

**SHOPRITE HOLDINGS LIMITED**

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**SHP**

Shoprite Holdings Limited - Preliminary results for the year ended 30 June 2003

SHOPRITE HOLDINGS LIMITED

(Reg. No. 1936/007721/06)

(ISIN: ZAE000012084)

(JSE Share code: SHP)

(NSX Share Code: SRH)

(LuSE Share Code: SHOPRITE)

("Shoprite" or "the Group")

Preliminary results for the year ended 30 June 2003

- Total sale of merchandise rose 13% to R 24.8 billion ( 2002: R22.0 bn)

- Revenue from Africa in stable currency terms up 32 %

- Operating profit before exchange differences up by 21% to R603 million (2002: R498 m)

- Checkers operating profit up 39% over last year

- Headline earnings per share excluding effects of exchange differences up by 23% to 80.1c (2002: 65.0c)

- Exchange loss of R133 million from strengthening Rand (2002: R24 million exchange profit)

- Dividend per share increased by 20% to 30.5c (2002: 25.5c)

Whitey Basson, Chief Executive, commented:

"We continue to benefit from our strategy to grow profitable market share. The closing of unprofitable locations, repositioning of Checkers and sales growth from Africa have all contributed to our earnings growth. Our footprint has grown across Africa and eastwards to India. We are well placed to apply our proven business models in these higher growth markets."

19 August 2003

Enquiries:

Shoprite Holdings Limited

Tel: (021) 980 4000

Whitey Basson, Chief Executive

Carel Goosen, Deputy Managing director

College Hill South Africa

Tel: (011) 447 3030

Nicholas Williams 083 607 0761

Johannes van Niekerk 082 921 9110

## Introduction

Shoprite is pleased to announce 13% growth in revenue to R25 billion from operations that now comprise 641 stores in 14 countries, employing 66 000 employees; affirming the Group's status as leading food retailer on the continent.

Supermarkets grew revenue by 10% to R23.7 billion. The furniture division delivered revenue of R1.3 billion.

Operations outside South Africa contributed R2.6 billion or 10% of revenue, compared to R2.3 billion a year ago. When measured in stable currency terms, revenue from outside South Africa grew by 32%.

## Operating environment

Consumer demand remained better than expected seen against the backdrop of high food inflation for most of the year and increased housing, transport and electricity costs, compared to lower average wage increases.

These pressures have impacted on the Group's average basket size, which grew by 7.5% over last year. The number of customer visits increased by 5.3% to achieve the stated growth in revenue.

Prices of basic commodities including wheat, maize and oil experienced deflationary pressure on the back of the strengthening Rand in the latter half of the financial year. Shoprite adjusted prices downward as a result, with a commensurate effect on sales. The advance of HIV/Aids has not had a noticeable effect on the Group's sales patterns or employment statistics for the year under review.

The impact of the recently introduced plastic bag legislation has not had a measurable impact on spending patterns or basket sizes.

## Financial Review

Sale of merchandise increased by 13% to R24.8 billion over last year, compared to food inflation that averaged 11% for the year.

Sales from comparable stores rose by 10%.

The gross margin remained stable around 15% despite the volatility in food inflation proving the Group's commitment to lowest prices.

Continued cost containment contributed to the increase in operating margin from 2.26% to 2.43%. Operating leases include the cost of uneconomical leases amounting to R83 million. Over the next three years the Group will be able to exit some leases with

the following charges to the income statement, at current values;

|                | 2004 | 2005 | 2006 |
|----------------|------|------|------|
| Rand (million) | +6   | -10  | -10  |

The Rand strengthened by 27% against the US dollar and by a similar margin to African currencies in the year under review.

When translating the results of foreign operations to Rand this contributed to an exchange loss of R133 million. An exchange gain of R24 million was recorded in the previous year.

Exceptional items mainly comprise amortisation of negative goodwill amounting to R153 million (2002: R69 million). The balance of negative goodwill will be amortised in the following year.

Net finance costs were influenced by funding premises for our African expansion and increased stock purchases before the high food inflation period, to take advantage of attractive prices for the customer's benefit.

The effective tax rate, excluding the after tax effect of exceptional items and exchange differences, amounted to 31% (2002: 32%). Tax payable amounted to 7.11% of taxable income, after utilising available tax losses. The Group expects to have fully utilised the tax losses stemming from the takeover of OK Bazaars during the next year.

Headline earnings decreased by R80 million to R292 million mainly as a result of exchange losses sustained from converting foreign operations to Rand. When adjusted for exchange differences, headline earnings increased by 21% to R407 million.

Total dividends proposed increased by 20% to 30.5 cents per share, in line with the growth in adjusted headline earnings.

Properties, plant and equipment increased by a net R192 million, after depreciation. Capital expenditure amounting to R562 million was spent on the continuing refurbishment and opening of stores and distribution centres.

Inventories increased by 15% to R2.6 billion. As a result stock turn amounted to 10.3 compared to 10 last year. Shoprite's stated objective is to achieve a stock turn of 12 times per annum. During the year the Group introduced electronic point-of-sale scanning and fully integrated the replenishment system directly with suppliers. These measures, through more disciplined ordering, will contribute to a reduction of stockholding.

## Operational Review

| Store          | 30 Jun 02 | Opened | Closed | 30 Jun 03 | Prospects |
|----------------|-----------|--------|--------|-----------|-----------|
| Supermarkets   | 392       | 37     | 2      | 427       | 104       |
| Shoprite       | 284       | 21     | 2      | 303       | 35        |
| Checkers       | 85        | 3      | 0      | 88        | 7         |
| Checkers Hyper | 19        | 0      | 0      | 19        | 0         |
| Usave          | 4         | 13     | 0      | 17        | 62        |
| Hungry Lion    | 48        | 5      | 4      | 49        | 10        |
| OK Furniture   | 158       | 7      | 0      | 165       | 13        |
| OK Furniture   | 137       | 7      | 0      | 144       | 12        |
| House & Home   | 21        | 0      | 0      | 21        | 1         |
| Total Own      | 598       | 49     | 6      | 641       | 127       |
| Stores         |           |        |        |           |           |
| OK Franchise   | 383       | 46     | 71     | 358       | 44        |
| Total Stores   | 981       | 95     | 77     | 999       | 171       |
| Countries      | 11        | 2      | 0      | 13        | 3         |

outside

South Africa

Supermarkets

The Group's local market share, measured in terms of sales, and taking into account all stores, declined to 28.0% from 29.5% a year ago.

Continuing low employment and low or negative food inflation in the lower end of the market led to lower increases in the value of sales in the lower end of the market than that experienced by Checkers in the middle to upper end of the market.

To date, 71 supermarkets have been closed in unfavourable locations. This has led to a temporary decline in turnover, but an immediate rise in earnings, as a result of economies of scale.

The ongoing refurbishment programme of Shoprite, Checkers and Checkers Hyper stores continued, with 32 stores completed during the year. The resultant increase in number of customers and revenue per customer is encouraging. There are 73 refurbishments approved for next year.

Total trading space increased by some 31 000 square metres from new store openings and refurbishments.

The majority of consumers, across all cross-sections, polled by independent market researchers, AC Nielsen, in the latest Trade Search Omnibus study voted Shoprite, Checkers and Checkers Hypers

as their preferred shopping destination by a margin of more than 70%.

#### Shoprite

Sales grew by a pleasing 12% over last year, considering the difficult trading environment.

The Shoprite brand remained the largest contributor to Group sales.

The "Subsidised Prices" campaign was well received, and affirmed the Group's commitment to provide its customers with the lowest prices. The cost of price-reductions amounted to R25.8 million.

The continuing refurbishment programme, together with on-going improvement of customer service and store hygiene, is contributing to growing customer numbers.

#### Checkers/Checkers Hyper

The repositioning of Checkers stores was well received by customers with customer numbers increasing by 6% over last year, delivering same-store sales growth of 15% for the year.

Operating profit has increased by 39% over last year.

Profitability has improved due to increased sales from the repositioning of the brand, an improved merchandise range and maintaining effective cost controls.

Eight stores have been relocated or refurbished, and 19 are scheduled for relocation or refurbishment in the following year.

Continuous improvements are made to store layout and product lines. Particular effort has been made in developing fresh convenience ranges in line with international trends. These lines have been well received.

The Checkers Hyper non-food offer was widened, with special emphasis on destination departments. The aim is to add value to the consumer's shopping experience resulting in stronger brand loyalty.

A number of the Checkers stores lend themselves to a more convenient format where the emphasis is placed on a wider range of value-added perishable merchandise. Potential sites have been identified for opening during the next year.

#### Usave

A total of 17 stores have been opened to date in South Africa, Namibia and Malawi.

All stores are trading profitably.

These no-frills stores offer a limited product range of core consumables in a low-overhead environment. Usave provides an improved shopping destination for customers in the lower LSM bands and is a successful low-price alternative to the independents. Customers, especially in rural areas, have responded favourably to its proposition. The uniform format of the store lends itself to

rapid replication.

A total of 62 stores have been approved for opening next year, including two in Angola and five in Ghana.

#### OK Franchise

Market growth is fairly static. New store opportunities are directly related to population shifts and developments in new growth areas.

The OK brand remains a trusted and respected brand, proven by its ranking as fourth most respected retail brand, in the Sunday Times - Markinor Top Brands Survey 2002.

To date 103 supermarkets have been branded under the OK banner and have enjoyed an encouraging roll-out.

The OK branded stores are expected to grow by 19 stores next year through new store openings, acquisitions and conversions. The opportunity for growth through new business will depend on the ability to secure appropriate new sites.

#### Operations outside South Africa

Growth outside South Africa continued with the opening of 24 stores, including 5 stores in Madagascar and one hyper-store in Mauritius, for a total of 66 supermarkets, 12 furniture stores and 18 Hungry Lions in 13 countries.

Capital expended outside South Africa during the year amounted to R134 million, for a total investment of R544 million to date, on which a return of 19% has been earned. Acquiring or developing prime retail space is the principal investment.

Operations outside South Africa delivered 14% growth in revenue or 32% growth in stable currency terms. Operating profit grew by 18% over last year.

Margins for stores outside South Africa as a whole compared to South Africa are sufficiently higher to compensate the Group for the commensurate increase in operational risk, experienced as pioneer food retail investors in many of the territories.

Inventory exported from South Africa to operations outside South

Africa amounted to R377 million, up from R342 million a year ago.

All established operations outside South Africa are trading profitably with the exception of Egypt and Tanzania which have incurred a loss of R30 million in total. Both operations are expected to break-even in the next year.

Operations were established in Mauritius and Madagascar. These operations have incurred establishment costs and are expected to

turn to profitability during the next year.

Shoprite opened its first hyper-store outside of South Africa in Mauritius in November 2002. The store carries the widest range of food products in the Group to cater for the cosmopolitan nature of the population.

Trading conditions in Madagascar remained subdued since the Group's acquisition of five stores in October 2002. Positive economic growth measures introduced by the new government should benefit the general trading environment.

Namibia delivered 24% growth in sales over last year. Wine and beer departments were introduced with the recent granting of retail liquor licences to supermarkets, and proved to be very successful in the initial take-up.

The market in Namibia is becoming more competitive, but hasn't as yet impacted the operating margin. Continuing focus on stockholding, increasing the sales contribution from non-foods, improving the bakery offering and presentation of the fresh foods offering by limiting wastage are priorities for the year ahead.

Sales in Egypt from comparable stores increased by 33% in local currency terms, despite restrictive customs practices which limit imports. Negotiations are continuing to allow less restricted imports which will improve both the product mix and gross margin.

The Group is committed to growing operating profit in Egypt through the opening of more stores. Prospecting for sites is continuing. Four stores have been approved for opening in Cairo during the next year, which should contribute to a break-even position.

In Uganda, although competitors entered the retail market in Kampala, customer numbers grew on a year-to-year basis.

Sales in Malawi were favourably impacted by the lowering of the surtax rate to 17.5% from 20%. Improved crops are expected and the food shortages experienced towards the end of last year have

largely subsidized.

Product ranges are constantly adjusted to cater for the customer mix of the various local communities. Stores outside of South Africa benefit from their competitively priced product line, strong distribution support and product scanning infrastructure to provide excellent customer service and grow market share.

#### Furniture

Competitive pricing, aggressive advertising and a high standard of

in-store presentation contributed to trading improvements across the division.

OK Furniture stores increased revenue by 18% and House & Home stores by some 20%.

Discounted selling prices applied to products in the home entertainment and appliance departments improved cash sales to now represent 58% of the division's total sales. Credit sales at OK Furniture represent 55% of total sales compared to 26% at House & Home.

Net instalment sale receivables amounted to R576 million.

Provisions for impairments and unearned finance income amount to R176 million or 23% of gross instalment sale receivables.

The refurbishment programme in House & Homes continued, with eight stores already completed refurbished and another seven stores targeted for completion in the new year.

Improvements in customer service remain a priority. Specialised training of staff to deliver excellent service and demonstrate a keen understanding of products has already been completed and is delivering favourable results.

The current competitive trading environment is expected to continue, necessitating maintaining aggressive product pricing policies. Recent pressures on margins are expected to continue.

However, increased revenue from sales volume growth and improvements in the overall sales mix are expected to provide sufficient compensation to facilitate further growth.

#### Supply Chain Management

Shoprite differentiates itself from traditional retailers that focus on vendors undertaking direct-to-store deliveries, by controlling its supply chain for the customers benefit.

This Efficient Consumer Response (ECR) initiative follows international best practice amongst retailers. Shoprite's

investment in infrastructure and technology makes the company a leader in both the retail and distribution industries on the African continent.

Shoprite's Distribution Centres were able to achieve service levels exceeding that of vendors by some 10%. Stock turn at these centres exceeded that achieved by retail outlets by more than 50%. During the year, Shoprite took occupation of 81 000 square meters of distribution space in Centurion. The refrigeration and ambient distribution facilities are the largest on the African continent.

The Group's twelve distribution centres operate regionally and provide the support for the Group's export initiatives.

The optimal use of this distribution infrastructure will assist in realising the Group's objective of increasing its stock turn.

The resultant savings in the supply chain allow Shoprite to consistently maintain its product quality and "low price" leadership position. It also makes it easier to open store formats, at locations closer to the consumers' homes.

#### Information Technology

During the year under review Shoprite's investment in a leading IT infrastructure brought into implementation a central e-business technology platform which replaced the Group's mainframe structure.

To accomplish this more than 7.5 million lines of code were replaced in under 11 months. The Group's objective to develop a common integration architecture has been realised, providing the flexibility to communicate with any software platform in a common language (XML).

The operational benefit is the seamless integration of back-end processes that will enable better collaboration with business partners to achieve operational efficiencies and more prudent cost management.

Continuing research and development is conducted with the operational support of strategic partners Microsoft, IBM and Telkom.

The Group's Business-to-Business exchange now connects with all suppliers, branches and buyers on a range of 206 000 stock keeping units (SKU's), processing 8.7 million item orders per month. An order reaches the supplier in 3.7 minutes on average.

During the year the Data Warehouse has been refined, and with pre-

processing techniques summarises 50 million transactions per day. Buyers now have the added benefit of more detailed merchandising information analysing consumer trends and behaviour through advanced predictive analysis and data mining.

Comparative pricing benefits between electronic point-of-sale compared to manual cash registers, leveraged by the Group's software architecture, created the opportunity to invest in electronic point-of-sale hardware. The objective is to equip all stores with full scanning capability by April 2004. Up to seven stores a week are being converted.

These IT advances allow the Group to trade in any country, in any currency and in any language, as a retail and wholesale operation from one location. The Group's continuing African expansion will be supported by the ability to trade with or without any telecommunications network.

#### Strategic review and objectives

The Group aims for revenue growth in South Africa in line with GDP growth in real terms, currently at some 11% in South Africa.

For stores outside South Africa Shoprite's objective is to grow revenue by utilising all opportunities that meet the Group's required rate of return on capital employed, in order to realise the Group's ambition of earning 50% of Group earnings from outside South Africa in the medium-term.

Shoprite requires a rate of return on capital employed of 30% after two years of operation. A pleasing return of 33% on capital employed across the Group has been achieved this year.

The food retail market in South Africa is competitively serviced.

The Group is cautious to expand its business in this market and won't buy market share at the cost of earnings. Shoprite's objective is to maintain its market share in South Africa, and constantly adapt to changing consumer preferences.

The increase in demand for convenience stores provides an opportunity for growth in South Africa. The continuing consolidation of the Group's franchise operations under the OK banner will improve the Group's share of this market.

Opportunities not covered by any of the Group's current store formats in the bottom-end of the market are being pursued through Usave, which has proven to be a robust and disciplined format for replication in Africa.

The Group believes Africa is a viable growth opportunity, because:

- Consumer preferences are similar to the South African market
- Shoprite's proven South African business models can be easily replicated
- Operations are within easy reach
- There are no formal opposition
- There is substantial GDP creation in Africa outside South Africa
- Consumers respect and value the Group's first-world offering

The Group's objective for growth outside South Africa is to gain a foothold in the most lucrative markets as soon as possible. To date operations have been established in Zambia, Uganda, Tanzania,

Mozambique, Malawi, Namibia, Botswana, Lesotho, Swaziland, Egypt, Madagascar, Mauritius and Zimbabwe.

During the next year a further 32 stores will be opened. In addition to opening new stores in existing territories, four stores are due to open in Angola, five stores in Ghana and a hyper-store in India.

The Angolan economy is rebounding. Consumer spending is growing measurably in the urban centres. The Group's stores will be located in Luanda.

Ghana's GDP growth of 5.8% exceeds population growth. Retail in the lower end of the market is under-serviced with no formal supermarkets.

Expansion to India presents a valuable opportunity to export the Group's proven success in meeting the needs of Indian customers.

The market is particularly under-serviced in the formal low-cost first-world offering segment. Shoprite is entering the market with a small initial investment as suitable premises can be leased, and all international suppliers are already operating in the country.

The Group is committed to the continued growth of the furniture business. Initiatives to unlock fair value from the business, which could include a separate listing, may be considered in future.

Group prospects and outlook

Shoprite is well placed in all market segments to benefit from anticipated increases in consumer spending following the easing of interest rates and income tax relief, all contributing to improved consumer confidence.

We value the confidence millions of our customers have placed in

our competitively priced quality merchandise. We are committed to continue providing this experience to all our customers, wherever we may serve them.

Corporate Governance

Shoprite acts in accordance with the principles as embodied in the Code of Corporate Practice and Conduct in the King Report 2002 ("the Code"). The Group complies with the significant requirements incorporated in the Code and the JSE Securities Exchange SA listing requirements.

Corporate Social Investment

Shoprite's social investment programme has committed R 6.5million for the year under review to a variety of worthy causes.

Highlights for the year include:

- Continuing sponsorship of the . Apart from showcasing role models in a diverse range of categories, the award also provides a tangible opportunity for women to launch their own development projects.
- Continuing sponsorship of The Shoprite Checkers Primary Schools" Netball Challenge. The challenge is designed to enable talented players to go on to play netball at high school, provincial and national level.
- Hosting the elderly for free cups of soup at all Shoprite and Checkers stores, every Wednesday morning.

Thanks to management and staff

We would like to extend sincere thanks to our management and staff for their unwavering support and contribution to our efforts in the past year, full in the knowledge that this will continue in the years ahead, for the benefit of all our stakeholders.

By order of the Board

CH Wiese J W Basson  
Chairman Chief Executive

19 August 2003

CONDENSED GROUP INCOME STATEMENT

|                     | Reviewed     | Audited             |
|---------------------|--------------|---------------------|
|                     | 12 months to | % 12 months to      |
| R"000               | 30 June 2003 | change 30 June 2002 |
| Revenue             | 24 971 333   | 12.94 22 109 797    |
| Sale of merchandise | 24 824 516   | 21 984 955          |
| Gross profit        | 3 736 360    | 3 291 988           |

|                                    |             |       |             |
|------------------------------------|-------------|-------|-------------|
| Other operating income             | 1 966 343   |       | 1 947 645   |
| Depreciation                       | (363 772)   |       | (327 556)   |
| Operating leases                   | (793 347)   |       | (681 688)   |
| Staff costs                        | (2 017 815) |       | (1 821 281) |
| Other operating costs              | (1 924 464) |       | (1 911 265) |
| Operating profit before exchange   | 603 305     | 21.18 | 497 843     |
| (losses)/gains                     |             |       |             |
| Exchange (losses)/gains            | (132 945)   |       | 24 314      |
| Operating profit before            | 470 360     | -9.92 | 522 157     |
| exceptional items                  |             |       |             |
| Exceptional items                  | 132 868     |       | 39 287      |
| Operating profit after exceptional | 603 228     | 7.44  | 561 444     |
| items                              |             |       |             |
| Investment income                  | 63 076      |       | 34 061      |
| Finance costs                      | 63 340      |       | 47 465      |
| Profit before tax                  | 602 964     | 10.02 | 548 040     |
| Tax                                | 180 585     | 19.36 | 151 295     |
| Profit after tax                   | 422 379     | 6.46  | 396 745     |
| Minority interest                  | 2 317       |       | (8 148)     |
| Net profit                         | 420 062     | 3.75  | 404 893     |
| Earnings per share (cents)         | 82.7        | 5.5   | 78.4        |
| Diluted earnings per share (cents) | 82.6        | 5.9   | 78.0        |
| Headline earnings per share        | 57.6        | -20.1 | 72.1        |
| (cents)                            |             |       |             |
| Diluted headline earnings per      | 57.5        | -19.9 | 71.8        |
| share (cents)                      |             |       |             |
| Adjusted headline earnings per     | 80.1        | 23.2  | 65.0        |
| share (cents)                      |             |       |             |
| Adjusted diluted headline earnings | 79.9        | 23.5  | 64.7        |
| per share (cents)                  |             |       |             |
| Ordinary dividend per share        | 30.5        | 19.6  | 25.5        |
| (cents)                            |             |       |             |
| Number of ordinary shares ('000)   |             |       |             |
| used for                           |             |       |             |
| calculation of : earnings per      | 507 913 *   |       | 516 764 *   |
| share                              |             |       |             |
| : diluted earnings per share       | 508 752 *   |       | 519 042 *   |
| (* weighted average)               |             |       |             |

CONDENSED GROUP BALANCE SHEET

|                               | Reviewed     | Audited      |
|-------------------------------|--------------|--------------|
| R"000                         | 30 June 2003 | 30 June 2002 |
| <b>ASSETS</b>                 |              |              |
| Non-current assets            | 1 962 795    | 1 745 520    |
| Property, plant and equipment | 1 822 380    | 1 630 835    |
| Investments                   | 91 013       | 114 595      |
| Deferred tax assets           | 165 853      | 303 128      |
| Intangible assets             | (116 451)    | (303 038)    |
| Current assets                | 4 882 721    | 4 470 373    |
| Inventories                   | 2 585 363    | 2 250 278    |
| Trade and other receivables   | 1 487 124    | 1 482 791    |
| Investments                   | 8 798        | 1 153        |
| Cash and cash equivalents     | 801 436      | 736 151      |
| Total assets                  | 6 845 516    | 6 215 893    |

#### EQUITY AND LIABILITIES

|                              |           |           |
|------------------------------|-----------|-----------|
| Capital and reserves         | 1 736 352 | 1 459 458 |
| Minority interest            | 31 205    | 30 714    |
| Non-current liabilities      | 227 728   | 236 832   |
| Interest bearing borrowings  | 2 450     | 2 450     |
| Deferred tax liabilities     | 4 224     | 4 006     |
| Provisions                   | 221 054   | 230 376   |
| Current liabilities          | 4 850 231 | 4 488 889 |
| Other current liabilities    | 4 795 337 | 4 402 278 |
| Provisions                   | 54 894    | 55 381    |
| Bank overdraft               | -         | 31 230    |
| Total equity and liabilities | 6 845 516 | 6 215 893 |

#### RECONCILIATION OF HEADLINE EARNINGS

|   | Reviewed                     | Audited                      |
|---|------------------------------|------------------------------|
| R"000                                   | 12 months to<br>30 June 2003 | 12 months to<br>30 June 2002 |
| Net profit attributable to shareholders | 420 062                      | 404 893                      |
| Exceptional items after tax             | (132 868)                    | (39 287)                     |
| Profit on disposal of property          | -                            | (11 139)                     |
| Impairment of buildings                 | 1 742                        | 15 469                       |
| Impairment of unlisted investment       | 6 308                        | 23 781                       |
| Amortisation of negative goodwill       | (153 002)                    | (69 319)                     |
| Write-off of goodwill                   | 3 978                        | -                            |
| Impairment of loan - Share incentive    | 8 161                        | -                            |

|   |         |          |
|---|---------|----------|
| trust   |         |          |
| Payment for lease cancellation                        | -       | 2 032    |
| Prescription of amounts owing                         | (55)    | (111)    |
| Other items after tax                                 |         |          |
| Loss on disposal and scrapping of plant and equipment | 2 481   | 6 850    |
| Amortisation of goodwill                              | 2 855   | -        |
| Headline earnings                                     | 292 530 | 372 456  |
| Exchange losses/(gains) after tax                     | 114 111 | (36 634) |
| Adjusted headline earnings                            | 406 641 | 335 822  |

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 eliminated. Headline earnings per share has been restated as reflected above.

#### CONDENSED GROUP CASH FLOW STATEMENT

|   |       | Reviewed     | Audited      |
|---|-------|--------------|--------------|
|   |       | 12 months to | 12 months to |
| R"000   | Notes | 30 June 2003 | 30 June 2002 |
| Cash generated by operations                          |       | 1 012 777    | 991 026      |
| Operating profit before exceptional items             |       | 470 360      | 522 157      |
| Non-cash items  | 1     | 489 829      | 268 294      |
| Changes in working capital                            | 2     | 52 533       | 202 495      |
| Exceptional items                                     | 3     | 55           | (1 920)      |
| Net finance costs                                     |       | (5 813)      | (14 681)     |
| Dividends received                                    |       | 5 549        | 1 277        |
| Dividends paid  |       | (146 264)    | (128 705)    |
| Tax paid  |       | (72 238)     | (55 043)     |
| Cash flows from operating activities                  |       | 794 011      | 793 874      |
| Cash flows from investing activities                  |       | (631 951)    | (630 332)    |
| Purchase of property, plant and equipment             |       | (561 804)    | (618 549)    |
| Proceeds on disposal of property, plant and equipment |       | 27 583       | 39 572       |
| Acquisition of interest in subsidiaries/operations    |       | (74 605)     | -            |
| Acquisition of further                                |       | (11 081)     | -            |

|  |           |           |
|--|-----------|-----------|
| interest in subsidiaries                                       |           |           |
| Other investment activities                                    | (12 044)  | (51 355)  |
| Net cash flow  | 162 060   | 163 542   |
| Cash flows from financing activities                           | 10 596    | (463 270) |
| Disposal/(acquisition) of treasury shares                      | 3 553     | (453 373) |
| Proceeds on issue of additional share capital to minorities    | 7 043     | 7 477     |
| Interest bearing borrowings repaid                             | -         | (17 374)  |
| Movement in cash and cash equivalents                          | 172 656   | (299 728) |
| acquired through acquisition of subsidiaries                   | 1 316     | -         |
| Effect of exchange rate movements on cash and cash equivalents | (77 457)  | 42 829    |
| Net movement in cash and cash equivalents                      | 96 515    | (256 899) |
| CASH FLOW INFORMATION  |           |           |
| 1. Non-cash items  |           |           |
| Depreciation on property, plant and equipment                  | 363 772   | 327 556   |
| Amortisation of goodwill                                       | 2 855     | -         |
| Loss on disposal and scrapping of plant and equipment          | 2 919     | 8 453     |
| Net fair value gains on financial instruments                  | (213)     | -         |
| Unrealised foreign exchange losses/(gain)                      | 120 496   | ( 67 715) |
|  | 489 829   | 268 294   |
| 2. Changes in working capital                                  |           |           |
| Inventories  | (429 392) | (77 394)  |
| Trade and other receivables                                    | 2 814     | (8 783)   |
| Trade and other payables                                       | 488 920   | 316 280   |
| Movement in provisions   | (9 809)   | (27 608)  |
|  | 52 533    | 202 495   |

### 3. Exceptional items

|  |            |          |
|--|------------|----------|
| Exceptional items per income statement     | 132 868    | 39 288   |
| Profit on disposal of property             | - (11 139) |          |
| Impairment of buildings                    | 1 742      | 15 469   |
| Impairment of unlisted investment          | 6 308      | 23 781   |
| Impairment of loan - Share incentive trust | 8 161      | -        |
| Write-off of goodwill                      | 3 978      | -        |
| Amortisation of negative goodwill          | (153 002)  | (69 319) |
|  | 55         | (1 920)  |

### CONDENSED SEGMENT INFORMATION

|                               | Reviewed     | Audited      |
|-------------------------------|--------------|--------------|
|                               | 12 months to | 12 months to |
| R"000                         | 30 June 2003 | 30 June 2002 |
| REVENUE - by business segment |              |              |
| - Supermarkets                | 23 679 226   | 21 469 405   |
| - Furniture                   | 1 292 107    | 640 392 *    |
| Total revenue                 | 24 971 333   | 22 109 797   |

### OPERATING PROFIT - by business segment

|                        |         |          |
|------------------------|---------|----------|
| - Supermarkets         | 396 404 | 467 364  |
| - Furniture            | 73 956  | 54 793 * |
| Total operating profit | 470 360 | 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:

536 360

|                  |        |
|------------------|--------|
| Revenue          |        |
| Operating profit | 17 873 |

### SUPPLEMENTARY INFORMATION

|                        | Reviewed     | Audited      |
|------------------------|--------------|--------------|
|                        | 12 months to | 12 months to |
| R"000                  | 30 June 2003 | 30 June 2002 |
| 1. Capital commitments | 188 805      | 160 603      |

|                                      |         |         |
|--------------------------------------|---------|---------|
| 2. Contingent liabilities            | 64 106  | 116 225 |
| 3. Net asset value per share (cents) | 342     | 287     |
| 4. Total number of shares in issue   | 508 212 | 507 761 |

(adjusted for treasury shares)

CONDENSED STATEMENT OF CHANGES IN EQUITY

|   | Reviewed     | Audited      |
|---|--------------|--------------|
|   | 12 months to | 12 months to |
| R"000   | 30 June 2003 | 30 June 2002 |
| Balance at 1 July   | 1 459 458    | 1 444 966    |
| Disposal/(acquisition) of treasury shares                           | 3 553        | (274 765)    |
| Net fair value losses on available-for-sale investments, net of tax | (1 958)      | -            |
| Net profit for the year   | 420 062      | 404 893      |
| Dividends distributed to shareholders                               | (144 763)    | (115 636)    |
| Balance at 30 June  | 1 736 352    | 1 459 458    |

Dividend  
The board has declared a final dividend of 16.5 cents (2002: 14.5

cents) per share, payable to shareholders on 15 September 2003. The last day to trade cum dividend will be 5 September 2003. As from 8 September 2003 all trading of Shoprite Holdings Ltd shares will take place ex dividend. The record date is 12 September 2003.

Share certificates may not be dematerialised or rematerialised between Monday, 8 September 2003 and Friday, 12 September 2003 both days inclusive.

Accountability

These condensed consolidated preliminary 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 2002, except for:

\* 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. This application had no material effect on the Group's results.

Auditor's Review Opinion

The condensed consolidated preliminary results for the year ended 30 June 2003 have been reviewed by PricewaterhouseCoopers Inc. The auditors unqualified review opinion is available for inspection at the Company's registered office.

Directorate and Administration

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

Non-executive Directors: C H Wiese (Chairman), J A Louw, J J Fouche, 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 2799, Cape Town, 8001

Transfer Secretaries: Computershare Ltd, 70 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; Telephone +27 (0) 11 480 1780; Facsimile +27 (0) 11 480 1630

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70%.

Shoprite

Sales grew by a pleasing 12% over last year, considering the difficult trading environment.

18 Hungry Lions in 13 countries.

Capital expended outside South Africa during the year amounted to R134 million, for a total investment of R544 million to date, on which a return of 19% has been earned. Acquiring or developing

4. Total number of shares in issue 508 212 507 761 (adjusted for treasury shares)

CONDENSED STATEMENT OF CHANGES IN EQUITY

Reviewed Audited

2003.  
Share certificates may not be dematerialised or rematerialised between Monday, 8 September 2003 and Friday, 12 September 2003 both days inclusive.

133, Financial Instruments: Recognition and Measurement, all relevant transactions, assets and liabilities are accounted for in terms of AC 133. This application had no material effect on the Group's results.