



HIGHLIGHTS

- Trading profit was up 17.02% to R4,665 billion.
- Turnover increased 14.4% – from R72,298 billion to R82,731 billion.
- Headline earnings per share rose 19.6% to 607.04 cents.
- Final dividend per share declared was 194 cents (2011: 165 cents) – an increase of 17.6%.

Condensed Group Statement of Comprehensive Income

R'000	% change	Year ended June '12	Year ended June '11
Sale of merchandise	14.4	82 730 587	72 297 777
Cost of sales	14.1	(65 752 642)	(57 624 408)
Gross profit	15.7	16 977 945	14 673 369
Other operating income	25.3	2 325 312	1 855 841
Depreciation and amortisation	16.8	(1 090 295)	(933 592)
Operating leases	14.1	(1 940 221)	(1 700 468)
Employee benefits	13.3	(6 530 468)	(5 762 045)
Other expenses	22.4	(5 077 139)	(4 146 408)
Trading profit	17.0	4 665 134	3 986 697
Exchange rate losses	1 770.6	(8 343)	(446)
Items of a capital nature	19.3	(93 687)	(78 533)
Operating profit	16.8	4 563 104	3 907 718
Interest received	50.3	142 166	94 614
Finance costs	77.5	(223 563)	(125 964)
Profit before income tax	15.6	4 481 707	3 876 368
Income tax expense	6.8	(1 438 889)	(1 346 826)
Profit for the year	20.3	3 042 818	2 529 542
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX			
Fair value movements on available-for-sale investments	(2 726.6)	(51 219)	1 950
Foreign currency translation differences	302.7	288 699	(142 451)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	37.3	3 280 298	2 389 041
PROFIT ATTRIBUTABLE TO:			
Owners of the parent	20.6	3 026 563	2 509 780
Non-controlling interest	(17.7)	16 255	19 762
		3 042 818	2 529 542
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	37.8	3 264 043	2 369 279
Non-controlling interest	(17.7)	16 255	19 762
		3 280 298	2 389 041

Condensed Group Statement of Financial Position

R'000	June '12	June '11
ASSETS		
Non-current assets	11 094 665	9 287 521
Property, plant and equipment	9 668 559	8 168 749
Investment in associate	103 886	—
Available-for-sale investments	—	59 656
Loans and receivables	3 706	4 308
Deferred income tax assets	413 645	326 457
Intangible assets	894 296	719 105
Fixed escalation operating lease accrual	10 573	9 246
Current assets	19 418 860	11 357 577
Inventories	8 680 109	7 055 867
Other current assets	2 783 221	2 293 933
Loans and receivables	16 197	46 226
Cash and cash equivalents	7 939 333	1 961 551
Assets held for sale	391 993	58 659
Total assets	30 905 518	20 703 757
EQUITY AND LIABILITIES		
Total equity	12 807 717	7 143 450
Capital and reserves attributable to equity holders	12 745 042	7 084 700
Non-controlling interest	62 675	58 750
Non-current liabilities	5 039 658	1 109 996
Borrowings	4 006 698	26 177
Deferred income tax liabilities	152 085	25 377
Provisions	338 791	339 200
Fixed escalation operating lease accrual	520 206	455 787
Other non-current liabilities	21 878	263 455
Current liabilities	13 058 143	12 450 311
Other current liabilities	12 896 651	10 304 094
Provisions	138 634	104 117
Bank overdrafts	22 858	2 042 100
Total liabilities	18 097 801	13 560 307
Total equity and liabilities	30 905 518	20 703 757

Earnings per Share

R'000	% change	Year ended June '12	Year ended June '11
Net profit attributable to shareholders		3 026 563	2 509 780
Re-measurements		93 687	78 533
Profit on disposal of property and assets held for sale		(1 572)	(6 654)
Loss on disposal and scrapping of plant, equipment and intangible assets		15 166	32 256
Loss/(profit) on other investing activities		184	(4 405)
Insurance claims paid		1 094	217
Impairment of goodwill		61 605	768
Impairment of property, plant and equipment and assets held for sale		17 210	56 351
Income tax effect on re-measurements		(6 038)	(19 307)
Headline earnings		3 114 212	2 569 006
Earnings per share (cents)	19.0	590.0	495.9
Headline earnings per share (cents)	19.6	607.0	507.6
Ordinary dividend per share (cents)			
Interim dividend paid	23.9	109.0	88.0
Final dividend declared	17.6	194.0	165.0
Total	19.8	303.0	253.0
Number of ordinary shares ('000) used for calculation of: earnings per share (weighted average)		513 019	506 133

Condensed Operating Segment Information

R'000	% change	Year ended June '12	Year ended June '11
Sale of merchandise			
Supermarkets RSA	12.9	64 584 215	57 213 793
Supermarkets Non-RSA	25.4	9 174 147	7 316 698
Furniture	11.1	3 400 185	3 059 648
Other operating segments	18.4	5 572 040	4 707 638
	14.4	82 730 587	72 297 777
Trading profit			
Supermarkets RSA	17.7	3 887 334	3 302 262
Supermarkets Non-RSA	12.2	466 277	415 524
Furniture	33.5	175 492	131 484
Other operating segments	(1.0)	136 031	137 427
	17.0	4 665 134	3 986 697
Total assets			
Supermarkets RSA	52.8	22 312 020	14 600 472
Supermarkets Non-RSA	51.1	4 527 078	2 996 263
Furniture	17.2	2 386 342	2 035 346
Other operating segments	56.8	1 680 078	1 071 676
	49.3	30 905 518	20 703 757

Supplementary Information

R'000	June '12	June '11
1. Capital commitments	1 707 467	1 343 534
2. Contingent liabilities	206 168	157 792
3. Net asset value per share (cents)	2 382	1 400
4. Total number of shares in issue (adjusted for treasury shares)	535 143	506 133

Condensed Group Statement of Changes in Equity

R'000	Year ended June '12	Year ended June '11
Balance at beginning of July	7 143 450	5 972 016
Total comprehensive income	3 280 298	2 389 041
Equity component of convertible bonds issued during the year	333 880	—
Proceeds from ordinary shares issued	3 409 728	—
Treasury shares' loss	74 289	—
Dividends distributed to shareholders	(1 433 928)	(1 217 607)
Balance at end of June	12 807 717	7 143 450

Condensed Group Statement of Cash Flows

R'000	Notes	Year ended June '12	Year ended June '11
Cash flows from operating activities		3 334 804	1 543 646
Operating profit		4 563 104	3 907 718
Less: investment income		(82 259)	(27 663)
Non-cash items	1	1 714 522	1 459 480
Payments for cash settlement of share appreciation rights		(287 540)	(218 037)
Payments for settlement of post-retirement medical benefits liability		(1 779)	(2 630)
Changes in working capital	2	649 234	(1 324 359)
Cash generated from operations		6 555 282	3 794 509
Net interest received/(paid)		33 279	(15 445)
Dividends received		65 401	11 758
Dividends paid		(1 433 824)	(1 216 084)
Income tax paid		(1 885 334)	(1 031 092)
Cash flows utilised by investing activities	3	(3 110 892)	(2 937 011)
Cash flows from financing activities	4	7 767 685	9 329
Net movement in cash and cash equivalents		7 991 597	(1 384 036)
Cash and cash equivalents at the beginning of the year		(80 549)	1 344 587
Effect of exchange rate movements on cash and cash equivalents		5 427	(41 100)
Cash and cash equivalents at the end of the year		7 916 475	(80 549)

Cash Flow Information

1. Non-cash items		
Depreciation on property, plant and equipment	1 132 907	948 520
Amortisation of intangible assets	67 199	57 922
Net fair value (gains)/losses on financial instruments	(3 375)	5 105
Exchange rate losses	8 343	446
(Profit)/loss on disposal of property	(1 572)	6 214
Profit on disposal of assets held for sale	—	(12 868)
Loss on disposal and scrapping of plant and equipment and intangible assets	15 166	32 256
Impairment of property, plant and equipment and assets held for sale	17 210	56 351
Impairment of goodwill	61 605	769
Movement in provisions	34 577	70 876
Movement in cash-settled share-based payment accrual	330 738	272 808
Movement in fixed escalation operating lease accrual	51 724	21 081
	1 714 522	1 459 480
2. Changes in working capital		
Inventories	(1 526 104)	(1 000 474)
Trade and other receivables	(239 945)	(236 566)
Trade and other payables	2 415 283	(87 319)
	649 234	(1 324 359)
3. Cash flows utilised by investing activities		
Investment in property, plant and equipment and intangible assets to expand operations	(2 359 020)	(2 283 322)
Investment in property, plant and equipment and intangible assets to maintain operations	(758 749)	(721 897)
Proceeds on disposals of property, plant and equipment and intangible assets	149 315	63 483
Proceeds on disposals of assets held for sale	—	28 360
Other investing activities	34 409	3 493
Investment in associate	(103 886)	—
Acquisition of subsidiaries and operations	(72 961)	(27 128)
	(3 110 892)	(2 937 011)
4. Cash flows from financing activities		
Proceeds from ordinary shares issued	3 409 728	—
Proceeds from convertible bonds issued	4 347 641	—
Increase in borrowings from First National Bank of Namibia Ltd	10 316	9 329
	7 767 685	9 329

Directorate and Administration

Executive directors

JW Basson (chief executive),
CG Goosen (deputy managing director),
B Harisunker, AE Karp, EL Nel, BR Weyers

Non-executive director

CH Wiese (chairman)

Executive alternate directors

JAL Basson, M Bosman, PC Engelbrecht

Independent non-executive directors

JJ Fouché, EC Kieswetter, JA Louw, JF Malherbe, ATM Mokgokong, JG Rademeyer, JA Rock

Non-executive alternate director

JD Wiese

Company secretary

PG du Preez

Registered office

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Transfer secretaries

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Sponsors

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Auditors

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The Group

The Group’s ability to perform well under adverse market conditions was again illustrated in the year to June 2012. All the divisions improved on their performance in the previous financial year and in most instances exceeded the growth of their respective sectors.

The Group increased total turnover by 14.43% from R72,298 billion to R82,731 billion. This produced a trading profit of R4,665 billion which was 17.02% up from the previous year. The trading margin increased from 5.51% to 5.64%, the highest margin yet, and is the result of the sales growth combined with strict cost controls throughout the business and an increasingly efficient supply chain infrastructure.

At the end of the reporting period the Group was trading from 1 334 owned stores having gained a net 90 new outlets – 61 of them supermarkets – during the year. Of the 1 334 owned stores, 192 are outside the borders of South Africa. As a result of organic growth, over 7 000 new jobs were created and the Group now employs more than 100 000 people, 99% of which are employed from local communities.

Supermarkets RSA

Supermarkets RSA, which contributes 78.1% to group turnover, increased sales by 12.9% from R57,214 billion to R64,584 billion in a period in which the formal food market, as measured by Nielsen, grew by 8.9%. This growth was achieved in an environment in which internal food inflation escalated from -0.1% to 4.9%, substantially below the official food inflation rate of 8.8%. In the 12 months to June Supermarkets RSA increased its number of stores by a net 55 to 864.

The flagship Shoprite chain with 339 supermarkets in South Africa, increased sales by 11.6%. It continued to focus on delivering the lowest prices and to expand its presence particularly in previously marginalised residential areas providing a standard of neighbourhood food shopping not hitherto available to residents.

Despite increasing competition, Checkers maintained its position for the fourth year as the fastest-growing national food chain in its segment of the market by growing turnover by 11.9% in the period under review. At the end of the review period it traded from 162 supermarkets and 28 hyper stores.

Usave added a net 24 new outlets to its store network and now operates 215 stores in South Africa. Its predominantly small-format stores with their limited range of products remain rigorously focused on value and price. It grew turnover by 19.9%.

Supermarkets non-RSA

The Group’s non-RSA supermarket operation experienced a successful year with turnover in its 156 stores, which are spread over 16 countries, increasing by 25.4% at current exchange rates and by 19.7% at constant currencies. It opened a net 21 new stores, one of these in Kinshasa in the DRC in the period under review.

Furniture

The division reported a sales increase of 11.1% to R3,4 billion in an environment in which continuing price deflation averaged 5.1%. Growth in existing stores was 8.8% while trading profit was 33.5% higher than a year ago. The division’s solid performance resulted from its on-going investment in new stores, its rigid adherence to a highly competitive pricing policy and improved levels of customer service.

Other Operating Segments

During the year OK Franchise implemented the acquisition of the Friendly, Seven Eleven and Price Club franchise chains from Metcash. The number of franchise members consequently increased from 276 to 406. The additional sales generated by the new members enabled the division to increase turnover by 19.1% to R3,7 billion. The growth in trading profit exceeded the growth in turnover.

MediRite operated pharmacies in 136 Shoprite and Checkers stores, having opened a net 15 during the year. It has strengthened its relationship as a preferred provider with a number of medical aid societies for whom the size of its footprint is of material importance for the distribution of chronic medication.

Dividend no 127

The board has declared a final dividend of 194.0 (2011: 165.0 cents) per ordinary share, payable to shareholders on Monday, 17 September 2012. The dividend has been declared out of income reserves. This brings the total dividend for the year to 303.0 cents per ordinary share (2011: 253.0 cents). The last day to trade cum dividend will be Friday, 7 September 2012. As from Monday, 10 September 2012 all trading of Shoprite Holdings Ltd shares will take place ex dividend. The record date is Friday, 14 September 2012. Share certificates may not be dematerialised or rematerialized between Monday, 10 September 2012, and Friday, 14 September 2012, both days inclusive.

- In terms of the new Dividends Tax effective 1 April 2012, the following additional information is disclosed:
1. Local dividend tax rate is 15%.
 2. There are no STC credits available.
 3. Net local dividend amount is 164.9 cents per share for shareholders liable to pay Dividends Tax and 194.0 cents per share for shareholders exempt from paying Dividends Tax.
 4. The issued share capital of Shoprite Holdings as at the date of this declaration is 570 579 460 ordinary shares; and
 5. Shoprite Holdings’ tax reference number is 9775/112/71/8.

Accountability

These condensed consolidated preliminary results are for information purposes only. The reviewed condensed consolidated preliminary results are compliant with International Financial Reporting Standards (“IFRS”), IAS 34: Interim Reporting, the South African Companies Act (Act no 71 of 2008), as amended and the listing requirements of the JSE Limited, and are available on the Stock Exchange News Service.

Group prospects

The board expects trading conditions to remain largely the same for at least the first half of the new financial year. Nothing on the horizon suggests that the pressure on consumers’ disposable income will ease off; if anything, it will increase further with a rise in global food prices at this stage seemingly unavoidable. However, the Group is well positioned to trade profitably even under such conditions.

By order of the board

CH Wiese
Chairman

JW Basson
Chief executive

Cape Town
20 August 2012