

Shoprite Holdings Limited

Preliminary results for the 53 weeks ended June 2005

Registration No 1936/007721/06
ISIN: ZAE000012084
JSE share code: SHP
NSX share code: SRH
LuSE share code: SHOPRITE
("the Group")

INTRODUCTORY NOTE

The financial year to 3 July 2005 comprised 53 weeks compared to the corresponding 12 months of 52 weeks in 2004. The figures provided below under the heading "Key Information" are therefore for 53 weeks, as they are in the rest of this document. To facilitate comparison between the 2005 and 2004 trading periods, figures for 52 weeks are also provided below, in brackets. In addition, the figures for 2004 have been adjusted for changes in accounting policy and reclassification of disclosure items on the basis set out under the heading "Accountability" towards the end of this document.

KEY INFORMATION

- Total turnover increased 11,9% from R26,641 billion to R29,813 billion (52 weeks: 9,7% to R29,232 billion).
- Non-RSA operations achieved 19,6 % sales growth in stable currency terms.
- Operating profit before exchange differences up 27,8% to R912,2 million (52 weeks: 17,1% to R835,1 million).
- Headline earnings per share up 48,5% (52 weeks: 35,2%).
- Headline earnings per share, adjusted for exchange differences, up 25,4% (52 weeks: 14,1%).
- Dividend per share proposed increased 38,9% to 50,0 cents.
- Net asset value per share increased 20,6% to 416 cents.
- Basket size increased by 4,2% (52 weeks: 3,9%) and the number of customer transactions, by 8,2% (52 weeks: 6,0%).

Whitey Basson, chief executive, commented:

"I am delighted with the excellent results produced on virtually all fronts. The South African operation of our core business performed particularly well. Turnover at 11,9% higher far outstripped CPIX of about 4%. Despite the pincer effect created by food inflation of just 1,6% and rising operational costs, the Group nevertheless increased operating profit by 27,8% over the 53-week period. This was mainly due to better information being available for decision-making, higher productivity, improved product ranging and a virtually fully automated replenishment system that greatly advanced product flow from our distribution centres to our stores, even those in isolated areas in Africa."

23 August 2005

ENQUIRIES:

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OPERATING ENVIRONMENT

The trading environment in South Africa during the review period remained stable and did not materially change in the sectors in which the Group operates compared to the previous year. Inflation dropped even further as did interest rates while the rand remained steady against the currencies of the country's major trading partners. The result was that due to cheaper imports and the strong rand, sales of durable and semi-durable goods remained buoyant, although tending to level out in the second half of the financial year. Food retailing also benefited from this increased liquidity but had to contend with food deflation in the case of some staples, and inflation of just 1,6% across the food spectrum.

At the lower end of the market there was a noticeable increase in disposable income, in our view the cumulative result of the material benefits derived by lower-income earners from South Africa's new political dispensation through tax concessions, social grants and other forms of government support. In addition, the benefits of the country's consistent economic growth since the nineties are increasingly spilling over into this sector of the community which is also profiting from the recent increase in employment in both the formal and informal sectors. As a result, many such consumers have become more upwardly mobile, moving into LSM 4 to 7. This in turn has brought a change in the composition of the consumer basket now containing more higher-

margin food items as well as related non-food products needed by first-time home owners.

COMMENTS ON THE RESULTS

Income statement

Total revenue:

Total revenue increased 11,6% from R27,168 billion to R30,328 billion while market share increased marginally by 0,13%.

Gross profit:

Gross profit increased 12,0% to R5,990 billion, due mainly to improved product ranges, more efficient replenishment and the greater contribution to income by the non-foods division which benefited from a stronger rand.

Operating margin:

If forex is excluded, the operating margin grew from 2,68% to 3,06%, the highest ever, while it was 2,86% if the current year is reduced to 52 weeks. This resulted mainly from improved decision-making, greater efficiencies as well as improvements in distribution and a further reduction in the already very low level of shrinkage.

Staff costs:

The increase in staff costs at 12,1% was marginally above turnover growth of 11,9% due to a non-recurring expense of R46 million relating to share appreciation rights granted in previous years. If this expense is excluded, staff costs grew by 9,8% and on that basis, the Supermarket Division again increased productivity.

Exchange differences:

In the year to 30 June 2005 the rand weakened 6% against the US dollar compared to strengthening against that currency by 16,7% in 2004. The weaker rand resulted in a currency gain of R6,1 million as against a currency loss of R79,3 million in 2004.

Exceptional items:

The exceptional items include an impairment of R48,1 million in respect of assets the Group holds in certain African countries.

Tax:

Tax shows an increase of 29,7% due to losses suffered in certain of the non-RSA companies.

Earnings per share:

Diluted headline earnings per share increased 47,4% from 79,4 cents to 117,0 cents. Once adjusted for exchange differences, diluted headline earnings per share was 24,4% higher at 115,6 cents. Earnings per share was only 0,2% above that for 2004 due to an exceptional item in the 2005 financial year relating to the impairment of certain of the Group's assets in Africa and the fact that the last tranche (R150 million) of the amortisation of negative goodwill was reflected, also as an exceptional item, in the results for the 2004 financial year.

Dividend proposed:

The increase of 38,9% in the dividend per share to 50,0 cents reduces dividend cover to 2,1 times for a 52-week year. This trend is in line with a Board decision to reduce, over time, the dividend cover to 2 times.

Balance sheet

Inventories:

Stock levels for the period increased by 2,9% and should be seen against a turnover growth of 11,9%. Stock turn of inventory supplied by the Group's own distribution centres improved to 27 times per year and reflected a cumulative reduction in stockholding of more than R400 million over two years.

Cash and cash equivalents and bank overdrafts:

Net cash and cash equivalents were R408,9 million at year-end compared to R1,128 billion in 2004. In 2004 the financial year ended on 27 June, before the month-end creditor payments had been made, while the 2005 financial year ended on 3 July after such payments had been effected.

Operational review

	Number of stores at 30 June 2004	Stores opened	Stores closed	Number of stores at 30 June 2005	Confirmed new store openings 30 June 2006
Supermarkets	486	54	11	529	95
Shoprite	314	18	5	327	46
Checkers	90	6	1	95	20
Checkers Hyper	23	0	0	23	0
Usave	59	30	5	84	29
Hungry Lion	52	7	2	57	5
Furniture Group	167	10	0	177	19
OK Furniture	145	9	0	154	16
House & Home	22	1	0	23	3
Total Own Stores	705	71	13	763	119
OK Franchise	297	25	74	248	19
Hungry Lion Franchise	3	1	1	3	3
Total Franchise	300	26	75	251	22
Total Stores	1005	97	88	1014	141
Countries outside SA	15	1	0	16	17

Supermarkets

The combined revenue of the three supermarket brands – Shoprite, Checkers and Usave and including the non-RSA operation – increased by 12,5% to R26,587 billion, up from R23,629 billion in 2004. The total number of customers served increased by 8,2% while basket value for the 12 months was 4,2% higher as against 2,0% the previous year. An aggressive new-store programme is envisaged involving 66 new Shoprite and Checkers supermarkets and 29 Usave outlets.

Despite the fact that in South Africa the Group opened fewer large-format stores than its major opposition it nevertheless managed to grow market share both in terms of total turnover and on a like-for-like basis. A recent survey by AC Nielsen showed that 85,8% of customers claimed to shop at the Shoprite Group compared to 74,4% previously.

The current market realities in our core consumer base indicate good growth prospects for the Shoprite brand. In 2004, a further 1,3 million people joined the LSM 4 to 6 economic group which means Shoprite's core target market is growing substantially. The burgeoning South African middle class that was so evident in the past financial year will continue to be a key driver of growth for the Shoprite brand. Factors that contribute to the growth of the middle to lower market are transformation, mass electrification, formal housing projects and measures aimed at poverty alleviation. In our view no other food retailer is better positioned than Shoprite to capitalise on this growth.

The repositioning of the Checkers brand to appeal to more affluent South African consumers is in full swing. The ranging of specialty food products, a more upmarket overall communication strategy and the sourcing of more convenient store locations are the focus areas of the brand. Management is encouraged by the fact that from September 2004 to April 2005 the chain grew its support by LSM 9 and 10 customers from respectively 39,8% to 49,7% and 42,8% to 60,5%.

The Group also benefited increasingly from the new automated re-ordering system which resulted in improved product flow through the distribution centres to the stores, better product availability and higher stock turn.

Shoprite

Shoprite's South African operation reported excellent results for the year despite a trading environment again characterised by virtually non-existent food inflation. It achieved turnover growth of 13,2% to R14,213 billion compared to R12,555 billion in 2004.

The chain operates 327 of the Group's 529 corporate stores in 17 countries, South Africa included. Of these, 260 do business in South Africa and 67 beyond its borders. It is expected to add a further 46 stores in the 2006 financial year, 39 of these in South Africa. Should the Competitions Board approve the acquisition of Foodworld, its 13 stores would be converted to the Shoprite brand in the new financial year.

To counter the effects of price deflation still experienced in the case of most staple foods and the marginal inflation in virtually all other food sectors, the chain further expanded its higher-margin, non-food offering. At

the same time food ranges were extended by increasing the choice of aspirational products.

These new ranges also reflect the changing needs of the brand's traditional customers whose demand for white goods and electrical appliances has been greatly increased by home ownership. Access to home appliances such as fridges also had a knock-on effect on the sale of especially perishables and value-added products.

With a healthy increase of 7,8% in the number of customers served the chain will focus on trading up consumer spending in its stores and further growing the average basket size which was 5,4% higher for the period under review.

Checkers

The Checkers brand held its own in a fiercely contested sector despite a large number of opposition stores being opened in the higher LSM sector during the reporting period. Turnover grew 9,5% to R9,432 billion. The brand increased profitability by 32,9%. The number of store visits was 3,3% higher, and basket size grew by 6,3%. The new customers are mainly from the higher LSMs, indicating a positive response from the new target market. During the year six new stores were opened and one closed. The chain operates 118 outlets of which four are outside the borders of South Africa.

With its repositioning to cater to a more affluent consumer, Checkers is benefiting from the worldwide shift in retail to convenience foods and value-added products. To this end there is an increasing focus in its stores on specialist departments such as the bakery, meat market, cheese and delicatessen counter, and wine store. The focus on convenience has seen a strong increase in prepared foods while the fruit and vegetable departments were expanded and market share increased. Considerable progress was made during the year upgrading the remaining Checkers outlets to new-generation stores, a process scheduled for completion by the end of the 2006 calendar year.

Usave

This lower-end discounter increased the number of its stores by 25 to 84. Of these, 62 are located in South Africa and 22 elsewhere on the continent. Its success is based on high stock turn coupled with fast replenishment to maximise sales floor space, and stores in operation for the full year continued to produce a satisfactory return on capital employed.

After growing from an initial four stores in 2003 to 59 in 2004, management used the 2005 financial year for consolidation. The initial rapid expansion of the number of stores put pressure on in-store disciplines. Time was also needed to refine the concept in the light of the experience gained. This process has now been completed, allowing the store-opening programme to accelerate once again. The objective is to have 113 Usave outlets by the end of the 2006 financial year.

Operations outside South Africa

The operating results were below expectations and sales growth of 20,2% for the 53 weeks at constant conversion rates were well below the 26,2% for the 52 weeks in 2004. This weaker performance resulted mainly from the continued strength of the rand which reduced the affordability of South African exports, diluted profit margins and compelled the Group to source product from elsewhere.

The non-RSA operations were extensively re-evaluated during the year and future growth areas identified. The Group is achieving satisfactory results in, for instance, Zambia and the BNLS countries, but profitability remains a problem in Tanzania and in Egypt. The other countries all offer real potential for further development. Shrinkage reached unacceptable levels in some countries but the problem was rectified after strengthening management and tightening disciplines.

During the year the Group for the first time moved outside Africa when it opened a 5 500 m² franchised superstore in Mumbai in India. Although the store is increasing its high-income customer base, it will take time to change shopping patterns over a broad spectrum as for most consumers, the supermarket concept is completely new.

During December 2005 the Group will start trading in Nigeria, after South Africa the biggest market on the continent, when it opens a supermarket in a new shopping centre in Lagos. The country's retail potential is enormous and the Group is researching additional sites in the capital.

During the 2006 financial year the Group plans to build two more shopping centres in Angola and one in Namibia, as well as two supermarkets in Mozambique.

OK Franchise

During the period under review the division returned to profitability. The number of franchisees reduced by 49, after adding 25 new members and closing 74 members' accounts. The majority of these were financially non-viable accounts. A campaign was launched to canvass new members and after year-end 19 had signed up to

bring the number to 267. The remaining core consists of viable businesses with substantial growth potential, and management is confident about their future. Most of these businesses are located in the rural areas. Management is keen to strengthen the division's presence in those areas but is at the same time targeting urban and semi-urban neighbourhoods for future growth.

Furniture

The Furniture division experienced another excellent year in terms of both turnover growth and profitability. It increased revenue 16,5% to R1,999 billion and operating profit 18,8% to R183,0 million. The factors that stimulated the market in 2004 – lower taxes, reduced interest rates and a strong rand – also determined sales patterns in the past financial year. The trading environment remained highly competitive, especially in respect of white goods, bedding and home entertainment products. The shift to cash continued with credit sales dropping to 37% of total sales from 42% the previous year, despite the volume of credit sales increasing.

By year-end the division operated 163 House & Home and OK Furniture stores as well as 14 small-format OK Power Express outlets selling a reduced range of white goods and home entertainment products. An aggressive store-opening programme has been set in motion for 2006 with three House & Home and 16 OK Furniture outlets, of which three are outside South Africa, on the drawing board. During the period under review the division opened a store in Mozambique and also intends expanding into Angola.

GROUP PROSPECTS AND OUTLOOK

There are no forces at work in the economy that in our view would cause food inflation to increase significantly in the short to medium term. The higher disposable income in the Group's target market should boost unit sales and thereby offset, to a certain extent, the negative effect on turnover of low food inflation. Management will continue to counter this effect by maintaining strict disciplines, by increasing store efficiency and service levels, and continuously improving product selection and availability. As part of this process a start will be made in September with the phased introduction of a much more extensive and sophisticated back-office programme that we believe will revolutionise store operations.

We are therefore positive about the year ahead. The robust growth in turnover of the past year is being continued in the new financial year, which will be supported by an aggressive new-store programme, and we intend growing strongly off the more structured base we created this year. We thus expect to maintain the turnover growth and profitability pattern laid down in the 2005 financial year bearing in mind that the new financial year will consist of the standard 52 weeks compared to the 53 weeks of 2005.

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 Limited listing requirements.

DIVIDEND NO 113

The Board has declared a final dividend of 28,0 cents (2004: 19,5 cents) per share, payable to shareholders on Monday, 19 September 2005. This brings the total dividend for the year to 50,0 cents per ordinary share (2004: 36,0 cents). The last day to trade cum dividend will be Friday, 9 September 2005. As from Monday, 12 September 2005, all trading of Shoprite Holdings Ltd shares will take place ex dividend. The record date is Friday, 16 September 2005.

Share certificates may not be dematerialised or re-materialised between Monday, 12 September 2005, and Friday, 16 September 2005, 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 2004, except as stated below.

Change in accounting policy

Accounting for goodwill

In accordance with the transitional provisions of AC 140: Business Combinations and AC 128: Impairment of Assets, the Group has discontinued the amortisation of goodwill and eliminated the carrying amount of the related accumulated amortisation with a corresponding decrease in goodwill. All goodwill acquired in business combinations will now be tested for impairment annually and any resulting impairment losses will be recognised in the income statement. As per the stated transitional provisions this adjustment will be done prospectively and the effect on the current year income statement is reflected below.

R'000	Reviewed 53 weeks ended June 05	Audited 52 weeks ended June 04
Operating profit	5 087	
Exceptional items	(26 151)	
Profit before tax	(21 064)	
Tax	-	
Net profit	(21 064)	
Decrease in goodwill	21 064	

Accounting for leases

In terms of SAICA Circular 7/2005 relating to AC 105: Leases, all payments in respect of operating leases with a fixed escalation clause, are recognised as an expense or income on a straight-line basis over the lease term. As per the requirements of AC 103: Net profit or loss for the period, fundamental errors and changes in accounting policies, the relevant comparative information has been restated. The effect of the restatement is reflected below and in the statement of changes in equity.

R'000		
Operating profit	7 378	10 909
Exceptional items	-	3 667
Profit before tax	7 378	14 576
Tax (including tax rate adjustment)	7 437	5 199
Net profit	(59)	9 377
Increase in non-current assets	154 529	163 589
Increase in trade and other receivables	1 623	4 465
Increase in non-current liabilities	514 829	529 269
Increase in trade and other payables	16 962	14 365

Reclassification of disclosure items

Certain reclassifications of income statement items in the current year resulted in changes to the relevant comparative information to ensure accurate comparability with the current year information. The effected line items are detailed below.

	Reviewed 53 weeks ended June 05	Audited 52 weeks ended June 04
<i>All items forming part of the inventory valuation has now been disclosed as part of cost of sales.</i>		
R'000		
Cost of sales	1 302 399	1 284 665
Other operating income	(1 605 605)	(1 562 116)
Depreciation	24 218	23 762
Operating leases	16 470	30 196
Staff costs	72 310	77 868
Other operating costs	190 208	145 625
Operating profit	-	-

Reclassification of software as intangible assets

R'000

Intangible assets - software	26 923	17 822
Property, plant and equipment	(26 923)	(17 822)
Non-current assets	-	-
Depreciation	(13 490)	(12 047)
Other operating costs - amortisation of software	13 490	12 047
Operating profit	-	-

Reclassification of reinstatement provision

R'000

Re-instatement provision - current	20 822	565
Trade and other payables	(20 822)	(565)
Current liabilities	-	-

AUDITORS' REVIEW OPINION

The condensed consolidated preliminary results for the 53 weeks ended June 2005 have been reviewed by PricewaterhouseCoopers Inc. The auditors' unqualified review opinion is available for inspection at the company's registered office.

Thanks to management and staff.

Retail has been transformed in the past decade into a most exciting world of new challenges and limitless growth opportunities. That excitement has also been growing within the Shoprite group as it develops into a global player. We thank every member of staff that has taken up these challenges wanting to be part of a bold future. Also every member of management who has helped shape this future, and every member of the Board who has brought their wisdom to bear on the decisions we need to take to make that future a reality.

By order of the Board

C H Wiese
Chairman

J W Basson
Chief executive

23 August 2005

Condensed group income statement

R'000	Reviewed 53 weeks ended June 05	% change	Audited 52 weeks ended June 04
Revenue	30 328 476	11,63	27 168 360
Sale of merchandise	29 812 886	11,91	26 641 233
Finance income earned	164 791	(3,81)	171 322
Franchise fees received	18 760	(5,15)	19 779
Operating lease income	184 887	(15,15)	217 903
Net premiums earned	147 152	24,58	118 123
Gross profit	5 990 491	12,00	5 348 544
Other operating income	675 384	(3,30)	698 446
Depreciation	(441 806)	18,90	(371 573)
Operating leases	(822 592)	1,24	(812 524)
Staff costs	(2 462 545)	12,14	(2 195 969)
Other operating costs	(2 026 757)	3,75	(1 953 418)
Operating profit before exchange gains/(losses)	912 175	27,84	713 506
Exchange gains/(losses)	6 103		(79 276)
Operating profit before exceptional items	918 278	44,79	634 230
Exceptional items	(41 670)		165 261
Operating profit after exceptional items	876 608	9,65	799 491
Investment income	69 400		57 739
Finance costs	(47 772)		(30 062)
Profit before tax	898 236	8,59	827 168
Tax	(323 272)	29,67	(249 307)
Profit after tax	574 964	(0,50)	577 861
Minority interest	(7 109)		(11 674)
Net profit	567 855	0,29	566 187
Earnings per share (cents)	111,9	0,2	111,7
Diluted earnings per share (cents)	108,9	(0,5)	109,5
Headline earnings per share (cents)	120,3	48,5	81,0
Diluted headline earnings per share (cents)	117,0	47,4	79,4
Adjusted headline earnings per share (cents)	118,8	25,4	94,7
Adjusted diluted headline earnings per share (cents)	115,6	24,4	92,9
Ordinary dividend per share paid (cents)	41,5	25,8	33,0
Ordinary dividend per share proposed (cents)	50,0	38,9	36,0
Number of ordinary shares ('000) used for calculation of:			
earnings per share	507 373*		506 979*
diluted earnings per share	521 644*		517 007*
(*weighted average)			

Condensed group balance sheet

R'000	Reviewed June 05	Audited June 04
Assets		
Non-current assets	2 775 164	2 615 874
Property, plant and equipment	2 311 641	2 160 987
Available-for-sale investments	33 100	6 980
Loans originated by the enterprise	61 530	66 537
Deferred tax assets	324 270	327 373
Intangible assets	40 410	48 161
Fixed escalation operating lease accrual	4 213	5 836
Current assets	5 778 466	5 483 546
Assets classified as held for sale	183 025	–
Inventories	2 696 558	2 620 150
Trade and other receivables	1 639 120	1 626 985
Current tax asset	62 474	29 181
Available-for-sale investments	–	53 624
Loans originated by the enterprise	3 993	19 538
Cash and cash equivalents	1 193 296	1 134 068
Total assets	8 553 630	8 099 420
Equity and liabilities		
Capital and reserves	2 112 660	1 752 635
Minority interest	40 841	38 007
Non-current liabilities	733 269	747 594
Interest-bearing borrowings	2 450	2 450
Deferred tax liabilities	4 131	1 939
Provisions	211 859	213 936
Fixed escalation operating lease accrual	514 829	529 269
Current liabilities	5 666 860	5 561 184
Trade and other payables	4 725 009	5 280 895
Current tax liability	66 983	223 281
Provisions	86 936	49 132
Bank overdraft	784 388	5 833
Shareholders for dividends	3 544	2 043
Total equity and liabilities	8 553 630	8 099 420

Condensed group statement of changes in equity

R'000	Reviewed 53 weeks ended June 05	Audited 52 weeks ended June 04
Balance at 1 July as previously stated	1 752 635	1 732 939
Effect of fixed escalation operating lease accruals	–	(384 956)
As restated	1 752 635	1 347 983
Acquisition of treasury shares	(265)	(3 080)
Net fair value profits on available-for-sale investments, net of tax	2 997	8 969
Net profit for the year	567 855	566 187
Dividends distributed to shareholders	(210 562)	(167 424)
Balance at 30 June	2 112 660	1 752 635

Condensed group segment information

R'000	Reviewed 53 weeks ended June 05	Audited 52 weeks ended June 04
Revenue – by business segment		
– Supermarkets	28 329 967	25 452 544
– Furniture	1 998 509	1 715 816
Total revenue	30 328 476	27 168 360
Operating profit – by business segment		
– Supermarkets	735 269	480 197
– Furniture	183 009	154 033
Total operating profit	918 278	634 230

Reconciliation of headline earnings

R'000	Reviewed 53 weeks ended June 05	Audited 52 weeks ended June 04
Net profit attributable to shareholders	567 855	566 187
Exceptional items after tax	40 195	(163 807)
Profit on sale of operation	–	(68)
Profit on sale of buildings	(6 716)	–
Profit on sale of unlisted investment	(19 906)	–
Profit on sale of listed investment	(660)	–
Insurance claim for building received	(5 864)	–
Impairment/(reversal of impairment) of property, plant and equipment	51 507	(3 067)
Impairment of unlisted investment	–	5 119
Amortisation of negative goodwill	–	(150 036)
Impairment of goodwill	26 151	–
Reversal of impairment of amounts owing by share incentive trust participants	–	(7 946)
Payment for lease cancellation	3 484	3 000
Profit on lease cancellation	(6 840)	(10 642)
Prescription of amounts owing	(961)	(167)
Other items after tax		
Loss on disposal and scrapping of software, plant and equipment	2 410	3 195
Amortisation of goodwill	–	5 087
Headline earnings	610 460	410 662
Exchange (gains)/losses after tax	(7 487)	69 416
Adjusted headline earnings	602 973	480 078

Supplementary information

R'000	Reviewed June 05	Audited June 04
1. Capital commitments	344 438	174 053
2. Contingent liabilities	53 190	14 707
There was an increase in the contingent liabilities arising in the ordinary course of business relating to property and other transactions from which it is anticipated that no material liabilities will arise.		
3. Net asset value per share (cents)	416	345
4. Total number of shares in issue (adjusted for treasury shares)	507 355	507 387

Condensed group cash flow statement

R'000	Notes	Reviewed 53 weeks ended June 05	Audited 52 weeks ended June 04
Cash generated by operations		777 418	1 341 611
Operating profit before exceptional items		918 278	634 230
Non-cash items	1	501 554	471 820
Changes in working capital	2	(652 332)	226 327
Exceptional items	3	9 918	9 234
Net finance costs		14 948	22 971
Dividends received		6 680	4 706
Dividends paid		(213 336)	(171 105)
Tax paid		(509 097)	(75 012)
Cash flows from operating activities		76 613	1 123 171
Cash flows from investing activities		(810 961)	(736 243)
Purchase of software, property, plant and equipment		(946 231)	(792 693)
Proceeds on disposal of software, property, plant and equipment		81 147	26 733
Acquisition of operations		(17 127)	(14 147)
Proceeds on disposal of unlisted investment		50 000	–
Proceeds on disposal of listed investment		21 069	–
Acquisitions of listed investment		(21 069)	–
Disposal of operation		–	5 200
Other investment activities		21 250	38 664
Net cash flow		(734 348)	386 928
Cash flows from financing activities		428	(3 080)
Acquisition of treasury shares		(265)	(3 703)
Proceeds on sale of treasury shares		–	623
Proceeds on issue of preference shares to joint venture		693	–
Movement in cash and cash equivalents		(733 920)	383 848
Effect of exchange rate movements on cash and cash equivalents		14 593	(27 319)
Net movement in cash and cash equivalents		(719 327)	356 529
Cash flow information			
1.	Non-cash items		
	Depreciation on property, plant and equipment	466 024	395 335
	Amortisation of goodwill	–	5 087
	Amortisation of software	13 490	12 047
	Loss on disposal and scrapping of software, plant and equipment	3 384	4 117
	Net fair value (gains)/losses on financial instruments	(3 629)	3 842
	Exchange (gains)/losses	(6 103)	79 276
	Movement in provisions	35 727	(12 880)
	Movement in fixed escalation operating lease accrual	(7 339)	(15 004)
		501 554	471 820
Reclassification of movement in provisions, from changes in working capital to non-cash items, in the current year resulted in adjustments to the relevant comparative figures to conform with the changes in presentation made in the current year.			
2.	Changes in working capital		
	Inventories	(92 552)	(98 169)
	Trade and other receivables	(13 788)	(227 341)
	Trade and other payables	(545 992)	551 837
		(652 332)	226 327
3.	Exceptional items		
	Exceptional items per income statement	(41 670)	165 261
	Profit on disposal of property	(7 401)	–
	Profit on disposal of operation	–	(97)
	Impairment/(reversal of impairment) of property, plant and equipment	51 507	(3 067)
	Impairment of unlisted investment	–	5 119
	Profit on disposal of unlisted investment	(18 000)	–
	Profit on disposal of listed investment	(669)	–
	Reversal of impairment of amounts owing by Shoprite Holdings Ltd	–	–
	Share Incentive Trust participants	–	(7 946)
	Impairment of goodwill	26 151	–
	Amortisation of negative goodwill	–	(150 036)
		9 918	9 234

DIRECTORATE AND ADMINISTRATION

Executive directors:

JW Basson (chief executive), CG Goosen (deputy managing director),
B Weyers, AN van Zyl, B Harisunker

Non-executive directors:

CH Wiese (chairman), JA Louw, JJ Fouché, TRP Hlongwane, JF Malherbe, JG Rademeyer

Company secretary:

AN van Zyl

Registered office

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Website: www.computershare.com

Namibia

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Auditors

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