

SHOPRITE HOLDINGS LIMITED - INTERIM RESULTS

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SHOPRITE HOLDINGS LIMITED - Interim Results
 SHOPRITE HOLDINGS LIMITED
 Reg. No 1936/007721/06)
 Incorporated in the Republic of South Africa)
 SE share code: SHP
 SIN no: ZAE 000012084
 ISX no: SRH
 ("Shoprite")

Interim results
 for the 6 months ended 31 December 2002

Group Income Statement

	Unaudited 6 months to	% Change	Unaudited 6 months to	Audited 12 months to
	31/12/02		31/12/01	30/06/02
Revenue	12 694 044	15.6	10 981 520	22 109 797
Sale of merchandise	12 628 571		10 920 776	21 984 955
Gross profit	1 717 683		1 483 447	3 291 988
Operating profit before exchange losses) / gains	269 369	35.6	198 630	497 843
Operating profit before exchange losses) / gains	(61 021)		51 705	24 314
Operating profit before exceptional items	208 348	-16.8	250 335	522 157
Operating profit after exceptional items	48 034		41 602	39 287
Operating profit after exceptional items	256 382	-12.2	291 937	561 444
Investment income	17 053		13 952	34 061
Finance costs	17 600		16 455	47 465
Profit before tax	255 835	-11.6	289 434	548 040
Tax	68 804	-3.1	70 988	151 295
Profit after tax	187 031	-14.4	218 446	396 745
Minority interest	3 125		6 313	(8 148)
Net profit	183 906	-13.3	212 133	404 893
Headline earnings per share (cents)	26,9	-17.5	32,6	72,1
Diluted headline earnings per share (cents)	26,8	-17.8	32,6	71,8
Core earnings per share (cents)	35,5	40.3	25,3	
Diluted core earnings per share (cents)	35,3	39.5	25,3	
Earnings per share (cents) after exceptional items	36,2	-10.4	40,4	78,4
Diluted earnings per share (cents) after exceptional items	36,0	-10.9	40,4	78,0
Proposed distribution to shareholders (cents per share)	14,0	27.3	11,0	25,5
Dividend cover (times)	1,9	3,0	2,8	
Number of ordinary shares ('000) used for calculation of:				
Earnings per share	507 761		525 620*	516 764*
Diluted earnings per share	511 112*		525 620*	519 042*

(*weighted average)
Group Balance Sheet

	Unaudited 31/12/02	Unaudited 31/12/01	Audited 30/06/02
'000			
ASSETS			
Non-current assets	1 854 496	1 614 665	1 746 673
Property, plant and equipment	1 721 657	1 520 795	1 630 835
Investments	109 099	88 278	115 748
Deferred tax assets	250 415	335 187	303 128
Negative goodwill	(251 400)	(329 595)	(303 038)
Goodwill	24 725	-	-
Current assets	5 589 679	4 981 071	4 469 220
Inventories	2 733 605	2 466 856	2 250 278
Trade and other receivables	1 784 532	1 608 205	1 482 791
Cash and cash equivalents	1 071 542	906 010	736 151
Total assets	7 444 175	6 595 736	6 215 893
EQUITY AND LIABILITIES			
Capital and reserves	1 569 739	1 322 551	1 459 458
Minority interest	25 836	47 943	30 714
Non-current liabilities	227 290	263 027	236 832
Interest bearing borrowings	2 450	2 450	2 450
Deferred tax liabilities	3 975	2 918	4 006
Provisions	220 865	257 659	230 376
Current liabilities	5 621 310	4 962 215	4 488 889
Other current liabilities	5 621 310	4 962 215	4 457 659
Bank overdraft	-	-	31 230
Total equity and liabilities	7 444 175	6 595 736	6 215 893
Reconciliation of Headline Earnings			
	Unaudited	Unaudited	Audited
'000	6 months to	6 months to	12 months to
	31/12/02	31/12/01	30/06/02
Net profit attributable to shareholders	183 906	212 133	404 893
Exceptional items after tax			
Profit on disposal of property	-	-	(11 139)
Impairment of buildings	-	-	15 469
Write down of unlisted investment	-	-	23 781
Amortisation of negative goodwill	(51 638)	(42 762)	(69 319)
Write-off of goodwill	3 604	-	-
Payment for lease cancellation	-	1 160	2 032
Prescription of amounts owing	-	-	(111)
Other items after tax			
Loss on disposal and scrapping of			

plant and equipment	856	1 023	6 850
headline earnings	136 728	171 554	372 456
exchange losses /			
(gains) after tax	43 709	(38 453)	
core earnings	180 437	133 101	
Group Cash Flow Statement			
	Unaudited	Unaudited	Audited
	6 months to	6 months to	12 months to
'000	31/12/02	31/12/01	30/06/02
Cash generated by			
operations	790 635	779 248	1 033 855
net finance costs	(547)	(2 503)	(14 681)
dividends received	-	-	1 277
dividends paid	(74 078)	(59 783)	(128 705)
tax paid	(33 207)	(18 772)	(55 043)
Cash flows from			
operating activities	682 803	698 190	836 703
Cash flows from			
investing activities	(317 545)	(283 253)	(622 855)
purchase of property, plant and equipment	(242 707)	(283 149)	(578 977)
acquisition of further interest in subsidiaries	(11 091)	-	-
acquisition of subsidiary / operation	(64 386)	-	-
other investment activities	639	(104)	(43 878)
net cash flow	365 258	414 937	213 848
Cash flows from financing			
activities	-	(470 747)	(470 747)
acquisition of treasury shares	-	(453 373)	(453 373)
interest bearing borrowings repaid	-	(17 374)	(17 374)
movement in cash and cash equivalents	365 258	(55 810)	(256 899)
acquired through acquisition of subsidiary	1 363	-	-
net movement in cash and cash equivalents	366 621	(55 810)	(256 899)

	Unaudited	Unaudited	Audited
	6 months to	6 months to	12 months to
'000	31/12/02	31/12/01	30/06/02
REVENUE - by business segment			
Supermarkets	12 002 459	10 612 062	21 469 405
Furniture*	691 585	369 458	640 392
Total revenue	12 694 044	10 981 520	22 109 797
OPERATING PROFIT -			
by business segment			
Supermarkets	153 796	214 315	467 364
Furniture*	54 552	36 020	54 793
Total operating profit	208 348	250 335	522 157

House & Home, which up to that stage formed part of Hyperama, was placed under the operational and administrative control of OK Furniture during the second half of the previous financial year. As House & Home and Supermarkets operated

as a single business unit, it was not at that point possible to separate their results in a meaningful way. A complete separation of the different business units was, however, effected from 1 July 2002 and the following information relating to House & Home are included in the results of the furniture segment from this date:

Revenue: 281 841
Operating profit: 15 846

Supplementary Information

	Unaudited 31/12/02	Unaudited 31/12/01	Audited 30/06/02
'000			
. Depreciation for the period	169 765	154 550	327 556
. Capital commitments	109 017	148 139	160 603
. Contingent liabilities	124 099	160 859	116 225
. Net asset value per share (cents)	309	260	287
. Total number of shares in issue (`000)	507 761	507 761	507 761
Statement of Changes in Equity			
	Unaudited 6 months to 31/12/02	Unaudited 6 months to 31/12/01	Audited 12 months to 30/06/02
'000			
Balance at 1 July	1 459 458	1 444 966	1 444 966
Acquisition of treasury shares	-	(274 765)	(274 765)
Net profit for the period	183 906	212 133	404 893
Dividends distributed to shareholders	(73 625)	(59 783)	(115 636)
Balance at 31 December / 30 June	1 569 739	1 322 551	1 459 458

Comments on the results

1. In the period under review Shoprite increased turnover by 15.6% to R12,694 billion and its operating profit margin before exchange rate differences from 1.8% to 2.1%.

2. Shoprite's operations elsewhere in Africa contributed 10.8% (2001: 9.7%) or R1,2 billion to the turnover of the Supermarket Division. The group started doing business in Madagascar and Mauritius in the period under review and now has 62 stores in operation beyond the borders of South Africa.

3. Operating profit before exchange rate fluctuations increased by 35.6% from R199 million to R269 million, mainly due to effective management. The strengthening of the Rand, however, resulted in a largely unrealised exchange loss of R61 million in the group's operations (as against a largely unrealised exchange profit of R51,7 million in the previous year). These exchange fluctuations accordingly caused operating profit to drop by 16.8% to R208,3 million. If the unrealised exchange rate fluctuations are excluded in both years, the growth in core earnings is 40.3%, with earnings of 35,5 cents per share.

4. Progress has been made with stockholding, which decreased in real terms if food inflation and the opening of new branches are taken into account. Other balance sheet items show normal inflationary increases.

5. Exceptional items consist mainly of the amortisation of negative goodwill.

6. Goodwill in the balance sheet relates to the purchase of operations, subsidiaries, and further interests in subsidiaries, and is amortised over the useful life.

7. The dispute between the group and SAB arising from the acquisition of OK Bazaars has still not been settled.

Prospects

The board is of the opinion that results will continue to be satisfactory over the next six months. In addition to the prospect of a lower rate of inflation there are many factors influencing a forecast. Food inflation is still higher

than the average salary increases, so that consumer spending is expected to remain under pressure. The situation can change significantly, however, as the increase in minimum wages begins to filter through into the economy and if the Minister of Finance once again makes tax concessions benefiting the lower-income groups in particular.

Dividend

The board has declared an interim dividend of 14 cents (2002: 11 cents) per share, payable to shareholders on 17 March 2003. The last day to trade cum dividend will be 7 March 2003. As from 10 March 2003 all trading of Shoprite shares will take place ex dividend. The record date is 14 March 2003. Share certificates may not be dematerialised or rematerialised between Monday, 10 March 2003 and Friday, 14 March 2003, both days inclusive.

Accountability

The main principles in the accounting policies adopted in preparing the interim consolidated financial statements comply with the Statements of Generally Accepted Accounting Practice in South Africa and are consistent with those applied for the year ended 30 June 2002, with the following exceptions:

With the coming into operation of a new accounting statement AC 133, Financial Instruments: Recognition and Measurement, all relevant transactions, assets and liabilities are accounted for in terms of AC 133.

In terms of SAICA Circular 7/2002, which replaces AC 306, Headline Earnings, the group's headline earnings are now calculated after all capital income statement items have been taken into account.

The application of the above-mentioned had no material effect on the group's results.

By order of the Board

C H Wiese J W Basson
Chairman Chief Executive
17 February 2003

Directorate and administration

Executive Directors: J W Basson (Chief Executive),
C G Goosen (Deputy Managing Director), S U M Martinengo,
S Rogut, B Weyers, A N van Zyl, B Harisunker

Non-executive Directors: C H Wiese (Chairman), J A Louw,
T J Fouché, T R P Hlongwane, J F Malherbe, J G Rademeyer

Company Secretary: A N van Zyl

Registered Office: Cnr William Dabs and Old Paarl Roads, Brackenfell, 7560,
South Africa;

P O Box 215, Brackenfell, 7561, South Africa;

Telephone: +27 (0) 21 980 4000; Facsimile: +27 (0) 21 980 4050

Auditors: PricewaterhouseCoopers Inc, 1 Waterhouse Place, Century City; P O Box
1799, Cape Town, 8001

Transfer Secretary: Computershare Investor Services Ltd,

10 Marshall Street, Johannesburg, 2001;

P O Box 1053, Johannesburg, 2000;

Telephone: +27 (0) 11 370 5000; Facsimile: +27 (0) 11 370 5272

Sponsor: Nedbank Corporate, 1 Newton Avenue, Killarney, 2193;

P O Box 582, Johannesburg, 2000, South Africa;

Telephone: +27 (0) 11 480 1780; Facsimile: +27 (0) 11 480 1630

Contingent liabilities	124 099	160 859	116 225
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Net asset value per			
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share (cents)	309	260	287
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Total number of			
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1799, Cape Town, 8001

Transfer Secretary: Computershare Investor Services Ltd,

10 Marshall Street, Johannesburg, 2001;

P O Box 1053, Johannesburg, 2000;

