

SHOPRITE HOLDINGS LIMITED

Preliminary results for the 12 months ended 30 June 2004

Building on a solid foundation

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

Key information

- Total turnover increased 7.3% from R24,825 billion to R26,641 billion.
- Non-RSA operations achieved 26.2% sales growth in stable currency terms.
- Operating profit before exchange differences up 16.4% to R702,2 million.
- Headline earnings per share up 38.7%.
- Headline earnings per share, adjusted for exchange differences, up 16.7%.
- Dividend per share declared increased 18.0% to 36,0 cents.
- Net asset value per share increased 22.9% to 419 cents.

Whitey Basson, chief executive, commented:

"Quality decision-making based on improved management information systems helped us overcome the challenges created by extremely low food inflation in our target market to generate an increase of 16.4% in operating profit. The operating margin achieved of 2.64% is the highest ever in our business. We intend growing strongly on the solid foundation laid, not only in South Africa, where capacity still exists in certain markets, but also in Africa, where we can open a number of additional outlets without adding to the present infrastructure."

23 August 2004

Enquiries

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Operating environment

The factors in the economy which in the year to 30 June 2004 worked in the favour of retailers of durable and semi-durable goods did not have a positive effect on food retailing in the Group's primary markets. Lower inflation, cheaper imports due to the strengthening of the rand and the drop in interest rates stimulated discretionary spending among middle and higher-income earners but did not, apart from a limited cascading effect, materially alter the position of low-income earners. At the same, they were probably most affected by the strong rand which led to increased job losses as the competitiveness and profit margins of export-orientated businesses came under pressure.

Although all retail sectors had to contend with low inflation and falling prices, this was nowhere as marked as in food sales in the sectors of the market in which the Group operates. Increased sales helped cushion the impact of lower prices for retailers of durable and semi-durable goods, but comparable increases did not occur in the food sector as consumers do not buy more food simply because it is cheaper. As a result, turnover growth in the Group's main trading subsidiaries was sluggish and the improved operating profit resulted mainly from greater efficiencies achieved in cost control and the management of the supply chain, and from increased global sourcing.

Comments on the results

Income statement

Total revenue:

Total revenue increased 7.5% to R27,172 billion, and sale of merchandise 7.3% to R26,641 billion in a market in which food inflation averaged 3.6%. This increase should be viewed against the background of the nationwide strike in October and November 2003, following the implementation of the new Sectoral Determination Act, when, in just one month, its main brand, Shoprite, lost 2.7% in market share. By June, the Group's market share based on like-for-like stores was 0,3% above what it had been 12 months earlier.

In addition to sale of merchandise, total revenue also includes smaller amounts which are in line with performances, as will be clear from the segmental results discussed later in this report.

Gross profit:

Gross profit increased 8.8% to R4,064 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. Thanks to its sophisticated distribution facilities the Group was also able to benefit further from the strength of the currency by sourcing globally to advantage.

Operating profit:

If forex and exceptional items are excluded, the operating margin grew from 2.43% to 2.64%. This represents an operating profit of R702,2 million, which is an increase of 16.4% on the previous year. This is the highest operating margin yet achieved in the business.

Other operating income:

This consists mainly of supplier rebates as well as smaller amounts relating to rental income, commission received, franchise fees, net premiums earned, finance income and distribution allowances. The increase in rebates above turnover growth resulted mainly from more efficient collaboration with suppliers while the increasing number of them following the mutually beneficial route of distributing to stores through the Group's structures, led to the improvement in distribution allowances. Income derived from financial services, which again grew substantially, is also included under this heading.

Depreciation:

Depreciation is in line with the cost of the Group's expansion into Africa, the ongoing refurbishment of existing stores and increased investment in information technology.

Operating leases:

Increases grew in line with those in the property market.

Staff costs:

The 12.7% increase in staff costs to R2,274 billion was due mainly to the implementation of the requirements of the Sectoral Determination Act in terms of which part-time workers became permanent staff members who now qualify for additional benefits. Flowing from these negotiations two salary increases were also granted during the review period. The Group will benefit from this arrangement in the new financial year as the next increase is only due in May 2005. Other contributing factors to the higher staff costs were a substantially higher provision for post-retirement medical aid expenses and, in terms of new legislation, a re-calculation of staff leave cost.

Other operating costs:

These costs, which increased 8.4%, cover expenses such as electricity and water, repairs and maintenance, security, packaging and net advertising cost.

Exchange losses:

In the year to 30 June, the rand strengthened 19.9% against the US dollar compared to 36.6% in 2003 (calculated on a conversion rate of R10,40 to the US dollar on 30 June 2002, R7,61 on 30 June 2003 and R6,35 on 30 June 2004). This lower appreciation of the rand resulted in a currency loss of R78,8 million in 2004 as against R132,9 million in 2003.

Exceptional items:

Exceptional items of R161,6 million (2003: R133,1 million) relate mainly to the amortisation of negative goodwill, which represents R150,0 million (2003: R153,0 million) of the total. This is the last time negative goodwill will be amortised as the related accumulated tax losses have been fully utilised.

Net investment income:

The net income was supported by improved cash flow. It was also to some extent affected by the lower interest rates in the second half of the year.

Taxation:

The tax charge shows an increase of 35.2% to R244,1 million. This is in line with the growth of 34.8% in profit before tax from R602,8 million to R812,6 million.

Earnings per share:

Earnings per share increased 32.8% from 82,7 cents to 109,8 cents and headline earnings per share 38.7% from 57,6 cents to 79,9 cents. Once adjusted for exchange differences, diluted headline earnings per share were 14.8% higher at 91,7 cents.

Balance sheet**Inventory:**

A measure of success was achieved in managing down stock levels, which increased 1,3% as against turnover growth of 7.3%, reducing the number of inventory days. Although disappointed that targets were not met, management is confident that, in a more stable inflation environment and backed by new IT systems analysing consumer shopping patterns and stock turn per product per store, stock holding will be reduced significantly.

Cash and cash equivalents:

Cash flow was well managed during the year and at 30 June, the Group had on hand cash and cash equivalents of R1,134 billion compared to R0,772 billion at the end of 2003 financial year. This improved cash balance reflects a favourable balance sheet date which shows trade and other payables up by 11%.

Property, plant and equipment:

The increase flows mainly from the Group's expanded investment in land and buildings. The increase in plant and equipment is referred to in the comment on depreciation.

Trade and other receivables:

The increase reflects the growth in credit sales reported by the Group's furniture business and the impact of the Franchise Division's results.

Operational review

Store	30.06.03	Opened	Closed	30.06.04
Supermarkets	427	67	8	486
Shoprite	297	22	3	316
Checkers	90	2	3	89
Checkers Hyper	23	0	1	22
USave	17	43	1	59
Hungry Lion	49	6	3	52
Furniture Group	165	6	4	167
OK Furniture	144	4	3	145
House & Home	21	2	1	22
Total Own Stores	641	79	15	705
OK Franchise	357	45	105	297
Hungry Lion Franchise	1	2	0	3
Total Franchise	358	47	105	300
Total Stores	999	126	120	1 005
Countries outside South Africa	13	2	0	15

Supermarkets

The combined turnover of the three supermarket brands – Shoprite, Checkers and Shoprite Usave, and including the non-RSA operation - increased 7.6% to R23,629 billion, a considerable improvement on the 6.0% at the end of the first six months, having grown 9.2% in the second half. The total number of customers served was 5.3% higher while basket value for the 12 months increased 2.0% as against 0.8% for the half-year.

During the year the conversion of all stores to scanning was completed. A retail data warehouse now exists providing information about every product sold in every store. From this data, sales patterns are determined, facilitating the correct stocking of each outlet. It also highlights for management the potential of additional products and product sizes, based on the demographic profile of every community in which the Group operates.

Geographic breakdown of turnover

	R'million	% change
Shoprite and Shoprite Usave (RSA)	12 923	8.7
Checkers (RSA)	8 415	7.1
Non-RSA supermarkets	2 291	2.9

Shoprite

Of the Group's 705 outlets, this mainstay brand operates 316 in 15 countries. Of these, 252 do business in South Africa and 64 beyond its borders. The chain is expected to add a further 53 stores in the next 18 months, 43 of these in South Africa. For the year to 30 June, like-for-like sales in South Africa grew 4.2% to R11,589 billion. This should be viewed against the disruption caused by the industrial action in October and November 2003 when mainly Shoprite stores were targeted.

The effects of the extremely low food inflation were felt mostly at the lower end of the FMCG market. With the biggest price reductions in staples, negative internal inflation impacted on 19.2% of total food sales in Shoprite. This was to a certain extent countered by stronger growth experienced in more profitable non-food sales, leading to an improvement in the operating margin.

By managing the cost base well and further reducing shrinkage, management succeeded in balancing food inflation with cost inflation. Management's efforts to bring more feet into the stores resulted in the number of customers increasing by 6.1%. This higher traffic is expected to translate into market share growth once customer spend increases.

Checkers

Management continued its extensive programme of re-positioning Checkers, giving it a more clearly defined identity, with a stronger focus on service, product ranges, freshness and quality. The chain has in particular upgraded its specialist departments – its meat market, bakery and delicatessen – extending the range and depth of convenience and value-added foods while also providing a wider quality selection of perishables and fresh produce.

Checkers was affected less by the consequences of the industrial action against the Group than Shoprite. In South Africa it grew sales on a like-for-like basis 8.0% from R7,423 billion to R8,019 billion. Operating profit for the total Checkers operation increased 38.6% compared to 2003 and the operating margin 29.0%.

In the light of the increasing consumer acceptance the new Checkers format enjoys, management has embarked on an aggressive programme to increase market penetration, and 34 new-generation stores will open in selected areas during the next 18 months. At the same time an extensive refurbishment programme has been launched and in the next 12 months, 20 outlets will be upgraded to new-generation standard.

Shoprite Usave

During the year the Group continued the roll-out of the new Usave format, enabling it to enter communities too small to support a conventional supermarket, whether inside South Africa or outside its borders, thus increasing its penetration of the lower end of the market. In the 12 months to 30 June, 43 stores were added to bring the total to 59, of which 43 are in South Africa. A further 60 are planned for the next 18 months.

Although the chain is still in its initial stages, those outlets trading for the full 12 months produced a return on equity of 35%. Absolute focus on retail basics is the key to the success of these stores, which stock just the 700 product lines identified by the Group's IT systems as the top sellers in a specific area or community. High-frequency

replenishment of these small-format stores reduces stockholding and storage space to the minimum, and every square centimetre of trading space is used productively.

Operations outside South Africa

The non-RSA operations performed well, with sales growth of 20.7% on a like-for-like basis and 26.2% on total sales at constant conversion rates. Despite the continued strengthening of the rand, sales in rand terms still showed positive growth of 2.9% to R2,291 billion.

Sales growth was lower than expected due to the effect of the strong rand on the prices of products imported from South Africa. To assist consumers and retain the Group's price competitiveness, these products were sold at lower gross margins. For these same reasons management was impelled to find increasingly other sources of supply. Establishment costs of R13,0 million also burdened the results of those countries the Group entered for the first time in the past financial year.

The Group continued its bricks and mortar expansion in Africa as well as building technology and infrastructure. The 64 Shoprite and four Checkers stores operated outside South Africa are fully-fledged supermarkets largely indistinguishable from their South African counterparts in equipment, lay-out and ambiance. The product choice is comparable, with selected fresh produce flown from South Africa to certain countries when not available locally. All these stores are linked by satellite into the Group's central database and replenishment system.

Among the major property developments of the year were the completion of the Group's R90 million shopping centre and distribution facility in Luanda, Angola, fully operational since August, 2003; and the R34 million shopping complex in Kampala, Uganda, developed in conjunction with Massmart and housing a 4 000 m² Shoprite superstore.

OK Franchise

The division suffered an operating loss of R11,7 million due to further right-offs. The number of franchise stores reduced by 60 resulting from poor trading conditions and a continuing shake-out of doubtful debtors. It is the view of management that the OK Franchise business now has a solid base for growth that will accelerate as trading conditions improve. For this reason, supporting management structures available to members were not scaled despite the reduction in membership, to ensure sufficient capacity to handle the envisaged growth.

A concerted campaign was launched during the year to upgrade franchise stores to OK brand standards. This resulted in a considerable improvement in the general offering of converted stores. At year-end there were 102 outlets trading under the OK brand in addition to 117 Sentra and Value stores. The division also has 75 wholesale members trading as Megasave.

The Group remains confident that the OK Franchise concept is the correct one for addressing opportunities in the smaller neighbourhood market. However, it also accepts time is needed to build a base of sufficient size that the brand requires for competing effectively in this environment.

Furniture

The furniture business, which includes the chains OK Furniture and House & Home, performed extremely well ahead of the rest of the furniture retail sector. It increased revenue 26.0% to R1,716 billion and operating profit 108.3% to R154 million. Despite a highly competitive market characterised by aggressive discounting, the pressure on margins was countered by good house-keeping, meticulous cost control and a tenacious focus on reducing inventory, notwithstanding the need to supply new stores and to retain buffer stock to counter long lead times on imported merchandise. The net debtors' book grew 21% and provisions for unearned finance charges and doubtful debts remain more than adequate.

During the year six new stores were opened and four unprofitable ones closed. The two chains now operate a total of 167 outlets in South Africa, Lesotho, Swaziland, Namibia and Botswana, with OK Furniture planning to open at least six and House & Home two new outlets in the new financial year. The division's extensive refurbishment programme is also nearing completion and during the past five years, most OK Furniture stores were fully refurbished, as were 15 of the 22 House & Home outlets.

Group prospects and outlook

Despite challenging trading conditions in certain segments of our market, we are confident that the stronger turnover growth which manifested itself in the second half of 2004 will continue to gain momentum in the new financial year and lead to improved results. Our confidence is also based on the fact that we expect to derive increasing benefits from our very substantial investment in our advanced IT systems. These same systems will also enable us to achieve further efficiencies in the management of our complex supply chains while allowing us to extend our involvement in the area of virtual retailing through the growing number of services we offer consumers. Africa, too, offers us the opportunity of opening a number of additional stores on the existing infrastructure to achieve economies of scale in certain countries to the north. Within South Africa, the revitalised Checkers chain has potential for further growth in its existing stores. The accelerated rollout of Usave outlets will also enable us to tap into new markets both here and elsewhere on the continent.

Corporate governance

Shoprite acts in accordance with the principles 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.

Dividend no 111

The Board has declared a final dividend of 19,5 cents (2003: 16,5 cents) per share, payable to shareholders on 20 September 2004. This brings the total dividend for the year to 36,0 cents per ordinary share (2003: 30,5 cents). The last day to trade cum dividend will be 10 September 2004. As from 13 September 2004 all trading of Shoprite Holdings Ltd shares will take place ex dividend. The record date is 17 September 2004.

Share certificates may not be dematerialised or re-materialised between Monday, 13 September 2004, and Friday, 17 September 2004, 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 2003, except as stated below.

In accordance with the recommendations of the JSE Securities Exchange South Africa, the Group now consolidates its share incentive scheme to ensure compliance with AC 132: Consolidated financial statements and accounting for investments in subsidiaries.

As per the requirements of AC103: 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. The restatement had no significant effect on earnings or headline earnings per share.

	30.06.04	30.06.03
	R'm	R'm
Operating profit	(18)	(23)
Exceptional items	(215)	215
Investment income	27	6 265
Finance costs	(315)	(6 658)
Profit before tax	(521)	(201)
Dividends distributed to shareholders	161	134
Decrease in capital and reserves	(4 331)	(3 413)
(Decrease)/increase in loans originated by the enterprise	(18 412)	28 307
Increase/(decrease) in cash and cash equivalents	14 304	(29 730)
Increase in other receivables	703	182
Increase in other payables	929	2 172

Adjusted headline earnings are calculated by excluding the after-tax effect of exchange gains and losses from headline earnings.

Auditors' review opinion

The condensed consolidated preliminary results for the year ended 30 June 2004 have been reviewed by PricewaterhouseCoopers Inc. The auditors' unqualified review opinion is available for inspection at the Company's registered office.

Thanks to the management and staff

Difficult trading conditions and disruptive industrial action during the year made enormous demands on both management and staff. That together they could overcome these challenges and grow is a testimony to the calibre of our people, who have coupled bold decision-making with total dedication and sheer hard work. In thanking them we also want to extend our heartfelt appreciation to our colleagues on the Board for their support and the conscientious manner in which they fulfilled their duties to the Group.

By order of the Board

C H Wiese
Chairman

J W Basson
Chief executive

23 August 2004

Condensed group income statement

	Reviewed	%	Audited
R'000	12 months to		12 months to
	30/06/04	change	30/06/03
Revenue	27 171 644	7.49	25 278 283
Sale of merchandise	26 641 233	7.32	24 824 516
Finance income earned	171 322	16.69	146 817
Franchise fees received	19 779	(7.11)	21 293
Operating lease income	221 187	2.47	215 862
Net premiums earned	118 123	69.24	69 795
Reclassification of franchise fees received, operating lease income and net premiums earned as revenue			
in the current year resulted in adjustments to the relative comparative figures to conform with changes in presentations made in the current year.			
Gross profit	4 063 879	8.77	3 736 360
Other operating income	2 263 846	15.13	1 966 343
Depreciation	(407 382)	11.99	(363 772)
Operating leases	(857 341)	8.07	(793 347)
Staff costs	(2 273 837)	12.69	(2 017 815)
Other operating costs	(2 086 996)	8.44	(1 924 487)
Operating profit before exchange losses	702 169	16.39	603 282
Exchange losses	(78 848)		(132 945)
Operating profit before exceptional items	623 321	32.53	470 337
Exceptional items	161 594		133 083
Operating profit after exceptional items	784 915	30.08	603 420
Investment income	57 739		69 341
Finance costs	(30 062)		(69 998)
Profit before tax	812 592	34.81	602 763
Tax	(244 107)	35.18	(180 585)
Profit after tax	568 485	34.66	422 178
Minority interest	(11 674)		(2 317)
Net profit	556 811	32.62	419 861
Earnings per share (cents)	109.8	32.8	82.7
Diluted earnings per share (cents)	107.7	30.4	82.6
Headline earnings per share (cents)	79.9	38.7	57.6
Diluted headline earnings per share (cents)	78.3	36.2	57.5
Adjusted headline earnings per share (cents)	93.5	16.7	80.1
Adjusted diluted headline earnings per share (cents)	91.7	14.8	79.9
Ordinary dividend per share (cents)	33.0	15.8	28.5
Number of ordinary shares ('000) used for calculation of			
– earnings per share	506 979*		507 394*
– diluted earnings per share	517 007*		508 233*
(*weighted average)			

Condensed group statement of changes in equity

	Reviewed	Audited
R'000	12 months to	12 months to
	30/06/04	30/06/03
Balance at 1 July	1 732 939	1 457 428
(Acquisition)/disposal of treasury shares	(3 080)	2 237
Net fair value profits/(losses) on available-for-sale investments, net of tax	8 969	(1 958)
Net profit for the year	556 811	419 861
Dividends distributed to shareholders	(167 424)	(144 629)
Balance at 30 June	2 128 215	1 732 939

Condensed group segment information

	Reviewed	Audited
R'000	12 months to	12 months to
	30/06/04	30/06/03
Revenue – by business segment		
– Supermarkets	25 455 828	23 916 381
– Furniture	1 715 816	1 361 902
Total revenue	27 171 644	25 278 283
Operating profit – by business segment		
– Supermarkets	469 288	396 381
– Furniture	154 033	73 956
Total operating profit	623 321	470 337

Condensed group balance sheet

	Reviewed	Audited
R'000	30/06/04	30/06/03
Assets		
Non-current assets	2 452 285	1 996 257
Property, plant and equipment	2 178 809	1 822 380
Available-for-sale investments	6 980	55 071
Loans originated by the enterprise	66 537	69 404
Deferred tax assets	169 620	165 853
Intangible assets	30 339	(116 451)
Current assets	5 479 081	4 848 018
Inventories	2 620 150	2 585 363
Trade and other receivables	1 622 520	1 404 578
Current tax asset	29 181	32 349
Available-for-sale investments	53 624	–
Loans originated by the enterprise	19 538	54 022
Cash and cash equivalents	1 134 068	771 706
Total assets	7 931 366	6 844 275
Equity and liabilities		
Capital and reserves	2 128 215	1 732 939
Minority interest	38 007	31 205
Non-current liabilities	218 325	227 728
Interest-bearing borrowings	2 450	2 450
Deferred tax liabilities	1 939	4 224
Provisions	213 936	221 054
Current liabilities	5 546 819	4 852 403
Trade and other payables	5 267 095	4 748 780
Current tax liability	223 281	47 877
Provisions	48 567	54 894
Bank overdraft	5 833	–
Shareholders for dividends	2 043	852
Total equity and liabilities	7 931 366	6 844 275

Reconciliation of headline earnings

	Reviewed	Audited
R'000	12 months to	12 months to
	30/06/04	30/06/03
Net profit attributable to shareholders	556 811	419 861
Exceptional items after tax	(160 140)	(133 083)
Profit on sale of operation	(68)	–
(Reversal of impairment)/impairment of buildings	(3 067)	1 742
Impairment of unlisted investment	5 119	6 308
Amortisation of negative goodwill	(150 036)	(153 002)
Write-off of goodwill	–	3 978
(Reversal of impairment)/impairment of amounts owing by share incentive trust participants	(7 946)	7 946
Payment for lease cancellation	3 000	–
Receipt for lease cancellation	(6 975)	–
Prescription of amounts owing	(167)	(55)
Other items after tax	–	–
Loss on disposal and scrapping of plant and equipment	3 194	2 481
Amortisation of goodwill	5 087	2 855
Headline earnings	404 952	292 114
Exchange losses after tax	68 988	114 111
Adjusted headline earnings	473 940	406 225

Supplementary information

	Reviewed	Audited
R'000	30/06/04	30/06/03
1. Capital commitments	174 053	188 805
2. Contingent liabilities	14 707	34 106
3. Net asset value per share (cents)	419	341
4. Total number of shares in issue (adjusted for treasury shares)	507 387	507 799

Condensed cash flow statement

		Reviewed	Audited
		12 months to	12 months to
R'000	Notes	30/06/04	30/06/03
Cash generated by operations		1 341 611	1 036 192
Operating profit before exceptional items		623 321	470 337
Non-cash items	1	499 276	502 278
Changes in working capital	2	213 447	63 522
Exceptional items	3	5 567	55
Net finance costs		22 971	(6 206)
Dividends received		4 706	5 549
Dividends paid		(171 105)	(146 130)
Tax paid		(75 012)	(72 238)
Cash flows from operating activities		1 123 171	817 167
Cash flows from investing activities		(736 243)	(632 240)
Purchase of property, plant and equipment		(792 693)	(561 804)
Proceeds on disposal of property, plant and equipment		26 733	27 583
Acquisition of interest in operation		(14 147)	(74 605)
Disposal of interest in subsidiaries/operations		5 200	--
Acquisition of further interest in subsidiaries		--	(11 081)
Other investment activities		38 664	(12 333)
Net cash flow		386 928	184 927
Cash flows from financing activities		(3 080)	9 280
Acquisition of treasury shares		(3 703)	(1 316)
Proceeds on sale of treasury shares		623	3 553
Proceeds on issue of additional share capital to minorities		--	7 043
Movement in cash and cash equivalents		383 848	194 207
Acquired through acquisitions of subsidiaries		--	1 316
Effect of exchange rate movements on cash and cash equivalents		(27 319)	(74 554)
Net movement in cash and cash equivalents		356 529	120 969
Cash flow information			
1.Non-cash items			
Depreciation on property, plant and equipment		407 382	363 772
Amortisation of goodwill		5 087	2 855
Loss on disposal and scrapping of plant and equipment		4 117	2 919
Net fair value losses/(gains) on financial instruments		3 842	(213)
Exchange losses		78 848	132 945
		499 276	502 278
All foreign exchange differences are now eliminated in the cash flow statement. The comparative information has been restated to reflect the change.			
2.Changes in working capital			
Inventories		(98 169)	(429 280)
Trade and other receivables		(227 341)	20 170
Trade and other payables		552 402	482 441
Movement in provisions		(13 445)	(9 809)
		213 447	63 522
3.Exceptional items			
Exceptional items per income statement		161 594	133 083
Profit on disposal of operation		(97)	--
(Reversal of impairment)/impairment of buildings		(3 067)	1 742
Impairment of unlisted investment		5 119	6 308
(Reversal of impairment)/impairment of amounts owing by share incentive			
Trust participants		(7 946)	7 946
Write-off of goodwill		--	3 978
Amortisation of negative goodwill		(150 036)	(153 002)
		5 567	55

Directorate and administration

Executive directors:

J W Basson (chief executive), C G Goosen (deputy managing director), BR Weyers, A N van Zyl, B Harisunker

Non-executive directors:

C H Wiese (chairman), J A Louw, J J Fouché, T R P Hlongwane, J F Malherbe, J G Rademeyer

Company secretary:

A N van Zyl

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