



## Interim results

FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

- Trading profit was up 27,9% to R717,3 million.
- Turnover increased 14,9% – from R16,621 billion to R19,105 billion.
- Non-RSA supermarkets achieved 28,0% sales growth.
- Diluted headline earnings per share from continued operations rose 26,0% to 82,8 cents.
- Dividend per share declared increased 29,6% to 35,0 cents.

### CONDENSED GROUP INCOME STATEMENT

R'000	Unaudited 6 months ended Dec 06	% change	Unaudited 6 months ended Dec 05	Audited for the year ended Jun 06
Sale of merchandise	19 105 298	14,9%	16 620 683	33 511 287
Cost of sales	(15 265 063)	13,8%	(13 419 769)	(26 715 806)
Gross profit	3 840 235	20,0%	3 200 914	6 795 481
Other operating income	397 710	14,3%	347 850	765 180
Depreciation and amortisation	(247 494)	25,3%	(197 521)	(434 866)
Operating leases	(465 896)	26,5%	(368 168)	(841 446)
Employee benefits	(1 487 189)	11,8%	(1 330 250)	(2 815 830)
Other expenses	(1 320 093)	20,9%	(1 091 942)	(2 215 944)
Trading profit	717 273	27,9%	560 883	1 252 575
Exchange rate gains/(losses)	19 504	(168,1%)	(28 658)	8 445
Income of a capital nature	21 835	167,8%	8 153	166 906
Operating profit	758 612	40,4%	540 378	1 427 926
Interest received	48 755	29,7%	37 578	96 385
Finance costs	(46 237)	34,2%	(34 460)	(89 736)
Profit before tax	761 130	40,0%	543 496	1 434 575
Tax	(298 604)	60,6%	(185 924)	(518 240)
Profit after tax	462 526	29,4%	357 572	916 335
Loss for the period from discontinued operation	-	-	(7 622)	(19 853)
Profit for the period	462 526	32,2%	349 950	896 482
ATTRIBUTABLE TO:				
Equity holders of the Company	455 224	32,0%	344 953	890 132
Minority interest	7 302	46,1%	4 997	6 350
	462 526		349 950	896 482
Earnings per share from continued operations (cents)	89,7	29,1%	69,5	179,4
Earnings per share (cents)	89,7	31,9%	68,0	175,4
Diluted earnings per share from continued operations (cents)	86,5	28,9%	67,1	172,7
Diluted earnings per share (cents)	86,5	31,7%	65,7	168,9
Ordinary dividend per share paid (cents)	46,0	64,3%	28,0	55,0
Ordinary dividend per share declared (cents)	35,0	29,6%	27,0	73,0
Number of ordinary shares ('000) used for calculation of:				
earnings per share	507 345		507 355*	507 346*
diluted earnings per share	526 384		525 277*	526 998*
(* weighted average)				

### RECONCILIATION OF HEADLINE EARNINGS

R'000	Unaudited 6 months ended Dec 06	% change	Unaudited 6 months ended Dec 05	Audited for the year ended Jun 06
Net profit attributable to shareholders	455 224		344 953	890 132
Loss for the period from discontinued operation	-		7 622	19 853
Earnings from continued operations	455 224		352 575	909 985
Income of a capital nature after tax	(19 519)		(7 225)	(141 557)
Profit on disposal of operations	-		-	(622)
Profit on disposal of property	(22 366)		(9 264)	(144 584)
(Profit)/loss on disposal and scrapping of plant, equipment and intangible assets	(938)		2 039	6 613
Insurance claim received for building	-		-	(2 006)
Reversal of impairment – property, plant and equipment	-		-	(1 559)
Impairment of goodwill	3 785		-	1 286
Prescription of amounts owing	-		-	(685)
Headline earnings from continued operations	435 705		345 350	768 428
Add: loss for the period from discontinued operation	-		(7 622)	(19 853)
Income of a capital nature after tax from discontinued operation	-		-	(4 210)
Headline earnings	435 705		337 728	744 365
Earnings per share from continued operations (cents)	89,7	29,1%	69,5	179,4
Earnings per share (cents)	89,7	31,9%	68,0	175,4
Diluted earnings per share from continued operations (cents)	86,5	28,9%	67,1	172,7
Diluted earnings per share (cents)	86,5	31,7%	65,7	168,9
Headline earnings per share from continued operations (cents)	85,9	26,1%	68,1	151,5
Headline earnings per share (cents)	85,9	29,0%	66,6	146,7
Diluted headline earnings per share from continued operations (cents)	82,8	26,0%	65,7	145,8
Diluted headline earnings per share (cents)	82,8	28,8%	64,3	141,2
Ordinary dividend per share paid (cents)	46,0	64,3%	28,0	55,0
Ordinary dividend per share declared (cents)	35,0	29,6%	27,0	73,0

### CONDENSED STATEMENT OF CHANGES IN EQUITY

R'000	Unaudited 6 months ended Dec 06	Unaudited 6 months ended Dec 05	Audited for the year ended Jun 06
Balance at beginning of July	3 082 868	2 265 877	2 265 877
Net movement in treasury shares	-	-	(99)
Net fair value profits on available-for-sale investments, net of tax	14 982	10 933	12 452
Net profit for the period	462 526	349 950	896 482
Employee share option scheme – value of services provided	-	764	764
Cash settlement of share options	(63 821)	-	-
Foreign currency translation differences	(45 777)	91 886	187 545
Dividends distributed to shareholders	(235 224)	(143 163)	(280 153)
Balance at end of December/June	3 215 554	2 576 247	3 082 868

### CONDENSED SEGMENT INFORMATION

R'000	Unaudited 6 months ended Dec 06	% change	Unaudited 6 months ended Dec 05	Audited for the year ended Jun 06
SEGMENT REVENUE – by business segment				
– Supermarkets	17 924 867	15,0%	15 587 333	31 635 822
– Furniture	1 180 431	14,2%	1 033 350	1 875 465
Total segment revenue	19 105 298	14,9%	16 620 683	33 511 287
SEGMENT RESULT – by business segment				
– Supermarkets (including unallocated)	606 999	44,5%	420 203	1 051 301
– Furniture	123 719	14,8%	107 739	198 633
Total segment result	730 718	38,4%	527 942	1 249 934
Segment result comprises trading profit plus exchange rate losses/gains less investment income.				

### CONDENSED GROUP BALANCE SHEET

R'000	Unaudited Dec 06	Unaudited Dec 05	Audited Jun 06
ASSETS			
Non-current assets	4 062 604	3 261 792	3 759 229
Property, plant and equipment	3 592 185	2 759 149	3 248 283
Available-for-sale investments	18 437	45 679	13 846
Loans and receivables	32 384	48 319	38 817
Deferred tax assets	162 483	232 991	219 626
Intangible assets	255 074	172 337	235 866
Fixed escalation operating lease accrual	2 041	3 317	2 791
Current assets	7 886 336	6 589 410	6 183 163
Inventories	4 073 930	3 622 068	3 269 500
Other current assets	1 742 495	1 732 397	1 492 466
Assets classified as held for sale	128 236	257 784	163 876
Available-for-sale investments	46 526	-	33 592
Loans and receivables	11 317	18 814	15 758
Cash and cash equivalents	1 883 832	958 347	1 207 971
Total assets	11 948 940	9 851 202	9 942 392
EQUITY AND LIABILITIES			
Total equity	3 215 554	2 576 247	3 082 868
Capital and reserves attributable to equity holders	3 163 099	2 530 595	3 035 863
Minority interest	52 455	45 652	47 005
Non-current liabilities	720 769	754 472	731 860
Borrowings	2 510	2 450	2 464
Deferred tax liabilities	8 960	9 189	7 400
Provisions	254 079	214 062	269 264
Fixed escalation operating lease accrual	455 220	528 771	452 732
Current liabilities	8 012 617	6 520 483	6 127 664
Other current liabilities	7 646 308	5 830 384	5 422 096
Provisions	45 743	43 127	34 301
Liabilities classified as held for sale	-	23 160	-
Bank overdraft	320 566	623 812	671 267
Total liabilities	8 733 386	7 274 955	6 859 524
Total equity and liabilities	11 948 940	9 851 202	9 942 392

### CONDENSED GROUP CASH FLOW STATEMENT

R'000	Notes	Unaudited 6 months ended Dec 06	Unaudited 6 months ended Dec 05	Audited for the year ended Jun 06
Cash generated by continued operations		2 137 506	969 623	2 065 366
Operating profit		758 612	540 378	1 427 926
Less: investment income		(6 059)	(4 283)	(11 086)
Non-cash items	1	242 225	231 350	281 090
Cash-settled share options		(32 977)	-	-
Changes in working capital	2	1 175 705	202 178	367 436
Net interest received		6 703	5 862	12 656
Dividends received		1 874	1 539	5 079
Dividends paid		(234 933)	(145 474)	(282 473)
Tax paid		(287 321)	(150 845)	(438 890)
Cash utilised by discontinued operations		-	(6 065)	(23 050)
Cash flows from operating activities		1 623 829	674 640	1 338 688
Cash flows from investing activities		(579 455)	(619 545)	(1 097 877)
Purchase of property, plant and equipment and intangible assets		(658 754)	(526 108)	(1 318 364)
Proceeds on disposal of property, plant and equipment and intangible assets		75 799	49 450	343 601
Proceeds on disposal of listed investments		3 542	-	-
Acquisition of subsidiaries/operations		-	(138 200)	(136 565)
Proceeds on disposal of operations		-	-	2 632
Acquisition of listed investment		(4 407)	-	-
Other investment activities		4 365	(4 687)	10 819
Cash flows from financing activities		303	-	406
Acquisition of treasury shares		-	-	(99)
Proceeds on issue of preference shares to joint venture		303	-	505
Movement in cash and cash equivalents		1 044 677	55 095	241 217
Effect of exchange rate movements on cash and cash equivalents		(18 115)	(12 981)	3 066
Net movement in cash and cash equivalents		1 026 562	42 114	244 283
CASH FLOW INFORMATION				
1. Non-cash items				
Depreciation on property, plant and equipment		252 612	207 146	447 808
Amortisation of intangible assets		7 438	6 231	14 380
Net fair value losses/(gains) on financial instruments		20 689	537	(20 091)
Exchange rate (gains)/losses		(19 504)	28 554	(8 445)
Share options granted		-	764	764
Profit on disposal of property		(24 192)	(10 958)	(171 651)
(Profit)/loss on disposal and scrapping of plant and equipment and intangible assets		(1 428)	2 805	9 257
Reversal of impairment of property, plant and equipment		-	-	(1 559)
Profit on disposal of operations		-	-	(728)
Impairment of goodwill		3 785	-	1 286
Loss on disposal of listed investment		865	-	-
Movement in provisions		(3 743)	(3 622)	28 204
Movement in fixed escalation operating lease accrual		5 703	(107)	(18 135)
		242 225	231 350	281 090
2. Changes in working capital				
Inventories		(826 150)	(871 280)	(500 151)
Trade and other receivables		(286 034)	(265 585)	23 580
Trade and other payables		2 287 889	1 339 043	844 007
		1 175 705	202 178	367 436

### CONDENSED GROUP CASH FLOW STATEMENT (continued)

R'000	Unaudited 6 months ended Dec 06	Unaudited 6 months ended Dec 05	Audited for the year ended Jun 06
3. Net asset value per share (cents)	623	499	598
4. Total number of shares in issue (adjusted for treasury shares)	507 345	507 355	507 345

### SUPPLEMENTARY INFORMATION

R'000	Unaudited Dec 06	Unaudited Dec 05	Audited Jun 06
1. Capital commitments	328 030	305 683	388 775
2. Contingent liabilities	60 004	97 790	88 362
3. Net asset value per share (cents)	623	499	598
4. Total number of shares in issue (adjusted for treasury shares)	507 345	507 355	507 345

### THE GROUP

Despite interest rates edging up consumer spending remained high, with no noticeable change in spending patterns. While the prices of most appliance and home entertainment products are still subject to deflation, food inflation rose sharply, averaging 8,0% for the period under review as against 2,8% in the corresponding period in 2005. The Group's internal inflation rate rose to 5,6%.

The Group as a whole performed well. Total turnover increased by 14,9% from R16,621 billion to R19,105 billion. The negative impact of the 12 weeks of industrial action was countered by rising food inflation and the turnover generated by the additional 40 new stores.

Gross profit was boosted by increased turnover in the higher-margin perishable foods and service departments as well as by a larger contribution from non-food sales. Overhead expenses were well managed and kept within budgeted parameters.

In the light of the above, trading profit grew by 27,9% to R717,3 million. The trading margin of 3,8% is the highest recorded by the Group.

#### Supermarkets

The Group's supermarket operation in South Africa grew turnover by 13,9% to R15,111 billion. The number of customer transactions increased 6,1% while growth in basket size amounted to 7,3% compared to the internal inflation rate for the Group of 5,6%. Market share lost during the industrial action in the review period was substantially recouped by December 2006.

Shoprite, by far the largest of the three main brands and recently named South Africa's number one retail brand in the annual *Sunday Times/Markinor* Top Brands Survey, increased turnover by 11,8%. It grew the number of customer transactions by 4,5% and basket size by 6,8%.

Checkers is positioning itself more strongly in the higher-income sector and cannibalisation between Shoprite and Checkers stores has been virtually eliminated. It boosted turnover by 16,1%, increased the number of customer transactions by 8,6% and basket size by 6,9%.

Usave, the small-format, no-frills discounter of primarily hard groceries, substantially increased its acceptance across the consumer spectrum.

The Group's investments in Africa are increasingly paying off as it grows and stabilises its presence in the 16 countries in which it operates outside the RSA. All these countries improved on past contributions and together reported turnover growth of 28,0% in their supermarkets.

#### OK Franchise

This division is regaining its momentum. During the period under review it gained 24 new accounts as part of an intensive membership drive. To balance its strong rural presence, the membership drive is primarily aimed at strengthening the urban visibility of its three brands – OK Grocer, OK Foods and OK MiniMark.

#### Furniture