Registration No 1936/007721/06
ISIN: ZAE 000012084
JSE share code: SHP
NSX share code: SRH
LuSE share code: SHOPRITE
("the Group")

SHOPRITE HOLDINGS LTD

Interim results for the 6 months ended 31 December 2003

CONDENSED GROUP INCOME STATEMENT

R'000	Unaudited 6 months to 31/12/03	% Change	Unaudited 6 months to 31/12/02	Audited 12 months to 30/06/03
Revenue	**13 435 834**	5.8	12 694 044	24 971 333
Sale of merchandise	**13 359 516**	5.8	12 628 571	24 824 516
Gross profit	**1 879 465**	9.4	1 717 683	3 736 360
Other operating income	**1 085 955**	11.4	974 901	1 966 343
Depreciation	**(185 426)**	9.2	(169 765)	(363 772)
Operating leases	**(348 695)**	11.2	(313 592)	(793 347)
Staff costs	**(1 110 682)**	9.8	(1 011 616)	(2 017 815)
Other operating costs	**(1 004 941)**	8.3	(928 242)	(1 924 464)
Operating profit before exchange losses	**315 676**	17.2	269 369	603 305
Exchange losses	**(31 470)**	-48.4	(61 021)	(132 945)
Operating profit before exceptional items	**284 206**	36.4	208 348	470 360
Exceptional items	**80 688**	68.0	48 034	132 868
Operating profit after exceptional items	**364 894**	42.3	256 382	603 228
Investment income	**21 910**	28.5	17 053	63 076
Finance costs	**9 385**	-46.7	17 600	63 340
Profit before tax	**377 419**	47.5	255 835	602 964
Tax	**96 518**	40.3	68 804	180 585
Profit after tax	**280 901**	50.2	187 031	422 379
Minority interest	**5 037**	61.2	3 125	2 317
Net profit	**275 864**	50.0	183 906	420 062
Earnings per share (cents)	**54,3**	50.0	36,2	82,7
Diluted earnings per share (cents)	**53,2**	47.8	36,0	82,6
Headline earnings per share (cents)	**39,0**	45.0	26,9	57,6
Diluted headline earnings per share (cents)	**38,2**	42.5	26,8	57,5
Adjusted headline earnings per share (cents)	**44,2**	24.5	35,5	80,1
Adjusted diluted headline earnings per share (cents)	**43,3**	22.7	35,3	79,9
Ordinary dividend per share (cents)	**16,5**	17.9	14,0	30,5
Number of ordinary shares ('000) used for calculation of: earnings per share	**507 949***		507 761	507 913*
diluted earnings per share	**518 209***		511 112*	508 752*

(*weighted average)

CONDENSED SEGMENT INFORMATION

R'000	Unaudited 6 months to 31/12/03	Unaudited 6 months to 31/12/02	Audited 12 months to 30/06/03
REVENUE – by business segment			
– Supermarkets	**12 588 030**	12 002 459	23 679 226
– Furniture	**847 804**	691 585	1 292 107
Total revenue	**13 435 834**	12 694 044	24 971 333
OPERATING PROFIT – by business segment			
– Supermarkets	**210 655**	153 796	396 404
– Furniture	**73 551**	54 552	73 956
Total operating profit	**284 206**	208 348	470 360

RECONCILIATION OF HEADLINE EARNINGS

R'000	Unaudited 6 months to 31/12/03	Unaudited 6 months to 31/12/02	Audited 12 months to 30/06/03
Net profit attributable to shareholders	**275 864**	183 906	420 062
Exceptional items after tax	**(80 688)**	(48 034)	(132 868)
Impairment of buildings	**–**	–	1 742
Impairment of unlisted investment	**–**	–	6 308
Amortisation of negative goodwill	**(72 288)**	(51 638)	(153 002)
Write-off of goodwill	**–**	3 604	3 978
Impairment of loan – Share incentive trust	**–**	–	8 161
Payment received for lease cancellation	**(8 400)**	–	–
Prescription of amounts owing	**–**	–	(55)
Other items after tax			
Loss on disposal and scrapping of plant and equipment	**1 028**	856	2 481
Amortisation of goodwill	**1 959**	–	2 855
Headline earnings	**198 163**	136 728	292 530
Exchange losses after tax	**26 426**	43 709	114 111
Adjusted headline earnings	**224 589**	180 437	406 641

CONDENSED GROUP BALANCE SHEET

R'000	Unaudited 31/12/03	Unaudited 31/12/02	Audited 30/06/03
ASSETS			
Non-current assets	**2 193 726**	1 850 220	1 962 795
Property, plant and equipment	**1 972 825**	1 721 657	1 822 380
Investments	**129 533**	104 823	91 013
Deferred tax assets	**133 479**	250 415	165 853
Intangible assets	**(42 111)**	(226 675)	(116 451)
Current assets	**6 707 309**	5 593 955	4 882 721
Inventories	**3 173 583**	2 733 605	2 585 363
Trade and other receivables	**1 883 381**	1 784 532	1 487 124
Investments	**2 739**	4 276	8 798
Cash and cash equivalents	**1 647 606**	1 071 542	801 436
Total assets	**8 901 035**	7 444 175	6 845 516
EQUITY AND LIABILITIES			
Capital and reserves	**1 927 796**	1 569 739	1 736 352
Minority interest	**36 242**	25 836	31 205
Non-current liabilities	**222 144**	227 290	227 728
Interest-bearing borrowings	**2 450**	2 450	2 450
Deferred tax liabilities	**3 986**	3 975	4 224
Provisions	**215 708**	220 865	221 054
Current liabilities	**6 714 853**	5 621 310	4 850 231
Other current liabilities	**6 664 028**	5 561 681	4 795 337
Provisions	**50 825**	59 629	54 894
Total equity and liabilities	**8 901 035**	7 444 175	6 845 516

CONDENSED GROUP CASH FLOW STATEMENT

R'000	Notes	Unaudited 6 months to 31/12/03	Unaudited 6 months to 31/12/02	Audited 12 months to 30/06/03
Cash generated by operations		**1 321 449**	830 382	1 012 777
Operating profit before exceptional items		**284 206**	208 348	470 360
Non-cash items	1	**229 301**	216 274	489 829
Changes in working capital	2	**799 542**	405 760	52 533
Exceptional items	3	**8 400**	–	55
Net finance costs		**11 283**	(547)	(5 813)
Dividends received		**1 242**	–	5 549
Dividends paid		**(83 730)**	(74 078)	(146 264)
Tax paid		**(9 341)**	(33 207)	(72 238)
Cash flows from operating activities		**1 240 903**	722 550	794 011
Cash flows from investing activities		**(379 322)**	(317 545)	(631 951)
Purchase of property, plant and equipment		**(336 363)**	(242 707)	(534 221)
Acquisition of subsidiaries/operations		**(13 178)**	(64 386)	(74 605)
Acquisition of further interest in subsidiaries		**–**	(11 091)	(11 081)
Other investment activities		**(29 781)**	639	(12 044)
Net cash flow		**861 581**	405 005	162 060
Cash flows from financing activities		**(2 523)**	–	10 596
(Acquisition)/disposal of treasury shares		**(2 523)**	–	3 553
Proceeds on issue of additional share capital to minorities		**–**	–	7 043
Movement in cash and cash equivalents		**859 058**	405 005	172 656
Acquired through acquisition of subsidiaries		**–**	1 363	1 316
Effect of exchange rate movements on cash and cash equivalents		**(12 888)**	(39 747)	(77 457)
Net movement in cash and cash equivalents		**846 170**	366 621	96 515

CASH FLOW INFORMATION

	Unaudited 6 months to 31/12/03	Unaudited 6 months to 31/12/02	Audited 12 months to 30/06/03
1. Non-cash items			
Depreciation on property, plant and equipment	**185 426**	169 765	363 772
Amortisation of goodwill	**1 959**	–	2 855
Loss on disposal and scrapping of plant and equipment	**1 481**	1 225	2 919
Net fair value gains on financial instruments	**(4 916)**	–	(213)
Unrealised foreign exchange losses	**45 351**	45 284	120 496
	229 301	216 274	489 829
2. Changes in working capital			
Inventories	**(631 191)**	(497 061)	(429 392)
Trade and other receivables	**(428 819)**	(316 446)	2 814
Trade and other payables	**1 868 967**	1 228 778	488 920
Movement in provisions	**(9 415)**	(9 511)	(9 809)
	799 542	405 760	52 533
3. Exceptional items			
Exceptional items per income statement	**80 688**	48 034	132 868
Impairment of buildings	**–**	–	1 742
Impairment of unlisted investment	**–**	–	6 308
Impairment of loan – Share incentive trust	**–**	–	8 161
Write-off of goodwill	**–**	3 604	3 978
Amortisation of negative goodwill	**(72 288)**	(51 638)	(153 002)
	8 400	–	55

- Total revenue increased by 5.8% from R12,694 billion to R13,436 billion.
- Non-RSA operations achieved a 28% sales growth in stable currency terms.
- Operating profit before exchange differences up by 17.2% to R315,7 million.
- Headline earnings per share up by 45.0%.
- Dividend per share increased by 17.9% to 16,5 cents.
- Net asset value per share increased by 23.0% to 380 cents.
- Basket size increased by 1.2% with a customer growth of 4.9%.

CONDENSED STATEMENT OF CHANGES IN EQUITY

R'000	**Unaudited 6 months to 31/12/03**	Unaudited 6 months to 31/12/02	Audited 12 months to 30/06/03
Balance at 1 July	**1 736 352**	1 459 458	1 459 458
(Acquisition)/disposal of treasury shares	**(2 523)**	–	3 553
Net fair value losses on available-for-sale investments, net of tax	**1 958**	–	(1 958)
Net profit for the period	**275 864**	183 906	420 062
Dividends distributed to shareholders	**(83 855)**	(73 625)	(144 763)
Balance at 31 December/30 June	**1 927 796**	1 569 739	1 736 352

SUPPLEMENTARY INFORMATION

R'000	**Unaudited 31/12/03**	Unaudited 31/12/02	Audited 30/06/03
1. Capital commitments	**108 873**	109 017	188 805
2. Contingent liabilities	**46 834**	124 099	64 106
3. Net asset value per share (cents)	**380**	309	342
4. Total number of shares in issue (adjusted for treasury shares)	**507 834**	507 761	508 212

COMMENT ON THE RESULTS

GROUP

Food inflation was extremely low during the review period continuing into December despite the general expectation that it would start accelerating again. The drop in interest rates did increase the disposable income of the average Checkers customer but had little influence on Shoprite customers. The latter mainly benefited to the extent that lower interest rates tend to stimulate job creation.

Management is satisfied with the results achieved under conditions in which cost inflation exceeded food inflation. In addition, the nationwide strike following the implementation of the new Sectoral Determination Act, and the reduced contribution in rand terms by the Group's non-RSA operations also put pressure on turnover growth.

The operating margin, excluding foreign exchange differences, grew from 2.13% to 2.36% due to increased efficiencies, improvements in distribution and a further reduction in the already very low level of shrinkage, partly offset by higher inflation in overhead costs.

The implementation of the requirements of the Sectoral Determination Act affected industry wage levels and conditions of employment of both full and part-time employees substantially.

Earnings per share increased 50.0% to 54,3 cents and headline earnings per share improved 45.0% to 39,0 cents. Once adjusted for exchange differences, headline earnings per share was 24.5% higher at 44,2 cents.

Supermarkets

The combined revenue of the three supermarket brands – Shoprite, Checkers and Usave and including the non-RSA operation – increased by 4.9% to R12,588 billion. The total number of customers served increased by 4.9%. Due to the tough economic conditions and low food inflation the increase in basket value did not match the increase in the number of customers.

With its 257 supermarkets within South Africa, the Shoprite brand is still by far the biggest contributor to group turnover and operating profit. Total sales growth in Shoprite stores, negatively influenced by inflation of less than 1% due to their customer profile, product mix and industrial action, was 7.0%. Customer numbers surged strongly by 5.9%, but the increase in basket size was only 1.1% in value.

The repositioning of the Checkers brand with its own distinct profile is increasingly bearing fruit. Offering a wider selection of especially perishable produce in an amenable shopping environment, Checkers is receiving increasing consumer support. Suffering from the same industrial action but to a lesser extent than Shoprite, it nevertheless increased existing store sales by 8.0% during the period under review.

Usave continued with an aggressive new-store programme and 30 outlets were opened in the past year to bring the total to 41. This no-frills chain with its limited product range of core consumables is positioned for accelerated growth. In the past six months Usave opened its first outlets in Angola and Ghana. Almost without exception the stores are trading profitably.

The Group's non-RSA operations performed well, with a sales growth of 24% on existing stores and 28% on total sales at constant conversion rates. However, the further strengthening of the rand led to sales in rand terms dipping 3.4% to R1,115 billion for the period under review.

OK Franchise

After a severe shakeout of doubtful debtors during the last financial year that saw the closure of 80 outlets, the OK Franchise business, which operates in South Africa, Namibia and Botswana, is now well positioned for future growth off a solid base of 320 stores.

Furniture

The non-core furniture division, which includes both OK Furniture and House & Home stores, increased revenue by 22.6% to R847,8 million and operating profit by 34.8% to R73,6 million. Growing off a low base after being acquired by the Group, OK Furniture is moving to the point where it is starting to generate industry acceptable returns.

DIVIDEND

The Board has declared an interim dividend of 16,5 cents (2003: 14 cents) per share, payable to shareholders on 15 March 2004. The last day to trade cum dividend will be 5 March 2004. As from 8 March 2004 all trading of Shoprite Holdings Ltd shares will take place ex dividend. The record date is 12 March 2004.

Share certificates may not be dematerialised or rematerialised between Monday, 8 March 2004, and Friday, 12 March 2004, both days inclusive.

ACCOUNTABILITY

These condensed consolidated interim results have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice ("GAAP") and Schedule 4 of the South African Companies Act (Act No 61 of 1973), as amended. The accounting policies are consistent with those used in the annual financial statements for the year ended 30 June 2003.

Where necessary, comparative figures have been adjusted to conform to changes in presentation made in the current period. In particular, the cash flow statement and related disclosure for the period ending 31 December 2002 have been adjusted with the elimination of all unrealised exchange differences.

Adjusted headline earnings is calculated by excluding the after tax effect of exchange gains and losses from headline earnings.

PROSPECTS

No material changes are envisaged in the business environment in which the Group operates during the second half of the financial year. In the absence of any industrial action the major supermarket chains are expected to further improve turnover growth and we are confident that the Group will, at the least, maintain its present level of profitability.

By order of the Board

CH Wiese
Chairman

JW Basson
Chief Executive

16 February 2004

DIRECTORATE AND ADMINISTRATION

Executive directors: JW Basson (chief executive), CG Goosen (deputy managing director), B Harisunker, B Rogut, AN van Zyl, BR Weyers

Non-executive directors: CH Wiese (chairman), JJ Fouché, TRP Hlongwane, JA Louw, JF Malherbe, JG Rademeyer

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The largest supermarket retailer on the African continent

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