5. TAXATION *(continued)*

	2017 %	2016 %
The reconciliation of the effective taxation rate with the South African company taxation rate is:		
Taxation for the year as a percentage of profit before taxation	**23,7**	25,0
Associates	**0,1**	0,2
Effective rate excluding associate income	**23,8**	25,2
Dividend and exempt income	**1,2**	0,5
Foreign taxation rate differential	**3,1**	2,6
Details of non-deductible expenses	**(2,8)**	(2,2)
Deferred taxation assets not previously raised	**1,9**	0,8
Exempt portion of capital gains	**0,7**	0,1
Changes in prior years' estimation	**–**	0,5
Change in rate of taxation	**0,1**	0,5
Rate of South African company taxation	**28,0**	28,0

	R'000	R'000
Estimated tax losses available for offset against future taxable income	**431 854**	579 744
Utilised in the computation of deferred taxation	**(290 954)**	(471 785)
Not accounted for in deferred taxation	**140 900**	107 959

Deferred taxation assets have not been recognised in respect of certain tax losses as the directors believe it is not probable that the relevant companies will generate taxable profit in the near future, against which the benefits can be utilised.

Non-deductible expenses comprise impairments relating to goodwill (refer note 15), property, plant and equipment (refer note 13), intangible assets (refer note 14) and other non-deductible expenses individually insignificant across the Bidcorp group.

6. EARNINGS PER SHARE

	2017	2016
Weighted average number of shares ('000)		
Weighted average number of shares in issue for basic earnings per share and headline earnings per share calculations	**332 065**	82 405
Potential dilutive impact of outstanding share options and conditional awards	**730**	764
Number of outstanding staff share options	**4 228**	3 133
Number of share options deemed to be issued at fair value	**(3 554)**	(2 397)
Contingent issuable shares in terms of conditional share plan to be issued at fair value	**56**	28
Dilutive weighted average number of shares	**332 795**	83 169
Attributable earnings (R'000)		
Basic earnings per share and diluted earnings per share are based on profit attributable to shareholders of the company	**4 008 287**	3 279 576
There were no reconciling items for the profit attributable to shareholders of the company.		
Basic earnings per share (cents)	**1 207,1**	3 979,8
Diluted basic earnings per share (cents)	**1 204,4**	3 943,3
Dilution (%)	**0,2**	0,9

Notes to the consolidated financial statements
for the year ended June 30

	2017 R'000	2016 R'000
6. EARNINGS PER SHARE *(continued)*		
Headline earnings		
Profit attributable to shareholders of the company	**4 008 287**	3 279 576
Net impairments	**400 534**	166 825
Goodwill	**176 174**	–
Property, plant and equipment	**115 093**	41 463
Intangible assets	**94 384**	3 817
Available-for-sale investment	**43 379**	119 076
Associate	**–**	10 699
Taxation relief	**(28 496)**	(8 230)
Net profit on disposal of interests in subsidiaries and interest in associate	**(465 882)**	(34 804)
Profit on disposal of subsidiaries	**(510 232)**	(35 818)
Profit on disposal of interest in associate	**(11 804)**	–
Taxation charge	**56 154**	1 014
Net (profit) loss on disposal of property, plant and equipment and intangible assets	**(21 175)**	11 499
Property, plant and equipment	**(7 122)**	4 256
Intangible assets	**(14 203)**	5 280
Taxation charge	**150**	1 963
Headline earnings	**3 921 764**	3 423 096
Headline earnings per share (cents)	**1 181,0**	4 154,0
Diluted headline earnings per share (cents)	**1 178,4**	4 154,0
Dilution (%)	**0,2**	0,9
7. CASH GENERATED BY OPERATIONS		
Operating profit	**5 476 953**	4 626 518
Costs incurred in respect of acquisitions	**46 084**	8 947
Dividends received	**14 854**	23 467
Adjustment for depreciation and amortisation	**1 191 135**	1 237 482
Adjustment for non-cash items	**(530 675)**	207 872
Movement in post-retirement obligations	**1 429**	(224 391)
Working capital changes	**(753 669)**	762 572
Increase in inventories	**(466 575)**	(497 329)
Increase in trade and other receivables	**(189 067)**	(393 055)
(Decrease) increase in trade and other payables and provisions	**(98 027)**	1 652 956
Cash generated by operations	**5 446 111**	6 642 467