

20 Feb 2007

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SHP

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SHP - Shoprite Holdings Limited - Interim results for the 26 weeks to 31
December 2006

SHOPRITE HOLDINGS LIMITED

(Reg. No. 1936/007721/06)

(ISIN: ZAE000012084)

(JSE Share code: SHP)

(NSX Share code: SRH)

(LuSE Share code: SHOPRITE)

("the Group")

SHOPRITE HOLDINGS: INTERIM RESULTS FOR THE 26 WEEKS TO 31 DECEMBER
2006

Key information

Trading profit was up 27,9% to R717,3 million.

Turnover increased 14,9% - from R16,621 billion to R19,105 billion.

Non-RSA supermarkets achieved 28,0% sales growth.

Diluted headline earnings per share from continued operations rose 26,0% to
82,8 cents.

Dividend per share proposed increased 29,6% to 35,0 cents.

Whitey Basson, chief executive, commented:

Management is satisfied with the growth achieved in the first six months of
the

2007 financial year, especially as this was achieved despite 12 weeks of
industrial action that affected, in particular, the operations of the Shoprite
brand. The Group also managed to substantially recoup the market share lost
during those turbulent times and for December 2006 that share was back to just
fractionally below what it had been in December 2005. Although our primary
business remains food retailing, our offering spans an ever-increasing range
that also encompasses furniture stores, pharmacies, liquor outlets, consumer
convenience services and the country's most extensive booking facilities for
theatre and entertainment.

20 February 2007

Enquiries:

Shoprite Holdings Limited Tel: (021) 980 4000

Whitey Basson, chief executive

Carel Goosen, deputy managing director

De Kock Communications Tel: (021) 422 2690

Operating environment

Despite interest rates edging up consumer spending remained high with no noticeable change in spending patterns in the food retail sector. The rapidly expanding new middle class with its growing disposable income remains the single most powerful driver of retail growth in South Africa, boosted by the more than half a million new jobs that came on stream in the previous year. Credit is still widely available to consumers and the swing away from cash is only now starting to stabilise in, for instance, the durable and semi-durable market. The prices of most home entertainment products are still subject to deflation. On the other hand food inflation, in categories such as meat products, rose sharply, averaging 8,0% for the period under review as against 2,8% in the corresponding period in 2005. The Group's own internal inflation rate rose to 5,6% in the review period from 2,5% in 2005.

Comments on the results

Income statement

Total turnover

Total turnover increased by 14,9% from R16,621 billion to R19,105 billion. The negative impact of the extended industrial action was countered by rising food inflation and the turnover generated by the Group's net gain of 40 new stores during the period.

Gross profit

Gross profit was boosted by increased turnover in the higher margin perishable foods and service departments as well as by a larger contribution from non-food sales to total turnover.

Expenses

Overhead expenses were well managed and kept within budgeted parameters.

Trading profit

Given the strong growth in turnover, the increased margins achieved and the strictly contained overhead costs, trading profit advanced 27,9%.

Trading margin

The trading margin of 3,8% was higher than a year ago and is the highest yet recorded by the Group. It is a function of the growth in gross profit and the slower increase in overhead costs, supported by an improved performance of the Group's non-RSA operations.

Interest received and finance costs

Net interest income was almost unchanged due to the investment in new stores.

Exchange rate differences

The rand's slight weakening against the US dollar and other currency fluctuations during the six months resulted in a forex gain of R19,5 million as against a forex loss of R28,7 million in the corresponding period.

Income of a capital nature

The income of a capital nature (in previous years referred to as exceptional items) in the income statement of R21,8 million relates mainly to profit

achieved on the sale of some properties.

Dividend declared

The Board declared an interim dividend of 35,0 cents per ordinary share (2006: 27,0 cents).

Balance sheet

Intangible assets

The increase in intangible assets relates mainly to the investment in the Group's new back-office system.

Inventories

The increase of 12,5% in inventory to R4,074 billion was mainly the result of provisioning a net of 40 new supermarkets opened during the reporting period. Management also took a strategic decision to buy forward aggressively for the 2007 Back to School campaign and to avoid out-of-stock situations over the festive season due to reduced supplier services during that period. This decision was vindicated by the strong surge in turnover during December and since the start of 2007.

Operational review

The Group as a whole performed well during the period under review. It recorded

an increase of 27,9% in trading profit to R717,3 million (2006: R560,9 million). It is increasingly benefiting from its decision to position its brands as chains of destination stores offering consumers higher levels of convenience, and the Group's operations now include a growing number of in-store pharmacies as well as Money Market kiosks that provide an extensive range of consumer convenience services as well as booking facilities for theatre and sporting events countrywide. These additional services play an important role in bringing growing numbers of consumers into our stores. The Group's core target market, was not materially affected by the rise in interest rates and consumer spending continued unabated.

Number of outlets

JUN 2006	Open	Closed	DEC 2006	Confirmed	New stores JUN 2007	
SUPERMARKETS		574	25	(10)	589	15
- SHOPRITE		348	13	(1)	360	7
- CHECKERS		110	3	(0)	113	2
- CH HYPER		24	0	(0)	24	0
- USAVE		92	9	(9)	92	6
HUNGRY LION		74	19	(1)	92	8
FURNITURE		198	7	(0)	205	10
- OK FURNITURE		171	6	(0)	177	10
- HOUSE & HOME		27	1	(0)	28	0
TOTAL OWN STORES		846	51	(11)	886	33
- OK FRANCHISE		253	24	(14)	263	2
- H/LION FRANCHISE		2	0	(0)	2	0

TOTAL FRANCHISE	255	24	(14)	265	2
TOTAL STORES	1101	75	(25)	1151	35
COUNTRIES OUTSIDE					
RSA	16	0	(0)	16	0

RSA supermarkets

The Group's supermarket operation in South Africa, encompassing three chains - Shoprite, Checkers and Usave - forms the core of the business and represents 79,1% of total turnover. Management is satisfied with the performance of this division which grew turnover by 13,9% to R15,111 billion. The number of customer transactions increased 6,1% while growth in basket size amounted to 7,3%. Market share lost during the industrial action in the review period was regained to a large extent by December. The Group is increasingly being offered

space on a preferential basis in new growth nodes and thus is able to position new stores in the right locations. However, management believes the slower growth on existing business confirms its conviction that the market is nearing saturation.

Shoprite

Shoprite, by far the largest of the three main brands and recently named South Africa's number one retail brand in the annual Sunday Times/Markinor Top Brand survey, increased turnover by 11,8% despite being hardest hit by the industrial

action referred to earlier. It remains the preferred destination of first-time home-owners as well as of the rapidly expanding middle class. To satisfy the aspirations of all these consumers Shoprite recently completed an extensive store repositioning programme. During the review period Shoprite increased the number of customer transactions by 4,5% and grew basket size by 6,8%.

Checkers

Checkers is positioning itself more strongly in the higher-income sector and the differentiation between Shoprite and Checkers customers has grown to the point where cannibalisation has been virtually eliminated. The differentiation is mainly in the area of lifestyle while much attention is also being paid to improving customer relations and service delivery. Consumers are responding with increasing support. In the six months to end December, Checkers boosted turnover by 16,1%. It increased the number of customer transactions by 8,6% and

basket size by 6,9% in its 137 outlets. Since 2005 it has grown its LSM 8 to 10

customer base by 14%.

Usave

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

Management

continues to refine and expand the range. Usave's format allows it to establish

outlets in areas too small for full- scale supermarkets, thereby promoting the

Group's penetration of the market. Its primary growth is therefore taking place

mostly in rural areas and smaller trading nodes.

Operations outside South Africa

The Group's investments in Africa are increasingly paying off as it grows and stabilises its presence in the 16 countries in which it operates outside the RSA. All these countries improved on past contributions and together reported turnover growth of 28,0%. The Group's first supermarket in Lagos, Nigeria, performed well in the first year of operation while its franchise store in Mumbai in India reported substantial increases in turnover and customer numbers. The weakening of the rand assisted exports into Africa at acceptable margins while trading was enhanced by the stability of most major African currencies.

OK Franchise

This division regained its momentum by growing its member base. During the period under review it gained 24 new accounts as part of an intensive campaign to expand its membership base. To balance its strong rural presence, the membership drive is primarily aimed at strengthening the urban visibility of its three brands - OK Grocer, OK Foods and OK Minimark. During the period under

review the division opened its first liquor outlet, under the name Enjoy.

Furniture

Consumer spending was particularly evident in the durable and semi-durable markets, enabling the Group's furniture division to maintain sales growth of 14,2% in an intensely competitive environment, particularly in the appliances and home entertainment sectors. Margins remained under pressure, but were maintained with the help of effective cost control and stock management systems

and the Division reported a profit increase of 14,8%. Like the rest of the retail furniture sector, the division continued to trade in an environment of negative price inflation. The swing to cash sales in the business has started to stabilise despite credit remaining freely available pending the provisions of the National Credit Act becoming fully operational in June 2007.

Corporate governance

The Group is committed to 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 in the Listings Requirements of the JSE Ltd.

Dividend no 116

The Board has declared an interim dividend of 35,0 cents (2006: 27,0 cents) per

ordinary share, payable to shareholders on Monday, 19 March 2007. The last day to trade cum dividend will be Friday, 9 March 2007. As from Monday, 12 March 2007, all trading of Shoprite Holdings Ltd shares will take place ex dividend.

The record date is Friday, 16 March 2007. Share certificates may not be dematerialised or rematerialised between Monday, 12 March 2007, and Friday, 16

March 2007, both days inclusive.

Accountability

These condensed consolidated interim results have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34: Interim Reporting, 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 financial period ended June 2006. Comparative information for the six months ended December 2005 was adjusted to reflect the recalculation of the impact of hyperinflationary economies on the Group's results. This recalculation was done in line with the final review of the effect of hyperinflation on the Group's results for the 12 months ended June 2006. This adjustment had no material impact on the Group's earnings.

CONDENSED GROUP INCOME STATEMENT

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

Earnings per share
from continued

operations (cents)	89,7	29,1%	69,5	179,4
Earnings per share (cents)	89,7	31,9%	68,0	175,4
Diluted earnings per share from continued operations (cents)	86,5	28,9%	67,1	172,7
Diluted earnings per share (cents)	86,5	31,7%	65,7	168,9
Ordinary dividend per share paid (cents)	46,0	64,3%	28,0	55,0
Ordinary dividend per share declared (cents)	35,0	29,6%	27,0	73,0
Number of ordinary shares ('000) used for calculation of:				
earnings per share	507 345		507 355*	507 346*
diluted earnings per share	526 384		525 277*	526 998*

(* weighted average)

RECONCILIATION OF HEADLINE EARNINGS

Unaudited	Unaudited		Audited	
	6 months ended Dec 06	6 months ended Dec 05	% change	for the year ended Jun 06
R'000				
Net profit attributable to shareholders	455 224	344 953		890 132
Loss for the period from discontinued operation	-	7 622		19 853
Earnings from continued operations	455 224	352 575		909 985
Income of a capital nature after tax	(19 519)	(7 225)		(141 557)
Profit on disposal of operations	-	-		(622)
Profit on disposal of property	(22 366)	(9 264)		(144 584)
(Profit)/loss on disposal and scrapping of of plant, equipment and intangible assets	(938)	2 039		6 613
Insurance claim received for building	-	-		(2 006)
Reversal of impairment - property,				

plant and equipment	-	-		(1 559)
Impairment of goodwill	3 785	-		1 286
Prescription of amounts owing	-	-		(685)
Headline earnings from continued operations	435 705	345 350		768 428
Add: loss for the period from discontinued operation	-	(7 622)		(19 853)
Income of a capital nature after tax from discontinued operation	-	-		(4 210)
Headline earnings	435 705	337 728		744 365
Earnings per share from continued operations (cents)	89,7	69,5	29,1%	179,4
Earnings per share (cents)	89,7	68,0	31,9%	175,4
Diluted earnings per share from continued operations (cents)	86,5	67,1	28,9%	172,7
Diluted earnings per share (cents)	86,5	65,7	31,7%	168,9
Headline earnings per share from continued operations (cents)	85,9	68,1	26,1%	151,5
Headline earnings per share (cents)	85,9	66,6	29,0%	146,7
Diluted headline earnings per share from continued operations (cents)	82,8	65,7	26,0%	145,8
Diluted headline earnings per share (cents)	82,8	64,3	28,8%	141,2
Ordinary dividend per share paid (cents)	46,0	28,0	64,3%	55,0
Ordinary dividend per share declared (cents)	35,0	27,0	29,6%	73,0

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Unaudited	Unaudited	Audited	
6 months	6 months	for the year		
	ended	ended	ended	
R`000	Dec 06	Dec 05	Jun 06	
Balance at beginning of July	3 082 868	2 265 877	2 265 877	
Net movement in treasury shares	-	-	(99)	
Net fair value profits on				

available-for-sale investments, net of tax	14 982	10 933	12 452
Net profit for the period	462 526	349 950	896 482
Employee share option scheme			
- value of services provided	- 764	764	
Cash settlement of share options	(63 821)	-	-
Foreign currency translation differences	(45 777)	91 886	187 545
Dividends distributed to shareholders	(235 224)	(143 163)	(280 153)
Balance at end of December/June	3 215 554	2 576 247	3 082 868

CONDENSED SEGMENT INFORMATION

	Unaudited		Unaudited	Audited
6 months	6 months		for the year	
	ended	%	ended	ended
R`000	Dec 06	change	Dec 05	Jun 06
SEGMENT REVENUE - by business segment				
- Supermarkets	17 924 867	15,0%	15 587 333	31 635 822
- Furniture	1 180 431	14,2%	1 033 350	1 875 465
Total segment revenue	19 105 298	14,9%	16 620 683	33 511 287

SEGMENT RESULT - by

business segment				
- Supermarkets				
- (including unallocated)	606 999	44,5%	420 203	1 051 301
- Furniture	123 719	14,8%	107 739	198 633
Total segment result	730 718	38,4%	527 942	1 249 934

Segment result comprises trading profit plus exchange rate losses/gains less investment income.

CONDENSED GROUP BALANCE SHEET

	Unaudited	Unaudited	Audited
R`000	Dec 06	Dec 05	Jun 06
ASSETS			
Non-current assets	4 062 604	3 261 792	3 759 229
Property, plant and equipment	3 592 185	2 759 149	3 248 283
Available-for-sale investments	18 437	45 679	13 846
Loans and receivables	32 384	48 319	38 817
Deferred tax assets	162 483	232 991	219 626
Intangible assets	255 074	172 337	235 866
Fixed escalation operating lease accrual	2 041	3 317	2 791
Current assets	7 886 336	6 589 410	6 183 163

Inventories	4 073 930	3 622 068	3 269 500
Other current assets	1 742 495	1 732 397	1 492 466
Assets classified as held for sale	128 236	257 784	163 876
Available-for-sale investments	46 526	-	33 592
Loans and receivables	11 317	18 814	15 758
Cash and cash equivalents	1 883 832	958 347	1 207 971
Total assets	11 948 940	9 851 202	9 942 392
EQUITY AND LIABILITIES			
Total equity	3 215 554	2 576 247	3 082 868
Capital and reserves			
attributable to equity holders	3 163 099	2 530 595	3 035 863
Minority interest	52 455	45 652	47 005
Non-current liabilities	720 769	754 472	731 860
Borrowings	2 510	2 450	2 464
Deferred tax liabilities	8 960	9 189	7 400
Provisions	254 079	214 062	269 264
Fixed escalation operating			
lease accrual	455 220	528 771	452 732
Current liabilities	8 012 617	6 520 483	6 127 664
Other current liabilities	7 646 308	5 830 384	5 422 096
Provisions	45 743	43 127	34 301
Liabilities classified as			
held for sale	-	23 160	-
Bank overdraft	320 566	623 812	671 267
Total liabilities	8 733 386	7 274 955	6 859 524
Total equity and liabilities	11 948 940	9 851 202	9 942 392

CONDENSED GROUP CASH FLOW STATEMENT

		Unaudited	Unaudited	Audited
6 months	6 months	for the year		
		ended	ended	ended
R`000	Notes	Dec 06	Dec 05	Jun 06
Cash generated by				
continued operations		2 137 506	969 623	2 065 366
Operating profit		758 612	540 378	1 427 926
Less: investment income		(6 059)	(4 283)	(11 086)
Non-cash items	1	242 225	231 350	281 090
Cash-settled share				
options		(32 977)	-	-
Changes in working				
capital	2	1 175 705	202 178	367 436
Net interest received		6 703	5 862	12 656
Dividends received		1 874	1 539	5 079
Dividends paid		(234 933)	(145 474)	(282 473)
Tax paid		(287 321)	(150 845)	(438 890)
Cash utilised by				
discontinued operations		-	(6 065)	(23 050)

Cash flows from operating activities	1 623 829	674 640	1 338 688
Cash flows from investing activities	(579 455)	(619 545)	(1 097 877)
Purchase of property, plant and equipment and intangible assets	(658 754)	(526 108)	(1 318 364)
Proceeds on disposal of property, plant and equipment and intangible assets	75 799	49 450	343 601
Proceeds on disposal of listed investments	3 542	-	-
Acquisition of subsidiaries /operations	-	(138 200)	(136 565)
Proceeds on disposal of operations	-	-	2 632
Acquisition of listed investment	(4 407)	-	-
Other investment activities	4 365	(4 687)	10 819
Cash flows from financing activities	303	-	406
Acquisition of treasury shares	-	-	(99)
Proceeds on issue of preference shares to joint venture	303	-	505
Movement in cash and cash equivalents	1 044 677	55 095	241 217
Effect of exchange rate movements on cash and cash equivalents	(18 115)	(12 981)	3 066
Net movement in cash and cash equivalents	1 026 562	42 114	244 283
CASH FLOW INFORMATION			
1. Non-cash items			
Depreciation on property, plant and equipment	252 612	207 146	447 808
Amortisation of intangible assets	7 438	6 231	14 380
Net fair value losses/(gains) on financial			

instruments	20 689	537	(20 091)
Exchange rate (gains)/losses	(19 504)	28 554	(8 445)
Share options granted	-	764	764
Profit on disposal of property	(24 192)	(10 958)	(171 651)
(Profit)/loss on disposal and scrapping of plant and equipment and intangible assets	(1 428)	2 805	9 257
Reversal of impairment of property, plant and equipment	-	-	(1 559)
Profit on disposal of operations	-	-	(728)
Impairment of goodwill	3 785	-	1 286
Loss on disposal of listed investment	865	-	-
Movement in provisions	(3 743)	(3 622)	28 204
Movement in fixed escalation operating lease accrual	5 703	(107)	(18 135)
	242 225	231 350	281 090

2. Changes in working capital

Inventories	(826 150)	(871 280)	(500 151)
Trade and other receivables	(286 034)	(265 585)	23 580
Trade and other payables	2 287 889	1 339 043	844 007
	1 175 705	202 178	367 436

SUPPLEMENTARY INFORMATION

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

Group prospects and outlook

The Board expects the economic factors that influenced the Group`s performance in the first half of the year to continue largely unchanged in the second half.

By order of the Board

C H Wiese

Chairman

J W Basson

Chief executive

19 February 2007

Directorate and administration

Executive directors: JW Basson (chief executive), CG Goosen (deputy managing director), B Harisunker, AE Karp, EL Nel, AN van Zyl, BR Weyers

Non-executive directors: CH Wiese (chairman), JJ Fouche, TRP Hlongwane, JA Louw, JF Malherbe, JG Rademeyer

Alternate directors: JAL Basson, M Bosman, PC Engelbrecht, JD Wiese

Company secretary: AN van Zyl

Registered office: Cnr William Dabs and Old Paarl Roads, Brackenfell, 7560, South Africa. PO Box 215, Brackenfell, 7561, South Africa

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

Transfer secretaries

South Africa: Computershare Investor Services 2004 (Pty) Ltd, PO Box 61051, Marshalltown, 2107, South Africa Telephone: +27 (0)11 370 5000 Facsimile: +27 (0)11 688 5238 Website: www.computershare.com

Namibia: Transfer Secretaries (Pty) Ltd, PO Box 2401, Windhoek, Namibia

Telephone: +264 (0)61 227 647 Facsimile: +264 0(61) 248 531

Zambia: Lewis Nathan Advocates, PO Box 37268, Lusaka, Zambia

Telephone: +260 (0)1 223 174 Facsimile: +260 (0)1 229 868

Sponsors

South Africa: Nedbank Capital, PO Box 1144, Johannesburg, 2000, South Africa

Telephone: +27 (0)11 295 8602 Facsimile: +27 (0)11 294 8602

Website: www.nedbank.co.za

Namibia: Old Mutual Investments Services (Pty) Ltd, PO Box 25549, Windhoek, Namibia

Telephone: +264 (0)61 299 3527 Facsimile: +264 (0)61 299 3528

Zambia: Lewis Nathan Advocates, PO Box 37268, Lusaka, Zambia

Telephone: +260 (0)1 223 174 Facsimile: +260 (0)1 229 868

Auditors: PricewaterhouseCoopers Incorporated, PO Box 2799, Cape Town, 8000, South Africa.

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