



**Reviewed results
for the 52 weeks to
28 June 2020**



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(ISIN: ZAE000012084)
(JSE Share code: SHP)
(NSX Share code: SRH)
(LuSE Share code: SHOPRITE)
("the Group")

Reviewed results for the 52 weeks to 28 June 2020

Key information – continuing operations

- Sale of merchandise increased by 6.4% to R156.9 billion
- Excluding the impact of hyperinflation trading profit increased by 10.4% to R8.3 billion
- Diluted headline earnings per share (DHEPS) increased by 2.5% to 765.8 cents (2019: 746.9 cents)
- Adjusted DHEPS* increased by 16.6% to 717.5 cents (2019: 615.2 cents)
- Full year dividend, in line with Group policy of 2x DHEPS cover, increased by 20.1% to 383 cents (2019: 319 cents)
- Net cash position improved by R6.4 billion to R10.0 billion (2019: R3.6 billion)
- Net borrowings declined by R6.1 billion to R2.0 billion (2019: R8.1 billion)
- Opened a total of 147 stores comprising 101 corporate and 46 franchise stores

* The adjusted diluted HEPS constitutes pro forma financial information in terms of JSE Listing Requirements.

Pieter Engelbrecht, Chief Executive Officer:

In a challenging year we are proud to report the Group's 6.4% increase in sales to a record R156.9 billion. Despite significant COVID-19 lockdown restrictions impacting the Group to varying degrees, our core Supermarkets RSA operating segment increased sales by 8.7%, representing a R9.8 billion increase to R122.4 billion. Our Supermarkets Non-RSA continuing operations' sales declined by 1.4% in rand terms, however, it increased by 6.6% in constant currency terms.

As evidenced by our results, our core business, Supermarkets RSA, made up of Shoprite, Usave, Checkers and Checkers Hyper, remained focused on their respective customer segments and continued to execute on their value proposition. Pleasingly, our South African supermarket business reported 2.3% volume growth, coupled with 16 months of consecutive market share gains up to and including June 2020. It was without doubt a milestone year strategically, with the successful launch of our industry first digital shopping application Checkers Sixty60 and our Checkers Xtra Savings Rewards Programme, which ended the year with 4.7 million customers registered.

As previously articulated, the Group has embarked on a process to consider the sale of either a majority stake or the entire shareholding in our Nigeria subsidiary and, as required by IFRS 5: *Non-current Assets Held for Sale and Discontinued Operations*, it is now reported as a discontinued operation. Overall, it has been a difficult six months for Supermarkets Non-RSA given lockdown regulations which impacted store openings, days and hours of trade, as well as severely restricting transport in some countries, impeding our employees and customers' ability to get to our stores.

Notwithstanding lockdown regulations resulting in the closure of our furniture and liquor stores, the Group reported a 20 basis point increase in trading margin to 5.3% after adjusting for the impact of hyperinflation. This is a considerable achievement and is a result of excellent sales growth, improved gross margin and commendable expense management, despite significant COVID-19 related costs.

We approached COVID-19 lockdown conservatively given our view of the economic contraction and job losses that would follow in what can only be described as a devastating year for South Africa. In doing so we prioritised two things – the health and safety of our employees and customers and the preservation of jobs for our people.

2020 was a team effort across the business, executing day-to-day operational excellence whilst delivering on a number of strategic initiatives. I am, as such, very proud of Shoprite, our people and these results.

2020 Results commentary

Adoption of IFRS 16: Leases (IFRS 16)

IFRS 16 is effective for the accounting period commencing 1 July 2019 and replaces IAS 17: Leases. The Group implemented the standard using the full retrospective approach.

Accounting for Angola hyperinflation

For the 52 weeks ended 28 June 2020, the Angolan economy was assessed not to be hyperinflationary. Although no further hyperinflationary adjustments were required for the current reporting period, the statement of financial position at the reporting date still includes cumulative hyperinflation adjustments as a result of the application of IAS 29: *Financial Reporting in Hyperinflationary Economies* (IAS 29) up to 30 June 2019. For the comparative period ended 30 June 2019, the results were prepared on a hyperinflationary basis which resulted in an increase in profit after tax of R776 million.

Nigeria – discontinued operations

Following receipt of various approaches, and in line with our reconsideration of the Group's operating model in Nigeria, the Board has initiated a formal process to consider the potential sale of a majority stake of, or its entire shareholding in, Retail Supermarkets Nigeria Limited, a subsidiary of Shoprite International Limited. The Group is at an advanced stage of discussions in this regard and will provide updates to the market at an appropriate time.

Statement of comprehensive income

Sale of merchandise

The Group's sale of merchandise for the 12 months to 28 June 2020 (including the impact of hyperinflation in the prior year) increased by 6.4% to R156.9 billion. Like-for-like sales increased by 4.4%.

Supermarkets RSA's 8.7% sales growth for the year (inclusive of liquor) was underpinned by strong second half growth of 7.5%, notwithstanding the high prior year base, during which fourth quarter sales grew by 9.4%. As a result of changed behaviour during lockdown, customer visits for the year declined by 7.4%, however, average basket spend increased by 18.4%. Superb execution across the business, coupled with considerable efforts from our suppliers, resulted in volume growth of 2.3% for the year. Market share figures reflect consecutive market share gains for the 16 months to June 2020.

In equally, if not more difficult circumstances resulting from COVID-19 lockdown regulations, Supermarkets Non-RSA's second half reported an increase in sales of 0.1%, resulting in an overall decline in sales of 1.4% for the year but in constant currency, sales increased by 6.6%.

The following table gives the relevant sale of merchandise per segment:

	Change %	52 weeks 2020 Rm	52 weeks 2019 Rm
Supermarkets RSA	8.7	122 412	112 655
Supermarkets Non-RSA	(1.4)	18 153	18 407
Furniture	(11.9)	5 470	6 206
Other operating segments	3.9	10 820	10 409
Total continuing operating segments	6.2	156 855	147 677
Hyperinflation effect	—	—	(199)
Total continuing consolidated operations	6.4	156 855	147 478
Discontinued operations	(6.3)	2 734	2 917
Total consolidated including discontinued operations	6.1	159 589	150 395
Total operating segments including discontinued operations	6.0	159 589	150 594

Supermarkets RSA

The Group's core business, Supermarkets RSA, making up 78% of Group sales, is represented by 1 638 stores across our major trading banners Shoprite, Usave, Checkers, Checkers Hyper and LiquorShop. As a segment, Supermarkets RSA achieved 8.7% sales growth and on a like-for-like basis grew sales by 6.8%. Second half sales grew by 7.5%. Second half internal inflation of 3.4% increased from the 2.7% reported for the first six months to average 3.0% for the year.

South African COVID-19 lockdown regulations implemented from 27 March 2020 restricted trade in several categories within our supermarket business and as such, impacted the business differently at varying times. However, across the board, our Checkers, Checkers Hyper, Shoprite and Usave brands performed well in what can only be described as incredibly challenging conditions for both our staff and customers. The two weeks preceding South Africa's initial 35 days of Level 5 lockdown resulted in elevated sales growth across all three of our supermarket brands but noteworthy was the significant growth reported by our repositioned mid-to-upper end Checkers (including Checkers Hyper) business which now represents 39.6% of Supermarkets RSA sales.

Our private label business, spanning our three supermarket chains and offering better value and choice to our customers, increased its Supermarkets RSA sales participation to 17.1%, up 60 basis points compared to the previous year.

The Checkers supermarket chain, inclusive of 37 larger format Checkers Hypers, increased sale of merchandise by 13.5%. Checkers' strategy to grow its share of spend in the mid-to-upper segment of the market continues to underpin the chain's growth. Checkers, inclusive of Checkers Hyper, now operates from 261 stores in South Africa. Of this, the number of stores in the Checkers FreshX format has increased to 28 from 21 stores in the prior year.



The Checkers Xtra Savings Rewards Programme has gained considerable traction with 4.7 million members signed-up since its inception in November 2019. It delivered from day one on the Group's objective to ensure our customers save more every day. This has been further entrenched with the successful launch of our personalised offers programme. We are very encouraged by Checkers' Xtra Savings Rewards Programme and the opportunities and alternative revenue streams we expect it will afford the Group in the future.

The customer response to the launch of our innovative Checkers Sixty60 one hour grocery delivery application has been phenomenal. The rapid scaling in response to COVID-19 from its eight store test launch in November 2019 to a total of 87 stores by 28 June 2020 is very satisfactory. With approximately 620 000 application downloads, Checkers Sixty60 is South Africa's number two shopping application.

Shoprite and Usave remained focused on their respective customers, executing on their price leadership positions over the year. Both traded exceptionally well, despite challenging market conditions. Shoprite increased sales by 5.5%, adding 6 net new stores to its base to end June 2020 with 503 stores. Usave increased sales by 16.5%, adding 14 net new stores to end the reporting period with 374 stores.

The Group's Liquor business, represented by Shoprite LiquorShop and Checkers LiquorShop's first half sales growth momentum continued into February and accelerated, pre-lockdown, during March. COVID-19 lockdown regulations then required the complete closure of our liquor business for 66 days and subsequently restricted trade to four days a week (Monday to Thursday) for the month of June. The combination of 20.5% first half sales growth followed by second half sales decline of 29.5% resulted in a 3.3% sales decline for the year. LiquorShop represents 5.8% of Supermarkets RSA's sales.

Supermarkets Non-RSA

Supermarkets Non-RSA continuing operations reported constant currency sales growth of 6.6% on the back of 2.1% lower sales volumes and 7.2% internal inflation. Reported sales for the year declined by 1.4% in rand terms.

The segment experienced ongoing currency devaluations in certain key regions during the year and was further impacted by lockdown regulations pertaining to store closures and limitations in trade and transport in different regions at different times.

Angolan sales declined by 1.2% in constant currency and 29.1% in rand terms. A 70.8% devaluation of the Angola kwanza against the US dollar over the past 12 months negatively impacted on two fronts – firstly, on affordability for our Angolan customers, hampering sales growth and secondly, impacting our cost of operations which are in part dollar-linked. However, availability of foreign currency improved during the second half of the year which improved our in-stock position.

Zambia, a key region in our Supermarkets Non-RSA segment, is performing satisfactorily in the current environment with sales in constant currency growing by 15.7%.

Kenya, with three stores at year-end, has continued to underperform relative to our return requirements. Post year-end, one store has been closed. Given the ensuing economic impact of COVID-19 and our experience to date, we expect to close or dispose of our remaining two stores in the region in the year ahead.

Furniture

The Group's Furniture segment's R5.5 billion in sales represents 3.5% of Group sales. Our two brands, OK Furniture and House & Home, were significantly impacted by lockdown regulations which required the closure of our South African business for 52 days and our Non-RSA business for 31 days, on average per country over the same period. For the year, sales declined by 11.9%. Second half sales declined by 23.1%. Credit participation increased to 13.3% (2019: 12.7%).

Over the twelve months, the division closed 26 stores in South Africa (22 OK Furniture and 4 House & Home) and one OK Furniture store outside South Africa. The division ended 28 June 2020 with 355 stores in RSA (314 OK Furniture and 41 House & Home) and 87 stores (83 OK Furniture and 4 House & Home) outside South Africa.

Other operating segments

The Group's other operating segments, representing 6.9% of Group sales and comprising OK Franchise, Transpharm, MediRite Pharmacies, Checkers Food Services (CFS) and Computicket, achieved sales growth of 3.9% for the year.

This was an excellent achievement, notwithstanding the impact of lockdown limitations specifically on both CFS and Computicket. CFS's primary customer, the restaurant and hospitality industry, was closed during lockdown. Computicket was impacted by lockdown regulations that restricted events and travel and their related ticketing. Notwithstanding these limitations, the businesses' ability to adapt and innovate resulted in second half sales increasing by 3.5%.

Expenses

Total expense growth for the year measured 6.9%, a result of second half expense growth of 5.7% following first half expense growth of 8.1%. Expenses are attributed to the following:

- COVID-19 related costs of R327.2 million, net of an additional R100 million employment tax incentive allowance from Government, was spent across the areas of health and safety, security, mobile clinics, personal protective equipment, temperature scanners, store and distribution centre sanitation, staff meals, communication costs and remote network access for staff. The most significant spend pertained to the R116.9 million paid to our staff, inclusive of an appreciation bonus to assist them with the difficulties we anticipated would accompany the nationwide lockdown.
- Depreciation and amortisation increased by 1.2%. Depreciation on right-of-use assets increased by 8.7% to R2.6 billion, whilst depreciation on property, plant and equipment (PPE) decreased by 5.1% to R2.5 billion. Included in depreciation is a R93 million charge relating to the hyperinflation asset raised in prior years.
- Employee benefits increased by 6.2%. Slower growth in this cost was due to productivity improvements.
- Other operating expense growth of 5.8% includes expenses such as electricity and water, repairs and maintenance, security and credit card commissions paid. The growth in water and electricity of 12.4% was due to electricity tariff increases set by NERSA (National Energy Regulator of South Africa) of 13.7%. The Group is continuing to explore and adopt various energy saving initiatives in order to reduce long-term operating cost.

Statement of comprehensive income (continued)

Trading profit

The Group's trading margin, excluding the impact of hyperinflation accounting, improved from 5.1% to 5.3%. In the previous year, the Group recorded a net monetary gain of R947 million resulting from the application of hyperinflation accounting in Angola up to 30 June 2019. Including the hyperinflation net monetary gain in the previous year, the Group's reported trading margin declined from 5.7% to 5.2%.

Supermarkets RSA's R8.0 billion trading profit increased by 13.0% to report a 6.6% trading margin (2019: 6.3%).

Supermarkets Non-RSA's R28.2 million trading loss showed a marginal improvement on last year, however, was notably impacted by the loss in our Kenyan business, the negative impact of restrictions and store closures due to COVID-19 and a R106.2 million reduction in interest income earned on government bonds and bills. This interest reduction is mainly due to maturing AOA, USD Index Linked Angola Government Bonds not being reinvested.

The following table gives the relevant trading profit, per segment, for continuing operations:

Trading profit	Change %	52 weeks 2020 Rm	Trading margin 2020 %	Restated* 52 weeks 2019 Rm	Trading margin 2019 %
Supermarkets RSA	13.0	8 024	6.6	7 100	6.3
Supermarkets Non-RSA	(24.3)	(28)	(0.2)	(37)	(0.2)
Furniture	(105.5)	(15)	(0.3)	275	4.4
Other operating segments	76.5	316	2.9	179	1.7
Total operating segments	10.4	8 297	5.3	7 517	5.1
Hyperinflation effect	—	(126)	—	879	—
Consolidated continuing operations	(2.7)	8 171	5.2	8 396	5.7

* Restated for the adoption of IFRS 16: Leases and discontinued operations in accordance with IFRS 5.

Foreign exchange differences

The Group recorded exchange rate gains of R566.4 million for the period. In essence, most of the foreign exchange differences are due to gains on AOA, USD Index Linked Angola Government Bonds; losses on US dollar denominated short-term loans of operations outside South Africa and balances in US dollars held in offshore accounts.

The Group designated its US dollar denominated lease liabilities as a hedge of a proportion of the net investment in the Group's US dollar subsidiary and applied hedge accounting from 1 July 2019.

Net finance costs

Net finance costs increased by 6.0% to R2.5 billion during the financial year.

As a result of the adoption of IFRS 16, the Group's lease liabilities increased to R23.3 billion (2019: R21.5 billion). The average incremental borrowing rate of 8.7% gave rise to an interest charge of R1.9 billion (2019: R1.8 billion) on the lease liabilities for the year under review.

Aside from the lease liabilities, net borrowings declined by R6.1 billion to R2.0 billion.

Income tax expense

The Group's effective income tax rate of 34.0% is 3.0 percentage points higher than the prior year (2019: 31.0%).

The effective tax rate is higher than the nominal income tax rate in South Africa (28%), mainly due to the derecognition of deferred income tax assets previously recognised, where the current economic environment of certain Non-RSA countries deteriorated during the year to such an extent that it is no longer certain that accumulated assessed tax losses will be utilised in the future. To a lesser extent, in some of the countries outside South Africa, in addition to the statutory tax rate, minimum taxes and/or rental income taxes apply.

Headline earnings per share

Due to the classification of our Nigeria business as a discontinued operation, we present total operations including Nigeria as an alternative.

For ease of comparison we have included an adjusted diluted HEPS which excludes the after tax effect of exchange rate gains or losses and the impact of hyperinflation.

	52 weeks 2020 cents	Restated** 52 weeks 2019 cents	Change %
Earnings from continuing operations:			
Basic headline earnings	767.0	747.7	2.6
Diluted HEPS	765.8	746.9	2.5
Adjusted diluted HEPS*	717.5	615.2	16.6
Earnings including discontinued operations:			
Basic headline earnings	756.9	699.2	8.3
Diluted HEPS	755.7	698.5	8.2
Adjusted diluted HEPS*	711.2	609.0	16.8

* The adjusted diluted HEPS constitutes pro forma financial information in terms of JSE Listing Requirements.

** Restated for the adoption of IFRS 16: Leases and discontinued operations in accordance with IFRS 5.



Statement of financial position

Non-current assets

Property, plant and equipment, right-of-use and intangible assets

The Group's total capital spend on property, plant and equipment and software amounted to R3.2 billion for the year, a decline of 38.8% year-on-year. The reduced spend was impacted by the lockdown regulations implemented during level 4 and 5. The Group spent R603.5 million on land, buildings and leasehold improvements, R1.3 billion on store maintenance and refurbishments, and R403.0 million on new stores (excluding land and buildings). The remaining R902.0 million was spent on IT and supply chain projects.

As previously communicated, in order to improve the Group's return on invested capital, we have embarked on a programme to divest of certain non-strategic assets. In this regard, the Group completed the sale and leaseback of its commercial vehicle fleet and sold real estate realising R1.1 billion and R758.4 million respectively. The Equites Property Fund Limited joint venture transaction, valued at R1.2 billion cash contribution, is expected to be completed during the first half of 2021.

Property, plant and equipment and right-of-use assets include a cumulative hyperinflation adjustment of R1.7 billion in 2020 (2019: R2.7 billion) resulting from the application of IAS 29.

As a result of the adoption of IFRS 16, a right-of-use asset of R17.2 billion (2019: R15.7 billion) was reported at the end of the reporting period.

The Group performs a review of loss-making stores and considers the need for impairment of assets under these circumstances. For the 12 months ending 28 June 2020, impairments to the value of R1.3 billion were accounted for, mainly in the Supermarkets Non-RSA and Furniture segments as a result of the deterioration in the current and future economic outlook. Impairments, net of income tax, form part of items of a capital nature and as such impact EPS but not HEPS.

Government bonds and bills

Government bonds and treasury bills held in Angola reduced by R514 million to R2.5 billion (2019: R3.0 billion) at the reporting date. Foreign currency availability in Angola improved during the reporting period, resulting in a demand for the Angola kwanza currency. The Angolan operations were able to repatriate US\$46.2 million in the 12 months. Government bonds to the value of R2.4 billion will mature during the next 12 months and the aim is to re-invest in local high yielding financial instruments.

Current assets

Inventories

Inventories amounted to R18.8 billion, a decrease of 9.8% on the corresponding period (2019: R20.9 billion). Inventories as a percentage of the last 12 months' sales reduced from 14.2% to 12.0%, contributing to the overall improvement in the Group's cash flow position.

Trade and other receivables

Trade and other receivables remained in line with the previous year at R4.1 billion. With respect to our furniture business' debtors book, collections from contracts with customers were hampered during the lockdown period in South Africa as well as the other territories where credit is granted. Collections are expected to deteriorate in line with the anticipated economic downturn. Based on the assessment of expected credit losses for the year in terms of IFRS 9: *Financial Instruments*, the provision against the debtor book increased to 50.5% at the reporting date, compared to 35.8% at the end of the previous year. The movement in the provision equates to an income statement charge of R324 million.

Cash and cash equivalents and bank overdrafts

Net cash and cash equivalents improved by R6.4 billion on the back of improved cash flows from operations, a reduction in capital spend, the disposal of assets and an improved working capital ratio. Proceeds on government bonds and treasury bills in Angola to the value of R924 million realised during the period with no additional investment in these instruments also contributed to the Group's improved net cash position.

Liabilities

Borrowings and lease liabilities

Total borrowings and lease liabilities increased by R2.1 billion to R35.3 billion (2019: R33.2 billion). The majority of the increase was due to the R1.8 billion increase in lease liabilities to R23.3 billion (2019: R21.5 billion).

The Group reduced its US dollar borrowings to US\$432.9 million at the reporting date, reflecting a decrease of US\$91.3 million since the previous year-end, in line with the Group's objective to reduce its US dollar borrowings. In rand terms, given the devaluation against the US dollar during the year, US dollar borrowings remained unchanged at R7.4 billion.

Shareholders are advised that, through a combination of existing cash flow and refinancing to take advantage of the recent reduction in South African interest rates, the Group plans to reduce its US dollar borrowings to US\$80 million by December 2020.



Group outlook

The economic landscape facing our business in South Africa and the rest of Africa is expected to remain challenging for the next 12 months. We have however demonstrated over the last 12 months that our businesses are well positioned to meet economic stress such as the COVID-19 pandemic.

Given this fluid and unpredictable 2021 operating context, the Group is focusing on the factors within its control of which there are many. Notwithstanding the fluidity of lockdown regulations, the past year proved that we are capable of executing in the most difficult circumstances. We unite well in times of adversity and the past six months highlighted that our key strengths lie not only in operational execution at scale but clearly demonstrated that we are agile and adaptable. It is for this reason that we are confident that, regardless of what the economy sends our way, we will continue to advance the Group with our multitude of projects planned to both grow and future proof Shoprite. We have considerable project work to catch up on from this year which, due to lockdown, was impeded. In total, inclusive of our 2020 catch-up, we budget to spend an estimated R4.8 billion in capital expenditure with approximately 95% of the amount relating to our RSA operations.

The adoption of our ERP system has been a remarkable success. This multi-functional tool is proving invaluable to us as we raise our already high operational standards. We expect many more benefits to be derived in the future. Aside from managing day-to-day operations, the year ahead will include continued work and efforts on improving our return on capital by focusing on working capital (specifically inventory) and continuing with our Non-RSA invested capital review.

Taking into account the limitations on trade in certain segments due to existing lockdown regulations we have traded ahead of expectations since the beginning of July to date.

The Group is scheduled to release its first quarter sales update for the three months to September 2020 on Monday, 16 November 2020, in conjunction with the Shoprite Holdings Limited AGM.

8 September 2020

Enquiries

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Pro forma financial information

Certain financial information presented in these annual financial results 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 announcement. The pro forma financial information, as set out below, should be read in conjunction with this assurance report.

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.

	Like-for-like change %	As Reported Reviewed 52 weeks 2020 Rm	Like-for-like 52 weeks 2020 Rm	As Reported Reviewed 52 weeks 2019 Rm	Like-for-like 52 weeks 2019 Rm
References were made to the following subtotals of sale of merchandise					
Total	4.4	156 855	150 866	147 677	144 526
Supermarkets RSA	6.8	122 412	118 305	112 655	110 820
Supermarkets Non-RSA continuing operations	(6.0)	18 153	17 022	18 407	18 101

Impact of the Group's pro forma constant currency disclosure

The Group discloses unaudited constant currency information to indicate the Supermarkets Non-RSA operating segment performance in terms of sales growth, excluding the effect of foreign currency fluctuations. To present this information, current period sales 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. For the year ended 28 June 2020, the Angolan economy was assessed not to be hyperinflationary, whilst it was assessed to be hyperinflationary during the prior year ended 30 June 2019. As such, in respect of Angola, the constant currency information has been prepared excluding the impact of hyperinflation.

The table below sets out the percentage change in sales, 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 sales on prior year 52 weeks	Reported currency	Constant currency
Angola kwanza	(29.1)	(1.2)
Nigeria naira	(6.3)	(12.3)
Zambia kwacha	0.2	15.7
Mozambique metical	9.4	3.8
Supermarkets Non-RSA including discontinued operations	(2.0)	4.0
Supermarkets Non-RSA continuing operations	(1.4)	6.6

Impact of Angola hyperinflation adjustment

The Angolan economy had been considered to be hyperinflationary in the corresponding periods. Accordingly, the comparative results, cash flows and financial position of the Group's subsidiaries in Angola have been expressed in terms of the measuring unit current at the end of the corresponding periods presented. For the 52 weeks ended 28 June 2020, the Angolan economy was assessed not to be hyperinflationary. Although no further hyperinflationary adjustments were required for the current reporting period, the statement of financial position at the reporting date still includes cumulative hyperinflation adjustments as a result of the application of IAS 29: *Financial Reporting in Hyperinflationary Economies* up to 30 June 2019. These cumulative hyperinflation adjustments, included in property, plant and equipment, right-of-use assets and inventories, are written off to the statement of comprehensive income, together with the related deferred income tax effect, in accordance with the Group's accounting policies for the respective items.

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

The pro forma financial 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. New accounting policies and changes in accounting policies relating to the adoption of IFRS 16: *Leases* and IFRS 5: *Non-Current Assets Held for Sale and Discontinued Operations* (refer to note 2 of the condensed consolidated financial statements) are also applied in the calculation of the pro forma information. In calculating the pro forma basic headline earnings per share, the impact of the pro forma adjustments to items of a capital nature, net of income tax, was excluded from the basic pro forma earnings per share.

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

Pro forma statement of comprehensive income

	As Reported Reviewed 52 weeks Including Hyperinflation 2020 Rm	52 weeks Hyperinflation Adjustment 2020 Rm	52 weeks Excluding Hyperinflation Pro Forma 2020 Rm	Restated* 52 weeks Excluding Hyperinflation Pro Forma 2019 Rm	Pro Forma change %
Sale of merchandise	156 855	—	156 855	147 677	6.2
Cost of sales	(119 323)	(33)	(119 290)	(113 180)	5.4
Gross profit	37 532	(33)	37 565	34 497	8.9
Other operating income	2 326	—	2 326	2 408	(3.4)
Interest revenue	598	—	598	759	(21.2)
Depreciation and amortisation	(5 031)	(93)	(4 938)	(4 858)	1.6
Employee benefits	(12 585)	—	(12 585)	(11 865)	6.1
Credit impairment (losses)/reversals	(480)	—	(480)	23	
Other operating expenses	(14 189)	—	(14 189)	(13 447)	5.5
Trading profit	8 171	(126)	8 297	7 517	10.4
Exchange rate gains/(losses)	566	—	566	(96)	
Profit on lease modifications	69	(28)	97	—	
Items of a capital nature	(1 055)	(181)	(874)	(377)	
Operating profit	7 751	(335)	8 086	7 044	14.8
Interest received from bank account balances	443	—	443	272	62.9
Finance costs	(2 910)	—	(2 910)	(2 601)	11.9
Share of loss of equity accounted investments	(38)	—	(38)	—	
Profit before income tax	5 246	(335)	5 581	4 715	18.4
Income tax expense	(1 783)	100	(1 883)	(1 666)	13.0
Profit from continuing operations	3 463	(235)	3 698	3 049	21.3
Loss from discontinued operations (attributable to owners of the parent)	(87)	—	(87)	(345)	(74.8)
Profit for the year	3 376	(235)	3 611	2 704	33.5
Other comprehensive loss, net of income tax	(3 683)	(920)	(2 763)	(2 056)	
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 from continuing operations	(3 373)	(920)	(2 453)	(2 025)	
Foreign currency translation differences from discontinued operations	(40)	—	(40)	(34)	
Share of foreign currency translation differences of equity accounted investments	38	—	38	—	
Loss on effective net investment hedge, net of income tax	(310)	—	(310)	—	
Total comprehensive (loss)/income for the year	(307)	(1 155)	848	648	
Profit attributable to:	3 376	(235)	3 611	2 704	
Owners of the parent	3 356	(235)	3 591	2 692	
Non-controlling interest	20	—	20	12	
Total comprehensive (loss)/income attributable to:	(307)	(1 155)	848	648	
Owners of the parent	(327)	(1 155)	828	636	
Non-controlling interest	20	—	20	12	
Total comprehensive (loss)/income attributable to owners of the parent arises from:	(327)	(1 155)	828	636	
Continuing operations	(200)	(1 155)	955	1 015	
Discontinued operations	(127)	—	(127)	(379)	
Earnings per share for profit from continuing operations attributable to owners of the parent:					
Basic earnings per share from continuing operations (cents)	622.6	(42.5)	665.1	547.7	21.4
Diluted earnings per share from continuing operations (cents)	621.6	(42.4)	664.0	547.1	21.4
Basic headline earnings per share from continuing operations (cents)	767.0	(19.3)	786.3	602.3	30.5
Diluted headline earnings per share from continuing operations (cents)	765.8	(19.3)	785.1	601.7	30.5
Earnings per share for profit attributable to owners of the parent:					
Basic earnings per share (cents)	606.9	(42.5)	649.4	485.4	33.8
Diluted earnings per share (cents)	606.0	(42.4)	648.4	484.9	33.7
Basic headline earnings per share (cents)	756.9	(19.3)	776.2	553.8	40.2
Diluted headline earnings per share (cents)	755.7	(19.3)	775.0	553.3	40.1

* Restated for the adoption of IFRS 16: Leases and discontinued operations in accordance with IFRS 5 as well as the reclassification of interest revenue previously included in other operating income. Refer to notes 2 and 3 of the condensed consolidated financial statements for details of these changes in accounting policies and for the reclassification of interest revenue.



Pro forma statement of financial position

	As Reported Including Hyperinflation 2020 Rm	Hyperinflation Adjustment 2020 Rm	Excluding Hyperinflation Pro Forma 2020 Rm	Restated* Excluding Hyperinflation Pro Forma 2019 Rm
Assets				
Non-current assets	42 789	1 508	41 281	43 853
Property, plant and equipment	18 265	1 404	16 861	19 196
Right-of-use assets	17 156	312	16 844	15 264
Intangible assets	2 955	—	2 955	3 077
Government bonds and bills	62	—	62	2 516
Loans receivable	1 953	—	1 953	1 664
Deferred income tax assets	2 184	(207)	2 391	1 966
Trade and other receivables	214	(1)	215	170
Current assets	39 937	—	39 937	34 709
Inventories	18 845	—	18 845	20 856
Trade and other receivables	4 106	—	4 106	4 156
Current income tax assets	147	—	147	480
Government bonds and bills	2 440	—	2 440	500
Loans receivable	229	—	229	196
Cash and cash equivalents	12 114	—	12 114	7 707
Assets held for sale	37 881	—	37 881	33 895
	2 056	—	2 056	814
Total assets	82 726	1 508	81 218	78 562
Equity				
Capital and reserves attributable to owners of the parent				
Stated capital	7 516	—	7 516	7 516
Treasury shares	(806)	—	(806)	(605)
Reserves	13 141	745	12 396	13 291
	19 851	745	19 106	20 202
Non-controlling interest	143	—	143	106
Total equity	19 994	745	19 249	20 308
Liabilities				
Non-current liabilities	30 159	763	29 396	28 498
Lease liabilities	20 168	—	20 168	19 158
Borrowings	8 826	—	8 826	9 044
Deferred income tax liabilities	824	763	61	17
Provisions	341	—	341	279
Current liabilities	32 573	—	32 573	29 756
Trade and other payables	20 157	—	20 157	19 325
Contract liabilities	864	—	864	791
Lease liabilities	3 103	—	3 103	2 320
Borrowings	3 183	—	3 183	2 662
Current income tax liabilities	1 148	—	1 148	423
Provisions	112	—	112	111
Bank overdrafts	2 095	—	2 095	4 124
Liabilities directly associated with assets classified as held for sale	30 662	—	30 662	29 756
	1 911	—	1 911	—
Total liabilities	62 732	763	61 969	58 254
Total equity and liabilities	82 726	1 508	81 218	78 562

* Restated for the adoption of IFRS 16: Leases. Refer to note 2 of the condensed consolidated financial statements for details of this change in accounting policy.

Pro forma financial information

Adjusted diluted headline earnings per share

The Group's reported results include exchange rate differences which fluctuate from year to year. Although the Group manages its exposure to foreign currency fluctuations, economic factors outside of the Group's control have a significant impact on currency devaluations in countries where the Group operates. Furthermore, the previous year's reported results included a net monetary gain resulting from the application of IAS 29 up to 30 June 2019. As already stated, it was assessed that the Angolan economy was no longer hyperinflationary for the current year and consequently, the current year's results do not include a similar net monetary gain.

Adjusted diluted HEPS is calculated by adjusting HEPS with the impact of exchange rate differences and hyperinflation adjustments resulting from the application of IAS 29, and related tax effects. The tax effect of exchange rate differences was calculated by applying the average effective tax rate from continuing operations to exchange rate differences and the tax effect of hyperinflation adjustment was based on the actual tax adjustments as disclosed in the pro forma information. Management believes adjusted diluted HEPS as noted below, are more useful measures of the Group's underlying performance. However, this is not a defined term under IFRS and may not be comparable with similarly titled measures reported by other companies. The Group has therefore presented its diluted headline earnings per share for the current and previous year on a similar basis, excluding the impact of foreign exchange rate differences and hyperinflation accounting as well as related income tax, to facilitate comparisons against the prior year's results.

The table below presents the adjustments to the items reported.

	52 Weeks 2020 Rm	52 Weeks 2019 Rm
Headline earnings including discontinued operations as reported	4 186	3 878
Impact of exchange rate differences*	(544)	343
Impact of Angola hyperinflation adjustment**	154	(867)
Related income tax effect	143	27
Adjusted headline earnings including discontinued operations pro forma	3 939	3 381
Headline earnings from continuing operations as reported	4 242	4 146
Impact of exchange rate differences as reported	(566)	110
Impact of Angola hyperinflation adjustment**	154	(867)
Related income tax effect	143	27
Adjusted headline earnings from continuing operations pro forma	3 973	3 416
	Change %	Cents
		Cents
Diluted headline earnings per share including discontinued operations	8.2	755.7
Adjusted basic headline earnings per share including discontinued operations pro forma***	16.8	712.3
Adjusted diluted headline earnings per share including discontinued operations pro forma	16.8	711.2
Diluted headline earnings per share from continuing operations	2.5	765.8
Adjusted diluted headline earnings per share from continuing operations pro forma	16.6	717.5

* The impact of exchange rate differences including discontinued operations consists of R566 million exchange rate gains (2019: R110 million exchange rate losses) as reported and R22 million (2019: R233 million) exchange rate losses from discontinued operations (refer to note 7 of the condensed consolidated financial statements).

** The impact of the Angola hyperinflation adjustment is based on the pro forma information provided on page 8. The increase of R154 million (2019: R867 million decrease) in headline earnings is calculated by excluding the items of a capital nature hyperinflation adjustment of R181 million (2019: R42 million) from the profit before income tax hyperinflation adjustment of R335 million (2019: R825 million).

*** The adjusted basic headline earnings per share including discontinued operations, differs from the information previously published in the voluntary operational update issued on 3 August 2020. Subsequent to the Group's external auditor's review thereof, the basic headline earnings per share for 2020 is 712.3 cents (2019: 609.7 cents), representing an increase of 16.8%.



Number of outlets as at 28 June 2020

	12 Months				Confirmed new stores 2021
	2019	Opened	Closed	2020	
Supermarkets	1 355	61	29	1 387	97
Shoprite	675	18	10	683	41
Checkers	226	8	1	233	14
Checkers Hyper	37	0	0	37	1
Usave	416	25	16	425	37
K'nect	1	10	2	9	4
LiquorShop	490	37	4	523	63
Furniture	465	4	27	442	3
OK Furniture	417	3	23	397	3
House & Home	48	1	4	45	0
OK Franchise	460	46	29	477	24
Total stores – including discontinued operations	2 770*	148	89	2 829	187
Total stores – continuing operations	2 746*	147	89	2 804	187
Countries outside RSA – including discontinued operations	14	0	0	14	0
Countries outside RSA – continuing operations	13	0	0	13	0
Total stores outside RSA – including discontinued operations	415*	16	14	417	19
Total stores outside RSA – continuing operations	391*	15	14	392	19

* These numbers exclude Hungry Lion stores sold during the year (opening balance adjusted with 9 stores).

Dividend no 143

The board has declared a final dividend of 227 cents (2019: 163 cents) per ordinary share, payable to shareholders on Monday, 5 October 2020. The dividend has been declared out of income reserves. This brings the total dividend for the year to 383 cents (2019: 319 cents) per ordinary share. The last day to trade cum dividend will be Tuesday, 29 September 2020. As from Wednesday, 30 September 2020, all trading of Shoprite Holdings Ltd shares will take place ex dividend. The record date is Friday, 2 October 2020. Share certificates may not be dematerialised or rematerialised between Wednesday, 30 September 2020, and Friday, 2 October 2020, both days inclusive.

In terms of the Dividends Tax, the following additional information is disclosed:

1. The local dividend tax rate is 20%.
2. The net local dividend amount is 181.6 cents per share for shareholders liable to pay Dividends Tax and 227 cents per share for shareholders exempt from paying Dividends Tax.
3. The issued ordinary share capital of Shoprite Holdings Ltd as at the date of this declaration is 591 338 502 ordinary shares.
4. Shoprite Holdings Ltd's tax reference number is 9775/112/71/8.



Independent auditor's review report on condensed consolidated financial statements

To the Shareholders of Shoprite Holdings Limited

We have reviewed the condensed consolidated financial statements of Shoprite Holdings Limited, set out on pages 16 to 38 of the provisional report, which comprise the condensed consolidated statement of financial position as at 28 June 2020 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Shoprite Holdings Limited for the year ended 28 June 2020 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: MC Hamman
Registered Auditor

Cape Town
8 September 2020



Report on the Assurance Engagement on the Compilation of Pro Forma Financial Information included in the Shoprite Holdings Limited Results for the year ended 28 June 2020

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 (the "Company") and its subsidiaries (the "Group") by the directors. The pro forma financial information, as set out on pages 7 to 10 of the Shoprite Holdings Limited Results for the year 28 June 2020, consist of like-for-like comparisons, the impact of the Group's pro forma constant currency disclosure, the impact of Angola hyperinflation adjustment on the Group's condensed consolidated statement of financial position and condensed consolidated statement of comprehensive income and adjusted diluted headline earnings per share for the year ended 28 June 2020 and related notes. 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 Results for the year ended 28 June 2020.

The pro forma financial information has been compiled by the directors to illustrate the impact of revenue growth on a like-for-like basis as compared to the prior financial year excluding hyperinflation (i.e. growth in stores that were trading in the prior year excluding new stores and stores closed during the current year), revenue growth in constant foreign exchange rates as compared to the prior financial year excluding hyperinflation and the impact of hyperinflation on the condensed consolidated statement of financial position and condensed consolidated statement of comprehensive income and the impact on diluted headline earnings per share of certain non-headline earnings adjustments identified by management (adjusted diluted HEPS). As part of this process, information about the Group's financial position and financial performance has been extracted by the directors from the Group's condensed consolidated financial statements for the year ended 28 June 2020, on which a review 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 Shoprite Holdings Limited results for the year ended 28 June 2020.

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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

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 Shoprite Holdings Limited results for the year ended 28 June 2020 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 judgement, 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.



Report on the Assurance Engagement on the Compilation of Pro Forma Financial Information included in the Shoprite Holdings Limited Results for the year ended 28 June 2020 (continued)

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 the pro forma financial information section of the Shoprite Holdings Limited results for the year ended 28 June 2020.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: MC Hamman
Registered Auditor

Cape Town
8 September 2020



Directorate and administration

Executive directors

PC Engelbrecht (CEO), A de Bruyn (CFO), B Harisunker

Non-executive director

CH Wiese (Chairman)

Independent non-executive directors

JF Basson, AM le Roux, ATM Mokgokong, JA Rock

Alternate non-executive director

JD Wiese

Company secretary

PG du Preez

Registered office

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Transfer secretaries

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Telephone: +27 (0)11 370 5000, Facsimile: +27 (0)11 688 5238, Email: Web.Queries@Computershare.co.za
Website: www.computershare.com

Namibia: Transfer Secretaries (Pty) Ltd, PO Box 2401, Windhoek, Namibia
Telephone: +264 (0)61 227 647, Email: ts@nsx.com.na

Zambia: ShareTrack Zambia, Spectrum House, Stand 10 Jesmondine, Great East Road, Lusaka, Zambia
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Namibia: Old Mutual Investment Services (Namibia) (Pty) Ltd, PO Box 25549, Windhoek, Namibia
Telephone: +264 (0)61 299 3347, Facsimile: +264 (0)61 299 2520, Email: NAM-OMInvestmentServices@oldmutual.com

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Telephone: +260 (0)211 220 707 / 238 709/10, Facsimile: +260 (0)211 220 925, Email: info@pangaea.co.zm
Website: www.pangaea.co.zm

Auditors

PricewaterhouseCoopers Incorporated, PO Box 2799, Cape Town, 8000, South Africa
Telephone: +27 (0)21 529 2000, Facsimile: +27 (0)21 529 3300
Website: www.pwc.com/za

Condensed consolidated statement of comprehensive income

	Notes	Change %	Reviewed 52 weeks 2020 Rm	Restated* Reviewed 52 weeks 2019 Rm
Sale of merchandise	5	6.4	156 855	147 478
Cost of sales		5.6	(119 323)	(113 028)
Gross profit		8.9	37 532	34 450
Other operating income	5	(5.7)	2 326	2 467
Interest revenue	5	(19.4)	598	742
Depreciation and amortisation		1.2	(5 031)	(4 971)
Employee benefits		6.2	(12 585)	(11 845)
Credit impairment (losses)/reversals			(480)	23
Other operating expenses		5.8	(14 189)	(13 417)
Net monetary gain			—	947
Trading profit		(2.7)	8 171	8 396
Exchange rate gains/(losses)			566	(110)
Profit on lease modifications			69	—
Items of a capital nature			(1 055)	(419)
Operating profit		(1.5)	7 751	7 867
Interest received from bank account balances	5	62.9	443	272
Finance costs	6	12.0	(2 910)	(2 599)
Share of loss of equity accounted investments			(38)	—
Profit before income tax		(5.3)	5 246	5 540
Income tax expense		4.0	(1 783)	(1 715)
Profit from continuing operations		(9.5)	3 463	3 825
Loss from discontinued operations (attributable to owners of the parent)	7		(87)	(345)
Profit for the year		(3.0)	3 376	3 480
Other comprehensive loss, net of income tax			(3 683)	(2 653)
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 from continuing operations			(3 373)	(2 622)
Foreign currency translation differences from discontinued operations			(40)	(34)
Share of foreign currency translation differences of equity accounted investments			38	—
Loss on effective net investment hedge, net of income tax			(310)	—
Total comprehensive (loss)/income for the year			(307)	827
Profit attributable to:			3 376	3 480
Owners of the parent			3 356	3 468
Non-controlling interest			20	12
Total comprehensive (loss)/income attributable to:			(307)	827
Owners of the parent			(327)	815
Non-controlling interest			20	12
Total comprehensive (loss)/income attributable to owners of the parent arises from:			(327)	815
Continuing operations			(200)	1 194
Discontinued operations			(127)	(379)
Earnings per share for profit from continuing operations attributable to owners of the parent:				
Basic earnings per share from continuing operations (cents)	8	(9.5)	622.6	687.6
Diluted earnings per share from continuing operations (cents)	8	(9.5)	621.6	686.9
Basic headline earnings per share from continuing operations (cents)	8	2.6	767.0	747.7
Diluted headline earnings per share from continuing operations (cents)	8	2.5	765.8	746.9
Earnings per share for profit attributable to owners of the parent:				
Basic earnings per share (cents)	8	(2.9)	606.9	625.3
Diluted earnings per share (cents)	8	(3.0)	606.0	624.7
Basic headline earnings per share (cents)	8	8.3	756.9	699.2
Diluted headline earnings per share (cents)	8	8.2	755.7	698.5

* Restated for the adoption of IFRS 16: Leases and discontinued operations in accordance with IFRS 5 as well as the reclassification of interest revenue previously included in other operating income. Refer to note 2 for details of these changes in accounting policies and note 3 for the reclassification of interest revenue.



Condensed consolidated statement of financial position

	Notes	Reviewed 2020 Rm	Restated* Reviewed 2019 Rm	Restated* Reviewed 2018 Rm
Assets				
Non-current assets		42 789	46 240	45 856
Property, plant and equipment	9	18 265	21 444	21 218
Right-of-use assets	11	17 156	15 741	16 354
Intangible assets		2 955	3 077	2 994
Government bonds and bills	12	62	2 516	—
Loans receivable		1 953	1 664	—
Held-to-maturity investments		—	—	2 090
Loans and receivables		—	—	1 318
Deferred income tax assets		2 184	1 629	1 717
Trade and other receivables		214	169	165
Current assets		39 937	34 742	32 334
Inventories		18 845	20 889	17 959
Trade and other receivables		4 106	4 156	4 775
Current income tax assets		147	480	120
Government bonds and bills	12	2 440	500	—
Loans receivable		229	196	—
Held-to-maturity investments		—	—	1 600
Loans and receivables		—	—	231
Cash and cash equivalents		12 114	7 707	7 465
Assets held for sale	10	37 881 2 056	33 928 814	32 150 184
Total assets		82 726	80 982	78 190
Equity				
Capital and reserves attributable to owners of the parent				
Stated capital	13	7 516	7 516	7 516
Treasury shares	13	(806)	(605)	(554)
Reserves		13 141	15 190	17 134
		19 851	22 101	24 096
Non-controlling interest		143	106	82
Total equity		19 994	22 207	24 178
Liabilities				
Non-current liabilities		30 159	29 019	21 100
Lease liabilities	14	20 168	19 158	18 795
Borrowings	15	8 826	9 044	1 371
Deferred income tax liabilities		824	538	679
Provisions		341	279	255
Current liabilities		32 573	29 756	32 912
Trade and other payables		20 157	19 325	19 903
Contract liabilities		864	791	578
Lease liabilities	14	3 103	2 320	2 254
Borrowings	15	3 183	2 662	5 606
Current income tax liabilities		1 148	423	481
Provisions		112	111	95
Bank overdrafts		2 095	4 124	3 995
		30 662	29 756	32 912
Liabilities directly associated with assets classified as held for sale		1 911	—	—
Total liabilities		62 732	58 775	54 012
Total equity and liabilities		82 726	80 982	78 190

* Restated for the adoption of IFRS 16: Leases. Refer to note 2 for details of this change in accounting policy.

Condensed consolidated statement of changes in equity

Reviewed Rm	Total equity	Non- controlling interest	Attributable to owners of the parent				
			Total	Stated capital	Treasury shares	Other reserves	Retained earnings
Balance at 1 July 2018 as previously reported	27 477	91	27 386	7 516	(554)	(1 620)	22 044
Effect of adopting IFRS 16: <i>Leases</i> (note 2)	(3 299)	(9)	(3 290)			(41)	(3 249)
Restated balance at 1 July 2018	24 178	82	24 096	7 516	(554)	(1 661)	18 795
Effect of adopting IFRS 9: <i>Financial Instruments</i> during the prior year using a modified retrospective approach	(383)	(2)	(381)				(381)
Restated balance at 2 July 2018	23 795	80	23 715	7 516	(554)	(1 661)	18 414
Total comprehensive income	827	12	815	—	—	(2 656)	3 471
Profit for the year*	3 480	12	3 468				3 468
Recognised in other comprehensive loss							
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 including hyperinflation effect*	(2 656)		(2 656)			(2 656)	
Share-based payments – value of employee services	75		75			75	
Modification of cash bonus arrangement transferred from provisions	16		16			16	
Purchase of treasury shares	(115)		(115)		(115)		
Treasury shares disposed	13		13		14		(1)
Realisation of share-based payment reserve	—		—		50	(50)	
Non-controlling interest on acquisition of subsidiary	25	25	—				
Dividends distributed to shareholders	(2 429)	(11)	(2 418)				(2 418)
Restated balance at 30 June 2019	22 207	106	22 101	7 516	(605)	(4 276)	19 466
Total comprehensive loss	(307)	20	(327)	—	—	(3 685)	3 358
Profit for the year	3 376	20	3 356				3 356
Recognised in other comprehensive loss							
Re-measurements of post-employment medical benefit obligations	2		2				2
Foreign currency translation differences	(3 375)		(3 375)			(3 375)	
Loss on effective net investment hedge	(406)		(406)			(406)	
Income tax effect of loss on effective net investment hedge	96		96			96	
Share-based payments – value of employee services	101		101			101	
Modification of cash bonus arrangement transferred from provisions	16		16			16	
Purchase of treasury shares	(272)		(272)		(272)		
Treasury shares disposed	5		5		8		(3)
Realisation of share-based payment reserve	—		—		63	(63)	
Non-controlling interest on acquisition of subsidiary	28	28	—				
Dividends distributed to shareholders	(1 784)	(11)	(1 773)				(1 773)
Balance at 28 June 2020	19 994	143	19 851	7 516	(806)	(7 907)	21 048

* Restated for the adoption of IFRS 16: *Leases*. Refer to note 2 for details of this change in accounting policy.



Condensed consolidated statement of cash flows

	Notes	Reviewed 52 weeks 2020 Rm	Restated* Reviewed 52 weeks 2019 Rm
Cash flows from operating activities		10 989	2 904
Operating profit		7 728	7 740
Less: investment income and finance income earned		(599)	(764)
Non-cash items	17.1	6 161	5 620
Changes in working capital	17.2	2 565	(3 528)
Cash generated from operations		15 855	9 068
Interest received		1 073	1 020
Interest paid		(3 006)	(2 684)
Dividends received		1	22
Dividends paid		(1 786)	(2 430)
Income tax paid		(1 148)	(2 092)
Cash flows utilised by investing activities		(389)	(4 717)
Investment in property, plant and equipment and intangible assets to expand operations		(2 140)	(3 709)
Investment in property, plant and equipment and intangible assets to maintain operations		(1 077)	(1 571)
Investment in assets held for sale		(13)	—
Prepayments for right-of-use assets		(14)	(24)
Proceeds on disposal of property, plant and equipment and intangible assets**		1 233	265
Proceeds on disposal of assets held for sale		793	184
Payments for government bonds and bills		—	(1 017)
Proceeds from government bonds and bills		924	1 444
Loans advanced to Resilient Africa (Pty) Ltd		(165)	(51)
Other loans receivable advanced		(208)	(437)
Other loans receivable repaid		257	204
Cash inflow on disposal of investment in subsidiary	17.3	36	—
Acquisition of subsidiaries and operations		(15)	(5)
Cash flows (utilised by)/from financing activities		(3 992)	2 152
Repayment of lease liability obligations		(2 585)	(2 245)
Purchase of treasury shares		(272)	(115)
Proceeds from treasury shares disposed		6	13
Repayment of borrowings		(5 995)	(4 271)
Borrowings raised		4 854	8 770
Net movement in cash and cash equivalents		6 608	339
Cash and cash equivalents at the beginning of the year		3 583	3 470
Effect of exchange rate movements and hyperinflation on cash and cash equivalents		(172)	(226)
Cash and cash equivalents at the end of the year		10 019	3 583
Consisting of:			
Cash and cash equivalents		12 114	7 707
Bank overdrafts		(2 095)	(4 124)
		10 019	3 583

* Restated for the adoption of IFRS 16: Leases. Refer to note 2 for details of this change in accounting policy.

** Proceeds on disposal of property, plant and equipment and intangible assets includes R1.1 billion relating to the Group's commercial vehicle fleet previously included in machinery, equipment and vehicles, which were sold under a sale and leaseback arrangement during the current year.



Selected explanatory notes to the condensed consolidated financial statements

1 Basis of preparation

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 28 June 2020, compared to 52 weeks in the previous financial year.

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the South African Companies Act, 71 of 2008, applicable to summary financial statements. The Listings Requirements require provisional reports 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 condensed consolidated financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except where the Group has applied new accounting policies or adopted new standards effective for year-ends starting on or after 1 January 2019.

The Group secured long-term financing during the year under review by entering into a sale and leaseback transaction on its commercial vehicle fleet. The accounting policy for sale and leaseback transactions are disclosed in note 1.1.

The Group designated its US dollar denominated lease liabilities as a hedge of a proportion of the net investment in the Group's US dollar denominated subsidiary and applied hedge accounting during the reporting period. Refer to note 1.2 for the accounting policy of the Group's hedging activities.

The Group has adopted IFRS 16: *Leases* (IFRS 16) on 1 July 2019. The impact of the adoption of this standard is disclosed in note 2. Refer to note 1.3 for the accounting policy for leases where the Group is the lessee.

It is the Group's intention to dispose of a majority stake in its Nigeria subsidiary, Retail Supermarkets Nigeria Ltd. During the year, the Group has embarked on a process to actively identify a strategic partner and consequently classified its Nigeria subsidiary as discontinued operations in accordance with IFRS 5: *Non-Current Assets Held for Sale and Discontinued Operations*. The accounting policy for non-current assets held for sale and discontinued operations are disclosed in note 1.4.

Various other 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. Aside from early adopting SAICA Circular 1/2019: *Headline Earnings* during the reporting period, the Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The preparation of the condensed consolidated financial statements for the year ended 28 June 2020 have been supervised by the Chief Financial Officer (CFO), Mr A de Bruyn, CA(SA), and have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion thereon. The review was performed in accordance with ISRE 2410: *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A copy of the auditor's review report is available for inspection at the Company's registered office, together with the financial statements identified in the auditor's report. The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's review report together with the accompanying financial information from the registered office of the Company.

1.1 Sale and leaseback transactions

A sale and leaseback transaction is where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer. A sale occurs when control of the underlying asset passes to the buyer. A lease liability is recognised, the associated property, plant and equipment asset is derecognised, and a right-of-use asset is recognised at the proportion of the carrying value relating to the right retained. Any gain or loss that relates to the rights transferred to the buyer-lessor is recorded within items of a capital nature.

1.2 Hedging activities

The Group designates certain non-derivative financial instruments as hedges of a net investment in a foreign operation (net investment hedges).

The Group documents, at the inception of the hedge transaction, the economic relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the financial instruments that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

Net investment hedges

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses accumulated in the foreign currency translation reserve in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.



1.3 Leases where the Group is the lessee

Leasing activities and how they are accounted for

The Group leases various offices, distribution centres, retail stores, vehicles and equipment. Rental contracts are typically entered into for fixed periods, with extension options as follows:

- Properties: five to 10 years, with extension options for a further two to 20 years.
- Commercial vehicle fleet: four to 10 years, with an option to renew.
- Multifunctional printers: three years, with no extension options.

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. Non-lease components are expensed as they become due.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

A right-of-use asset and a corresponding lease liability are recognised at the date at which the leased asset is available for use by the Group. They 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;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- lease payments to be made under reasonably certain extension options.

The Group's current rental portfolio does not include termination penalties. However, should these become relevant in the future, such payments will also be included in the initial measurement of the lease liability.

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.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee 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. The Group discounts lease payments for its commercial vehicle fleet using the interest rate implicit in the lease. All other lease payments are discounted using the incremental borrowing rate.

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 lessee, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease liabilities are subsequently measured at amortised cost using the effective interest rate method. Lease payments are allocated between principal and finance costs. Finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

- the amount of the initial measurement of the lease liability;
- any lease prepayments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the underlying asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets (with a cost price below R75 000) 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.

The Group applies the IFRS 16 exemption which provides lessees with timely relief from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications. The optional exemption allows lessees to account for such rent concessions as if they were not lease modifications. Therefore, COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021 are recognised as income when rent payments become due.

Variable lease payments

Some property leases (2020: 50.4%; 2019: 52.7%) contain variable payment terms that are linked to sales generated from a store. Turnover rentals, where applicable, average 2.0% (2019: 2.1%) of turnover. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

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

1 Basis of preparation (continued)

1.3 Leases where the Group is the lessee (continued)

Extension and termination options

The lease term includes any non-cancellable periods and reasonably certain termination or extension option periods. Extension and termination options are included in a number of property and commercial vehicle fleet leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The average lease term of the Group's portfolio of qualifying leases are as follows:

	2020	2019
Properties	8.3 years	9.0 years
Commercial vehicle fleet	5.0 years	N/A
Multifunctional printers	3.0 years	3.0 years

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of distribution centres and retail stores, the following factors are normally the most relevant:

- The Group considers extension options only for stores with a trading history of three full years or more. The number of extension options included in the initial measurement of the lease liability will depend on the return on investment of the leased property.
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including the costs and business disruption required to replace the leased asset.

Most extension options in rental contracts for offices and the commercial vehicle fleet have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an extension option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. Extension options are generally exercised six to 12 months before the end of the lease term. When the lease term is adjusted as a result of exercising an extension option not included in the initial measurement of the lease liability, the lease liability is reassessed and adjusted against the right-of-use asset. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances that is within the control of the lessee occurs and affects this assessment.

Critical judgements in determining the discount rate used to calculate the lease liability

Incremental borrowing rates used to calculate lease liabilities at inception of the lease are determined monthly and depend on the term, country, currency and start date of the lease. The incremental borrowing rate is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country specific risk adjustment; an adjustment for the term of the lease; and an entity specific adjustment where the entity risk profile is different to that of the Group.

Key estimates used in calculating impairments of right-of-use assets

The Group performs a review of loss-making stores and considers the need for the impairment of assets under these circumstances. This determination requires significant judgement. The Group evaluates amongst other things, the duration and extent of the losses, the near-term business outlook for the store, and the possible redeployment of the assets between stores.

The recoverable amount of all right-of-use assets is determined based on the higher of value-in-use and fair value less cost to sell.

For impairment testing purposes, the Group has determined that each store is a separate cash generating unit (CGU). Each CGU is tested for impairment at the reporting date to determine if any indicators of impairment have been identified. Impairment indicators include loss-making stores and stores performing below budget.

The key assumptions in the value-in-use calculations are the expected trading profit growth rates, long-term growth rates and the risk-adjusted pre-tax discount rate. The pre-tax discount rates are derived from the Group's weighted average cost of capital, taking into account the cost of capital, lease liabilities and borrowings, to which specific market-related premium adjustments are made for each country.

The value-in-use of each CGU is calculated based on the Group's latest budget and forecast cash flows, which have regard to historic performance and knowledge of the current market, together with the Group's views on the future achievable growth and the impact of committed initiatives, the results of which are reviewed by management. Estimates of selling prices and direct costs are based on past experience and expectations of future changes in the market. The forecasts are extrapolated to five years based on management's expectations, and beyond five years based on long-term average growth rates, which are derived from inflation forecasts by recognised bodies.

1.4 Non-current assets held for sale and discontinued operations

Non-current assets and/or disposal groups are classified as assets held for sale and are stated at the lower of the carrying amount and fair value less costs of disposal if their carrying amount will be recovered principally through a sale transaction rather than through continued use and this sale is considered highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.



Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resell. The results of discontinued operations are presented separately in the statement of comprehensive income.

2 Change in accounting policy

2.1 Discontinued operations

Following the classification of the Group's Nigeria subsidiary as discontinued operations in accordance with IFRS 5 (refer to note 7), comparative statement of comprehensive income figures have been restated for the change in accounting policy. The adjustments recognised for each individual line item affected in the Group's consolidated statement of comprehensive income for the year ended 30 June 2019 is detailed in note 2.4.

2.2 Adoption of IFRS 16: Leases

IFRS 16 is effective for the accounting period commencing 1 July 2019 and replaces IAS 17: *Leases* (IAS 17). The Group implemented the standard using the full retrospective approach. Accordingly, the comparative information in these condensed consolidated financial statements have been restated from a transition date of 2 July 2018.

The principles for the recognition, measurement, presentation and disclosure of leases under IFRS 16 largely aligns the accounting of operating leased assets with the accounting of owned and finance leased assets. IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities on the statement of financial position for all leases, except short-term and low-value asset leases.

At commencement of the lease, the lease liability and corresponding right-of-use asset are initially recognised at a value equal to the present value of future lease payments. The right-of-use asset is then adjusted for payments already made, lease incentives, initial direct costs and any provision for restoration costs. The values of the right-of-use asset and lease liability reduce over the lease term at different rates.

Lease liabilities are subsequently measured at amortised cost using the effective interest rate method. The lease liability is remeasured upon the occurrence of certain events, such as a change in lease term or a change in future lease payments resulting from a rent review, change in a relevant index or rate such as inflation or a change in the Group's assessment of whether it is reasonably certain to exercise a renewal or termination option. A corresponding adjustment is made to the right-of-use asset. The Group no longer recognises property provisions for onerous lease contracts as the lease payments are included within the lease liability.

Right-of-use assets are subsequently depreciated on a straight-line basis over the useful life of the underlying right-of-use asset and are tested for impairment when there are any indicators of impairment.

In terms of IFRS 16, the straight-line operating lease expense previously recognised under IAS 17 is replaced by depreciation of right-of-use assets and interest charged on outstanding lease liabilities. The net impact on the statement of comprehensive income is the same under IAS 17 and IFRS 16, but the timing of the impact is different over the lease term.

The adoption of IFRS 16 therefore results in an increase to operating profit, which is reported prior to interest being deducted. Depreciation is charged on a straight-line basis, however, interest is charged on outstanding lease liabilities and therefore reduces over the life of the lease. As a result, the impact on the statement of comprehensive income below operating profit is highly dependent on average lease maturity. For an immature portfolio, depreciation and interest are higher than the straight-line operating lease expense they replace and therefore IFRS 16 is dilutive to EPS. For a mature portfolio, they are lower and therefore IFRS 16 is accretive. The Group's lease portfolio on transition is relatively immature, being approximately 42% through an average total lease term of nine years.

Operating lease expenses previously recognised under IAS 17 were presented separately on the face of the statement of comprehensive income before the adoption of IFRS 16, as management considered this expense to be material to the Group's operations. The adoption of IFRS 16 reduced lease expenses to such levels that it is no longer considered to be material enough to be presented as a separate line item on the face of the statement of comprehensive income. Lease expenses under IFRS 16 (2020: R673 million; 2019: R446 million) have therefore been reclassified and included in other operating expenses on the face of the statement of comprehensive income.

At the date of initial application, the Group elected to use the practical expedient provided by IFRS 16, which allows the Group to apply IFRS 16 to only those contracts that were previously identified as leases under IAS 17 and IFRIC 4: *Determining Whether an Arrangement Contains a Lease*. The Group has also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

IFRS 16 has not had a significant impact on the Group's existing leases in which the Group is a lessor.

IFRS 16 has a significant impact on reported assets, liabilities and the statement of comprehensive income of the Group, as well as the classification of cash flows relating to lease contracts, as the majority of the Group's leased property, machinery, vehicles and equipment and other small item leased assets will be brought onto the statement of financial position. The standard impacts a number of key measures such as operating profit and cash generated from operations, as well as a number of alternative performance measures used by the Group.

The aggregate effect of the change in accounting policies and adjustments recognised for each individual line item affected in the Group's consolidated statement of financial position, statement of comprehensive income and statement of cash flows as at 2 July 2018, 30 June 2019 and 28 June 2020 is detailed in the following tables.

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

2 Change in accounting policy (continued)

2.3 Impact of the adoption of IFRS 16: Leases on the statement of financial position

	IAS 17 2020 Rm	Impact of IFRS 16 2020 Rm	Reviewed 2020 Rm	Previously Reported 2019 Rm	Impact of IFRS 16 2019 Rm	Restated Reviewed 2019 Rm
Assets						
Non-current assets	24 883	17 906	42 789	30 212	16 028	46 240
Property, plant and equipment	18 265	—	18 265	21 444	—	21 444
Right-of-use assets	—	17 156	17 156	—	15 741	15 741
Intangible assets	2 955	—	2 955	3 077	—	3 077
Government bonds and bills	62	—	62	2 516	—	2 516
Loans receivable	1 953	—	1 953	1 664	—	1 664
Deferred income tax assets	939	1 245	2 184	629	1 000	1 629
Trade and other receivables	709	(495)	214	882	(713)	169
Current assets	39 267	670	39 937	34 783	(41)	34 742
Inventories	18 845	—	18 845	20 889	—	20 889
Trade and other receivables	4 134	(28)	4 106	4 197	(41)	4 156
Current income tax assets	147	—	147	480	—	480
Government bonds and bills	2 440	—	2 440	500	—	500
Loans receivable	229	—	229	196	—	196
Cash and cash equivalents	12 114	—	12 114	7 707	—	7 707
	37 909	(28)	37 881	33 969	(41)	33 928
Assets held for sale	1 358	698	2 056	814	—	814
Total assets	64 150	18 576	82 726	64 995	15 987	80 982
Equity						
Capital and reserves attributable to owners of the parent						
Stated capital	7 516	—	7 516	7 516	—	7 516
Treasury shares	(806)	—	(806)	(605)	—	(605)
Reserves	17 590	(4 449)	13 141	19 152	(3 962)	15 190
	24 300	(4 449)	19 851	26 063	(3 962)	22 101
Non-controlling interest	151	(8)	143	114	(8)	106
Total equity	24 451	(4 457)	19 994	26 177	(3 970)	22 207
Liabilities						
Non-current liabilities	11 497	18 662	30 159	11 204	17 815	29 019
Lease liabilities	—	20 168	20 168	—	19 158	19 158
Borrowings	8 826	—	8 826	9 044	—	9 044
Deferred income tax liabilities	823	1	824	568	(30)	538
Provisions	299	42	341	289	(10)	279
Fixed escalation operating lease accruals	1 549	(1 549)	—	1 303	(1 303)	—
Current liabilities	28 202	4 371	32 573	27 614	2 142	29 756
Trade and other payables	20 384	(227)	20 157	19 495	(170)	19 325
Contract liabilities	864	—	864	791	—	791
Lease liabilities	—	3 103	3 103	—	2 320	2 320
Borrowings	3 183	—	3 183	2 662	—	2 662
Current income tax liabilities	1 148	—	1 148	423	—	423
Provisions	98	14	112	119	(8)	111
Bank overdrafts	2 095	—	2 095	4 124	—	4 124
	27 772	2 890	30 662	27 614	2 142	29 756
Liabilities directly associated with assets classified as held for sale	430	1 481	1 911	—	—	—
Total liabilities	39 699	23 033	62 732	38 818	19 957	58 775
Total equity and liabilities	64 150	18 576	82 726	64 995	15 987	80 982



	Previously Reported 2018 Rm	Impact of IFRS 16 2018 Rm	Restated Reviewed 2018 Rm
Assets			
Non-current assets	29 353	16 503	45 856
Property, plant and equipment	21 218	—	21 218
Right-of-use assets	—	16 354	16 354
Intangible assets	2 994	—	2 994
Held-to-maturity investments	2 090	—	2 090
Loans and receivables	1 318	—	1 318
Deferred income tax assets	877	840	1 717
Trade and other receivables	856	(691)	165
Current assets	32 494	(160)	32 334
Inventories	17 959	—	17 959
Trade and other receivables	4 935	(160)	4 775
Current income tax assets	120	—	120
Held-to-maturity investments	1 600	—	1 600
Loans and receivables	231	—	231
Cash and cash equivalents	7 465	—	7 465
Assets held for sale	32 310	(160)	32 150
	184	—	184
Total assets	61 847	16 343	78 190
Equity			
Capital and reserves attributable to owners of the parent			
Stated capital	7 516	—	7 516
Treasury shares	(554)	—	(554)
Reserves	20 424	(3 290)	17 134
	27 386	(3 290)	24 096
Non-controlling interest	91	(9)	82
Total equity	27 477	(3 299)	24 178
Liabilities			
Non-current liabilities	3 567	17 533	21 100
Lease liabilities	—	18 795	18 795
Borrowings	1 371	—	1 371
Deferred income tax liabilities	697	(18)	679
Provisions	264	(9)	255
Fixed escalation operating lease accruals	1 235	(1 235)	—
Current liabilities	30 803	2 109	32 912
Trade and other payables	20 048	(145)	19 903
Contract liabilities	578	—	578
Lease liabilities	—	2 254	2 254
Borrowings	5 606	—	5 606
Current income tax liabilities	481	—	481
Provisions	95	—	95
Bank overdrafts	3 995	—	3 995
Total liabilities	34 370	19 642	54 012
Total equity and liabilities	61 847	16 343	78 190

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

2 Change in accounting policy (continued)

2.4 Impact of the adoption of IFRS 16: Leases on the statement of comprehensive income

	IAS 17 52 weeks 2020 Rm	Impact of IFRS 16 52 weeks 2020 Rm	Reviewed 52 weeks 2020 Rm
Sale of merchandise	156 855	—	156 855
Cost of sales	(119 323)	—	(119 323)
Gross profit	37 532	—	37 532
Other operating income	2 326	—	2 326
Interest revenue	598	—	598
Depreciation and amortisation	(2 431)	(2 600)	(5 031)
Operating leases	(5 247)	5 247	—
Employee benefits	(12 585)	—	(12 585)
Credit impairment losses	(480)	—	(480)
Other operating expenses	(13 516)	(673)	(14 189)
Trading profit	6 197	1 974	8 171
Exchange rate gains	563	3	566
Profit on lease modifications	—	69	69
Items of a capital nature	(585)	(470)	(1 055)
Operating profit	6 175	1 576	7 751
Interest received from bank account balances	443	—	443
Finance costs	(990)	(1 920)	(2 910)
Share of loss of equity accounted investments	(38)	—	(38)
Profit before income tax	5 590	(344)	5 246
Income tax expense	(1 977)	194	(1 783)
Profit from continuing operations	3 613	(150)	3 463
Loss from discontinued operations (attributable to owners of the parent)	(231)	144	(87)
Profit for the year	3 382	(6)	3 376
Other comprehensive loss, net of income tax	(3 202)	(481)	(3 683)
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment medical benefit obligations	2	—	2
Items that may subsequently be reclassified to profit or loss			
Foreign currency translation differences including hyperinflation effect from continuing operations	(3 203)	(170)	(3 373)
Foreign currency translation differences from discontinued operations	(39)	(1)	(40)
Share of foreign currency translation differences of equity accounted investments	38	—	38
Loss on effective net investment hedge, net of income tax	—	(310)	(310)
Total comprehensive income/(loss) for the year	180	(487)	(307)
Profit attributable to:	3 382	(6)	3 376
Owners of the parent	3 362	(6)	3 356
Non-controlling interest	20	—	20
Total comprehensive income/(loss) attributable to:	180	(487)	(307)
Owners of the parent	160	(487)	(327)
Non-controlling interest	20	—	20
Basic earnings per share (cents)	608.0	(1.1)	606.9
Diluted earnings per share (cents)	607.1	(1.1)	606.0
Basic headline earnings per share (cents)	696.0	60.9	756.9
Diluted headline earnings per share (cents)	694.9	60.8	755.7



	Previously Reported 52 weeks 2019 Rm	Impact of IFRS 16 52 weeks 2019 Rm	IFRS 16 Restated 52 weeks 2019 Rm	Discontinued operations 52 weeks 2019 Rm	Restated Reviewed 52 weeks 2019 Rm
Sale of merchandise	150 395	—	150 395	(2 917)	147 478
Cost of sales	(115 074)	—	(115 074)	2 046	(113 028)
Gross profit	35 321	—	35 321	(871)	34 450
Other operating income	2 476	—	2 476	(9)	2 467
Interest revenue	742	—	742	—	742
Depreciation and amortisation	(2 640)	(2 513)	(5 153)	182	(4 971)
Operating leases	(4 643)	4 643	—	—	—
Employee benefits	(11 997)	—	(11 997)	152	(11 845)
Credit impairment reversals	23	—	23	—	23
Other operating expenses	(13 326)	(454)	(13 780)	363	(13 417)
Net monetary gain	920	27	947	—	947
Trading profit	6 876	1 703	8 579	(183)	8 396
Exchange rate gains/(losses)	115	(458)	(343)	233	(110)
Items of a capital nature	(80)	(416)	(496)	77	(419)
Operating profit	6 911	829	7 740	127	7 867
Interest received from bank account balances	273	—	273	(1)	272
Finance costs	(845)	(1 814)	(2 659)	60	(2 599)
Profit before income tax	6 339	(985)	5 354	186	5 540
Income tax expense	(2 068)	194	(1 874)	159	(1 715)
Profit from continuing operations	4 271	(791)	3 480	345	3 825
Loss from discontinued operations (attributable to owners of the parent)	—	—	—	(345)	(345)
Profit for the year	4 271	(791)	3 480	—	3 480
Other comprehensive loss, net of income tax	(2 773)	120	(2 653)	—	(2 653)
Items that will not be reclassified to profit or loss					
Re-measurements of post-employment medical benefit obligations	3	—	3	—	3
Items that may subsequently be reclassified to profit or loss					
Foreign currency translation differences including hyperinflation effect from continuing operations	(2 776)	120	(2 656)	34	(2 622)
Foreign currency translation differences from discontinued operations	—	—	—	(34)	(34)
Total comprehensive income for the year	1 498	(671)	827	—	827
Profit attributable to:	4 271	(791)	3 480	—	3 480
Owners of the parent	4 260	(792)	3 468	—	3 468
Non-controlling interest	11	1	12	—	12
Total comprehensive income attributable to:	1 498	(671)	827	—	827
Owners of the parent	1 487	(672)	815	—	815
Non-controlling interest	11	1	12	—	12
Basic earnings per share (cents)	768.2	(142.9)	625.3	—	625.3
Diluted earnings per share (cents)	767.3	(142.6)	624.7	—	624.7
Basic headline earnings per share (cents)	780.8	(81.6)	699.2	—	699.2
Diluted headline earnings per share (cents)	779.9	(81.4)	698.5	—	698.5

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

2 Change in accounting policy (continued)

2.5 Impact of the adoption of IFRS 16: Leases on the statement of cash flows

	IAS 17 52 weeks 2020 Rm	Impact of IFRS 16 52 weeks 2020 Rm	Reviewed 52 weeks 2020 Rm	Previously Reported 52 weeks 2019 Rm	Impact of IFRS 16 52 weeks 2019 Rm	Restated Reviewed 52 weeks 2019 Rm
Cash flows from operating activities	8 390	2 599	10 989	635	2 269	2 904
Operating profit	5 944	1 784	7 728	6 911	829	7 740
Less: investment income and finance income earned	(599)	—	(599)	(764)	—	(764)
Non-cash items	3 341	2 820	6 161	2 362	3 258	5 620
Changes in working capital	2 565	—	2 565	(3 520)	(8)	(3 528)
Cash generated from operations	11 251	4 604	15 855	4 989	4 079	9 068
Interest received	1 073	—	1 073	1 020	—	1 020
Interest paid	(1 001)	(2 005)	(3 006)	(874)	(1 810)	(2 684)
Dividends received	1	—	1	22	—	22
Dividends paid	(1 786)	—	(1 786)	(2 430)	—	(2 430)
Income tax paid	(1 148)	—	(1 148)	(2 092)	—	(2 092)
Cash flows utilised by investing activities	(375)	(14)	(389)	(4 693)	(24)	(4 717)
Investment in property, plant and equipment and intangible assets to expand operations	(2 140)	—	(2 140)	(3 709)	—	(3 709)
Investment in property, plant and equipment and intangible assets to maintain operations	(1 077)	—	(1 077)	(1 571)	—	(1 571)
Investment in assets held for sale	(13)	—	(13)	—	—	—
Prepayments for right-of-use assets	—	(14)	(14)	—	(24)	(24)
Proceeds on disposal of property, plant and equipment and intangible assets	1 233	—	1 233	265	—	265
Proceeds on disposal of assets held for sale	793	—	793	184	—	184
Payments for government bonds and bills	—	—	—	(1 017)	—	(1 017)
Proceeds from government bonds and bills	924	—	924	1 444	—	1 444
Loans advanced to Resilient Africa (Pty) Ltd	(165)	—	(165)	(51)	—	(51)
Other loans receivable advanced	(208)	—	(208)	(437)	—	(437)
Other loans receivable repaid	257	—	257	204	—	204
Cash inflow on disposal of investment in subsidiary	36	—	36	—	—	—
Acquisition of subsidiaries and operations	(15)	—	(15)	(5)	—	(5)
Cash flows (utilised by)/from financing activities	(1 407)	(2 585)	(3 992)	4 397	(2 245)	2 152
Repayment of lease liability obligations	—	(2 585)	(2 585)	—	(2 245)	(2 245)
Purchase of treasury shares	(272)	—	(272)	(115)	—	(115)
Proceeds from treasury shares disposed	6	—	6	13	—	13
Repayment of borrowings	(5 995)	—	(5 995)	(4 271)	—	(4 271)
Borrowings raised	4 854	—	4 854	8 770	—	8 770
Net movement in cash and cash equivalents	6 608	—	6 608	339	—	339
Cash and cash equivalents at the beginning of the year	3 583	—	3 583	3 470	—	3 470
Effect of exchange rate movements and hyperinflation on cash and cash equivalents	(172)	—	(172)	(226)	—	(226)
Cash and cash equivalents at the end of the year	10 019	—	10 019	3 583	—	3 583
Consisting of:						
Cash and cash equivalents	12 114	—	12 114	7 707	—	7 707
Bank overdrafts	(2 095)	—	(2 095)	(4 124)	—	(4 124)
	10 019	—	10 019	3 583	—	3 583



3 Reclassification of disclosure items

Certain reclassifications of statement of comprehensive income items in the current year resulted in changes to the relevant comparative information to ensure accurate comparability with the current year information. The affected line items are detailed below.

Reclassification of all interest revenue included in trading profit from other operating income. This reclassification ensures that all interest revenue, calculated using the effective interest rate method, is presented separately from other revenue on the face of the statement of comprehensive income as required by IAS 1.

Statement of comprehensive income	2019 Rm
Decrease in other operating income	742
Increase in interest revenue	742
Trading profit	—

4 Summarised operating segment information

4.1 Analysis per reportable segment

Continuing operations	Reviewed 2020						Consolidated Rm
	Supermarkets RSA Rm	Supermarkets Non-RSA Rm	Furniture Rm	Other operating segments Rm	Total operating segments Rm	Hyperinflation effect Rm	
Sale of merchandise	126 970	18 177	5 470	10 879	161 496	—	161 496
External	122 412	18 153	5 470	10 820	156 855	—	156 855
Inter-segment	4 558	24	—	59	4 641	—	4 641
Trading profit	8 024	(28)	(15)	316	8 297	(126)	8 171
Interest revenue included in trading profit	54	238	255	51	598	—	598
Depreciation and amortisation ¹	4 189	741	342	58	5 330	93	5 423
Impairments	121	705	247	14	1 087	176	1 263
Property, plant and equipment	—	505	12	1	518	176	694
Right-of-use assets	35	200	235	—	470	—	470
Intangible assets	86	—	—	13	99	—	99
Total assets ²	56 866	16 287	4 378	3 687	81 218	1 508	82 726

Continuing operations	Restated* Reviewed 2019						Consolidated Rm
	Supermarkets RSA Rm	Supermarkets Non-RSA Rm	Furniture Rm	Other operating segments Rm	Total operating segments Rm	Hyperinflation effect Rm	
Sale of merchandise	117 278	18 441	6 206	10 409	152 334	(199)	152 135
External	112 655	18 407	6 206	10 409	147 677	(199)	147 478
Inter-segment	4 623	34	—	—	4 657	—	4 657
Trading profit	7 100	(37)	275	179	7 517	879	8 396
Interest revenue included in trading profit	39	357	320	43	759	(17)	742
Depreciation and amortisation ¹	4 118	721	359	62	5 260	113	5 373
Impairments	93	323	63	3	482	41	523
Property, plant and equipment	46	58	—	3	107	20	127
Right-of-use assets	7	265	63	—	335	21	356
Intangible assets	40	—	—	—	40	—	40
Total assets ²	52 145	16 295	4 931	3 333	76 704	2 420	79 124

Refer to note 7 for operating segment disclosures of discontinued operations.

* Restated for the adoption of IFRS 16: Leases. Refer to note 2 for details of this change in accounting policy.

¹ Represent gross depreciation and amortisation before appropriate allocations of distribution cost.

² Total assets of consolidated continuing operations, together with discontinued operations' total assets, equal total assets as presented in the statement of financial position. Discontinued operations' total assets amounted to R1.9 billion at 30 June 2019.



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

4 Summarised operating segment information (continued)

4.2 Geographical analysis

	Reviewed 2020				
	South Africa Rm	Outside South Africa Rm	Total operating segments Rm	Hyperinflation effect Rm	Consolidated Rm
Continuing operations					
Sale of merchandise – external	135 882	20 973	156 855	—	156 855
Non-current assets ^{3 and 4}	31 367	5 508	36 875	1 715	38 590
Restated* Reviewed 2019					
	South Africa Rm	Outside South Africa Rm	Total operating segments Rm	Hyperinflation effect Rm	Consolidated Rm
Continuing operations					
Sale of merchandise – external	126 371	21 306	147 677	(199)	147 478
Non-current assets ^{3 and 4}	30 223	6 374	36 597	2 724	39 321

Refer to note 7 for operating segment disclosures of discontinued operations.

* Restated for the adoption of IFRS 16: *Leases*. Refer to note 2 for details of this change in accounting policy.

³ Non-current assets consist of property, plant and equipment, right-of-use assets, intangible assets and non-financial trade and other receivables.

⁴ Non-current assets of consolidated continuing operations, together with discontinued operations' non-current assets, equal non-current assets as presented in the statement of financial position. Discontinued operations' non-current assets amounted to R1.1 billion at 30 June 2019.

	Reviewed 2020 Rm	Reviewed 2019 Rm
5 Revenue and other income		
Revenue from contracts with customers	158 419	149 056
Sale of merchandise (note 5.1)	156 855	147 478
Commissions received	845	875
Franchise fees received	108	96
Other revenue	611	607
Finance income	1 041	1 014
Instalment sale receivables	255	320
Bank balances and investments	443	272
Government bonds and bills	210	316
Other loans receivable	133	106
Operating lease income	507	504
Premiums and other insurance income earned	235	267
Other income	19	96
Dividends received	1	22
	160 222	150 959
Consisting of:		
Sale of merchandise	156 855	147 478
Other operating income	2 326	2 467
Interest revenue	598	742
Interest received from bank account balances	443	272
	160 222	150 959



	Reviewed 2020 Rm	Reviewed 2019 Rm
5.1 Sale of merchandise has been disaggregated as follows:		
Supermarkets RSA	122 412	112 655
Shoprite and Usave	66 783	62 602
Checkers and Checkers Hyper	48 520	42 731
LiquorShop and other	7 109	7 322
Supermarkets Non-RSA	18 153	18 407
Shoprite and Usave	17 001	17 221
Checkers and Checkers Hyper	947	972
LiquorShop and other	205	214
Supermarkets RSA and Non-RSA	140 565	131 062
Furniture	5 470	6 206
RSA	4 211	4 825
Non-RSA	1 259	1 381
Other operating segments	10 820	10 409
Drop-shipment sales to franchisees	5 965	5 839
Other sales	4 855	4 570
Total operating segments	156 855	147 677
Hyperinflation effect	—	(199)
Consolidated sale of merchandise	156 855	147 478
		Restated*
6 Finance costs		
Lease liability finance charges*	1 920	1 754
Borrowings and other finance charges	1 001	874
	2 921	2 628
Borrowing costs capitalised	(11)	(29)
	2 910	2 599

* Restated for the adoption of IFRS 16: *Leases*. Refer to note 2 for details of this change in accounting policy.

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

7 Discontinued operations

In April 2020 the Board approved the Group's intention to dispose of a majority stake in its Nigeria subsidiary, Retail Supermarkets Nigeria Ltd. The Group embarked on a process to actively identify a strategic partner that will improve the performance and operational efficiencies of the business in Nigeria. At the reporting date, management had received interest from potential buyers. The due diligence process is currently in progress and expected to be completed by the end of September 2020. Management considers it highly probable that a majority stake or the Group's entire shareholding will be sold after the reporting date. The associated assets and liabilities are consequently presented as held for sale in the 2020 statement of financial position.

	Reviewed 2020 Rm	Reviewed 2019 Rm
7.1 Financial performance and cash flow information		
7.1.1 Loss from discontinued operations		
Sale of merchandise	2 734	2 917
Gross profit	739	871
Depreciation and amortisation	(176)	(182)
Employee benefits	(175)	(152)
Other operating expenses	(358)	(354)
Trading profit	30	183
Exchange rate losses	(22)	(233)
Items of a capital nature	(31)	(77)
Operating loss	(23)	(127)
Net finance costs	(64)	(59)
Loss before income tax	(87)	(186)
Income tax expense	—	(159)
Loss after income tax	(87)	(345)
7.1.2 Other comprehensive loss from discontinued operations		
Foreign currency translation differences from discontinued operations	(40)	(34)
7.1.3 Net cash inflows/(outflows) attributable to discontinued operations		
Operating activities	154	81
Investing activities	(22)	(76)
Financing activities	(261)	(196)
Net decrease in cash generated by the subsidiary	(129)	(191)
7.2 Assets and liabilities of disposal group classified as held for sale		
The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 28 June 2020:		
Assets classified as held for sale		
Property, plant and equipment	337	—
Right-of-use assets	764	—
Inventories	549	—
Trade and other receivables	47	—
Current income tax assets	4	—
Total assets of disposal group held for sale	1 701	—
Liabilities directly associated with assets classified as held for sale		
Lease liabilities	1 481	—
Trade and other payables	423	—
Contract liabilities	4	—
Provisions	3	—
Total liabilities of disposal group held for sale	1 911	—

The cumulative foreign currency translation losses recognised in other comprehensive loss in relation to the discontinued operations as at 28 June 2020 were R488 million.



	Reviewed 2020 Rm	Restated* Reviewed 2019 Rm
8 Earnings/(loss) per share		
Net profit attributable to owners of the parent	3 356	3 468
Loss from discontinued operations	87	345
Earnings from continuing operations	3 443	3 813
Re-measurements	1 055	419
Profit on disposal and scrapping of property	—	(10)
Profit on disposal of assets held for sale	(239)	(101)
Loss on disposal and scrapping of plant and equipment and intangible assets	91	103
Impairment of property, plant and equipment	694	127
Impairment of right-of-use assets	470	356
Impairment of intangible assets	99	40
Insurance claims receivable	(11)	(97)
Profit on disposal of subsidiary	(46)	—
(Profit)/loss on other investing activities	(3)	1
Income tax effect on re-measurements	(256)	(86)
Headline earnings from continuing operations	4 242	4 146
Loss from discontinued operations	(87)	(345)
Expenditure of a capital nature from discontinued operations	31	77
Headline earnings	4 186	3 878
Number of ordinary shares	'000	'000
– In issue	552 707	554 397
– Weighted average	553 046	554 498
– Weighted average adjusted for dilution	553 896	555 113
Reconciliation of weighted average number of ordinary shares in issue during the year:		
Weighted average number of ordinary shares	553 046	554 498
Adjustments for dilutive potential of full share grants	850	615
Weighted average number of ordinary shares for diluted earnings per share	553 896	555 113

	2020			2019		
Earnings/(loss) per share (cents)*	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
– Basic earnings/(loss)	622.6	(15.7)	606.9	687.6	(62.3)	625.3
– Diluted earnings/(loss)	621.6	(15.6)	606.0	686.9	(62.2)	624.7
– Basic headline earnings/(loss)	767.0	(10.1)	756.9	747.7	(48.5)	699.2
– Diluted headline earnings/(loss)	765.8	(10.1)	755.7	746.9	(48.4)	698.5

* Restated for the adoption of IFRS 16: Leases. Refer to note 2 for details of this change in accounting policy.

	Reviewed 2020 Rm	Reviewed 2019 Rm
9 Property, plant and equipment		
Carrying value at the beginning of the year	21 444	21 218
Additions	2 877	4 826
Transfer to assets held for sale	(678)	(714)
Transfer from assets held for sale	261	—
Acquisition of operations	2	—
Disposal of investment in subsidiary	(15)	—
Disposal	(1 269)	(351)
Depreciation	(2 526)	(2 657)
Impairment	(732)	(144)
Foreign currency translation differences including hyperinflation effect	(1 099)	(734)
Carrying value at the end of the year	18 265	21 444

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

	Reviewed 2020 Rm	Reviewed 2019 Rm
10 Assets held for sale		
Carrying value at the beginning of the year	814	184
Transfer from property, plant and equipment	678	714
Transfer to property, plant and equipment	(261)	—
Transfer from right-of-use assets	764	—
Transfer from inventories	549	—
Transfer from trade and other receivables	47	—
Transfer from current income tax assets	4	—
Disposal	(554)	(83)
Additions	13	—
Foreign currency translation differences including hyperinflation effect	2	(1)
Carrying value at the end of the year	2 056	814
		Restated*
11 Right-of-use assets*		
Carrying value at the beginning of the year	15 741	16 354
Additions**	5 628	2 618
Transfer to assets held for sale	(764)	—
Derecognition	(186)	(13)
Depreciation	(2 713)	(2 513)
Impairment	(468)	(435)
Reversal of impairment	—	19
Foreign currency translation differences including hyperinflation effect	(82)	(289)
Carrying value at the end of the year	17 156	15 741
* Restated for the adoption of IFRS 16: Leases. Refer to note 2 for details of this change in accounting policy.		
** Right-of-use asset additions for machinery, equipment and vehicles includes R815 million relating to the Group's commercial vehicle fleet previously included in machinery, equipment and vehicles, which were sold under a sale and leaseback arrangement during the year under review.		
12 Government bonds and bills		
AOA, USD Index Linked, Angola Government Bonds (note 12.1)	2 238	2 567
AOA, Angola Government Bonds (note 12.2)	264	433
Angola Treasury Bills (note 12.3)	—	16
	2 502	3 016
Analysis of total government bonds and bills:		
Non-current	62	2 516
Current	2 440	500
	2 502	3 016
12.1 AOA, USD Index Linked, Angola Government Bonds		
The AOA, USD Index Linked, Angola Government Bonds are to be settled in Angola kwanza, earn interest at an average rate of 7.0% (2019: 7.0%) p.a. and mature after five months from the reporting date. Accrued interest is payable bi-annually.		
12.2 AOA, Angola Government Bonds		
The AOA, Angola Government Bonds are denominated in Angola kwanza, earn interest at an average rate of 14.0% (2019: 13.7%) p.a. and mature after 14 to 22 months from the reporting date. Accrued interest is payable bi-annually.		
12.3 Angola Treasury Bills		
The Angola Treasury Bills were denominated in Angola kwanza, earned interest at an average rate of 19.0% (2019: 19.0%) p.a. and matured during the current year. Accrued interest was payable at maturity.		



		Number of shares	
		Reviewed 2020	Reviewed 2019
13	Stated capital and treasury shares		
13.1	Stated capital		
	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:		
	Issued ordinary share capital	591 338 502	591 338 502
	Treasury shares (note 13.2)	(38 632 000)	(36 941 101)
		552 706 502	554 397 401
13.2	Treasury shares		
	Reconciliation of movement in number of treasury shares for the Group:		
	Balance at the beginning of the year	36 941 101	36 659 642
	Shares purchased during the year	2 076 613	630 341
	Shares disposed during the year	(49 023)	(70 073)
	Shares utilised for settlement of equity-settled share-based payment arrangements	(336 691)	(278 809)
	Balance at the end of the year	38 632 000	36 941 101
	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	3 195 428	1 504 529
		38 632 000	36 941 101
		Rm	Restated* Rm
14	Lease liabilities*		
	Balance at the beginning of the year	21 478	21 049
	New leases and remeasurements	5 540	2 594
	Lease termination	(255)	—
	Lease payments	(4 590)	(4 055)
	Principal lease liability payments	(2 585)	(2 245)
	Interest paid	(2 005)	(1 810)
	Interest accrual	1 984	1 814
	Exchange rate differences	404	458
	Transfer to liabilities directly associated with assets classified as held for sale (note 7)	(1 481)	—
	Foreign currency translation differences including hyperinflation effect	191	(382)
	Balance at the end of the year	23 271	21 478
	Analysis of lease liabilities:		
	Non-current	20 168	19 158
	Current	3 103	2 320
		23 271	21 478

* Restated for the adoption of IFRS 16: Leases. Refer to note 2 for details of this change in accounting policy.

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

	Reviewed 2020 Rm	Reviewed 2019 Rm
15 Borrowings		
Consisting of:		
ABSA Bank Ltd (note 15.1)	2 035	2 043
Firststrand Bank Ltd (note 15.2)	2 004	2 008
ABSA Bank (Mauritius) Ltd (note 15.3)	469	991
Standard Chartered Bank (Mauritius) Ltd (note 15.4)	945	1 472
Standard Finance (Isle of Man) Ltd (note 15.5)	6 007	4 968
Stanbic Bank Kenya Ltd (note 15.6)	238	84
Stanbic Bank Botswana Ltd (note 15.7)	311	—
First National Bank of Namibia Ltd	—	140
	12 009	11 706
Analysis of total borrowings:		
Non-current	8 826	9 044
Current	3 183	2 662
	12 009	11 706

15.1 ABSA Bank Ltd

This loan is denominated in ZAR and unsecured. R1.0 billion is payable after 15 months from the reporting date and bears interest at an average rate of 7.9% (2019: 8.5%) p.a. The remaining balance is payable after 39 months from the reporting date and bears interest at an average rate of 8.2% (2019: 8.8%) p.a.

15.2 Firststrand Bank Ltd

This loan is denominated in ZAR and unsecured. R1.0 billion is payable after 24 months from the reporting date and bears interest at an average rate of 7.9% (2019: 8.4%) p.a. The remaining balance is payable after 48 months from the reporting date and bears interest at an average rate of 8.0% (2019: 8.5%) p.a.

15.3 ABSA Bank (Mauritius) Ltd (previously Barclays Bank Mauritius Ltd)

This loan is denominated in US dollar, unsecured, payable after six months from the reporting date and bears interest at an average rate of 3.2% (2019: 3.7%) p.a.

15.4 Standard Chartered Bank (Mauritius) Ltd

The amount outstanding at 30 June 2019 was repaid during the current year, denominated in US dollar, unsecured and carried interest at an average rate of 2.7% (2019: 2.9%) p.a. The Group entered into a new loan agreement during the year. This loan is denominated in US dollar, unsecured, payable after one month from the reporting date and bears interest at an average rate of 2.8% p.a.

15.5 Standard Finance (Isle of Man) Ltd

This loan is denominated in US dollar and unsecured. R1.7 billion (2019: R1.4 billion) is payable after six months from the reporting date and bears interest at a fixed rate of 3.5% (2019: 3.5%) p.a. The remaining balance is payable after 15 months from the reporting date and bears interest at a fixed rate of 4.3% (2019: 4.3%) p.a.

15.6 Stanbic Bank Kenya Ltd

This loan is denominated in Kenya shilling, unsecured, payable after 21 months from the reporting date and bears interest at an average rate of 9.7% (2019: 9.2%) p.a.

15.7 Stanbic Bank Botswana Ltd

This loan is denominated in Botswana pula, unsecured, payable after 21 months from the reporting date and bears interest at an average rate of 6.5% p.a.

16 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	
	Reviewed 2020 Rm	Reviewed 2019 Rm	Reviewed 2020 Rm	Reviewed 2019 Rm
Government bonds and bills	2 502	3 016	2 739	3 026
Loans receivable	2 182	1 860	2 156	1 809
Borrowings	12 009	11 706	12 623	11 569



	Reviewed 2020 Rm	Restated* Reviewed 2019 Rm
17 Cash flow information		
17.1 Non-cash items		
Depreciation of property, plant and equipment	2 526	2 657
Depreciation of right-of-use assets*	2 713	2 513
Amortisation of intangible assets	360	385
Net fair value losses on financial instruments	2	1
Net monetary gain*	—	(947)
Exchange rate (gains)/losses*	(544)	343
Profit on lease terminations	(69)	—
Profit on disposal and scrapping of property	—	(10)
Profit on disposal of assets held for sale	(239)	(101)
Loss on disposal and scrapping of plant and equipment and intangible assets	91	103
Impairment of property, plant and equipment	732	144
Impairment of right-of-use assets*	468	416
Impairment of intangible assets	99	40
Profit on disposal of subsidiary	(46)	—
Movement in provisions*	13	62
Movement in cash-settled share-based payment accrual	(50)	(63)
Movement in share-based payment reserve	101	75
Movement in fixed escalation operating lease accruals*	4	2
	6 161	5 620
* Restated for the adoption of IFRS 16: <i>Leases</i> . Refer to note 2 for details of this change in accounting policy.		
17.2 Changes in working capital		
Inventories	1 184	(3 575)
Trade and other receivables*	(20)	172
Trade and other payables	1 322	(340)
Contract liabilities	79	215
	2 565	(3 528)
* Restated for the adoption of IFRS 16: <i>Leases</i> . Refer to note 2 for details of this change in accounting policy.		
17.3 Cash inflow on disposal of investment in subsidiary		
On 24 January 2020, the Group completed the sale of its investment in Hungry Lion Angola Limitada, a wholly-owned subsidiary operating in the fast food industry in Angola. The Group received cash proceeds of R29 million as consideration for disposal of 100% of its investment in the subsidiary and recognised a gain on disposal of R46 million within items of a capital nature. The net liabilities of Hungry Lion Angola Limitada at the disposal date is presented in the following table.		
Property, plant and equipment	15	—
Trade and other receivables	3	—
Inventories	4	—
Trade and other payables	(26)	—
Bank overdrafts	(7)	—
Net identifiable liabilities disposed	(11)	—
Net inflow of cash on disposal of investment in subsidiary comprise of the following:		
Cash proceeds on disposal	29	—
Bank overdrafts disposed	7	—
Cash inflow on disposal of investment in subsidiary	36	—

18 Related party information

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 deferred shares, key management personnel compensation and loans to associates and joint ventures.

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

	Reviewed 2020 Rm	Restated* Reviewed 2019 Rm
19 Supplementary information		
Net asset value per share (cents)*	3 592	3 987
Contracted capital commitments	1 063	1 493
Contingent liabilities	966	373

* Restated for the adoption of IFRS 16: *Leases*. Refer to note 2 for details of this change in accounting policy.

Contingent liabilities consist mainly of outstanding legal matters, including a judgement in Nigeria that has gone on appeal, as well as possible tax exposures that the Group has submitted objections to.

The increase in contingent liabilities from the prior year is primarily a result of additional tax assessments received from certain tax authorities where the Group traded. Management has assessed the merits of each of these cases in close collaboration with the Group's external advisors and remain confident that these assessments leading to additional payments are not probable. Accordingly, these are disclosed as contingent liabilities.

20 COVID-19 pandemic

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. The Group has taken a number of measures to monitor and prevent the effects of the COVID-19 virus, such as safety and health measures for our people (like social distancing and working from home) and securing the supply of materials that are essential to our operations.

At this stage, the impact on our business and results is limited. We will continue to follow the various national institutes' policies and advice. In parallel we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people.

20.1 Impairment of non-financial assets

The Group performs a review of its CGUs and considers the need for impairment of non-performing assets. Estimated growth rates and discount rates used in the impairment calculations were adjusted to account for the expected impact of COVID-19 on the performance of the Group's CGUs. Impairments to the value of R1.3 billion were recorded during the year under review, mainly in the Supermarkets Non-RSA and Furniture operating segments as a result of the deterioration in the current and future economic outlook as well as changes in the Group's strategy.

20.2 Instalment sale receivables from contracts with customers

Debtor book collections from the Furniture segment were hampered during the lockdown period and are expected to deteriorate in line with the anticipated economic downturn. Our ECL estimates were adjusted to account for the expected increase in risk of missed payments and resulted in an increase in the ECL provision from 35.8% at the end of the previous year to 50.5% at the reporting date.

21 Events after the reporting date

21.1 COVID-19 update

From 18 August 2020, trading in the liquor category was allowed to commence from Mondays to Thursdays in South Africa, which will have a positive impact on the Group's cash flows. It is too early to estimate the impact on the results of operations outside of South Africa, where lockdown measures are currently also affecting operations and vary from country to country.

21.2 Furniture business affected by fire in Angola

In July 2020, a fire at the distribution centre of the furniture operations in Angola destroyed the majority of its safety inventory holding in the country. A disaster recovery plan was implemented and new premises have since been secured from where the operations will continue to trade. Sufficient inventory has been secured and the impact on trade is estimated to be minimal. It is too early to estimate the full financial impact which is in the process of being assessed. The Group is, however, insured and it is foreseen that the potential loss to the Group as a consequence of this incident will not be material. This is considered by the Group as a non-adjusting event.

22 Going concern

The board of directors evaluated the going concern assumption as at 28 June 2020, taking into account the current financial position and their best estimate of the cash flow forecasts in terms of their current knowledge and expectations of ongoing developments of the COVID-19 pandemic, and considered it to be appropriate in the presentation of the condensed consolidated financial statements.

The Board has reviewed the cashflow forecast for the next 12 months and is of the opinion that the Group has more than sufficient liquidity to adequately support its working capital requirements and consequently, is satisfied with the Group's ability to continue as a going concern for the foreseeable future.

The Group's outlook regarding trading conditions that will persist into the foreseeable future:

For the months of July and August, trade in South Africa has been in line with our projections, notably impacted by the lockdown restrictions pertaining to liquor, resulting from our substantial business in this category being closed up to 17 August 2020. South African lockdown restrictions relating to the sale and distribution of alcohol were eased after the reporting date.

Financial covenants

As at the reporting date the Group had unutilised banking facilities of R10.4 billion and is well within the financial covenants with its various financiers.