PEPKOR
Holdings Limited

AUDITED RESULTS
for the year ended 30 September 2019

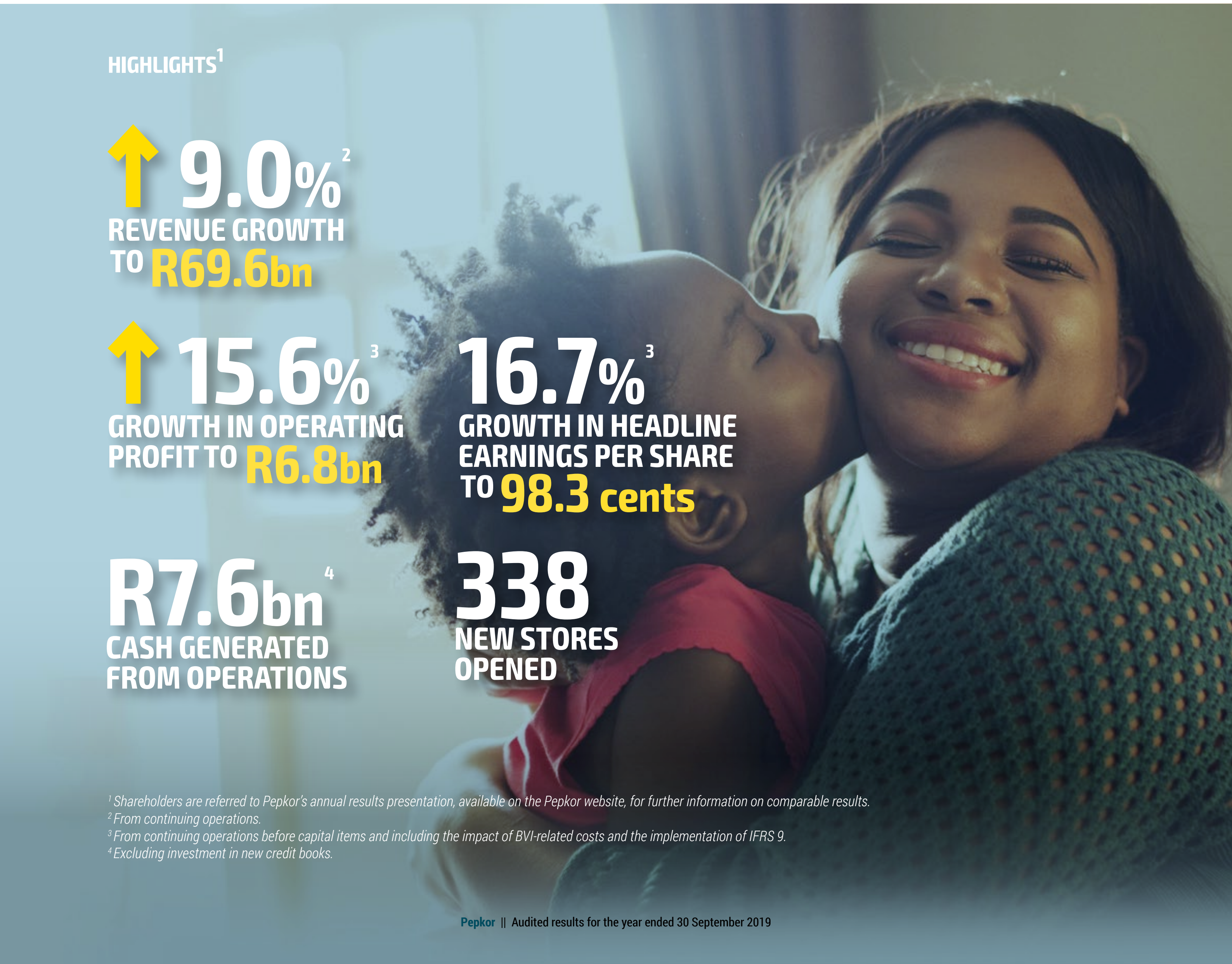
Pepkor's resilient business model supports performance and market share growth.

Pepkor Holdings Limited (Pepkor) achieved a commendable set of operating results for the 2019 financial year (FY19), despite a very difficult retail environment where consumer spending remained constrained, fuelled by high levels of unemployment and low economic growth. The group's defensive discount and value market positioning, disciplined focus on customer needs and low cost of doing business proved to be resilient in this challenging environment.

Pepkor's strategy of providing the right product, at the best possible price, in accessible locations continues to underpin Pepkor's performance, resulting in continued market share gains in most of the retail brands. Creating value for our customers and improving their lives in the process remains the primary focus for each of the retail brands in the group.

Pepkor continued its expansion and opened **338** new stores, expanding the group's footprint to **5 415** stores. The group's flexible store formats enable it to open stores closer to its customers' homes, saving them transport costs and creating opportunities for more frequent customer spend.

With **56 100** employees, the group remains one of the largest employers in the South African retail sector and will continue to focus on capitalising on its core competencies and assets to capitalise on the opportunities that the current market conditions present.



HIGHLIGHTS[1]

↑ **9.0%**[2]
REVENUE GROWTH TO **R69.6bn**

↑ **15.6%**[3]
GROWTH IN OPERATING PROFIT TO **R6.8bn**

16.7%[3]
GROWTH IN HEADLINE EARNINGS PER SHARE TO **98.3 cents**

R7.6bn[4]
CASH GENERATED FROM OPERATIONS

338
NEW STORES OPENED

[1] Shareholders are referred to Pepkor's annual results presentation, available on the Pepkor website, for further information on comparable results.
[2] From continuing operations.
[3] From continuing operations before capital items and including the impact of BVI-related costs and the implementation of IFRS 9.
[4] Excluding investment in new credit books.

PEPKOR Holdings Limited

Operations generated cash of **R4.1 billion**, impacted by the funding of new credit books. If this is excluded, **R7.6 billion** was generated from operations, which translates to a cash conversion of **94.2%**.

The group's continuing operations achieved revenue growth of **9.0%** to **R69.6 billion** during FY19, while operating profit before capital items increased by **15.6%** to **R6.8 billion**. Basic earnings per share declined by **22.5%** to **64.6 cents** and includes an impairment charge related to The Building Company. Headline earnings per share increased by **16.7%** to **98.3 cents** and includes the impact of BVI-related costs incurred as well as the implementation of IFRS 9 during the current year.

Net finance costs increased by **35.4%** to **R1.6 billion**, mainly as a result of capital investments made in the establishment of two new credit books, Connect Financial Solutions (Connect), which supports sales in the JD Group, and the Capfin credit book, which facilitates unsecured lending. The new Connect credit book amounted to **R1.3 billion** (gross) and the new Capfin credit book amounted to **R2.2 billion** (gross) at 30 September 2019.

While the South African standard rate of taxation is calculated at **28%**, Pepkor's effective tax rate for the period was **44.1%**, inflated by capital items and discontinued operations as well as irrecoverable foreign withholding taxes and non-deductible finance costs.

Operations generated cash of **R4.1 billion**, impacted by the funding of the new credit books. If this is excluded, **R7.6 billion** was generated from operations, which translates to a cash conversion of **94.2%**.

Disciplined stock management and markdowns resulted in satisfactory levels of inventory 'freshness'. The growth in inventory levels of imported cellular handsets and virtual airtime in addition to the expanded store base contributed to inventory levels, which increased by **7.6%** in aggregate.

Net debt increased to **R13.9 billion** from **R12.6 billion** in the previous year, with the contractual net debt-to-EBITDA ratio at **1.7 times** and interest cover of **5.4 times**. These remain well within funding covenants.

Other matters

Impairment of goodwill and intangible assets

As reported in Pepkor's trading statement published on 14 November 2019, the full impairment of goodwill and intangible assets pertaining to The Building Company, amounting to **R1.2 billion**, was recognised in FY19. As reported previously, the performance of The Building Company continues to be affected by the contraction in the building materials market. The impairment is included in capital items and is therefore excluded from headline earnings.

BVI-related costs

As reported in Pepkor's results for the year ended 30 September 2018 (FY18) on 26 November 2018, FY18 results were impacted by costs of R511 million pertaining to the BVI matter, which entails a provision for exposure in terms of a corporate financial guarantee and associated loans.

During FY19, accumulated finance costs of **R40 million** (reflected in finance costs) were incurred in terms of the corporate financial guarantee, while **R40 million** (reflected in operating expenses) was raised in terms of credit exposure pertaining to the associated loans. BVI-related costs in FY19 therefore amount to **R80 million**.

Progress has been made in resolving the BVI matter with the planned restructuring of the corporate financial guarantee and repayment terms of the associated loans. Repayment of a portion of the associated loans will commence in FY20 and will further be linked to employment retention requirements. In addition, any success in the damages claim instituted by BVI will result in proceeds first being applied to recovering Pepkor's exposure to the corporate financial guarantee and associated loans.

Discontinued operations

A decision was made to exit operations in Zimbabwe as a result of the continued macroeconomic challenges in the country and ongoing devaluation of the local currency. Discontinued operations therefore include the results from PEP Africa's operations in Zimbabwe, amounting to a total loss for the year (after tax) of **R70 million**, which includes the full impairment of the disposal of the group's assets. An amount of approximately **R230 million** is included in unrealised foreign currency translation reserves at 30 September 2019, and this will be released through the income statement and reflected in discontinued operations once the transaction is finalised.

Acquisition of FGI Holdings (renamed to Abacus Holdco (Abacus))

As previously reported, the acquisition of Abacus was approved by the Competition Commission and remains subject to certain conditions that continue to be evaluated. Abacus provides insurance products via its subsidiaries to customers of JD Group and other group businesses.

Implementation of new IFRS pronouncements

- IFRS 9 – Financial Instruments

  IFRS 9 – Financial Instruments, which requires increased provision levels based on an expected credit loss model, was implemented during the year. The implementation of IFRS 9 on pre-existing credit books and trade receivables, which have been historically owned and funded by Pepkor, resulted in an adjustment of **R114 million** (pre-tax) against retained earnings, thereby not impacting FY19 performance. This includes an adjustment of **R64 million** (pre-tax) on the Tenacity credit book, which supports sales in Ackermans and Speciality brands. The Tenacity book amounted to **R2.8 billion** (gross) at year-end, and provision levels were increased from an average level of **14%** to **17%** of the gross book value as a result of the adoption of IFRS 9.

  In contrast to this treatment, adjustments for increased provision levels for the new Connect and Capfin credit loan books could not be made against retained earnings as these credit books were only established during the current year and provision levels in Connect therefore increased to **33%** while in Capfin the provision increased to **15%**. Accordingly, a total incremental adjustment of **R318 million** (pre-tax) was made to the FY19 operating profit to implement IFRS 9.

- IFRS 16 – Leases

  Pepkor will adopt IFRS 16 in FY20, using a modified retrospective approach by accounting for the 'right-of-use asset' since the commencement date of the lease contract, while the lease liability will be accounted for from 1 October 2019, being the initial date of application of IFRS 16. This will have a material impact on the group's statement of financial position, statement of comprehensive income and classification in the statement of cash flows. The total effect on the statement of financial position for all leases is estimated to be between **R13.1 billion** and **R14.1 billion** for the 'right-of-use asset' and between **R17.2 billion** and **R18.2 billion** for the lease liability as at 1 October 2019.

- IFRS 15 – Revenue from Contracts with Customers

  Pepkor applied IFRS 15 retrospectively and therefore comparative information for the prior year has been restated. Refer to note 1 of the summarised annual financial statements for further information.

CLOTHING AND GENERAL MERCHANDISE

This segment – which contributed **64.6%** to group revenue – increased revenue by **6.5%** to **R45.0 billion**, delivering a **3.7%** increase in operating profit to **R6.3 billion** (excluding BVI-related costs).

The segment's retail brands reported good results considering the challenging operating conditions. According to data from the Retail Liaison Committee (RLC), market shares were successfully defended by the group brands, and in most instances, the brands expanded their market share. This is testament to the successful value propositions of Pepkor's retail brands that continue to resonate with customers.

The store base in this segment was expanded by **289** new stores opened during the period, resulting in a total of **4 395** stores and equating to retail space growth of **5.6%** year-on-year.

PEP and Ackermans

In aggregate, PEP and Ackermans reported merchandise sales growth of **6.3%** and like-for-like growth of **2.6%**, indicating a stronger performance during the latter six months ending 30 September 2019.

Within the core Clothing, Footwear and Home (CFH) product categories, retail selling price inflation strengthened to **4.8%** for the year compared to deflation in the prior year. As a result, total volume growth in CFH slowed to **1.5%**, coming off a very high base in the prior year. The retail brands continue to effectively leverage their expansive store networks to offer customers additional products and services.

PEP

PEP maintained its price-leading position in the discount market despite continued pressure on its target customer as a result of high levels of unemployment and limited spending power. The business (including Dealz), opened **117** new stores, which equates to **3.8%** space growth.

Best Price Leadership (BPL) was maintained with strong growth in the Babies and Home categories. The PEP Home concept achieved strong growth and now has **239** stores.

Positive growth in handset sales was reinstated following a price correction in February for entry-level smartphones within the Cellular offering.

Financial services achieved a **41%** increase in the number of transactions to more than **67 million**, while Fast-Moving Consumer Goods (FMCG) continues to grow aggressively due to range and private label expansion. PAXI, which distributes parcels for customers and SMEs, is proving very successful with more than **850 000** parcels distributed during the year.

The new Dealz discount variety continues to perform satisfactorily as the concept develops. Store openings remain on target and **11** stores opened during FY19, resulting in **15** stores in total.

Ackermans

Ackermans continues to gain significant market share through its customer value proposition aimed at 'women with kids in their lives', despite volatile trading patterns. Ackermans opened **81** new stores during the year, expanding the store network to **806** stores, which represents **8.2%** space growth. In addition, healthy credit sales growth was achieved, resulting in the credit sales contribution increasing to **18.6%** compared to **17.5%** in the prior year.

Solid growth was achieved in most core product categories, while continued experimentation with the standalone Ackermans Woman retail concept provided valuable learnings in terms of customer preferences and shopping experience. At year-end, **14** standalone Ackermans Woman stores were in operation and the footprint will be expanded to **30** stores in FY20.

The new AckXperience store, which was launched in Sandton in October 2019, with modern store design and integrated technology was well received by customers. Ackermans' e-commerce strategy is on track with Click & Collect launching in selected product categories at selected stores.

Cellular reported strong growth of nearly **20%**, supported by inflation and good sales performance in smartphones.

The new **90 000 m²** Hammarsdale distribution centre was commissioned during the year and will support the future growth plans of the business.

PEP Africa

PEP Africa, excluding Zimbabwe, contributed **3.2%** to group revenue in FY19 and reported strong sales growth of **14.3%** and like-for-like sales growth of **13.5%** on a constant currency basis, while in reporting currency terms, sales increased by **1.1%**.

The African business is in a consolidation phase and **14** stores were closed, reducing the store network to **313** stores in total, excluding Zimbabwe. The decision to exit Zimbabwe was based on the continued adverse macroeconomic conditions affecting trading and the weakening currency. Operations in Nigeria performed very well following selective store relocations to smaller cities and towns, which proved to be successful. In Angola, the successful introduction of cellular products benefited performance, but the lower oil price resulted in a significant weakening of the currency.

Speciality

The Speciality division reported sales growth of **7.7%** and like-for-like growth of **3.0%**. This included strong performances by the apparel retail brands, while the footwear retail brands faced challenging market conditions. The total store footprint across five retail brands was expanded to **949** stores, with **73** store openings during the year. The new Hammarsdale distribution centre (DC) was commissioned with all retail brands successfully integrated into the DC shared with Ackermans.

Tekkie Town continues to address stock-holding and other inefficiencies in the business to enhance the quality of earnings, while Shoe City achieved healthy market share gains.

John Craig and Refinery delivered very good performances with increased profitability, while the turnaround of Dunns is progressing well with aggressive sales growth resulting in a significant reduction in losses.

FURNITURE, APPLIANCES AND ELECTRONICS

Segmental revenue increased by **8.3%** to **R9.3 billion**. The business performed well and for the first time in many years, profitability was restored at the retail operating level. The adoption of IFRS 9, however, resulted in incremental costs of **R252 million** as a result of higher provisioning in line with the expected credit loss methodology. This resulted in an operating loss of **R85 million**.

The JD Group delivered a credible performance in a market characterised by difficult trading conditions with customer spending focused mainly on essentials rather than durables. Merchandise sales increased by **2.7%** while like-for-like sales declined by **0.6%**, indicating a stronger second half, which included positive like-for-like performance.

The contribution of credit sales remained at a prudent level of **18.2%**, including **26.9%** in the furniture division and **8.1%** in the electronics and appliances division. The new internally funded credit book was successfully established to support credit sales.

The business continues to reduce space to benefit trading densities. During the year, the store base expanded from **892** to **900** stores while retail space reduced by **3.9%**.

In the furniture division, the use of sales agents has been effective in driving sales, while credit limits remain conservative. In the electronics and appliances division, many of the key performance ratios have improved, with online sales reporting exponential growth and comprising approximately **4%** of sales.

Management continues to focus on driving sales and operational initiatives to improve performance in terms of store locations, product range, omni-channel, supply chain efficiencies and service offerings in the respective brands.

BUILDING MATERIALS

Segmental revenue and merchandise sales were largely maintained, increasing by **0.9%** to **R8.2 billion**. This included an encouraging like-for-like growth of **2.2%** in a contracting building materials market where confidence levels are at a 20-year low. The focus remains on protecting and growing market share in an extremely difficult trading environment. Gross margins were under pressure and despite good cost management, operating profit decreased by **28.5%** to **R153 million**.

The business progressed substantially in the process of restructuring and consolidation, following a prolonged period of corporate activity that included various acquisitions. Opportunities to restructure and realise efficiencies across the business continue to be explored and good progress has been made in the establishment of a corporate culture, clarification of strategy, prioritisation of central procurement and definition of value proposition.

A customer needs analysis was completed, resulting in improved service and an e-commerce platform was launched, which allows customers to place product orders and make payments online.

FINTECH

The FinTech segment increased revenue by **43.9%** to **R7.2 billion**, with operating profit increasing to **R483 million**.

The FLASH business continues to report strong growth, completing on average **3.2 million** daily transactions with virtual turnover growth exceeding **20%**. The number of FLASH traders increased to **169 000** from **145 000** last year and the business continues to invest in future growth.

Capfin performed well, appealing to a broader range of customers through its digital channels. It further successfully established its own internally funded credit book, which remains healthy with credit performance meeting expectations.

The adoption of IFRS 9 resulted in incremental costs of **R66 million** as a result of higher provisioning in line with the expected credit loss methodology.

Outlook

Trading subsequent to year-end has remained volatile and management is of the opinion that the difficult trading environment will persist as consumer spending continues to be constrained. Notwithstanding, the group is cautiously optimistic about growth during the coming year and its merchandise-buying plans reflect this.

The current environment provides opportunities for market share expansion and the strong customer value proposition of Pepkor's various retail brands is expected to continue to resonate with customers in the discount, value and specialist value market sectors. Organic expansion opportunities remain top of mind, including store footprint expansion, the development of new retail formats and the creation of new channels through which to serve our customers.

Pepkor's low cost of doing business philosophy is a core asset, while further opportunities for improved operating cost efficiencies will be explored to further leverage the scale of the group.

Management will continue to allocate capital effectively, investing in areas of the group where good return prospects exist, while reducing capital allocation in areas under pressure. Capital expenditure in FY20 will amount to approximately **2%** of group revenue, with retail space expected to expand by approximately **3%**, on a net basis, based on opportunities identified.

In creating sustainable long-term shareholder value, the group's previously announced dividend policy, of a dividend being covered three times by earnings, remains in place and is evaluated in the context of expansion opportunities and the group's target to reduce gearing to one times net debt-to-EBITDA level in the medium term.

Dividend – scrip with cash alternative

Based on the stated ambition to reduce Pepkor's gearing to one times net debt-to-EBITDA, the board has elected to declare a scrip dividend with a cash alternative of **20.9 cents** (**27.8 cents** in the prior year) in respect of the year ended 30 September 2019. This is consistent with the previously announced dividend policy of a dividend being covered three times by earnings.

The dividend will be payable to the holders of ordinary shares in the share capital of the company and recorded in the securities register of the company on Friday, 24 January 2020. Shareholders will, however, be entitled to elect to receive a gross cash dividend of **20.9 cents** per share held in respect of all or part of their ordinary shareholding, instead of the scrip dividend (cash dividend), payable out of the company's distributable retained profits.

The finalisation of information, including the ratio applicable to the scrip dividend, is expected to be released on SENS on or about Tuesday, 14 January 2020. A circular setting out the terms and salient dates of the scrip dividend and cash dividend alternative will be published separately in due course.

The last date to trade in order to be eligible to receive the dividend will be Tuesday, 21 January 2020, and the ex-dividend date will be Wednesday, 22 January 2020. The dividend will be paid and broker accounts updated, as the case may be, on Monday, 27 January 2020.

Pepkor's two largest shareholders, representing **79.8%** of the group's issued share capital, have committed to receive the scrip dividend.

Changes to the Pepkor board

Danie van der Merwe resigned on 28 May 2019, and Theodore de Klerk was appointed on 29 May 2019. In addition, Philip Dieperink resigned on 1 September 2019, reducing representation of Pepkor's controlling shareholder from three to two board members.

Appreciation

Pepkor management and the board are appreciative of the loyalty and support shown by customers, employees, suppliers and investors as we continue to deliver growth and provide value to all stakeholders.

Jayendra Naidoo Chairman	**Leon Lourens** Chief executive officer	**Riaan Hanekom** Chief financial officer

25 November 2019

Pro forma constant currency disclosure

The Pepkor group discloses unaudited constant currency information to indicate PEP Africa's performance in terms of sales growth, excluding the effect of foreign currency fluctuations. To present this information, current period turnover for PEP Africa reported in currencies other than ZAR is converted from local currency actuals into ZAR at the prior year's actual average exchange rates. The table below sets out the percentage change in sales, based on the actual continuing results for the period, in reported currency and constant currency, for the basket of currencies in which PEP Africa operates.

Change in sales on prior period (%)	Reported currency	Constant currency
PEP Africa	1.1%	14.3%

The pro forma constant currency disclosure is presented in accordance with the JSE Listings Requirements and the Guide on Pro Forma Financial Information issued by SAICA. The pro forma constant currency disclosure has been prepared for illustrative purposes only. Because of its nature, the pro forma constant currency disclosure may not fairly present Pepkor's financial position, changes in equity, results of operations or cash flows.

The pro forma constant currency disclosure presented is the responsibility of the board and was reviewed by Pepkor's auditors.

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Pepkor Holdings Limited

Opinion

The summary consolidated financial statements of Pepkor Holdings Limited, contained in the accompanying abridged report, which comprise the summary consolidated statement of financial position as at 30 September 2019, the summary consolidated income statement, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Pepkor Holdings Limited for the year ended 30 September 2019.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, as set out in the basis of preparation to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary consolidated financial statements

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

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 25 November 2019. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, set out in the basis of preparation to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's responsibility

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

PricewaterhouseCoopers Inc.

Director: JA Hugo
Registered auditor
Cape Town
25 November 2019

AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Summary consolidated income statement

	Notes	Twelve months ended 30 September 2019 Audited Rm	Twelve months ended 30 September 2018 Audited Restated[1] Rm	% change
Revenue		**69 634**	63 912	9.0
Cost of sales		**(45 639)**	(41 815)	(9.1)
Gross profit		**23 995**	22 097	8.6
Other income		**960**	938	2.3
Operating expenses		**(16 859)**	(16 021)	(5.2)
Operating profit before depreciation, amortisation and capital items		**8 096**	7 014	15.4
Depreciation and amortisation		**(1 299)**	(1 134)	(14.6)
Operating profit before capital items		**6 797**	5 880	15.6
Capital items	3	**(1 278)**	(37)	(>100)
Operating profit		**5 519**	5 843	(5.5)
Finance costs		**(1 779)**	(1 410)	(26.2)
Finance income		**198**	242	(18.2)
Profit before taxation		**3 938**	4 675	(15.8)
Taxation	4	**(1 707)**	(1 791)	4.7
Profit from continuing operations		**2 231**	2 884	(22.6)
(Loss)/profit from discontinued operations	5	**(70)**	11	(>100)
Profit for the year		**2 161**	2 895	(25.4)
Profit attributable to:				
Owners of the parent		**2 160**	2 885	(25.1)
Non-controlling interests		**1**	10	(90.0)
Profit for the year		**2 161**	2 895	(25.4)
Earnings per share (cents)				
Basic from continuing operations	6	**64.6**	83.3	(22.5)
Basic from discontinued operations	6	**(2.0)**	0.3	(>100)
Basic operations	6	**62.6**	83.6	(25.0)
Headline from continuing operations	6	**98.3**	84.2	16.7
Headline from discontinued operations	6	**(1.5)**	0.3	(>100)
Headline operations	6	**96.8**	84.5	14.5
Diluted basic from continuing operations	6	**64.2**	83.1	(22.8)
Diluted basic from discontinued operations	6	**(2.0)**	0.3	(>100)
Diluted basic from operations	6	**62.2**	83.3	(25.3)
Diluted headline from continuing operations	6	**97.7**	84.0	16.4
Diluted headline from discontinued operations	6	**(1.5)**	0.3	(>100)
Diluted headlined from operations	6	**96.2**	84.2	14.2

[1] Refer to note 1 for detail of restatements relating to new accounting standards effective for the current financial year.

Summary consolidated statement of comprehensive income

	Notes	Twelve months ended 30 September 2019 Audited Rm	Twelve months ended 30 September 2018 Audited Rm
Profit from continuing operations		**2 231**	2 884
(Loss)/profit from discontinued operations		**(70)**	11
Profit for the year		**2 161**	2 895
Other comprehensive income (OCI)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(286)**	98
Net fair value gain/(loss) on cash flow hedges		**427**	(22)
Net fair value (loss)/gain on cash flow hedges transferred to inventory		**(532)**	105
Deferred taxation on cash flow hedges		**37**	(55)
Foreign currency translation differences relating to hyperinflation[1]		**–**	69
Deferred taxation on foreign currency differences relating to hyperinflation[1]		**–**	(27)
Exchange differences from translation of net investment in foreign operations[2]		**12**	(538)
Taxation on exchange differences from translation of net investment in foreign operations[2]		**(5)**	161
Total other comprehensive loss for the year		**(347)**	(209)
Total comprehensive income for the year		**1 814**	2 686
Total comprehensive income attributable to:			
Owners of the parent		**1 813**	2 676
Non-controlling interests		**1**	10
Total comprehensive income for the year		**1 814**	2 686
Total comprehensive income/(loss) for the year attributable to owners of parent arises from:			
Continuing operations		**2 100**	2 665
Discontinued operations		**(287)**	11
Total comprehensive income for the year		**1 813**	2 676

[1] *The economy of Angola was assessed in accordance with IAS 29 – Financial Reporting in Hyperinflationary Economies and was found to no longer be in hyperinflation for the year ended 30 September 2019.*
[2] *It has been agreed during the current reporting period, by mutual consent between Pepkor Africa subsidiaries and Pepkor Trading Proprietary Limited, not to repay certain loans. The intergroup loans are now viewed to be capital in nature and therefore non-monetary and as result, no foreign exchange gains and losses as previously recognised in OCI relating to the revaluation of these intergroup loans, are recognised.*

Summary consolidated statement of changes in equity

	Year ended 30 September 2019 Audited Rm	Year ended 30 September 2018 Audited Rm
Balance at the beginning of the year	**55 711**	52 917
Effect of adopting IFRS 9 – Financial Instruments, net of taxation (refer to note 1.1.3)	**(82)**	–
Restated balance as at 30 September 2018	**55 629**	52 917
Changes in reserves		
Total comprehensive income for the year attributable to owners of the parent	**1 813**	2 676
Dividends paid	**(959)**	–
Shares bought from non-controlling interests	**(5)**	–
Share-based payments	**108**	159
Transfers and other reserve movements[1]	**9**	(19)
Changes in non-controlling interests		
Total comprehensive income for the year attributable to non-controlling interests	**1**	10
Transactions with non-controlling equity holders	**5**	(17)
Dividends paid	**(3)**	(15)
Balance at end of year	**56 598**	55 711
Comprising		
Ordinary stated capital	**64 690**	64 690
Common control reserve	**(11 755)**	(11 755)
Retained earnings	**4 082**	2 750
Share-based payment reserve	**143**	239
Hedging reserve	**202**	270
Foreign currency translation reserve	**(825)**	(546)
Other reserves	**55**	60
Non-controlling interests	**6**	3
	56 598	55 711

[1] *The cumulative share-based payment reserve at 30 September 2018 of R204 million, including the settlement payable of R7 million, was transferred to retained income as the Steinhoff International Holdings N.V. share scheme was determined unlikely to vest.*

Summary consolidated statement of financial position

	Notes	30 September 2019 Audited Rm	30 September 2018 Audited Rm
ASSETS			
Non-current assets			
Goodwill and intangible assets		**59 844**	61 049
Property, plant and equipment		**5 466**	5 251
Interest in associated companies		**50**	–
Investments and loans		**174**	253
Loans to customers		**154**	–
Deferred taxation assets		**1 242**	1 365
		66 930	67 918
Current assets			
Inventories		**13 825**	12 850
Trade and other receivables		**6 809**	5 874
Loans to customers		**1 669**	–
Current income taxation assets		**363**	277
Loans due by related parties		**–**	224
Cash and cash equivalents		**3 925**	3 835
		26 591	23 060
Non-current assets classified as held for sale	10	**–**	–
		26 591	23 060
Total assets		**93 521**	90 978
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary stated capital		**64 690**	64 690
Reserves		**(8 098)**	(8 982)
Total equity attributable to equity holders of the parent		**56 592**	55 708
Non-controlling interests		**6**	3
Total equity		**56 598**	55 711
Non-current liabilities			
Interest-bearing loans and borrowings	7	**15 508**	15 518
Employee benefits		**89**	91
Deferred taxation liabilities		**4 037**	4 142
Provisions		**464**	564
Trade and other payables		**461**	545
		20 559	20 860
Current liabilities			
Trade and other payables		**11 792**	11 595
Loans due to related parties		**–**	173
Employee benefits		**942**	847
Provisions[1]		**173**	277
Current income taxation liabilities		**1 107**	524
Interest-bearing loans and borrowings	7	**1 510**	19
Financial guarantees[1]		**491**	451
Bank overdrafts and short-term facilities	7	**347**	521
		16 362	14 407
Liabilities associated directly with non-current assets classified as held for sale	10	**2**	–
		16 364	14 407
Total equity and liabilities		**93 521**	90 978
Net asset value per ordinary share (cents)		**1 640.4**	1 614.7

[1] *Financial guarantees have been separately presented in the current financial year to improve disclosure. This was previously presented within provisions.*

Fair values of financial instruments

	Fair value as at 30 September 2019 Rm	Fair value as at 30 September 2018 Rm
Derivative financial assets – Level 2 fair value hierarchy	**186**	318
Derivative financial liabilities – Level 2 fair value hierarchy	**(16)**	(84)
Available for sale investments – Level 3 fair value hierarchy	**–**	33
Fair value through OCI – Level 3 fair value hierarchy	**2**	–

The fair value calculation of the financial assets and liabilities was performed at the reporting date. The group enters into derivative financial instruments with various counterparties, principally financial institutions with investment-grade credit ratings. Derivatives valued using valuation techniques with market observable inputs is foreign exchange forward contracts. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs, including the credit quality of counterparties, foreign exchange spot and forward rates and forward rate curves of the underlying index. At year-end, the marked-to-market value of derivative asset positions is net of a debit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value. Between the reporting date and the date of this report, the fair values reported may have fluctuated with changing market conditions and therefore the fair values are not necessarily indicative of the amounts the group could realise in the normal course of business after the reporting date. These contracts are to hedge the foreign currency exposure of the anticipated purchase of goods. Derivatives are expected to mature within 12 months.

There were no level 1 financial assets or financial liabilities at 30 September 2019 and 30 September 2018. There were no transfers between levels during the year.

Summary consolidated statement of cash flows

	Twelve months ended 30 September 2019 Audited Rm	Twelve months ended 30 September 2018 Audited Rm
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit from continuing operations	**5 519**	5 843
Operating (loss)/profit from discontinued operations	**(74)**	48
Operating profit	**5 445**	5 891
Adjusted for:		
Debtors' write-offs and movement in provision	**1 227**	302
Amortisation and depreciation	**1 299**	1 134
Impairments	**1 281**	20
Inventories written down to net realisable value and movement in provision for inventories	**449**	489
Impairment of loans to current and previous members of key management	**40**	60
Fair value adjustment on BVI guarantee	**–**	451
Share-based payment expense	**108**	120
Non-cash adjustments	**(90)**	176
Cash generated before working capital changes	**9 759**	8 643
Working capital changes		
Increase in inventories	**(1 981)**	(2 161)
Increase in trade and other receivables	**(302)**	(834)
Increase in instalment sale receivables and credit sales through store cards	**(1 805)**	(289)
Increase in loans to customers	**(2 154)**	–
Increase/(decrease) in trade and other payables	**569**	(47)
Net changes in working capital	**(5 673)**	(3 331)
Cash generated from operations	**4 086**	5 312
Net dividends paid	**(962)**	(15)
Finance cost paid	**(1 599)**	(1 425)
Finance income received	**147**	242
Taxation paid	**(1 116)**	(1 597)
Net cash inflow from operating activities	**556**	2 517
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment and intangible assets	**(1 717)**	(1 871)
Proceeds on disposal of property, plant and equipment and intangible assets	**57**	113
Clawback on acquisition of business/(acquisition of businesses, net of cash on hand at acquisition)	**26**	(297)
Amounts paid on long-term investments and loans	**–**	(143)
Proceeds on disposal of business	**–**	4
Decrease in related party loan and receivables	**56**	–
Decrease in short-term investments and loans	**52**	–
Increase in investments in equity accounted companies	**(50)**	–
Net cash outflow from investing activities	**(1 576)**	(2 194)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issue expenses	**–**	1
Transactions with non-controlling interests	**–**	(29)
(Amounts paid)/amounts received on bank overdrafts and short-term facilities	**(21)**	351
(Amounts paid)/amounts received on long-term interest-bearing loans and borrowings	**(173)**	15 429
Debt raising fees paid	**–**	(110)
Amounts received on short-term interest-bearing loans and borrowings	**1 500**	8
Amounts paid on related party payable	**–**	(15 870)
Net cash inflow/(outflow) from financing activities	**1 306**	(220)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**286**	103
Effects of exchange rate translations on cash and cash equivalents	**(196)**	(65)
Cash and cash equivalents at beginning of the year	**3 835**	3 797
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**3 925**	3 835

NOTES TO THE SUMMARY CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

Basis of preparation

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for the abridged reports and the requirements of the South African Companies Act of 2018 applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and 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 – Financial Reporting.

The accounting policies applied in the preparation of the consolidated financial statements from which the summarised consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the annual consolidated financial statements for the year ended 30 September 2018, except for the adoption of the following new standards by the group on 1 October 2019, where the impact of the adoption were disclosed in note 1:

- IFRS 9 – Financial Instruments, and
- IFRS 15 – Revenue from Contracts with Customers.

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 financial year.

The summarised consolidated financial statements are prepared in millions of South African rand (Rm) on the historical cost basis, except for certain assets and liabilities, which are carried at amortised cost, and derivative financial instruments, which are stated at their fair values (the classification of these assets and liabilities did not change classification subsequent to the adoption of IFRS 9 – Financial Instruments). The preparation of the summary consolidated financial statements for the year ended 30 September 2019 was supervised by RG Hanekom CA(SA), the group's chief financial officer.

These summary consolidated financial statements for the year ended 30 September 2019 have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these summary consolidated financial statements were derived.

Any forward-looking and forecast information presented are the responsibility of the board and has not been reviewed by Pepkor's auditors.

Restatement due to change in accounting policy

On 1 October 2018, the group adopted IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers, effective for financial years ending on or after 1 January 2018, which had an effect on the prior year's disclosures. Refer to note 1 for details of these restatements.

Significant events

Impairment of goodwill and intangible assets

During the year, an impairment charge was processed to fully impair the goodwill amounting to R672 million and the intangible assets amounting to R547 million, thereby writing down the building materials cash generating unit to its recoverable amount.

Discontinued operation Zimbabwe

During the year, the board decided to exit the group's Zimbabwe business, under the Power Sales brand. The decision was mainly driven by the increasing difficulty to trade in Zimbabwe as result of adverse macroeconomic conditions. Management is in final negotiations with the relevant parties to conclude the terms of sale. The associated assets and liabilities were consequently presented as held for sale and are presented below.

Events subsequent to the reporting period

The board is not aware of any significant events after the reporting date that will have a material effect on the company's results, financial performance or financial position as presented in these provisional summary consolidated financial statements.

1. CHANGES IN ACCOUNTING POLICIES

On 1 October 2018, the group adopted the following accounting standards, effective for financial years ending on or after 1 January 2018, which had an effect on the prior year's disclosures.

1.1 IFRS 9 – Financial Instruments

IFRS 9 – Financial Instruments (replacing IAS 39 – Financial Instruments: Recognition and Measurement) addresses the classification, measurement and derecognition of financial assets and liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The key impact of IFRS 9 for the group is due to the new impairment model for financial assets as set out below.

1.1.1 Classification of financial instruments

The group has reviewed and assessed existing financial assets as at 1 October 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the group's financial assets as regards to their classification:

Instrument	Classification: IAS 39	Classification: IFRS 9
Trade and other receivables	Loans and receivables	Amortised cost
Loans to customers	Loans and receivables	Amortised cost
Government bonds	Held to maturity	Amortised cost
Unlisted investments	Available for sale	Fair value through other comprehensive income
Derivative financial instruments	Derivatives accounted for as hedges	Derivatives accounted for as hedges
Financial guarantee	Other financial liability	Financial liability at amortised cost

1.1.2 Impairment of financial assets under the new impairment model

The new impairment model applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income (FVOCI), contract assets under IFRS 15 – Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

The key impact of IFRS 9 is the new impairment model for financial assets, impacting the group's debtors and loan books. The new impairment model reflects expected credit losses based on forward-looking information as opposed to incurred credit losses under IAS 39. The group has adopted the following approaches across its businesses:

Financial asset	Approach
Retail debtors	Simplified approach
Loans to customers	General impairment model
Instalment sale receivables	General impairment model
Credit sales through store cards	General impairment model
Government bonds	General impairment model
Loans to employees and key management	General impairment model
Loan to associate	General impairment model

Financial assets where a 12-month ECL is recognised are considered to be 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment are considered to be in default or otherwise credit impaired are in 'stage 3'. The assessment of credit risk and the estimation of ECL is unbiased and probability-weighted, and incorporates all available information that is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money.

As a result, the recognition and measurement of impairment is intended to be more forward-looking than under IAS 39 and the resulting impairment charge will tend to be more volatile. It will also tend to result in an increase in the total level of impairment allowances, since all financial assets will be assessed for at least 12-month ECL and the population of financial assets to which lifetime ECL applies is likely to be larger than the population for which there is objective evidence of impairment in accordance with IAS 39.

For financial assets where objective evidence of impairment exists (stage 3), the standard requires interest income to be calculated on the carrying value of the debtors, after allowance for expected credit losses based on the original effective interest rate.

For trade and other receivables without a significant financing component, the group has adopted the simplified approach that recognises lifetime ECL regardless of the stage classification. The group applied a provision matrix based on historical credit loss experience, which was adjusted for forward-looking factors applicable to the trade and other receivables balances and economic factors.

1.1.3 Effect of adopting IFRS 9 – Financial Instruments

The group has elected to apply the impact of IFRS 9 retrospectively with an adjustment to opening retained earnings on 1 October 2018, therefore comparative information for the prior year has not been restated.

	Rm
Closing retained earnings 30 September 2018 as previously reported	2 750
Net adjustments to retained earnings	(82)
Increase in impairment allowance for trade and other receivables	(114)
Increase in deferred taxation asset relating to impairment allowances	32
Opening retained earnings on 1 October 2018	2 668

1.1.4 Derivatives and hedging activities

On adoption of IFRS 9 the group elected to apply the hedge accounting requirements under IFRS 9 (2018: the group applied hedge accounting under the requirements of IAS 39). The most significant change between the two standards is the 'assessment of effectiveness' test which allows greater flexibility to the types of transactions eligible for hedge accounting. Further the effectiveness test has been replaced with the principle of an 'economic relationship'. The group has assessed its current hedging relationships as well as other possible types of transactions that might be eligible for hedge accounting under the requirement of IFRS 9 of which the outcome was not material.

1.2 IFRS 15 – Revenue from Contracts with Customers

IFRS 15 – Revenue from Contracts with Customers (replacing IAS 18 – Revenue) is based on the principle that revenue is recognised as the group satisfies performance obligations and when control of a good or service transfers to a customer, rather than the use of the risks and rewards criteria under IAS 18.

The group has elected to apply the impact of IFRS 15 retrospectively, therefore comparative information for the prior year has been restated. The key impact of IFRS 15 for the group is set out below.

Agent vs principal assessment

IFRS 15 provides new guidance that impacted the group's assessment of whether it acts as principal or agent when recognising revenue from certain value added services. In certain instances, revenue previously recognised on a gross basis and included in revenue and cost of sales, is now recognised on a net basis in other income where the group is an agent.

Accounting for refunds

It is policy to sell goods with the right of return in terms of current consumer legislation. Such sales are cancelled where the right of return is exercised. Under IFRS 15, a refund liability for the expected refunds to customers is recognised as an adjustment to revenue and is included in trade and other payables. The accumulated experience of the group's returns has been utilised to estimate such refund liability at the time of sale. Based on past experience it is estimated that goods returned in a saleable condition will be insignificant. Therefore the group does not recognise an asset and a corresponding adjustment to cost of sales for its right to recover the product from the customer where the customer exercises the right of return.

Rebates from suppliers

The group assessed its different rebates received from suppliers. In certain instances, rebates relating to the purchase of inventory were recognised either as revenue, operating income or net of operating expenses. Rebates relating to the purchase of inventory should be accounted for net of the cost of inventory and unwinded to cost of sales as the goods are sold.

1.2.1 Effect of adopting IFRS 15 – Revenue from Contracts with Customers

Impact on statement of comprehensive income:

	Previously reported Twelve months ended 30 September 2018 Audited Rm	IFRS 15 adjustment Rm	Twelve months ended 30 September 2018 Audited Restated Rm
Revenue	64 168	(24)	64 144
Cost of sales	(42 027)	114	(41 913)
Gross profit	22 141	90	22 231
Operating income	875	63	938
Operating expenses	(15 954)	(153)	(16 107)
Operating profit before depreciation, amortisation and capital items	7 062	–	7 062
Depreciation and amortisation	(1 134)	–	(1 134)
Operating profit before capital items	5 928	–	5 928
Capital items	(37)	–	(37)
Operating profit	5 891	–	5 891
Finance costs	(1 434)	–	(1 434)
Finance income	242	–	242
Profit before taxation	4 699	–	4 699
Taxation	(1 804)	–	(1 804)
Profit for the year	2 895	–	2 895
Profit attributable to:			
Owners of the parent	2 885	–	2 885
Non-controlling interests	10	–	10
Profit for the year	2 895	–	2 895

The application of IFRS 15 did not have a material impact on the reported earnings or financial position for the results under review. The segmental analysis has been restated as indicated in note 1, the adjustment resulted in a R24 million decrease in revenue relating to the clothing and general merchandise segment.

	Twelve months ended 30 September 2019 Audited Rm	Twelve months ended 30 September 2018 Audited Restated[1] Rm	% change
2. SEGMENTAL ANALYSIS			
REVENUE			
Clothing and general merchandise	**44 964**	42 216	6.5
Furniture, appliances and electronics	**9 330**	8 615	8.3
Building materials	**8 180**	8 105	0.9
FinTech[2]	**7 160**	4 976	43.9
	69 634	63 912	9.0
OPERATING PROFIT BEFORE CAPITAL ITEMS			
Clothing and general merchandise[3]	**6 286**	6 064	3.7
Furniture, appliances and electronics	**(85)**	(137)	38.0
Building materials	**153**	214	(28.5)
FinTech[3]	**483**	250	93.2
	6 837	6 391	7.0
RECONCILIATION BETWEEN OPERATING PROFIT			
Operating profit per segmental analysis	**6 837**	6 391	
BVI-related costs	**(40)**	(511)	
Capital items (note 3.1)	**(1 278)**	(37)	
Operating profit per income statement	**5 519**	5 843	
Finance costs	**(1 779)**	(1 410)	
Finance income	**198**	242	
Profit before taxation per income statement	**3 938**	4 675	
BVI-related costs			
BVI-related costs relate to the following:			%
Impairment of loans to current and previous members of key management	**40**	60	(33.3)
Fair value adjustments on BVI guarantee	**–**	451	(100.0)
BVI-related costs	**40**	511	(92.2)
Segmental assets	**89 422**	86 666	
RECONCILIATION BETWEEN TOTAL ASSETS AND SEGMENTAL ASSETS			
Total assets per statement of financial position	**93 521**	90 978	
Less: Cash and cash equivalents	**(3 925)**	(3 835)	
Less: Long-term investments and loans	**(174)**	(253)	
Less: Loans due by related parties	**–**	(224)	
Segmental assets	**89 422**	86 666	

Basis of segmental presentation

The segmental information has been prepared in accordance with IFRS 8 – Operating Segments (IFRS 8), which defines requirements for the disclosure of financial information of an entity's operating segments. IFRS 8 requires operating segments to be identified on the basis of internal reporting of group components that are regularly reviewed by the CODM to allocate resources to segments and to assess their performance. The board of directors has been identified as the CODM.

Identification of segments

The identification of segments are consistent with those identified in the annual consolidated financial statements for the year ended 30 September 2018.

SEGMENTAL ANALYSIS

Geographical analysis

The revenue, operating profit and assets are all classified as one geographical region.

Major customers

No single customer contributes 10% or more of the group's revenue.

[1] Refer to note 1 for details of restatements relating to new accounting standards effective for the current financial year.

[2] FinTech segment revenue is disclosed net of intergroup revenue of R441 million (2018: R10 million) earned relating to the sale of virtual vouchers and airtime to the clothing and general merchandise segment.

[3] FinTech segment operating profit is disclosed net of intersegment expenses of R90 million (2018: Rnil) paid to the clothing and general merchandise segment relating to the use of its footprint. The fee was included in other income for the full year in 2018 as Capfin did not give loans to customers under the group.

		Twelve months ended 30 September 2019 Audited Rm	Twelve months ended 30 September 2018 Audited Rm
3.	**CAPITAL ITEMS**		
	Capital items reflect and affect the resources committed in producing operating/trading performance and are not the performance itself. These items deal with the platform/capital base of the entity. Capital items are required to be reported by the Johannesburg Stock Exchange (JSE) as part of the calculation of headline earnings.		
	From continuing operations		
	Impairment	**1 263**	20
	Impairment of goodwill[1]	**672**	–
	Impairment of intangible assets[1]	**547**	–
	Impairment of property, plant and equipment	**44**	20
	Loss on disposal of property, plant and equipment and intangible assets	**15**	15
	Loss on sale and dilution of investments	**–**	2
		1 278	37
	From discontinued operations		
	Loss recognised due to remeasurement of disposal group to fair value	**18**	–
		18	–

[1] As a result of the general slowdown experienced in the construction sector at large and the effect of depressed activity on the Building Materials segment, the intangible assets and goodwill were written down to its recoverable amount.

		Twelve months ended 30 September 2019 Audited Rm	Twelve months ended 30 September 2018 Audited Rm
4.	**TAXATION**		
	Tax from continuing operations	**1 707**	1 791
	Tax from discontinued operations (note 5.2)	**(4)**	13
	Total taxation for the year	**1 703**	1 804
	Reconciliation of rate of taxation	**%**	%
	South African standard rate of taxation	**28.0**	28.0
	Foreign tax rate differential	**(0.1)**	(0.5)
	Withholding taxes	**2.4**	1.4
	Unrecognised tax losses	**1.5**	3.4
	Prior year adjustments	**–**	2.3
	Non-deductible finance costs	**4.3**	1.0
	Impairment of goodwill and intangibles	**6.0**	–
	Other	**2.0**	2.8
	Effective rate of taxation	**44.1**	38.4

5. DISCONTINUED OPERATIONS

5.1 During the year, the board decided to exit the group's Zimbabwe business, under the Power Sales brand. The decision was mainly driven by the increasing difficulty of trading in Zimbabwe as a result of adverse macro-economic conditions. Management are in final negotiations with the relevant parties to conclude the terms of sale.

		Twelve months ended 30 September 2019 Audited Rm	Twelve months ended 30 September 2018 Audited Rm
5.2	**Income statement**		
	Revenue	**47**	232
	Cost of sales	**(20)**	(98)
	Gross profit	**27**	134
	Operating expenses	**(83)**	(86)
	Capital items (note 3)	**(18)**	–
	Operating (loss)/profit	**(74)**	48
	Finance costs	**(1)**	(24)
	Finance income	**1**	–
	(Loss)/profit before taxation	**(74)**	24
	Taxation	**4**	(13)
	(Loss)/profit for the year	**(70)**	11
5.3	**Statement of cash flows**		
	Net cash (outflow)/inflow from operating activities	**(29)**	60
	Net cash outflow from investing activities	**–**	(6)
	Net cash outflow from financing activities	**(14)**	(8)
	Net (decrease)/increase in cash and cash equivalents	**(43)**	46
	Effects of exchange rate translations on cash and cash equivalents	**(161)**	58
	Cash and cash equivalents at beginning of the year	**213**	109
	CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**9**	213

5.4 The economy of Zimbabwe was assessed in accordance with IAS 29 – Financial Reporting In Hyperinflationary Economies, and was found to be in hyperinflation for the year ended 30 September 2019. However, the hyperinflation accounting impact was found to be immaterial and it was decided that no adjustments would be made to the group results.

	Twelve months ended 30 Sept 2019 Audited Million	Twelve months ended 30 Sept 2018 Audited Million
6. EARNINGS PER SHARE		
6.1 Weighted average number of ordinary shares		
Issued ordinary shares at beginning of the year	**3 450**	3 450
Weighted average number of ordinary shares at end of the year for the purpose of basic earnings per share and headline earnings per share	**3 450**	3 450
Effect of dilution due to share right issues in terms of share scheme	**22**	10
Weighted average number of ordinary shares at end of the year for the purpose of diluted earnings per share and diluted headline earnings per share	**3 472**	3 460

	Continuing Twelve months ended 30 Sept 2019 Audited Rm	Discontinued Twelve months ended 30 Sept 2019 Audited Rm	Total Twelve months ended 30 Sept 2019 Audited Rm	Continuing Twelve months ended 30 Sept 2018 Audited Rm	Discontinued Twelve months ended 30 Sept 2018 Audited Rm	Total Twelve months ended 30 Sept 2018 Audited Rm
6.2 Earnings and headline earnings						
Profit/(loss) for the year	**2 231**	**(70)**	**2 161**	2 884	11	2 895
Attributable to non-controlling interests	**(1)**	**–**	**(1)**	(10)	–	(10)
Earnings attributable to ordinary shareholders	**2 230**	**(70)**	**2 160**	2 874	11	2 885
Capital items (note 3)	**1 278**	**18**	**1 296**	37	–	37
Taxation effect of capital items	**(115)**	**–**	**(115)**	(5)	–	(5)
Headline earnings attributable to ordinary shareholders	**3 393**	**(52)**	**3 341**	2 906	11	2 917

6.3 Diluted earnings and diluted headline earnings per share

Share rights issued to employees have been taken into account for diluted earnings and diluted headline earnings per share purposes.

7. FINANCING

The group entered into bridge facilities to the value of R2.5 billion on 19 March 2019 for a maximum period of 18 months. The bridge facilities were introduced to fund the instalment sale receivables and loans to customers. As at 30 September 2019, only R1.5 billion of these facilities were drawn. The terms and conditions of the facilities are aligned with the current loans and external borrowings.

8. CONTINGENT LIABILITIES

Refer to the annual consolidated financial statements for contingent liabilities for the year ended 30 September 2019.

9. RELATED PARTIES

During the year, the group entered into related party transactions in the ordinary course of business, the substance of which are similar to those disclosed in the group's annual financial statements.

	Twelve months ended 30 September 2019 Audited Rm
10. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS DISCONTINUED OPERATION	
10.1 Assets	
Property, plant and equipment	**3**
Investments and loans	**2**
Trade and other receivables	**2**
Inventories	**2**
Cash and cash equivalents	**9**
Total gross assets	**18**
Loss recognised due to remeasurement of disposal group at fair value	**(18)**
Total assets post impairment	**–**
10.2 Liabilities	
Trade and other payables	**(2)**
Total liabilities	**(2)**
Net assets	**(2)**

FINANCIAL REVIEW
FOR THE YEAR ENDED 30 SEPTEMBER 2019

Capital structure

	30 September 2019 Audited Rm	30 September 2018 Audited Rm
Interest-bearing long-term liabilities	**15 508**	15 518
Net loans due to related parties	**–**	(51)
Interest-bearing short-term liabilities	**1 510**	19
Bank overdrafts and short-term facilities	**347**	521
Cash and cash equivalents	**(3 925)**	(3 835)
Net interest-bearing debt	**13 440**	12 172
Financial guarantee	**491**	451
Net interest-bearing debt for covenant purposes	**13 931**	12 623
EBITDA	**8 040**	7 062
Other contractual adjustments	**148**	631
Adjusted EBITDA	**8 188**	7 693
Finance costs	**(1 779)**	(1 410)
Finance income	**198**	242
Other contractual adjustments	**69**	(14)
Net adjusted finance charges	**(1 512)**	(1 182)
EBITDA: interest cover (times)	**5.42**	6.51
Net debt: EBITDA (times)	**1.70**	1.64

CORPORATE INFORMATION

Pepkor Holdings Limited
('Pepkor' or 'the company' or 'the group')
(Incorporated in the Republic of South Africa)

Executive directors
LM Lourens (Chief executive officer), RG Hanekom (Chief financial officer)

Non-executive directors
J Naidoo (Chairman), JB Cilliers (Lead independent), T de Klerk, LJ du Preez, MJ Harris*, WL Luhabe*, SH Muller*, F Petersen-Cook*, JD Wiese
**Independent*

Registration number
2017/221869/06

Share code
PPH

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Company secretary
Pepkor Proprietary Limited

Auditors
PricewaterhouseCoopers Inc.

Sponsor
PSG Capital Proprietary Limited

Announcement date
25 November 2019

PEPKOR
Holdings Limited