



Interim results for the 26 weeks ended December 2005

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CONDENSED GROUP INCOME STATEMENT

R'000	Unaudited 26 weeks ended Dec 05	% change	Unaudited 27 weeks ended Dec 04	Unaudited 53 weeks ended Jun 05
Revenue	16 925 863	9.2	15 504 578	30 299 898
Sale of merchandise	16 620 683	9.4	15 194 297	29 704 233
Finance income earned	78 666	(3.7)	81 701	164 791
Investment income	4 283	(21.7)	5 470	13 056
Franchise fees received	10 258	1.3	10 131	18 760
Operating lease income	77 396	(19.1)	95 626	184 874
Commissions received	54 317	71.5	31 672	67 032
Net premiums earned	80 260	(6.3)	85 681	147 152
Gross profit	3 200 914	10.6	2 895 077	5 980 233
Other operating income	347 850	(1.7)	353 960	688 325
Depreciation	(197 521)	27.0	(155 577)	(360 880)
Operating leases	(368 168)	5.7	(348 324)	(817 809)
Employee benefits	(1 330 250)	10.3	(1 205 483)	(2 446 849)
Other expenses	(1 091 942)	7.6	(1 015 125)	(2 010 404)
Trading profit	560 883	6.9	524 528	1 032 616
Exchange rate (losses)/gains	(28 658)	103.3	(14 094)	1 921
Income/(expenditure) of a capital nature	8 153	(46.2)	15 145	(35 392)
Operating profit	540 378	2.8	525 579	999 145
Interest received	37 578	70.0	22 109	56 329
Finance costs	(34 460)	297.6	(8 667)	(52 543)
Profit before tax	543 496	0.8	539 021	1 002 931
Tax	(185 924)	4.2	(178 498)	(339 949)
Profit after tax	357 572	(0.8)	360 523	662 982
Loss for the period from discontinued operation	(7 622)	–	(8 549)	(25 978)
Profit for the period	349 950	(0.6)	351 974	637 004
ATTRIBUTABLE TO: Equity holders of the Company	344 953	0.3	344 069	629 613
Minority interest	4 997	(36.8)	7 905	7 391
	349 950		351 974	637 004
Earnings per share from continued operations (cents)	69.5	0.0	69.5	129.2
Earnings per share (cents)	68.0	0.3	67.8	124.1
Diluted earnings per share from continued operations (cents)	67.1	(0.9)	67.7	125.7
Diluted earnings per share (cents)	65.7	(0.6)	66.1	120.7
Ordinary dividend per share paid (cents)	28.0	43.6	19.5	41.5
Number of ordinary shares ('000) used for calculation of earnings per share	507 355*		507 387*	507 373*
: diluted earnings per share	525 277*		520 914*	521 644*

CONDENSED GROUP BALANCE SHEET

R'000	Unaudited Dec 05	Unaudited Dec 04	Unaudited Jun 05
ASSETS			
Non-current assets	3 189 377	2 860 348	2 872 400
Property, plant and equipment	2 686 734	2 448 906	2 490 585
Available-for-sale investments	45 679	32 875	33 100
Loans and receivables	48 319	79 445	61 530
Deferred tax assets	232 991	250 599	242 193
Intangible assets	172 337	43 618	40 779
Fixed escalation operating lease accrual	3 317	5 105	4 213
Current assets	6 589 410	5 676 403	5 497 446
Assets classified as held for sale	257 784	–	183 205
Inventories	3 622 068	3 184 278	2 711 532
Trade and other receivables	1 732 397	1 786 408	1 522 087
Loans and receivables	18 814	11 229	3 993
Cash and cash equivalents	958 347	694 488	1 076 809
Total assets	9 778 787	8 536 751	8 369 846
EQUITY AND LIABILITIES			
Total equity	2 503 833	2 038 846	2 265 877
Capital and reserves attributable to equity holders	2 458 181	1 992 298	2 224 118
Minority interest	45 652	46 548	41 759
Non-current liabilities	754 472	752 217	739 211
Borrowings	2 450	2 450	2 450
Deferred tax liabilities	9 189	7 674	10 073
Provisions	214 062	213 439	211 859
Fixed escalation operating lease accrual	528 771	528 654	514 829
Current liabilities	6 520 482	5 745 688	5 364 758
Liabilities classified as held for sale	23 160	–	–
Other current liabilities	5 630 383	5 115 634	4 531 418
Provisions	43 127	30 054	48 962
Bank overdraft	623 812	600 000	784 388
Total equity and liabilities	9 778 787	8 536 751	8 369 846

CONDENSED SEGMENT INFORMATION

R'000	Unaudited 26 weeks ended Dec 05	% change	Unaudited 27 weeks ended Dec 04	Unaudited 53 weeks ended Jun 05
SEGMENT REVENUE – by business segment				
– Supermarkets	15 727 730	9.3	14 386 254	28 283 473
– Furniture	1 193 890	7.3	1 112 854	2 003 369
Total segment revenue	16 921 580	9.2	15 499 108	30 286 842
Segment revenue comprises total revenue less investment income.				
SEGMENT RESULT – by business segment				
– Supermarkets	420 203	4.5	402 208	830 084
– Furniture	107 739	4.8	102 756	191 397
Total segment result	527 942	4.6	504 964	1 021 481
Segment result comprises trading profit plus exchange rate losses/gains less investment income.				

RECONCILIATION OF HEADLINE EARNINGS

R'000	Unaudited 26 weeks ended Dec 05	Unaudited 27 weeks ended Dec 04	Unaudited 53 weeks ended Jun 05
Net profit attributable to shareholders	344 953	344 069	629 613
Loss for the period from discontinued operation	7 622	8 549	25 978
Earnings from continued operations (Income)/expenditure of a capital nature after tax	352 575	352 618	655 591
Profit on disposal of unlisted investment	–	(17 978)	(19 906)
Profit on disposal of listed investment	–	(669)	(669)
Profit on disposal of property	(9 264)	–	(6 644)
Loss on disposal and scrapping of plant, equipment and software	2 039	2 474	3 511
Insurance claim for building received	–	–	(5 864)
Impairment of property, plant and equipment	–	–	40 177
Impairment of goodwill	–	–	26 151
Payment made for lease cancellation	–	–	3 484
Profit on lease cancellation	–	–	(6 840)
Prescription of amounts owing	–	–	(961)
Headline earnings from continued operations	345 350	336 445	688 039
Exchange rate losses/gains after tax	21 886	12 991	(3 309)
Adjusted headline earnings from continued operations	367 236	349 436	684 734
Headline earnings from continued operations	345 350	336 445	688 039
Add loss for the period from discontinued operations (Income)/expenditure of a capital nature after tax	(7 622)	(8 549)	(25 978)
Headline earnings	337 728	327 896	671 848
Earnings per share from continued operations (cents)	69.5	69.5	129.2
Earnings per share (cents)	68.0	67.8	124.1
Diluted earnings per share from continued operations (cents)	67.1	67.7	125.7
Diluted earnings per share (cents)	65.7	66.1	120.7
Headline earnings per share from continued operations (cents)	68.1	66.3	135.6
Headline earnings per share (cents)	66.6	64.6	132.4
Diluted headline earnings per share from continued operations (cents)	65.7	64.6	131.9
Diluted headline earnings per share (cents)	64.3	62.9	128.8
Adjusted headline earnings per share from continued operations (cents)	72.4	68.9	135.0
Adjusted diluted headline earnings per share from continued operations (cents)	69.9	67.1	131.3
Ordinary dividend per share paid (cents)	28.0	19.5	41.5
Ordinary dividend per share declared (cents)	27.0	22.0	50.0

CONDENSED GROUP CASH FLOW STATEMENT

R'000	Notes	Unaudited 26 weeks ended Dec 05	Unaudited 27 weeks ended Dec 04	Unaudited 53 weeks ended Jun 05
Cash generated by continued operations		969 623	(160 765)	790 821
Operating profit before investment income and income/expenditure of a capital nature		527 942	504 964	1 021 481
Non-cash items	1	239 504	179 161	405 491
Changes in working capital	2	202 177	(844 890)	(646 069)
(Income)/expenditure of a capital nature	3	–	–	9 918
Net interest received		5 862	17 670	10 162
Dividends received		1 539	1 242	6 680
Dividends paid		(145 474)	(97 370)	(213 336)
Tax paid		(150 845)	(326 173)	(509 097)
Cash utilised by discontinued operations	4	(6 065)	(6 580)	(12 951)
Cash flows from operating activities		674 640	(571 976)	72 279
Cash flows from investing activities		(650 973)	(347 465)	(810 961)
Purchase of software, property, plant and equipment		(526 108)	(387 965)	(922 535)
Proceeds on disposal of property		49 450	–	57 451
Proceeds on disposal of investments		–	50 000	71 093
Acquisition of subsidiaries / operations		(169 628)	(2 329)	(17 127)
Acquisition of listed investment		–	–	(21 069)
Other investment activities		(4 687)	(7 191)	21 250
Net cash flow		23 667	(919 461)	(738 682)
Cash flows from financing activities		–	(164)	428
Acquisition of treasury shares		–	(164)	(263)
Proceeds on issue of preference shares to joint venture		–	–	693
Movement in cash and cash equivalents		23 667	(919 625)	(738 254)
Acquired through acquisition of subsidiaries/operations		31 428	–	–
Effect of exchange rate movements on cash and cash equivalents		(12 981)	(5 574)	10 988
Net movement in cash and cash equivalents		42 114	(925 199)	(727 266)
CASH FLOW INFORMATION				
1. Non-cash items				
Depreciation on property, plant and equipment		207 146	167 650	385 098
Amortisation of intangible assets		6 231	6 829	14 742
Net fair value losses/gains on financial instruments		537	(3 636)	(3 629)
Exchange rate losses/gains		28 554	13 964	(1 921)
Share options granted to a director		765	2 631	5 265
Movement in provisions		(3 622)	(4 043)	13 275
Movement in fixed escalation operating lease accrual		(107)	(4 032)	(7 339)
		239 504	179 161	405 491
2. Changes in working capital				
Inventories		(871 280)	(577 483)	(76 673)
Trade and other receivables		(265 585)	(307 149)	17 910
Trade and other payables		1 339 042	39 742	(587 306)
		202 177	(844 890)	(646 069)
3. Income/(expenditure) of a capital nature				
Income/(expenditure) of a capital nature per income statement		8 153	15 145	(35 392)
Net profit on disposal and scrapping of property, plant and equipment and software		(8 153)	3 524	(2 349)
Profit on disposal of unlisted investment		–	(18 000)	(18 000)
Profit on disposal of listed investment		–	(669)	(669)
Impairment of property, plant and equipment		–	–	40 177
Impairment of goodwill		–	–	26 151
		–	–	9 918
4. Cash utilised by discontinued operations				
Loss for the period from discontinued operation per income statement		(7 622)	(8 549)	(25 978)
Depreciation on property, plant and equipment		1 453	1 839	3 592
Exchange rate losses/gains		104	130	(352)
Impairment of property, plant and equipment		–	–	9 787
		(6 065)	(6 580)	(12 951)

SUPPLEMENTARY INFORMATION

R'000	Unaudited Dec 05	Unaudited Dec 04	Unaudited Jun 05
1. Capital commitments	305 683	344 008	344 438
2. Contingent liabilities	97 790	47 227	53 190
3. Net asset value per share (cents)	485	392	438
4. Total number of shares in issue (adjusted for treasury shares)	507 355	507 387	507 355

CONDENSED STATEMENT OF CHANGES IN EQUITY

R'000	Unaudited 26 weeks ended Dec 05	Unaudited 27 weeks ended Dec 04	Unaudited 53 weeks ended Jun 05
Balance at beginning of July			
As previously stated	2 265 877	2 128 215	1 752 635
Effect of adjusted treatment of leases	–	(375 580)	–
Reclassification of minority interest to statement of changes in equity	–	39 007	38 007
Effect of IFRS: Property, plant and equipment	–	180 413	180 413
Translation of foreign operations	–	(166 454)	(166 454)
Share-based payments	–	(4 023)	(4 023)
Intangible assets	–	1 875	1 875
As restated	2 265 877	1 802 453	1 802 453
Net movement in treasury shares	–	(164)	(265)
Net fair value profits on available-for-sale investments, net of tax	10 933	2 769	2 997
Net profit for the period – as restated	349 950	351 974	637 004
As previously stated	–	324 028	567 855
Effect of adjusted treatment of leases	–	2 754	–
Reclassification of minority interest to statement of changes in equity	–	7 765	7 109
Effect of IFRS: Property, plant and equipment	–	14 383	35 121
Translation of foreign operations	–	6 300	25 135
Share-based payments	–	(2 631)	3 034
Intangible assets	–	(625)	(1 250)
Transfer to share-based payment reserve	765	2 631	5 265
Foreign currency translation differences	19 471	(21 875)	33 260
Dividends distributed to shareholders	(143 163)	(98 942)	(214 837)
Balance at end of December/June	2 503 833	2 038 846	2 265 877

COMMENT ON THE RESULTS



COMMENT ON THE RESULTS (continued)

ACCOUNTABILITY

These condensed consolidated interim results have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34: Interim Reporting, and Schedule 4 of the South African Companies Act (Act no 61 of 1973), as amended. The Group has reported under IFRS for the first time and applied IFRS 1: First-time Adoption of International Financial Reporting Standards, to these financial statements. All relevant comparative information has been adjusted in accordance with IFRS 1.

The accounting policies that have been adopted in order to comply with IFRS, and their effect on the Group's results, are listed below.

Property, plant and equipment

As per the requirements of IAS 16 Property, Plant and Equipment the Group now reviews the estimated useful life and residual value of all property, plant and equipment annually and accounts for any resulting changes as a change in accounting estimate in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors. As these estimates were not reviewed after initial recognition in the past, the accumulated depreciation was recalculated in line with the policy of annual review as stated above.

R'000	Unaudited 27 weeks ended Dec 2004	Unaudited 53 weeks ended June 2005
Depreciation	24 966	50 024
Other expenses – amortisation of software	–	(2)
Trading profit	24 966	50 022
Expenditure of a capital nature	(854)	(1 780)
Profit before tax	24 117	48 242
Tax (including tax rate adjustment)	9 729	13 121
Profit for the period	14 388	35 121
ATTRIBUTABLE TO:		
Equity holders of the Company	14 243	34 839
Minority interest	140	282
Increase in property, plant and equipment	278 131	302 263
Decrease in intangible assets	82	84
Decrease in deferred tax assets	77 577	80 703
Increase in deferred tax liabilities	5 676	5 942

Translating foreign operations

As per the requirements of IAS 21: The Effects of Changes in Foreign Exchange Rates, the Group now translates the results and financial positions of its foreign operations with a functional currency other than rand, to rand using the following procedures:

- Assets and liabilities are translated at closing rate
- Income and expenses are translated at transaction date
- Resulting exchange rate differences are recognised in equity.

As the functional currency of the Group's foreign operations were considered to be rand in the past the inventories, property, plant and equipment and the related depreciation were accounted for at historical rates and all translation differences were accounted for in the income statement. The translation of all foreign operations was recalculated and the necessary adjustments were made retrospectively.

Depreciation	13 630	27 310
Trading profit	13 630	27 310
Exchange rate gains/(losses)	(7 330)	(3 830)
Expenditure of a capital nature	–	1 655
Profit before tax	6 300	25 135
(Decrease)/increase in foreign currency translation reserve	(28 333)	26 802
Decrease in property, plant and equipment	168 623	123 319
Increase/(decrease) in deferred tax asset	58	(458)
Decrease in intangible assets	305	172
(Decrease)/increase in inventories	(13 684)	14 974

Intangible assets

As per the requirements of IAS 38: Intangible Assets, the Group now reviews the estimated useful life and residual value of all intangible assets annually and accounts for any resulting changes as a change in accounting estimate in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors. As these estimates were not reviewed after initial recognition in the past the accumulated amortisation was recalculated in line with the policy of annual review as stated above.

Other expenses – amortisation	(625)	(1 250)
Profit for the period	(625)	(1 250)
Increase in intangible assets	–	625

Share-based payments

In terms of IFRS 2: Share-Based Payment, the Group shall, for all future share-based payment transactions, expense the related services received over the vesting period with a corresponding increase in equity or creditors.

For all equity-settled share-based payment transactions granted after 7 November 2002, that have not yet vested by 1 January 2005 as per the transitional requirements of IFRS 2, and all cash-settled share-based payment transactions the relevant comparative information has been restated. The effect of the restatement is reflected below and in the statement of changes in equity.

Employee benefits	(2 631)	6 590
Profit before tax	(2 631)	6 590
Tax	–	(3 556)
Profit for the period	(2 631)	3 034
Increase/(decrease) in deferred tax asset	1 724	(1 832)
Increase/(decrease) in cash settled share-based payment accrual	5 747	(6 108)
Share-based payment reserve	16 220	13 589

Reclassification of income statement and balance sheet classifications

Various classifications of income statement and balance sheet items were changed to ensure a more relevant presentation of financial results as per the requirements of IFRS. The main items adjusted are listed below:

1. Investment income and commissions received are now disclosed as revenue.
2. All outstanding deposits and outstanding cheques are now disclosed as part of cash and cash equivalents.
3. All expense items of a capital nature, as used in the calculation of headline earnings per share, are grouped together.
4. Unearned insurance premiums are reclassified from trade and other payables as instalment sales under trade and other receivables, and warranties from provisions to unearned premiums.
5. Accretion of discount on provisions is reclassified from other expenses to finance costs.
6. Claims incurred but not reported are reclassified from trade and other payables to provisions.

As reported in the Group's results for the year ended 30 June 2005, the accounting for leases was adjusted. All payments in respect of operating leases with a fixed escalation clause are now recognised as an expense or income on a straight-line basis over the lease term. The results for the six months ended December 2004 are restated in accordance with this accounting policy. The effect of the restatement is reflected below and in the statement of changes in equity.

Trading profit	4 032
Profit before tax	4 032
Tax	1 278
Profit for the period	2 754
Increase in non-current assets	161 580
Increase in trade and other receivables	3 080
Increase in non-current liabilities	528 654
Increase in trade and other payables	8 832

PROSPECTS

Retail is expected to gain considerably from the R13.5 billion tax concessions announced in the Budget and which would benefit primarily the lower and middle income groups. We are therefore looking with confidence to the second half of the year.

CH Wiese

Chairman
21 February 2006

JW Basson

Chief executive

DIRECTORATE AND ADMINISTRATION

Executive directors: JW Basson (chief executive), OG Goosen (deputy managing director), B Harisunker, AE Karp, EL Nel, AN van Zyl, BR Weyers

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

Alternate directors: JAL Basson, M Bosman, PC Engelbrecht, JD Wiese

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