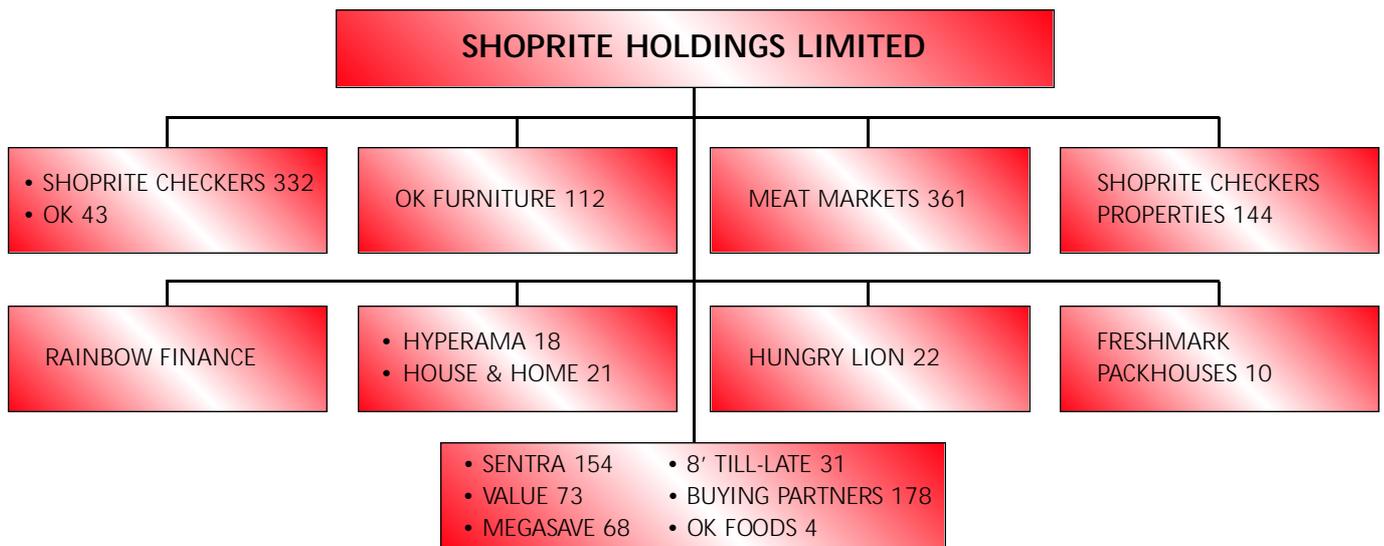


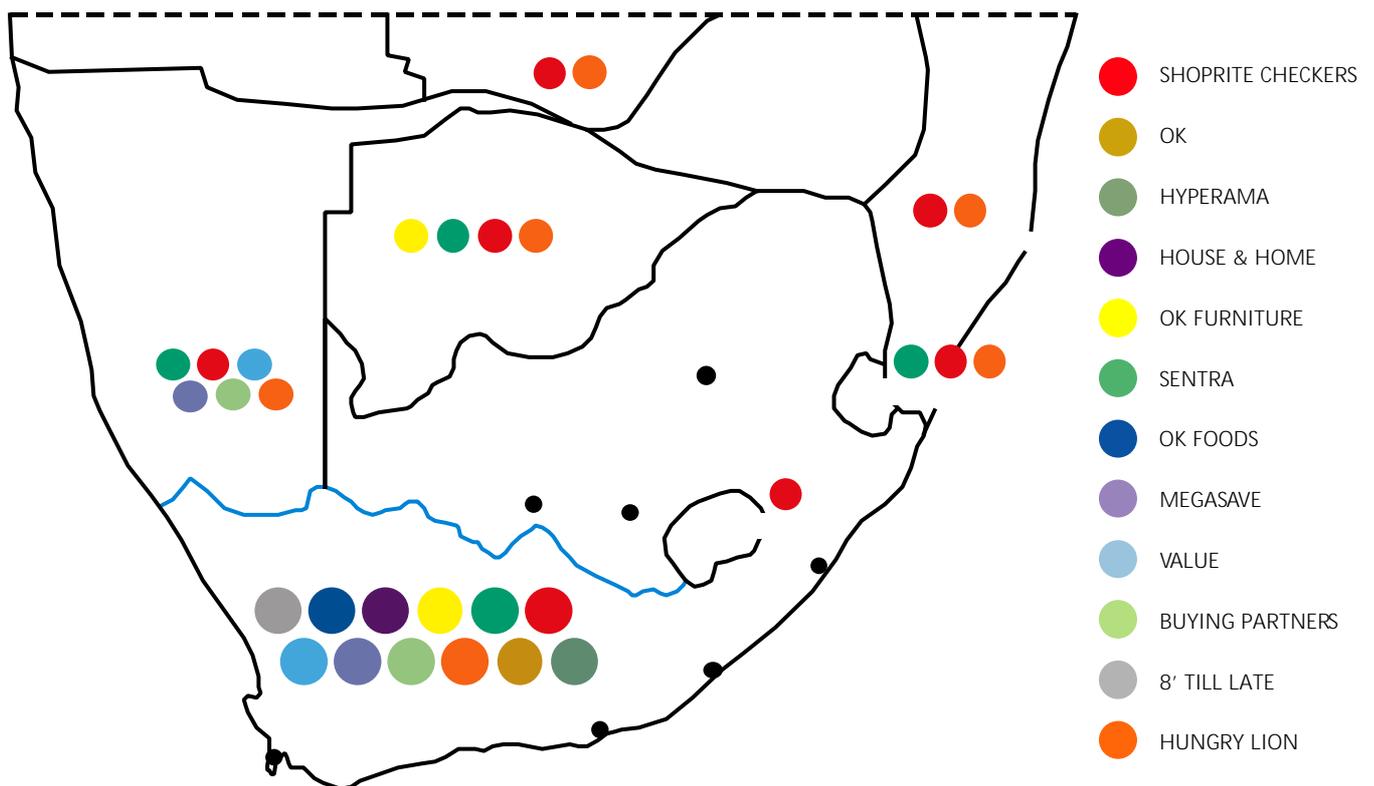
GROUP STRUCTURE

including number of units



SOUTHERN AFRICAN DISTRIBUTION

including number of units



FINANCIAL HIGHLIGHTS

Shoprite Holdings Limited and its subsidiaries

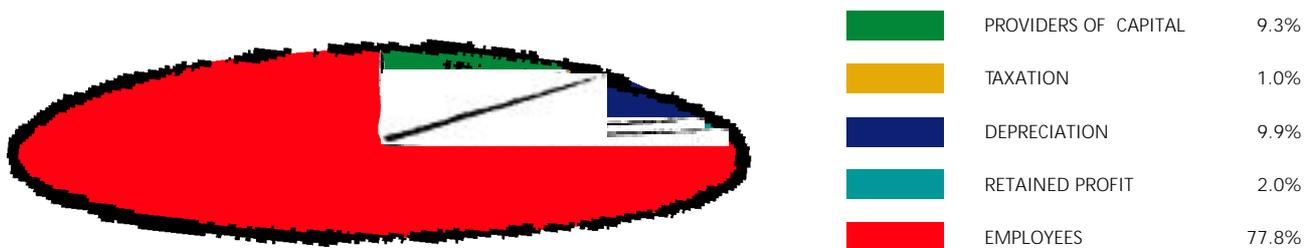
	June 1999	June 1998
	R'000	R'000
Revenue	17 245 920	14 476 324
Operating profit	125 921	236 655
Profit before tax	138 357	281 142
Headline earnings	115 655	243 859
Return on average capital employed	(%) 17.8	32.6
Headline earnings on average permanent capital	(%) 10.5	29.8
Interest-bearing debt: Total shareholders' funds	(:1) 0.31	0.16
Headline earnings per share	(cents) 21.3	46.1
Dividend per share	(cents) 14.0	14.0

VALUE ADDED STATEMENT

Shoprite Holdings Limited and its subsidiaries

	June 1999 R'000	%	June 1998 R'000	%
REVENUE	17 245 920		14 476 324	
INVESTMENT INCOME	116 422		93 126	
Cost of goods and services	15 446 540		13 044 435	
VALUE ADDED	1 915 802	100.0	1 525 015	100.0
EMPLOYED AS FOLLOWS:				
EMPLOYEES				
Salaries, wages and service benefits	1 489 803	77.8	1 065 968	69.9
PROVIDERS OF CAPITAL				
Finance charges to providers of funds	102 641	5.3	46 611	3.0
Dividends to providers of share capital	76 087	4.0	76 087	5.0
TAXATION				
Payment of taxation on profits made	19 631	1.0	31 843	2.1
REINVESTED				
Reinvested in the group to finance future expansion and growth	227 640	11.9	304 506	20.0
Depreciation	189 417	9.9	138 762	9.1
Retained profit	38 223	2.0	165 744	10.9
EMPLOYMENT OF VALUE ADDED	1 915 802	100.0	1 525 015	100.0

EMPLOYMENT OF VALUE ADDED



JOINT REPORT OF THE CHAIRMAN AND MANAGING DIRECTOR

for the Shoprite Holdings Limited 1999 Annual Report

FINANCIAL REVIEW

Turnover for the year to 30 June 1999 increased by 19 percent to R17,2 billion, (1998: R14,5 billion). This can partially be ascribed to the fact that OK Bazaars' results were for the first time incorporated with those of the Group for the full 12 months.

Stock losses on an unprecedented scale have, however, caused the Group's operating profit to drop by 46,8 percent to R125,9 million (R236,7 million).

The more than budgeted stock losses that came to light following stocktaking at the end of the financial year are estimated at around R100 million. This led to the Group issuing a cautionary statement to shareholders on 28 July 1999.

The immense impact of the stock losses on profits, together with the R373 million refurbishment programme for the OK stores, and the amount plus interest outstanding in the dispute with SAB for which provision was not made, reduced interest income by 70 percent to R13,8 million (R46,5 million).

Furthermore, additional stock to the value of R38 million was written off, bringing the total amount written off since the take-over of OK Bazaars to more than R70 million. This amount was more than originally foreseen and resulted from reducing the size of the OK stores' trading area and clearing obsolete stock.

Profit before taxation was R138,4 million (R281,1 million) and thereafter R118,7 million (R249,3 million). Headline earnings fell from 46,1 cents to 21,3 cents per share.

Despite this, the board decided to leave the dividend to shareholders unchanged from the previous year's 14 cents. The dividend cover dropped from 3,3 to 1,5 times.

As the first priority was to stem the OK's enormous operating losses of more than R250 million a year before the take-over, internal disciplines suffered. This occurred at a time when the Group had to maintain the old OK Bazaars systems, mainly in the three Gauteng distribution centres, up until March this year.

Copious amounts of data were processed in the months before and after March to enable the Group to change to the Shoprite systems. This process was not without difficulties.

The implementation of Shoprite's computer systems throughout the OK operations coincided with the conversion of the stores. System integration started at branch level, which inevitably meant Shoprite and OK systems were used in tandem for a while.

The extraordinary stock losses affected 76 of the 158 OK and Shoprite stores in the Gauteng region and were discovered during the year-end stock take after the distribution centres were converted to the Shoprite stock control system.

Immediate action was taken. Audit and forensic investigation teams, comprising members of management, independent advisors and the Group's external auditors were set up. These teams were tasked with investigating all aspects of the business and the causes of the losses, and with recommending additional steps to be taken to prevent a recurrence of the problem.

The task teams came to the conclusion that the unprecedented stock losses were due to theft, that the Group's financial systems were of satisfactory standard and that everything possible had been done to prevent a reoccurrence.

Physical security in all stores, but in particular in those affected by the unprecedented stock losses, has been reviewed and tightened. More stock control personnel have been employed in the troubled areas while the services of security companies have been extended to improve monitoring of deliveries and stock. The possibility of recouping losses from third parties in instances where deliveries were not made, is also being investigated.

The information systems now in place throughout the Group are geared towards identifying anomalies far more quickly, enabling management to take corrective action far sooner.

STRATEGY AND THE TRADING ENVIRONMENT

Management intends growing the Group by continuing the expansion programme into African countries.

The Group has always been confident that other African countries offers good business opportunities and plans are in hand to take full advantage of these.

Our presence in African countries to the north of South Africa has created jobs, contributed to state coffers, and has forced prices down

Turnover for the Shoprite Group for the year to June 30, 1999 increased by 19 percent to R17, 2 billion (R14, 5 billion).

and efficiency levels up. In many instances we have contributed to the development of infrastructure, all of which have created a positive ripple effect in the local economies.

The growth of Africa's economy is imperative to South Africa's development and it is widely acknowledged that our country cannot develop in isolation. The African economy is expected to grow by 3,4 percent this year, as opposed to last year's 3,2 percent, according to the African Development Bank, which although off a low base, outstrips the South African economy.

While a lack of infrastructure and private sector involvement remain stumbling blocks, there are clear examples of the success that can be achieved with the help of the private sector. Our small but increasing contribution to Africa's growth is a solid investment, both for the Group and for the continent.

As we can expect competition to follow us through Africa, we will also be investigating other markets for expansion.

Unemployment now affects one in three South Africans and continues to rise, a situation that is being aggravated by the crisis in the gold industry.

Government and business need to work together to combat the problem of unemployment, as it is the growing ranks of the unemployed and the marginalised that threaten our country's political and economic stability.

Job creation is an obvious solution, and is best done by the private sector. However, the private sector can only be successful if the environment is conducive to job creation and entrepreneurship.

South Africa needs to exercise fiscal and monetary discipline, develop flexible labour markets, reduce tariffs to increase foreign trade, and boost privatisation to phase out monopolies and increase efficiencies.

In terms of Y2K preparedness, the Group has completed all reasonable steps to ensure a smooth transition into the Year 2000. Critical operating systems were identified and their compliance tested. Where necessary, software was either upgraded or replaced. Certain non-critical software was identified as not being Year 2000 compliant. It will be replaced and adapted before the end of 1999. Key suppliers were contacted in order to confirm compliance with

Year 2000 requirements. Confirmation will be obtained in good time or alternative suppliers will be identified.

There is, however, awareness that disruptions caused by other parties, such as municipalities and suppliers, could cause disruptions to the Group's operations. Reports indicate increasing concern worldwide about the slow progress made by the public sector.

Clearly contingency plans are necessary to ensure that the Group's operations and service to customers function as smoothly as possible. These contingencies are in place in the form of store-based action plans which can be implemented immediately in the event of systems, refrigeration or point-of-sale failure, wherever we trade.

The Group had to overcome a myriad of challenges in the past, most notably returning Checkers and OK Bazaars to profitability.

We have accepted the challenge that to become a global player in the new millennium, our company has to be the leader in technology. Our expansion into Africa necessitated investment in new systems. This coincided with the explosion in technology, making it an affordable option in line with our commitment to ensure a return on investment to our shareholders.

It is important to note that the relevant trade unions have pledged their full support for the Group's strategies aimed at reducing high stock losses and improving the standards of our business.

While the Group suffered unacceptable losses, the eradication

We are therefore confident that our proven management skills, along with the necessary discipline will enable us to achieve satisfactory results in the coming fiscal year, in line with past performance.

of crime and lack of discipline remains the responsibility of Government.

DIVISIONAL OVERVIEW

The supermarkets division, including Hyperama and House and Home, showed a 21,4 percent increase in sales, despite the integration of the OK stores and the closure of some OK Bazaars and Shoprite outlets.

The integration process is nearing completion and the Group is now

JOINT REPORT BY THE CHAIRMAN AND MANAGING DIRECTOR

for the Shoprite Holdings Limited 1999 Annual Report

poised to reap the benefits of the programme, benefits that are already showing in sales for July and August 1999.

In the rest of Africa, the Group showed sales growth of 38 percent, despite the turmoil in Lesotho and the resultant closure of the store for a number of months.

The OK Franchise division (formerly Sentra) increased its membership by 69 to 508. The division's new flagship brand "OK Foods", was launched with the opening of 4 new stores, and the brand is expected to benefit from the conversion of 13 existing OK stores to the new OK Foods concept in the next financial year.

This division achieved excellent results. Moves are afoot to rationalise the Megasave wholesale division, which has tremendous growth potential. This will increase its contribution to Group profits.

The 8' Till-Late stores have shown good progress, growing to 31 stores, including 5 in Gauteng. While these stores are currently making a nominal contribution to the Group's bottom line, the chain will enable the Group to maintain awareness of trends in the developing convenience store market. In the long term, the chain is also expected to facilitate growth into other African countries.

The Group's fresh produce division, Freshmark, showed an increase in sales of 20,7 percent, and the year under review saw the division's first successful foray into the export market.

A new distribution facility put into operation in Brackenfell, is comparable with the best in the world.

The number of Hungry Lion outlets grew to 22 during the period under review. Although still in its infancy, this fast food venture delivers a good return on investment and is expected to make a solid contribution to profits in the future. Strategies to make this happen are currently being formalised, and the future expansion of the chain is being examined.

While the OK Furniture division did not perform to expectations, necessary changes have already boosted turnover in July and August 1999. These include improved disciplines and computer systems, and an aggressive advertising and marketing programme. This year the franchising of new OK Furniture stores will be put to the test.

We remain convinced that the OK Furniture division will reach its full potential and make a substantial contribution to earnings.

The Meat Markets division saw sales increase by 29 percent, partly as a result of the 83 new butchereries obtained from ICS. New

strategies are currently being evaluated to grow this division in order for it to fulfil its potential.

SHOPRITE AND ITS PEOPLE

This past year was a challenging one, in which colleagues at the Shoprite Group had to work together to face new challenges, most notably the integration of OK stores and the tough trading environment.

Our people have risen to the challenge, working extended hours and consistently giving their best to demonstrate the real "people power" that is the pillar of the business.

Shoprite's strategic policy of developing and supporting its people, so that they in turn help develop the Group and add value to its operations, led to a number of changes and innovations during the

At present, the Shoprite Group employs some 28 000 permanent and 32 000 temporary staff members in 548 stores.

year under review.

A new electronic time and attendance system will substantially increase the effectiveness of manning levels and staff scheduling, leading to optimal use of our greatest resource - our people. This will also lead to improved customer service as it will synchronise staffing levels and customer flow.

The Group's training programmes have been boosted by internally developed training aids. Programmes are also being updated to be in line with the recommendations in the new Skills Development Bill.

Various training schools have been established countrywide, specialising in providing new and existing staff with the skills needed to succeed in the fresh, fruit and vegetables, deli and bakery departments, as well as in the meat markets.

The Shoprite Education Trust Fund has enabled the Group to assist 2 044 more people with study loans, school funds and bursaries. A total of 6 279 people have now benefited from the Fund.

COMMUNITY RELATIONS

Women, who represent 90 percent of the Group's shoppers, remain the major beneficiaries of our social investment programme. In line with this policy the Group has again sponsored the Shoprite Checkers/SABC3 Woman of the Year Award, the country's premier accolade for achievement by women. The award achieves more than many others because it provides a tangible opportunity for

expansion into Africa

Since Adri Barnard was chosen a winner, she has been promoted from admin manager to sales manager at Shoprite Three Rivers. Her special talent is to harness the people power within her team. She extends herself to the maximum, for the customer, for her co-workers and for the community.

Adri's commitment to the group is evident in her driving ambition to become regional manager.

women to get ahead and to launch their own development projects.

Shoprite has always been guided by the realisation that it has a responsibility to help develop and uplift communities in South Africa. While we may not be able to always make huge donations, we acknowledge our responsibility to use our available resources to help make a difference.

The Group also believes that assistance and support is most needed at grassroots level, hence Shoprite's first sports sponsorship - a national Mini-Netball programme. This was aimed at enhancing the physical, psychological and mental development of young girls through the medium of sport has also served to encourage the growth and development of the young female market. This sponsorship benefited 3 million learners in more than 10 000 schools countrywide.

These two investments, and several others, have borne fruit and the Group will continue to expand and develop its strategies for these key markets.

DIRECTORATE

During the year Mr JF Malherbe, senior partner of the Cape Town firm of attorneys Jan S. De Villiers & Son and a director of a number of listed companies, joined the board.

It only remains for us to express our sincere appreciation to the members of the board, to management and staff for their diligence and dedication.

The Shoprite Group enters the Year 2000 poised to reap the benefits of the tough changes that have been made over the past months.

DIRECTORATE AND ADMINISTRATION

Shoprite Holdings Limited and its subsidiaries

SECRETARY

Shoprite Checkers Limited
cnr William Dabs & Old Paarl Roads
Brackenfell 7560

BANKERS

ABSA Bank Limited
First National Bank Limited
Nedbank Limited
The Standard Bank of South Africa Limited
Boland PKS

AUDITORS

PricewaterhouseCoopers Incorporated
Sanbel Building
Old Paarl Road
Bellville 7530

REGISTRATION NUMBER

05/07721/06
Incorporated in the Republic of South Africa

REGISTERED OFFICE

cnr William Dabs & Old Paarl Roads
Brackenfell 7560

TRANSFER SECRETARY

Mercantile Registrars Limited
6th Floor
94 President Street
Johannesburg 2001

EXECUTIVE DIRECTORS

J W Basson (53) B.Com. CA (SA)
Managing Director

C G Goosen (46) B.Com. Hons. CA (SA)
Deputy Managing Director

S U M Martinengo (56) CA (SA)
General Manager: Independent Buying Division

B Rogut (73)
General Manager Operations: Shoprite Checkers

B Weyers (47)
General Manager: Marketing

A N van Zyl (51) B.Com. LL.B.
General Manager: Property Division

D Kieviet (49) B.Com. Hons.
General Manager: Fresh Produce Division

NON-EXECUTIVE DIRECTORS

C H Wiese (57) B.A. LL.B.
Group Chairman - Pepkor

J A Louw (55) B.Sc. Hons. B.(B.&A.) Hons.
Non-Executive Director

J J Fouché (51) B.Com. LL.B.
Executive Director - Pepkor

M G Loubser (74) B.Com. CA (SA)
Non-Executive Director

J F Malherbe (70) B.Com. LL.B.
Non-Executive Director

SECRETARIAL CERTIFICATION

In accordance with section 268G(d) of the Companies Act, Act 61 of 1973, as amended ("the Act"), it is hereby certified that the company has lodged with the Registrar of Companies all such returns (except for an outstanding form CM15, which is to be rectified) that are required of a public company in terms of the Act and that such returns are true, correct and up to date.

Shoprite Checkers Ltd
Secretary

23 August 1999

FIVE-YEAR FINANCIAL REVIEW

Shoprite Holdings Limited and its subsidiaries

	30 June 1999 R'000	30 June 1998 12 months	30 June 1997 12 months	30 June 1996 16 months	28 February 1995 12 months
INCOME STATEMENT					
Revenue	17 245 920	14 476 324	9 365 493	10 183 256	6 363 643
Operating profit before exceptional items	125 921	236 655	200 045	217 464	99 546
Exceptional items	(1 345)	(2 028)	15 805	(111 697)	631
Operating profit after exceptional items	124 576	234 627	215 850	105 767	100 177
Investment income	116 422	93 126	101 461	78 996	20 225
Finance charges	102 641	46 611	45 837	33 488	15 461
Profit before tax	138 357	281 142	271 474	151 275	104 941
Taxation	19 631	31 843	88 103	81 658	6 277
Profit before earnings of associated companies	118 726	249 299	183 371	69 617	98 664
Earnings of associated companies	-	-	-	(146)	2 768
Profit after taxation	118 726	249 299	183 371	69 471	101 432
Outside shareholders' interest	4 416	7 468	2 643	4 420	1 825
Net profit	114 310	241 831	180 728	65 051	99 607
BALANCE SHEET					
Permanent capital	1 092 101	1 055 427	554 492	439 446	373 798
Outside shareholders' interest	25 048	21 601	7 569	5 003	1 824
Interest-bearing debt	349 601	173 806	210 759	243 681	94 471
Capital employed	1 466 750	1 250 834	772 820	688 130	470 093
Fixed assets	1 138 431	963 472	617 693	570 143	503 335
Investments	135 970	364 550	297 683	229 987	62 690
Current assets	3 879 544	3 432 169	1 565 916	1 625 302	1 111 212
Total assets	5 153 945	4 760 191	2 481 292	2 425 432	1 677 237
Interest-free liabilities	3 687 195	3 509 357	1 708 472	1 737 302	1 207 144
Employment of capital	1 466 750	1 250 834	772 820	688 130	470 093
CASH FLOW STATEMENT					
Cash generated/(utilised) by operations	530 615	91 021	(43 150)	401 978	340 874
Interest received	104 374	71 342	76 769	71 947	20 225
Interest paid	(102 641)	(46 611)	(45 837)	(33 488)	(15 461)
Dividends received	12 048	21 784	24 692	7 049	-
Dividends paid	(81 537)	(68 378)	(33 537)	(3 661)	(17 298)
Investment activities	(151 833)	(387 469)	(198 072)	(379 872)	(165 408)
Net cash flow	311 026	(318 311)	(219 135)	63 953	162 932
Ordinary shares issued	-	332 991	-	-	-
Financing activities	175 795	(466 562)	(32 923)	146 915	(10 443)
Movement in cash	486 821	(451 882)	(252 058)	210 868	152 489
Acquired through acquisition of subsidiaries and operations	-	139 961	-	-	-
Net movement in cash	486 821	(311 921)	(252 058)	210 868	152 489

FIVE-YEAR FINANCIAL REVIEW (cont.)

Shoprite Holdings Limited and its subsidiaries

	30 June 1999 12 months	30 June 1998 12 months	30 June 1997 12 months	30 June 1996 16 months	28 February 1995 12 months
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STATISTICS PER ORDINARY SHARE

Number of ordinary shares issued	('000)	543 479	543 479	508 277	508 280	494 230
Weighted number of ordinary shares issued	('000)	543 479	529 275	508 277	501 650	494 230
Net asset value per share	(cents)	200.9	194.2	109.1	86.5	75.6
Headline earnings per share	(cents)	21.3	46.1	32.3	34.8	20.0
Earnings per share	(cents)	21.0	45.7	35.6	13.0	20.2
Dividend per share	(cents)	14.0	14.0	13.0	5.2*	4.5*
Dividend cover	(times)	1.5	3.3	2.5	6.7	4.5

*capitalisation award - cash equivalent

PROFITABILITY AND ASSET MANAGEMENT

Asset turn	(:1)	12.7	14.3	12.8	13.2*	15.0
Operating margin	(%)	0.73	1.63	2.14	2.14	1.56
Return on average capital employed	(%)	17.8	32.6	41.3	38.4*	28.2
Headline earnings on average permanent capital	(%)	10.5	29.8	32.6	32.0*	30.5
Stock turn	(times)	8.3	9.7	11.0	10.9*	10.8

*adjusted for 12 months

LIQUIDITY AND GEARING

Interest-bearing debt:						
Total shareholders' funds	(:1)	0.31	0.16	0.37	0.55	0.25
Total liabilities: Total shareholders' funds	(:1)	3.61	3.42	3.41	4.46	3.47
Current ratio	(:1)	0.98	0.97	0.90	0.92	0.92
Finance charges cover	(times)	1.23	5.08	4.36	6.49	6.44

Note: Preference Share Capital has been included in Long-Term Liabilities for current and comparative figures.

DEFINITIONS

Asset turn	Revenue divided by average capital employed.
Operating margin	Operating profit expressed as a percentage of revenue.
Operating profit	Profit before exceptional items, investment income, finance charges and taxation.
Average capital employed	The average of capital employed at the beginning and the end of the financial year.
Capital employed	The sum of total shareholders' funds and interest-bearing debt. Expressed another way, it is total assets minus interest-free liabilities.
Return on capital employed	Operating profit plus investment income expressed as a percentage of average capital employed.
Total shareholders' funds	The sum of total permanent capital and preference share capital.
Total permanent capital	The sum of permanent capital and outside shareholders' interest.
Stock turn	Revenue divided by the average of trading stock at the beginning and the end of the financial year.
Headline earnings	Net profit before exceptional items.

1999 ANNUAL FINANCIAL STATEMENTS

Shoprite Holdings Limited and its subsidiaries

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CORPORATE MANAGEMENT AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors subscribe to the principles of transparent and honest corporate management as set out in the Code of Corporate Practice and Conduct in the King Report ("the code") and conform to its requirements in all essential respects. The company strives to maintain the highest standards of integrity and ethics throughout its dealings with customers, staff, shareholders and suppliers, thereby ensuring the highest level of credibility, confidence and stability.

GROUP STRUCTURE

Shoprite Holdings Limited is an investment holding company with investments in various trading subsidiary companies. All subsidiaries of Shoprite Holdings are committed to the principles of sound corporate management as contained in the code and conform to it in all material respects, as far as practically possible.

BOARD OF DIRECTORS

The board of Shoprite Holdings consists of twelve directors, seven of whom hold executive positions in the Group. Details regarding the members of the board appear on page 8 of the financial report. The board meets at least four times a year.

AUDIT COMMITTEE

The Shoprite Holdings audit committee consists of two non-executive directors and one executive director, who meet three times per year in order to evaluate, among other things, accounting practices, internal control systems, auditing and financial reporting. It is also the audit committee's task to evaluate critical risk areas identified, together with management, for the Group, and to report on those areas to the directors.

The audit committee works in accordance with a written mandate from the board and external auditors have unrestricted access to the committee. Appropriate members of management are also invited to attend meetings in order to assist the committee in performing its task. The audit committee receives feedback on the activities of the company's subsidiaries and also has access to the minutes of those companies.

CORPORATE MANAGEMENT AND APPROVAL

REMUNERATION COMMITTEE

The remuneration of the executive directors and the Managing Director is subject to approval by the Managing Director and non-executive Chairman respectively.

STAFF MATTERS

The company maintains a policy of equal opportunities with no unfair discrimination. Certain objectives have also been set for management, aimed at making all levels more representative of South African society as a whole. The Group uses a variety of participatory structures for issues affecting employees directly and materially. These have been designed to maintain good relations between employer and employee through the efficient sharing of relevant information, consultation, and the identification and resolution of conflicts.

INTERNAL CONTROL

The directors accept final responsibility for the internal control systems of the company. It is the task of management to ensure that the relevant legislation and regulations are complied with, and that adequate internal financial control systems are developed and maintained in order to provide reasonable certainty regarding:

- the completeness and accuracy of the accounting records;
- the integrity and soundness of the annual financial statements; and
- the safeguarding of the business' assets.

The efficiency of any internal financial control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Consequently, even a strict and efficient internal control system can provide no more than a reasonable measure of assurance in respect of financial reporting and the safeguarding of assets.

Internal auditors monitor the operation of the internal control systems and report to management and the directors on findings and recommendations. Certain high-level internal audit functions were contracted out to the external auditors during the course of the year. Corrective steps are taken to address shortcomings in control

and other opportunities for improving the system, whenever they are identified. The board, working through its audit committee, supervises the financial reporting process.

The Group assessed its internal financial control systems on 30 June 1999. It is the board's opinion, based on this assessment, that the internal control systems in respect of financial reporting and the safeguarding of assets against unauthorised use or disposal, met acceptable criteria.

YEAR 2000 COMPLIANCE

All critical business systems have been identified and their date compliance tested. Where necessary non-compliant software has been successfully upgraded.

Certain non-critical software has been identified as non-Year 2000 compliant. This will be replaced or adapted before the end of October 1999.

Key suppliers have been contacted to confirm their Year 2000 compliance. Confirmation will be obtained in good time or alternative suppliers identified where possible.

Expenditure incurred to date amounts to approximately R6,6 million and it is estimated that future additional expenditure will be approximately R1,0 million.

CODE OF ETHICS

The Group's Code of Ethics commits it to the highest standards of integrity, conduct and ethics in its dealings with all parties concerned, including its directors, managers, employees, customers, suppliers, competitors, investors, shareholders and the public in general. The directors and staff are expected to fulfill their ethical obligations in such a way that the business is run strictly according to fair commercial competitive practices.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors accept final responsibility for the integrity, objectivity and soundness of the annual financial statements and subscribe to

tightening controls

CORPORATE MANAGEMENT AND APPROVAL (cont.)

the concept of transparency in financial reporting. The directors are satisfied that the systems and internal financial controls introduced by management are effective and that there were no substantial discontinuities in the functioning of the internal financial control systems during the year under review. The external auditors are responsible for reporting on the annual financial statements.

The responsibility for drawing up and submitting the annual financial statements was delegated to management. The financial statements have been drawn up in accordance with generally accepted accounting practices and agree with the Group's accounting records and policy. The directors are of the opinion that the Group has sufficient resources at its disposal to operate the business for the foreseeable future and the financial statements have therefore been drawn up on a going-concern basis.

The directors' report, annual financial statements and Group annual financial statements as set out on pages 14 to 34 have been approved by the board of directors.

Signed on behalf of the board of directors.

C H WIESE
Chairman
23 August 1999

J W BASSON
Managing Director

Dan Govender, store manager at Shoprite Umgeni has reduced customer complaints in his store significantly. He realises the direct link between great service and sales. He has worked exceptionally hard at ensuring that his team is customer service driven - which he points out is a combination of listening to needs and requests and making sure that they are understood and implemented.

AUDITORS' REPORT

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SHOPRITE HOLDINGS LIMITED

We have audited the annual financial statements and Group annual financial statements of Shoprite Holdings Limited set out on pages 14 to 34 for the year ended 30 June 1999. These financial statements are the responsibility of the directors of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures included in the financial statements,

- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the Group at 30 June 1999, and the results of their operations and cash flows for the year then ended in accordance with generally accepted accounting practice and in the manner required by the Companies Act.

PRICEWATERHOUSECOOPERS INC.
Chartered Accountants (SA)
Registered Accountants and Auditors

23 August 1999
Bellville

DIRECTORS' REPORT

Shoprite Holdings Limited and its subsidiaries for the year ended 30 June 1999

1 SHARE CAPITAL

No ordinary shares were issued during the year (1998: 35 202 020 ordinary shares of 113,4 cents each). Full details of the company's authorised and issued share capital are detailed in note 8 to the annual financial statements.

2 BUSINESS OF THE GROUP

Shoprite Holdings Limited is an investment holding company with investments in various subsidiaries. At year end the company controlled the following main investments:

Subsidiaries

- Supermarkets - Shoprite Checkers Ltd (previously controlled by OK Bazaars (1929) Ltd and Shoprite Checkers (Pty) Ltd) controls the food and butchery retailing activities in South Africa and Namibia and also the buying operation known as Sentra.
- Shoprite Guernsey Ltd controls the retailing activities in other African countries.
- Properties - Shoprite Checkers Ltd (previously controlled by Shoprite Checkers Properties Ltd) owns fixed property strategically situated in South Africa.

Fresh produce - Shoprite Checkers Ltd (previously controlled by Freshmark (Pty) Ltd) distributes fresh produce to our supermarkets and, to a lesser extent, also to other retailers.

Furniture - Shoprite Checkers Ltd (previously controlled by OK Bazaars (1929) Ltd) controls the retail furniture activities.

Shoprite Holdings Limited's interest in its subsidiaries is set out on page 34 of the annual report.

3 GROUP RESULTS

3.1 Earnings

The Group's headline earnings per share amounts to 21,3 cents (1998: 46,1 cents). Details of the net income of Shoprite Holdings Limited and the Group are contained in the income statement.

Segmental analysis is not shown as the directors are of the opinion that it could be detrimental to the Group's interests. The attributable interest of Shoprite Holdings Limited in the taxed profits and losses of its subsidiaries for the period is as follows:-

	1999	1998
Total profits	118 726	249 299

DIRECTORS' REPORT (cont.)

3.2 Preference dividends

Details are stated in note 5 to the annual financial statements.

3.3 Ordinary dividends

The directors declared a final dividend of 6,5 cents per share payable on 23 September 1999, which together with the interim dividend of 7,5 cents per share paid on 26 March 1999, amounts to 14,0 cents per ordinary share for the year (1998: 14,0 cents).

4 DIRECTORATE

The names of the directors are listed on page 8 of the annual report.

Mr J F Malherbe was appointed as a director on 14 May 1999.

In terms of the articles of association of the company, Messrs B Rogut, S U M Martinengo, C G Goosen and J W Basson retire as directors of the company at the annual general meeting, but being eligible offer themselves for re-election.

At 30 June 1999 the directors of Shoprite Holdings Limited held a direct and indirect interest of 4,4% (1998: 1,7%) in the issued share capital of the company. Indirect holdings through listed companies have not been included. No changes in shareholdings occurred up to the date of approval of the financial statements.

5 HOLDING COMPANY

The company's holding company is Pepkor Limited and the ultimate holding company is Pepgro Limited.

6 SECRETARY

The name and address of the secretary appears on page 8 of the annual report.

7 DISPUTE WITH SOUTH AFRICAN BREWERIES

As the outcome of the dispute between the Group and South African Breweries is not yet known, for reasons of prudence, no provision has been made for possible interest receivable on the amount involved.

Cathy Potgieter's dream is to drive through Africa one day and see Shoprite signs in all major towns. As a perishables buyer, she shares and spreads the Shoprite vision. It is this passion for retail that makes her a great buyer. Not only does she play a meaningful role in getting quality goods to shoppers at the lowest price, but she has earned the full support of her suppliers in doing so.

ACCOUNTING POLICIES

Shoprite Holdings Limited and its subsidiaries for the year ended 30 June 1999

The annual financial statements are prepared on the historical cost basis, with the exception of certain assets which are adjusted for revaluations as detailed, and incorporate the following principal policies which are in all material respects consistent with those of the previous year:

1 Consolidation and Goodwill

The consolidated annual financial statements include the accounts of the company and all its subsidiaries. The excess of cost over net asset value at the date of acquisition of interest in subsidiaries is written off against retained income. Intercompany transactions and balances are eliminated on consolidation.

2 Foreign currency

Amounts in foreign currency, resulting from trading, are converted to Rand at the contracted exchange rate. Exchange rate differences which occur at settlement or conversion are fully accounted for in the income statement in the period in which it occurred.

3 Foreign entities

Assets and liabilities of foreign entities are converted to Rand at closing rates, whereas income statements and cash flow statements are converted at average rates for the year. Differences arising from translation are taken directly to non-distributable reserves.

4 Revenues

Revenue of the Group is the total of all sales of the company's subsidiaries excluding intergroup transactions. Some subsidiaries sell household furniture on instalment sale agreement. Profit on instalment sale agreements is accounted for on the date of sale. Financing income is recognised as income on the effective interest rate method.

5 Deferred taxation

Deferred taxation is provided on the comprehensive basis on all timing differences, after taking into account estimated or assessed losses. Deferred taxation debits are only created to the extent that it does not result in a net deferred taxation debit.

6 Retirement benefit costs

6.1 Pension fund

The cost of providing retirement benefits under the defined benefit plan, is determined by using an accrued benefit valuation method. Current service cost is recognised as an expense in the current period. Past service costs, experience adjustments, the effects of changes in actuarial assumptions and the effects of plan amendments in respect of existing employees are recognised as an expense or an income systematically over the expected remaining working lives of those employees. The effects of plan amendments in respect of retired employees are measured as the present value of the effect of the amended benefits and are recognised as an expense or as income in the period in which the plan amendment is made.

6.2 Provident fund

The company's contributions to a defined contribution plan in respect of services in a particular period are recognised as an expense in that period. Additional contributions are recognised as an expense in the period during which the associated services are rendered by employees.

7 Property, plant and equipment

Land and buildings are regarded as investment properties, and reflected at cost or valuation. Land and buildings are not depreciated. Land and buildings' book value is written down where there is a permanent impairment in the value of a fixed property. Machinery, equipment and vehicles are depreciated at rates appropriate to the various classes of assets involved, taking into account the estimated useful life of the individual items. Improvements to leasehold property are carried at cost and written off over the remaining period of the lease. Assets obtained in terms of finance lease agreements are capitalised.

Write-off periods :

Equipment 5 to 6 years

Machinery 5 to 6 years

Computer equipment 3 to 5 years

Vehicles 4 to 5 years

Trolleys 3 years

ACCOUNTING POLICIES (cont.)

Shoprite Holdings Limited and its subsidiaries for the year ended 30 June 1999

8 Bank balances

Actual bank balances are reflected. Outstanding cheques are included in accounts payable and provisions, and outstanding deposits in bank balances and cash.

9 Inventories

Trading goods are valued at the lower of cost or net realisable value. Estimated net realisable value is the estimated selling price in the ordinary course of business less any costs of disposals.

Cost for the Group is determined as follows:

- Merchandise for resale

Average cost less an adjustment for obsolete, slow moving and defective goods.

- Goods in transit

Invoice value of goods not yet received.

10 Exceptional items

Items of an exceptional nature are disclosed separately and are not included in headline earnings.

11 Inflation accounting

The directors acknowledge that the consequences of continuous price changes necessitate adjustments of the results of the operations and the financial position of the business to disclose the outcome of these continuous price changes. In view of the fact that a method that is generally accepted and practised to account for the effects of price changes has not yet been developed, annual financial statements are prepared on the historical cost basis. The effect of price changes is, however, taken into account in determining the dividend policy to ensure that sufficient funds are retained to ensure the continued existence of the business.

Goodness Judges in the perishables department at Shoprite Welkom knows her customers by name. If they want something, Goodness is the person who can find it for them, taking note of their suggestions so that the Welkom store can grow and become better all the time. She performs many functions not formally required of her, including the ordering and buying for her department.

INCOME STATEMENT

Shoprite Holdings Limited and its subsidiaries for the year ended 30 June 1999

Company				Group	
30 June 1998 R'000	30 June 1999 R'000		Notes	30 June 1999 R'000	30 June 1998 R'000
-	-	REVENUE		17 245 920	14 476 324
115	120	OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS	1	125 921	236 655
21	10 535	Exceptional items	3	(1 345)	(2 028)
136	10 655	OPERATING PROFIT AFTER EXCEPTIONAL ITEMS		124 576	234 627
83 106	85 571	Investment income	4	116 422	93 126
148	148	Finance charges	5	102 641	46 611
83 094	96 078	PROFIT BEFORE TAXATION		138 357	281 142
7 115	8 126	Taxation	6	19 631	31 843
75 979	87 952	PROFIT AFTER TAXATION		118 726	249 299
-	-	Outside shareholders' interest		4 416	7 468
75 979	87 952	NET PROFIT FOR THE YEAR		114 310	241 831
741	633	Retained income / (accumulated loss) at beginning of the year		135 445	(30 299)
76 720	88 585	Retained income before appropriations		249 755	211 532
76 087	76 087	APPROPRIATED		76 014	76 087
76 087	76 087	Ordinary dividends		76 087	76 087
-	-	Transfer from non-distributable reserves		(73)	-
633	12 498	RETAINED INCOME AT END OF THE YEAR		173 741	135 445
		Earnings per share (cents)	7	21.0	45.7
		Headline earnings per share (cents)	7	21.3	46.1
		Ordinary dividends per share (cents)		14.0	14.0

job creation and infrastructure development

BALANCE SHEET

Shoprite Holdings Limited and its subsidiaries on 30 June 1999

Company			Group	
30 June 1998 R'000	30 June 1999 R'000		30 June 1999 R'000	30 June 1998 R'000
		Notes		
912 163	924 028	PERMANENT CAPITAL	1 092 101	1 055 427
616 306	616 306	Ordinary share capital	616 306	616 306
293 072	293 072	Share premium	293 072	293 072
2 785	14 650	Reserves	182 723	146 049
		OUTSIDE SHAREHOLDERS' INTEREST	25 048	21 601
2 450	2 450	INTEREST-BEARING DEBT	349 601	173 806
2 450	2 450	Long-term loans	66 509	123 601
-	-	Short-term loans	283 092	47 475
-	-	Bank overdrafts	-	2 730
914 613	926 478	CAPITAL EMPLOYED	1 466 750	1 250 834
		Represented by -		
-	-	FIXED ASSETS	1 138 431	963 472
959 669	964 878	INVESTMENTS	135 970	364 550
959 136	891 604	Interest in subsidiaries		
533	73 274	Other investments	135 970	364 550
677	972	CURRENT ASSETS	3 879 544	3 432 169
-	-	Inventories	2 083 302	2 052 036
15	19	Accounts receivable	1 265 478	1 336 190
662	953	Bank balances and cash	530 764	43 943
960 346	965 850	TOTAL ASSETS	5 153 945	4 760 191
45 733	39 372	INTEREST-FREE LIABILITIES	3 687 195	3 509 357
4 972	3 967	Accounts payable and provisions	3 647 991	3 466 085
40 761	35 405	Dividends declared	36 440	40 887
-	-	Deferred taxation	2 764	2 385
914 613	926 478	EMPLOYMENT OF CAPITAL	1 466 750	1 250 834
677	972	CURRENT ASSETS	3 879 544	3 432 169
45 733	39 372	CURRENT LIABILITIES	3 967 523	3 554 447
4 972	3 967	Accounts payable and provisions	3 647 991	3 466 085
-	-	Short-term loans	283 092	47 475
40 761	35 405	Dividends declared	36 440	40 887
(45 056)	(38 400)	NET CURRENT LIABILITIES	(87 979)	(122 278)

CASH FLOW STATEMENT

Shoprite Holdings Limited and its subsidiaries for the year ended 30 June 1999

Company			Group	
30 June 1998 R'000	30 June 1999 R'000		30 June 1999 R'000	30 June 1998 R'000
		Notes		
9 830	(4 359)	CASH FLOW FROM OPERATIONS	462 859	69 158
115	120	Operating profit before exceptional items	125 921	236 655
-	-	Non-cash items	197 239	148 375
43	(437)	Decrease/ (Increase) in working capital	233 549	(206 297)
(4 943)	(8 698)	Taxation paid	(30 512)	(87 974)
21	676	Exceptional items	4 418	262
(4 764)	(8 339)	CASH GENERATED / (UTILISED) BY OPERATIONS	530 615	91 021
323	250	Interest received	104 374	71 342
(148)	(148)	Interest paid	(102 641)	(46 611)
82 783	85 321	Dividends received	12 048	21 784
(68 364)	(81 443)	Dividends paid	(81 537)	(68 378)
(342 438)	4 650	INVESTMENT ACTIVITIES	(151 833)	(387 469)
(332 608)	291	NET CASH FLOW	311 026	(318 311)
332 991	-	FINANCING ACTIVITIES	175 795	(133 571)
332 991	-	Proceeds on share issue	-	332 991
-	-	Interest-bearing debt repaid	175 795	(466 562)
383	291	NET MOVEMENT IN CASH	486 821	(451 882)
		MOVEMENT IN CASH AND CASH EQUIVALENTS		
279	662	Balance at beginning of the year	43 943	355 864
-	-	Acquired through acquisition of subsidiary	-	139 961
383	291	Net movement	486 821	(451 882)
662	953	BALANCE AT END OF THE YEAR	530 764	43 943

quality at the
lowest price

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Shoprite Holdings Limited and its subsidiaries for the year ended 30 June 1999

Company			Group	
30 June 1998 R'000	30 June 1999 R'000		30 June 1999 R'000	30 June 1998 R'000
		1 OPERATING PROFIT		
		Determined after taking into account:		
-	-	Cost of sales	15 585 320	12 433 947
-	-	Depreciation - own fixed assets	189 375	138 616
-	-	- capitalised leased assets	42	146
-	-	Operating leases - land and buildings	437 042	333 174
30	32	Auditors' remuneration	6 683	3 713
30	32	Audit fees - for the year	3 593	3 135
-	-	- under- / (over) provided in the previous year	603	(196)
-	-	Fees for other services	2 487	774
276	247	Fees paid for outside services	54 270	32 469
-	-	Administrative	372	254
-	-	Technical	53 558	31 878
276	247	Secretarial	340	337
-	-	Loss on sale and scrapping of fixed assets	7 822	9 676
-	-	Retirement benefit contributions (refer note 24.1)	93 009	51 888
-	-	Exchange rate losses / (profits)	28 222	(7 429)
-	-	Supplement to staff benefit schemes	-	7 000
-	-	Post-retirement medical benefits (refer note 24.2)	18 447	(3 853)
6 720	7 830	2 DIRECTORS' REMUNERATION		
11	35	For full-time management		
(6 731)	(7 830)	For services as directors		
-	35	Less: Paid by subsidiaries		
		Share options to directors (refer note 8)		
		3 EXCEPTIONAL ITEMS		
-	-	Profit on sale of fixed property	808	1 027
-	-	Write down of fixed property to market value	(3 262)	-
-	-	Payment received for lease cancellation	2 842	241
-	-	Goodwill written off	(3 309)	(3 316)
-	9 859	Profit on disposal of investment	-	-
-	-	Restraint of trade	(1 500)	-
-	-	Property insurance claim received	2 400	-
21	676	Other	676	20
21	10 535		(1 345)	(2 028)
-	-	The above had no effect on minority interest.		
-	-	Tax effect on exceptional items	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

Shoprite Holdings Limited and its subsidiaries for the year ended 30 June 1999

Company			Group	
30 June 1998 R'000	30 June 1999 R'000		30 June 1999 R'000	30 June 1998 R'000
		4 INVESTMENT INCOME		
		From subsidiaries:		
82 783	85 321	Dividends		
323	250	Interest on investments of surplus funds	104 374	71 342
-	-	Dividends - unlisted investments	11 648	21 284
-	-	- listed investments	400	500
83 106	85 571		116 422	93 126
		5 FINANCE CHARGES		
22	22	Other interest paid	102 515	46 485
126	126	Preference dividends	126	126
21	21	6% Non-convertible cumulative preference shares of R2 each	21	21
32	32	5% Non-convertible cumulative preference shares of R2 each	32	32
23	23	Second 5% non-convertible cumulative preference shares of R2 each	23	23
50	50	Third 5% non-convertible cumulative preference shares of R2 each	50	50
148	148		102 641	46 611
		6 TAXATION		
		6.1 Classification -		
7 115	8 126	South African normal taxation	11 795	27 075
-	-	Foreign taxation	7 836	4 768
7 115	8 126		19 631	31 843
		6.2 Consisting of -		
153	112	Current taxation	8 898	23 586
143	-	Prior year taxation	(266)	(47)
-	-	Withholding taxation	2 443	1 667
6 819	8 014	Secondary tax on companies	8 036	6 835
7 115	8 126		19 111	32 041
-	-	Deferred taxation	520	(198)
7 115	8 126		19 631	31 843

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

Shoprite Holdings Limited and its subsidiaries for the year ended 30 June 1999

Company			Group	
30 June 1998 R'000	30 June 1999 R'000		30 June 1999 R'000	30 June 1998 R'000
29 083	28 823	6.3 Reconciliation of taxation		
(21 968)	(20 697)	South African normal taxation	41 507	98 400
		Net adjustments	(21 876)	(66 557)
(28 974)	(25 596)	Dividend income	(7 520)	(15 074)
44	38	Preference dividends	65	44
-	(3 153)	Other / exempt income and non-deductible expenses	(32 643)	(3 632)
-	-	Creation of tax losses	8 386	397
-	-	Utilisation of tax losses	(813)	(52 898)
143	-	Prior year taxation	(266)	226
6 819	8 014	Secondary tax on companies	8 036	6 835
-	-	Other adjustments	2 879	(2 455)
7 115	8 126	Taxation	19 631	31 843
-	-	6.4 Calculated tax losses at year-end		
		Net calculated tax losses	1 319 581	1 323 350
<p>The utilisation of the tax relief to the value of R395 874 300 (1998: R463 172 500) is calculated at current tax rates on the net calculated tax losses, is dependent on sufficient future taxable income in the companies concerned.</p>				
7 EARNINGS PER SHARE				
		Net profit available for distribution to shareholders	114 310	241 831
		Exceptional items (note 3)	1 345	2 028
		Tax effect on exceptional items	-	-
Headline earnings			115 655	243 859
Number of ordinary shares in issue (weighted average*) ('000)			543 479	529 275*
Earnings per share (cents)				
- Net profit			21.0	45.7
- Headline earnings			21.3	46.1

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

Shoprite Holdings Limited and its subsidiaries for the year ended 30 June 1999

Company		Group	
30 June 1998 R'000	30 June 1999 R'000	30 June 1999 R'000	30 June 1998 R'000
616 306	616 306	616 306	616 306

8 ORDINARY SHARE CAPITAL

8.1 Authorised:

523 277 440 (1998: 994 376 730^{*})
ordinary shares of 113,4 cents each

8.2 Issued:

543 479 460^{**} (1998: 543 479 460)
ordinary shares of 113,4 cents each

8.3 Options on shares of Shoprite Holdings Limited:

The following option has been granted and
is still outstanding:

To a director in respect of 10 000 000 ordinary shares
with a nominal value of R11 340 000 exercisable at any
time before 8 September 2002 at a price of R8 per share.

^{*}The authorised ordinary share capital was incorrectly reflected
as 994 376 730 instead of 523 277 440 in the financial
statements for the year ending 30 June 1998.

^{**}Application will be made in the High Court on
23 September 1999 for a rule *nisi* calling upon all shareholders
of the company to show cause, if any, to the court on
28 October 1999, why the allotment and issue by the company
of 20 202 020 ordinary shares of 113,4 cents each in the
1998 financial year should not be validated. The proposed
validation will further be subject to the authorised ordinary
share capital of the company having been increased by
at least 20 202 020 ordinary shares of 113,4 cents each.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

Shoprite Holdings Limited and its subsidiaries for the year ended 30 June 1999

Company			Group	
30 June 1998 R'000	30 June 1999 R'000		30 June 1999 R'000	30 June 1998 R'000
		9 RESERVES		
2 152	2 152	9.1 Non-distributable reserves	8 982	10 604
-	-	Reserve on acquisition of subsidiaries	5 187	5 260
209	209	Reserve on conversion from no par value to par value shares	209	209
1 943	1 943	Capital redemption reserve	1 943	1 943
-	-	Foreign currency translation reserve	1 643	3 192
		9.2 Distributable reserves		
633	12 498	Retained income	173 741	135 445
2 785	14 650		182 723	146 049
		10 LONG-TERM LOANS		
		10.1 Secured		
		Finance lease obligations:	32 201	39 096
		Repayable quarterly and bi-annually over periods terminating in December 1999 and June 2003 at fixed interest rates varying from 15,66% p.a. to 16,3% p.a. A repayment of R9 419 000 in December 1999 and bi-annually thereafter at R4 171 000 are due. The loans are secured as detailed in note 10.3.		
		10.2 Unsecured		
		Repayable in equal, bi-annual payments until 31 March 2001, at an interest rate of 16,32% p.a.	88 950	129 530
2 450	2 450	Preference share capital (refer note 11)	2 450	2 450
		Loan from holding company	226 000	-
		Repayments will be made within 12 months at interest rates determined on a market related basis		
2 450	2 450		349 601	171 076
		Less - Redemptions within 12 months transferred to short-term loans	(283 092)	(47 475)
2 450	2 450		66 509	123 601
		10.3 Loans secured by:		
		Finance lease agreements over fixed assets with a book value of	57 363	57 363

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

Shoprite Holdings Limited and its subsidiaries for the year ended 30 June 1999

Company			Group	
30 June 1998 R'000	30 June 1999 R'000		30 June 1999 R'000	30 June 1998 R'000
		11 PREFERENCE SHARE CAPITAL		
		11.1 Authorised:		
350	350	175 000 6% Non-convertible cumulative preference shares of R2 each	350	350
650	650	325 000 5% Non-convertible cumulative preference shares of R2 each	650	650
450	450	225 000 Second 5% non-convertible cumulative preference shares of R2 each	450	450
2 000	2 000	1 000 000 Third 5% non-convertible cumulative preference shares of R2 each	2 000	2 000
3 450	3 450		3 450	3 450
		11.2 Issued:		
350	350	175 000 6% Non-convertible cumulative preference shares of R2 each	350	350
650	650	325 000 5% Non-convertible cumulative preference shares of R2 each	650	650
450	450	225 000 Second 5% non-convertible cumulative preference shares of R2 each	450	450
1 000	1 000	500 000 Third 5% non-convertible cumulative preference shares of R2 each	1 000	1 000
2 450	2 450		2 450	2 450
		12 SHORT-TERM LOANS		
		Short-term portion of long-term loans	283 092	47 475
		13 FIXED ASSETS		
		13.1 Own assets		
		13.1.1 Land and buildings - at cost	419 739	384 754
		- at valuation	2 555	2 555
			422 294	387 309

Details of land and buildings are available for inspection at the registered office of the company. The directors are of the opinion that the market value of land and buildings, which are not depreciated, exceeds its book value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

Shoprite Holdings Limited and its subsidiaries for the year ended 30 June 1999

Company			Group	
30 June 1998 R'000	30 June 1999 R'000		30 June 1999 R'000	30 June 1998 R'000
		18	ACCOUNTS PAYABLE AND PROVISIONS	
925	492		Creditors and accrued expenses	3 635 638
4 047	3 475		Taxation payable	12 353
				3 442 331
				23 754
4 972	3 967			3 647 991
				3 466 085
		19	DEFERRED TAXATION	
			Resulting from timing differences	
			- Allowances on fixed assets	2 880
			- Other	(116)
				2 448
				(63)
				2 764
				2 385
		20	CASH FLOW INFORMATION	
		20.1	Non-cash items	
-	-		Depreciation	189 417
-	-		Loss on sale and scrapping of fixed assets	7 822
-	-		Deferred tax on foreign currency translation reserve	-
				138 762
				9 676
				(63)
				197 239
				148 375
		20.2	Decrease / (increase) in working capital	
-	-		Inventory	(30 470)
9	(4)		Accounts receivable	70 712
34	(433)		Creditors and accrued expenses	193 307
				213 592
43	(437)			233 549
				(206 297)
		20.3	Taxation paid	
(1 875)	(4 047)		Payable at the beginning of the year	(23 754)
(7 115)	(8 126)		Per income statement	(19 111)
-	-		Acquired through acquisition of subsidiaries	-
4 047	3 475		Payable at the end of the year	12 353
				23 754
(4 943)	(8 698)			(30 512)
				(87 974)
		20.4	Exceptional items	
21	10 535		Exceptional items per income statement	(1 345)
			Non-cash items	
-	-		Profit on sale of fixed property	(808)
-	-		Write down of fixed property to market value	3 262
-	-		Goodwill written off	3 309
-	(9 859)		Profit on disposal of investment	-
				3 316
21	676			4 418
				262

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

Shoprite Holdings Limited and its subsidiaries for the year ended 30 June 1999

Company			Group	
30 June 1998 R'000	30 June 1999 R'000		30 June 1999 R'000	30 June 1998 R'000
		20.5 Dividends paid		
(33 038)	(40 761)	Dividends payable at the beginning of the year	(40 887)	(33 115)
(76 087)	(76 087)	Dividends declared	(76 087)	(76 087)
-	-	Dividends declared to outside shareholders	(1 003)	(63)
40 761	35 405	Dividends payable at the end of the year	36 440	40 887
(68 364)	(81 443)		(81 537)	(68 378)
		20.6 Investment activities		
-	-	Acquisition of fixed assets	(373 023)	(317 910)
-	-	Proceeds on disposal of fixed assets	9 042	9 075
-	-	Acquisition of subsidiaries (refer note 20.7)	(2 751)	-
-	-	Acquisition of operations (refer note 20.8)	(11 991)	(14 541)
-	(73 008)	Investment in property development	(73 008)	-
266	266	Other investment activities	5	71
		Decrease / (increase) in amounts owing by:		
(206 504)	152 533	Subsidiaries	-	-
-	-	Share incentive trusts	221 583	(166 364)
-	9 859	Proceeds on disposal of unlisted investments	80 000	100 000
(136 200)	(85 000)	Acquisition of further interest in subsidiary	-	-
-	-	Movement on foreign currency translation reserve	(1 690)	2 200
(342 438)	4 650		(151 833)	(387 469)
		20.7 Analysis of acquisition of subsidiaries		
		Fixed assets	-	172 812
		Other investments	-	575
		Inventory	-	1 022 693
		Debtors	-	735 547
		Bank balances and cash	-	139 961
		Creditors	-	(1 632 685)
		Deferred taxation	-	(257)
		Long-term loans	-	(429 610)
		Outside shareholders' interests	(34)	(6 626)
		Goodwill on acquisition	2 785	-
		Taxation	-	(2 410)
		Cost	2 751	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

Shoprite Holdings Limited and its subsidiaries for the year ended 30 June 1999

Company		Group	
30 June 1998 R'000	30 June 1999 R'000	30 June 1999 R'000	30 June 1998 R'000
20.8 Analysis of acquisition of operations			
		Fixed assets	11 542
		Inventories	25
		Debtors	19
		Creditors	(361)
		Total	11 225
		Goodwill on acquisition	3 316
		Cost	14 541
21 CONTINGENT LIABILITIES			
Guarantees issued in respect of debt of:			
683	412 358	Share incentive trust	683
144 733	104 153	Subsidiaries	-
145 416	516 511		683
22 CAPITAL COMMITMENTS			
		Contracted for	44 990
		Authorised by directors, but not contracted for	318 526
		Total commitments	363 516
		Commitments for the 12 months after the accounting date	363 516
Funds to meet this expenditure will be provided from the Group's own resources and by borrowings.			
23 BORROWING POWERS			
In terms of the articles of association of the company, the borrowing powers of Shoprite Holdings Limited are unlimited.			
24 POST-RETIREMENT BENEFITS			
24.1 Pension / Provident Funds			
The Group provides retirement benefits to 91,3% of the employees and 6,3% of the employees belong to national retirement plans. The monthly contributions are charged to income.			
All company funds are defined contribution funds, except for two which are defined benefit funds. All South African funds are subject to the Pension Fund Act of 1956. The two defined benefit funds are actuarially valued every three years.			

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

Shoprite Holdings Limited and its subsidiaries for the year ended 30 June 1999

Company		Group	
30 June 1998 R'000	30 June 1999 R'000	30 June 1999 R'000	30 June 1998 R'000

Both these funds are in the process of being closed, one by liquidation (689 active members) and the other by termination (1 active member and 30 pensioners). The latter fund's actuarial review as at 30 June 1999 is currently in process. In terms of the valuation cycle, all funds were confirmed as being financially sound as at their last valuation.

During the year under review contributions to retirement funding have been made to the value of	93 009	51 888
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24.2 Medical aid

Full provisions for post-retirement medical benefits where they exist, were made with reference to actuarial valuations in respect of past service liabilities. At year-end the provision for post-retirement medical benefits amounted to

143 517	125 070
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25 SHARE INCENTIVE SCHEMES

25.1 The Shoprite Holdings Limited Share Incentive Trust

In terms of the rules of The Shoprite Holdings Limited Share Incentive Trust the trustees are empowered to acquire and allocate shares which in total may not exceed 15% of the issued ordinary share capital of the company. The movement during the accounting period was as follows:

	Number of shares in Shoprite Holdings Ltd	
Balance at the beginning of the year	42 287 820	29 894 091
Shares purchased	15 566 600	15 000 000
Shares released to participants	(4 628 698)	(2 606 271)

Balance at the end of the year	53 225 722	42 287 820
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25.2 The Tradehold Limited Share Incentive Trust

Shoprite Holdings Limited assumed responsibility for the obligations of the Tradehold Limited Share Incentive Trust. The movement during the accounting period was as follows:

	Number of shares in Shoprite Holdings Ltd	
Balance at the beginning of the year	3 218 363	4 092 049
Shares released to participants	(3 126 028)	(873 686)

Balance at the end of the year	92 335	3 218 363
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont.)

Shoprite Holdings Limited and its subsidiaries for the year ended 30 June 1999

Company		Group	
30 June 1998 R'000	30 June 1999 R'000	30 June 1999 R'000	30 June 1998 R'000

26 GUARANTEES

The company guarantees overdraft facilities of its subsidiaries to the value of

345 500	803 100
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27 FINANCIAL INSTRUMENTS

Financial instruments, other than derivatives, consist of investments, loans, accounts receivable, bank balances and cash, and accounts payable resulting from normal business transactions. Except for the total exposure represented by the respective balance sheet items, no other exceptional concentration of risk has been included. Funds are invested at banks with acceptable credit ratings only and accounts receivable comprise a wide spread client base, which is subject to stringent credit approval and control.

Derivative instruments, in the form of forward foreign exchange contracts, are being applied, subject to the risk assessment by management, to hedge against the currency risk in respect of foreign liabilities.

The Group is exposed to interest rate risk due to the extent of borrowings and related driven interest rate arrangements, with the exception of debt to the value of R121 152 000, which bears interest at fixed rates.

The Group has no risk of illiquidity due to unutilised banking facilities and unlimited borrowing powers.

The book value of financial instruments approximate the fair values thereof.

28 RELATED PARTY INFORMATION

Related party relationships exist between the company, its holding company, subsidiaries, fellow subsidiaries and the directors of the company. All intergroup transactions have been eliminated in the annual financial statements. As detailed in note 10, the company has concluded a borrowing transaction with Pepkor Limited. The interest rate on this loan was concluded on a market related basis. There are no other material transactions with related parties.

Details of the remuneration of the directors, their loans and shareholding, are disclosed elsewhere in the annual financial statements.

INTEREST IN SUBSIDIARIES

Shoprite Holdings Limited

	Issued share capital R'000	Percentage shares held by group %	Shares at cost		Amounts owing by/(to)	
			30 June 1999 R'000	30 June 1998 R'000	30 June 1999 R'000	30 June 1998 R'000
DIRECT SUBSIDIARIES						
OK Bazaars (1998) (Pty) Ltd	2 700	100	217 786	217 786	-	-
Shoprite Checkers Ltd	756 333	100			101 999	225 241
Emquat Ltd		100			91 679	48 406
Tradegro Management Services (Pty) Ltd	8	100	8	8	892	892
Shoprite OFS & N Cape (Pty) Ltd		100				
Shoprite Transvaal (Pty) Ltd	2	100	2	2	(19)	19 981
Shoprite Wynberg (Pty) Ltd	5	100	5	5	(5)	19 995
Shoprite Peninsula (Pty) Ltd	150	100	150	150	49 850	49 850
Shoprite Bellville (Pty) Ltd		100				
Shoprite Management (Pty) Ltd		100			65	65
Shoprite Meat Markets (Pty) Ltd		100			(43)	19 949
Rogel Wholesalers (Pty) Ltd		100				20 000
Shoprite Guernsey Ltd	1	100	229 591	144 591	(5 484)	570
Checkers Executive Trust (Pty) Ltd	5	100				
			447 542	362 542	238 934	404 949
INDIRECT SUBSIDIARIES						
Freshmark (Pty) Ltd	1	100			(2 000)	(2 000)
Shoprite Checkers Properties Ltd	25 432	100			208 092	194 609
Country Girl Butcheries Group	749	50				
			447 542	362 542	445 026	597 558

NOTE:

General information in respect of subsidiaries, as required in terms of paragraph 70 of the Fourth Schedule to the Companies Act, is set out in respect of only those subsidiaries of which the financial position or results are material for a proper appreciation of the affairs of the group. A full list of subsidiaries is available on request.

turnaround to profitability

ANALYSIS OF SHAREHOLDERS

Shoprite Holdings Limited

DISTRIBUTION OF SHAREHOLDING	30 June 1999 Percentage	30 June 1998 Percentage
Pepkor Limited	61.49	61.44
CMB Nominees (Pty) Ltd	7.74	9.35
Nedcor Bank Nominees Ltd	2.16	1.10
Standard Bank Nominees Tvl (Pty) Ltd	5.12	4.20
Uhuru-Saccawu (Pty) Ltd	3.72	3.72
Individuals and companies	7.54	9.01
Pension, provident funds and insurance companies	0.15	1.08
Employees' share incentive trust	7.68	8.37
Directors	4.40	1.73
	100.00	100.00

CONCENTRATION	Number of holders	Number of shares (‘000)	Percentage
1 - 500	2 419	398	0.08
501 - 5 000	1 203	2 068	0.38
5 001 - 10 000	184	1 331	0.24
10 001 - 100 000	354	12 820	2.36
over 100 000	121	526 862	96.94
	4 281	543 479	100.00

SHAREHOLDERS' DIARY

June	-	Financial year end
August	-	Profit announcement
	-	Payment of preference dividend
September	-	Publication of annual report
	-	Payment of final ordinary dividend
October	-	Annual general meeting
December	-	End of financial half-year
February	-	Interim profit announcement
	-	Interim ordinary dividend declaration
	-	Payment of preference dividend
April	-	Payment of interim ordinary dividend