pty) Ltd	South Africa	69	100				
Medirite (Pty) Ltd	South Africa	500	100				
Megasave Trading (Pvt) Ltd	India*	118	100				
Mercado Fresco de Angola Lda	Angola*	—	100				
OK Bazaars (Lesotho) (Pty) Ltd**	Lesotho*	—	50				
OK Bazaars (Namibia) Ltd	Namibia*	1	100				
OK Bazaars (Swaziland) (Pty) Ltd	Swaziland*	—	100				
OK Bazaars (Venda) Ltd**	South Africa	2	50				
Shoprite Mozambique Lda	Mozambique*	149	100				
Retail Holdings Botswana (Pty) Ltd	Botswana*	165	100				
Retail Supermarkets Nigeria Ltd	Nigeria*	1 046	100				
Sentra Namibia Ltd	Namibia*	6	100				
Shophold (Mauritius) Ltd	Mauritius*	189	100				
Shoprite (Mauritius) Ltd	Mauritius*	266	100				
Shoprite Angola Imobiliaria Lda	Angola*	1 289	100				
Shoprite Checkers Uganda Ltd	Uganda*	148	100				
Shoprite Egypt for Internal Trade SAE	Egypt*	42	100				
Shoprite Ghana (Pty) Ltd	Ghana*	108	100				
Shoprite Lesotho (Pty) Ltd	Lesotho*	—	100				
Shoprite Madagascar S.A.	Madagascar*	215	100				
Shoprite Namibia (Pty) Ltd	Namibia*	—	100				
Shoprite RDC SPRL	DRC*	82	100				
Shoprite Supermercados Lda	Angola*	228	100				
Shoprite Trading Ltd	Malawi*	127	100				

* Investments in subsidiaries with functional currencies other than South African rands are converted at historical exchange rates.

** Non-controlling interests in respect of these subsidiaries are not material.

Significant restrictions

Local currency cash and short-term deposits of R1.4 billion (2017: R2.3 billion) are held in Angola (2017: Angola and Nigeria) and are subject to onerous local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends. These balances held by the respective subsidiaries are not available for general use by the holding company or other subsidiaries in the Group.

Note:

General information in respect of subsidiaries is set out in respect of only those subsidiaries of which the financial position or results are material for a proper appreciation of the affairs of the Group. A full list of subsidiaries is available on request.

Pro forma financial information

Shoprite Holdings Ltd and its subsidiaries for the year ended 1 July 2018

Certain financial information presented in the Integrated Report constitutes pro forma financial information. The pro forma financial information is the responsibility of the board of directors of the Company and is presented for illustrative purposes only. Because of its nature, the pro forma financial information may not fairly present the Group's financial position, changes in equity, results of operations or cash flows.

An assurance report (in terms of ISAE 3420: Assurance Engagements to Report on the Compilation of pro forma financial information) has been issued by the Group's auditors in respect of the pro forma financial information included in this Integrated Report. The assurance report is presented on page 91 of the Integrated Report.

Impact of the Group's pro forma constant currency disclosure

The Group discloses unaudited constant currency information to indicate the Group's Supermarkets Non-RSA operating segment performance in terms of sales growth, excluding the effect of foreign currency fluctuations. To present this information, current period turnover for entities reporting in currencies other than ZAR are converted from local currency actuals into ZAR at the prior year's actual average exchange rates on a country-by-country basis. In addition, in respect of Angola, the constant currency information has been prepared excluding the impact of hyperinflation. For the year ended 1 July 2018, the economy of Angola was assessed to be hyperinflationary. Hyperinflation accounting was applied with effect from 3 July 2017.

The table below sets out the percentage change in turnover, based on the actual results for the financial year, in reported currency and constant currency for the following major currencies. The total impact on Supermarkets Non-RSA is also reflected after consolidating all currencies in this segment.

% Change in turnover on prior period 52 weeks	Reported Currency	Constant Currency
Angola kwanza	(26.1)	(9.3)
Nigeria naira	(1.9)	4.0
Zambia kwacha	3.1	8.8
Mozambique metical	21.9	12.3
Total Supermarkets Non-RSA	(7.0)	1.2

Like-for-like comparisons

Like-for-like sales is a measure of the growth in the Group's year-on-year sales, removing the impact of new store openings and closures in the current or previous reporting periods. In addition, in respect of Angola, the like-for-like sales have been prepared excluding the impact of hyperinflation.

References were made to the following subtotals of sale of merchandise	Change in Like-for-like %	52 weeks to 1 July 2018 Audited Rm	52 weeks to 1 July 2018 Like-for-like Rm	52 weeks to 2 July 2017 Audited Rm	52 weeks to 2 July 2017 Like-for-like Rm
Total	(0.1)	146 083	137 159	141 000	137 259
Supermarkets RSA	1.9	107 547	102 619	101 734	100 699
Supermarkets Non-RSA	(12.0)	23 106	21 496	24 840	24 439

Impact of Angola hyperinflation adjustment

For the year ended 1 July 2018, the economy of Angola was assessed to be hyperinflationary. As a result, the Group accounted for the results of its Angolan operations on a hyperinflationary basis in accordance with IAS 29: Financial Reporting in Hyperinflationary Economies (IAS 29) with effect from 3 July 2017.

It is therefore useful and good governance to report pro forma information for the current year under review which excludes the impact of hyperinflation. It will also facilitate comparisons against the prior period's results which were prepared before the application of hyperinflation accounting.

The pro forma information was calculated through applying all the accounting policies adopted by the Group in the latest audited annual financial statements except for the hyperinflationary standard IAS 29.

The financial impact of hyperinflation on the current period's results is shown in the format of a pro forma statement of financial position and a pro forma statement of comprehensive income.

Pro forma statement of financial position

	Including Hyperinflation Audited 2018 Rm	Hyperinflation Adjustment 2018 Rm	Excluding Hyperinflation Pro Forma 2018 Rm	Excluding Hyperinflation Audited 2017 Rm
Assets				
Non-current assets	29 352	2 253	27 099	24 572
Property, plant and equipment	21 218	2 140	19 078	18 407
Equity accounted investments	—	—	—	27
Held-to-maturity investments	2 090	—	2 090	1 311
Loans and receivables	1 318	—	1 318	1 110
Deferred income tax assets	876	(359)	1 235	859
Intangible assets	2 994	1	2 993	2 355
Trade and other receivables	856	471	385	503
Current assets	32 306	50	32 256	31 032
Inventories	17 959	60	17 899	17 794
Trade and other receivables	4 931	(10)	4 941	5 105
Derivative financial instruments	—	—	—	1
Current income tax assets	120	—	120	154
Held-to-maturity investments	1 600	—	1 600	—
Loans and receivables	231	—	231	211
Cash and cash equivalents	7 465	—	7 465	7 767
Assets held for sale	184	—	184	119
Total assets	61 842	2 303	59 539	55 723
Equity				
Capital and reserves attributable to owners of the parent				
Share capital	—	—	—	681
Share premium	—	—	—	8 585
Stated capital	7 516	—	7 516	—
Treasury shares	(554)	—	(554)	(446)
Reserves	20 424	1 692	18 732	18 838
	27 386	1 692	25 694	27 658
Non-controlling interest	91	—	91	91
Total equity	27 477	1 692	25 785	27 749
Liabilities				
Non-current liabilities	3 567	611	2 956	1 492
Borrowings	1 371	—	1 371	—
Deferred income tax liabilities	697	611	86	96
Provisions	264	—	264	232
Fixed escalation operating lease accruals	1 235	—	1 235	1 164
Current liabilities	30 798	—	30 798	26 482
Trade and other payables	20 621	—	20 621	17 414
Borrowings	5 606	—	5 606	3 274
Current income tax liabilities	481	—	481	582
Provisions	95	—	95	154
Bank overdrafts	3 995	—	3 995	5 058
Total liabilities	34 365	611	33 754	27 974
Total equity and liabilities	61 842	2 303	59 539	55 723

Pro forma financial information (continued)

Shoprite Holdings Ltd and its subsidiaries for the year ended 1 July 2018

Pro forma statement of comprehensive income

	52 Weeks Including Hyperinflation Audited 2018 Rm	52 Weeks Hyperinflation Adjustment 2018 Rm	52 Weeks Excluding Hyperinflation Pro Forma 2018 Rm	52 Weeks Excluding Hyperinflation Audited 2017 Rm
Sale of merchandise	145 306	(777)	146 083	141 000
Cost of sales	(110 580)	430	(111 010)	(107 174)
Gross profit	34 726	(347)	35 073	33 826
Other operating income	2 779	(39)	2 818	2 615
Depreciation and amortisation	(2 530)	(82)	(2 448)	(2 176)
Operating leases	(4 272)	(3)	(4 269)	(3 819)
Employee benefits	(10 851)	50	(10 901)	(10 498)
Other operating expenses	(12 494)	84	(12 578)	(11 821)
Net monetary gain	653	653	—	—
Trading profit	8 011	316	7 695	8 127
Exchange rate losses	(251)	39	(290)	(236)
Items of a capital nature	(246)	—	(246)	(166)
Operating profit	7 514	355	7 159	7 725
Interest received	215	—	215	226
Finance costs	(422)	(1)	(421)	(340)
Share of profit of equity accounted investments	27	—	27	4
Profit before income tax	7 334	354	6 980	7 615
Income tax expense	(2 121)	(176)	(1 945)	(2 180)
Profit for the year	5 213	178	5 035	5 435
Other comprehensive income, net of income tax	(689)	—	(689)	(933)
Items that will not be reclassified to profit or loss				
Re-measurements of post-employment medical benefit obligations	2	—	2	3
Items that may subsequently be reclassified to profit or loss				
Foreign currency translation differences including hyperinflation effect	(678)	—	(678)	(822)
Share of foreign currency translation differences of equity accounted investments	(2)	—	(2)	(103)
Gains/(losses) on effective cash flow hedge	(11)	—	(11)	(11)
For the year	3	—	3	(11)
Reclassified to profit for the year	(14)	—	(14)	—
Total comprehensive income for the year	4 524	178	4 346	4 502
Profit attributable to:				
Owners of the parent	5 201	178	5 023	5 428
Non-controlling interest	12	—	12	7
	5 213	178	5 035	5 435
Total comprehensive income attributable to:				
Owners of the parent	4 512	178	4 334	4 495
Non-controlling interest	12	—	12	7
	4 524	178	4 346	4 502
Basic earnings per share (cents)	934.3	32.0	902.3	999.8
Diluted earnings per share (cents)	933.4	31.9	901.5	984.8
Basic headline earnings per share (cents)	969.6	32.2	937.4	1 023.2
Diluted headline earnings per share (cents)	968.7	32.1	936.6	1 007.4

Report on the assurance engagement on the compilation of pro forma financial information included in the Shoprite Holdings Limited Integrated Report 2018

To the directors of Shoprite Holdings Limited

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Shoprite Holdings Limited and its subsidiaries (the "Group") by the directors. The pro forma financial information, as set out on pages 88 to 90 of the Shoprite Holdings Limited Integrated Report 2018, consists of the impact of the Group's pro forma constant currency disclosure, like-for-like comparisons and the impact of Angola hyperinflation adjustment for the year ended 1 July 2018. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the JSE Limited (JSE) Listings Requirements and described in the pro forma financial information section of the Shoprite Holdings Limited Integrated Report 2018 for the year ended 1 July 2018 (the "2018 Integrated Report").

The pro forma financial information has been compiled by the directors to illustrate revenue growth in constant foreign exchange rates as compared to the prior financial year, revenue growth on a like-for-like basis as compared to the prior financial year (i.e. growth in stores that were trading in the prior year excluding new stores and stores closed during the current year) and the impact of hyperinflation on the consolidated statement of financial position and statement of comprehensive income. As part of this process, information about the Group's consolidated financial position and financial performance has been extracted by the directors from the Group's consolidated financial statements for the year ended 1 July 2018, on which an audit report has been published.

Directors' responsibility

The directors of the Company are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the pro forma financial information section of the 2018 Integrated Report.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the pro forma financial information section of the 2018 Integrated Report based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the International Auditing

and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in pro forma financial information section of the Integrated Report.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: MC Hamman
Registered Auditor

Cape Town
20 August 2018