



Preliminary results for the year ended 30 June 2009



(Reg. No. 1936/007721/06) | (ISIN: ZAE 000012084) | (JSE Share code: SHP)
(NSX Share code: SRH) | (LuSE Share code: SHOPRITE) | ("the Group")

Highlights

Trading profit up 28,1% to R2,941 billion.
Turnover up 24,5% – from R47,652 billion to R59,319 billion.
Diluted headline earnings per share up 30,9% to 390,8 cents.
Final dividend per share declared: 130,0 cents.
Further workforce appointments: 11 000

Condensed Group Income Statement

R'000	% change	Reviewed year ended June 09	Audited year ended June 08
Sale of merchandise	24.5	59 318 559	47 651 548
Cost of sales	25.5	(47 878 232)	(38 161 987)
Gross profit	20.6	11 440 327	9 489 561
Other operating income	26.6	1 244 363	982 770
Depreciation and amortisation	26.3	(753 921)	(596 841)
Operating leases	16.7	(1 310 522)	(1 122 522)
Employee benefits	21.8	(4 453 771)	(3 655 978)
Other expenses	15.2	(3 225 562)	(2 800 440)
Trading profit	28.1	2 940 914	2 296 550
Exchange rate gains	(90.9)	3 005	33 187
Items of a capital nature	(562.2)	(31 227)	6 756
Operating profit	24.7	2 912 692	2 336 493
Interest received	4.2	191 566	183 915
Finance costs	45.6	(86 142)	(59 149)
Profit before tax	22.6	3 018 116	2 461 259
Tax	14.2	(999 478)	(875 570)
Profit for the year	27.3	2 018 638	1 585 689
ATTRIBUTABLE TO:			
Equity holders of the Company	27.3	1 998 246	1 570 252
Minority interest	32.1	20 392	15 437
		2 018 638	1 585 689
Earnings per share (cents)	28.1	396.5	309.5
Diluted earnings per share (cents)	29.5	386.3	298.3
Ordinary dividend per share paid (cents)			
Interim dividend paid	42.9	70.0	49.0
Final dividend declared	22.6	130.0	106.0
Total	29.0	200.0	155.0
Number of ordinary shares ('000) used for calculation of: earnings per share (weighted average)		504 030	507 320
: diluted earnings per share (weighted average)		517 250	526 455

Condensed Group Balance Sheet

R'000	Reviewed June 09	Audited June 08
ASSETS		
Non-current assets	6 048 645	5 120 964
Property, plant and equipment	5 359 587	4 502 928
Available-for-sale investments	47 804	37 548
Loans and receivables	2 636	4 056
Deferred tax assets	277 951	248 614
Intangible assets	354 434	319 825
Fixed escalation operating lease accrual	6 233	7 993
Current assets	10 690 843	9 733 319
Inventories	6 041 906	4 707 394
Other current assets	1 780 972	1 718 427
Assets held for sale	5 168	107 389
Loans and receivables	37 409	43 468
Cash and cash equivalents	2 825 388	3 156 641
Total assets	16 739 488	14 854 283
EQUITY AND LIABILITIES		
Total equity	5 029 295	4 818 838
Capital and reserves attributable to equity holders	4 960 000	4 758 656
Minority interest	69 295	60 182
Non-current liabilities	766 217	841 031
Borrowings	16 677	12 762
Deferred tax liabilities	26 992	16 241
Provisions	170 231	316 600
Fixed escalation operating lease accrual	414 164	439 762
Other non-current liabilities	138 153	55 666
Current liabilities	10 943 976	9 194 414
Other current liabilities	10 567 076	9 060 941
Provisions	362 977	112 682
Bank overdraft	13 923	20 791
Total liabilities	11 710 193	10 035 445
Total equity and liabilities	16 739 488	14 854 283

Reconciliation of Headline Earnings

R'000	% change	Reviewed year ended June 09	Audited year ended June 08
Net profit attributable to shareholders		1 998 246	1 570 252
Re-measurements		31 227	(6 756)
Profit on disposal of property		(3 425)	(2 234)
Loss on disposal and scrapping of plant, equipment and intangible assets		23 915	9 250
Loss/(profit) on other investing activities		23	(510)
Insurance claims received		—	(21 689)
Impairment of goodwill		3 608	2 336
Impairment of property, plant and equipment, intangible assets and assets held for sale		7 106	6 091
Tax effect on re-measurements		(7 913)	8 735
Headline earnings		2 021 560	1 572 231
Earnings per share (cents)	28.1	396.5	309.5
Diluted earnings per share (cents)	29.5	386.3	298.3
Headline earnings per share (cents)	29.4	401.1	309.9
Diluted headline earnings per share (cents)	30.9	390.8	298.6
Ordinary dividend per share (cents)			
Interim dividend paid	42.9	70.0	49.0
Final dividend declared	22.6	130.0	106.0
Total	29.0	200.0	155.0

Condensed Segment Information

R'000	% change	Reviewed year ended June 09	Audited year ended June 08
SEGMENT REVENUE – by business segment			
– Supermarkets	25.0	56 745 719	45 393 380
– Furniture	13.9	2 572 840	2 258 168
Total segment revenue	24.5	59 318 559	47 651 548
SEGMENT RESULT* – by business segment			
– Supermarkets (including unallocated)	28.4	2 760 455	2 150 178
– Furniture	1.6	154 185	151 799
Total segment result	26.6	2 914 640	2 301 977

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

Supplementary Information

R'000	Reviewed June 09	Audited June 08
1. Capital commitments	337 276	327 425
2. Contingent liabilities	138 316	34 406
3. Net asset value per share (cents)	990	938
4. Total number of shares in issue (adjusted for treasury shares)	500 898	507 320

Condensed Statement of Changes in Equity

R'000	Reviewed year ended June 09	Audited year ended June 08
Balance at beginning of July	4 818 838	3 688 771
Net movement in treasury shares	(340 935)	—
Net fair value profits on available-for-sale investments, net of tax	8 819	11 995
Profit for the year	2 018 638	1 585 689
Minority interest on additional shares issued by subsidiary	757	—
Cash settlement of share options	(379 349)	(62 341)
Foreign currency translation differences	(193 856)	182 987
Dividends distributed to shareholders	(903 617)	(588 263)
Balance at end of June	5 029 295	4 818 838

Condensed Group Cash Flow Statement

R'000	Notes	Reviewed year ended June 09	Audited year ended June 08
Cash generated by operations		3 435 736	3 286 747
Operating profit		2 912 692	2 336 493
Less: investment income		(29 279)	(27 760)
Non-cash items	1	1 065 296	709 744
Cash settled share options		(484 896)	(128 615)
Changes in working capital	2	(28 077)	396 885
Net interest received		127 129	146 182
Dividends received		7 574	6 344
Dividends paid		(902 576)	(587 789)
Tax paid		(842 045)	(616 141)
Cash flows from operating activities		1 825 818	2 235 343
Cash flows utilised by investing activities		(1 737 303)	(1 167 589)
Purchase of property, plant and equipment and intangible assets		(1 820 256)	(1 436 195)
Proceeds on disposal of property, plant and equipment and intangible assets		68 010	68 021
Proceeds on disposal of assets held for sale		13 131	194 544
Acquisition of operations		—	(5 909)
Other investment activities		1 812	11 950
Cash flows (utilised by)/from financing activities		(333 108)	20 497
Acquisition of treasury shares		(383 445)	—
Proceeds on disposal of treasury shares		42 510	—
Increase in borrowings		7 827	20 274
Net proceeds on issue of preference shares to joint venture		—	223
Movement in cash and cash equivalents		(244 593)	1 088 251
Effect of exchange rate movements on cash and cash equivalents		(79 792)	59 897
Net movement in cash and cash equivalents		(324 385)	1 148 148

R'000	Reviewed year ended June 09	Audited year ended June 08
CASH FLOW INFORMATION		
1. Non-cash items		
Depreciation on property, plant and equipment	741 710	597 786
Amortisation of intangible assets	54 743	29 002
Net fair value losses/(gains) on financial instruments	7 919	(5 612)
Exchange rate gains	(3 005)	(33 187)
Profit on disposal of property	—	(200)
Profit on disposal of assets held for sale	(3 425)	(2 034)
Loss on disposal and scrapping of plant and equipment, intangible assets and assets held for sale	23 915	9 250
Impairment of property, plant and equipment and assets held for sale	7 106	6 091
Impairment of goodwill	3 608	2 336
Movement in provisions	117 591	86 030
Movement in cash-settled share-based payment accrual	139 965	59 835
Insurance claims received	—	(21 689)
Movement in fixed escalation operating lease accrual	(24 831)	(17 864)
	1 065 296	709 744
2. Changes in working capital		
Inventories	(1 464 435)	(913 824)
Trade and other receivables	(89 157)	(133 276)
Trade and other payables	1 525 515	1 443 985
	(28 077)	396 885

Directorate and Administration

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

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

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

Company secretary: PG du Preez

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Auditors

PricewaterhouseCoopers Incorporated, PO Box 2799, Cape Town, 8000, South Africa
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The Group

In a market characterised by declining disposable income and increasing pressure on consumers across the spectrum, management continued to lower gross margin, which reduced during the year from 19,9% to 19,3%, putting back into the pockets of our beleaguered customers approximately R356 million. The result was that sales grew faster at 24,5% than the cost base resulting in an improvement of 28,1% in trading profit. Trading margin increased to its highest level of 4,96% from 4,82% in 2008.

Supermarkets in South Africa

Despite sales weakening in the second half of the year, the Group's supermarket operation in South Africa outgrew the rest of the market by increasing sales by 22,8% to R46,551 billion and gaining 1,5 percentage points in market share to 30%. The Group now operates 593 supermarkets in South Africa.

Shoprite, the biggest of the three chains with 310 supermarkets, 12 more than a year ago, increased turnover by 20,9% to R27,180 billion, representing 58,4% of the South African supermarkets' turnover. Research confirmed Shoprite best delivers on the most important needs of most shoppers. Its number of customers grew by 6,2%.

Checkers, with its 154 stores opened a net nine stores in the reporting period and grew turnover by 23,1% to R17,7 billion. Checkers supermarkets became South Africa's fastest-growing food retail chain for the 12 months to end June. Focusing on both price and lifestyle, the chain showed a strong increase of 11,8% in the value per customer transaction.

Usave, the small-format, limited-range chain, operates 129 outlets having gained a net 36 stores during the year. It continued to grow at a brisk pace, increasing turnover by 57,7%. The low cost chain has become increasingly attractive to price conscious consumers as it manages to be cheaper than most supermarkets in South Africa.

Supermarkets outside South Africa

This business, consisting of 102 supermarkets in 16 countries, grew turnover by 39,9% in rand terms on a continent hardly affected by the global credit crisis, and contributed 13,6% to total supermarket turnover.

OK Franchise

The franchise division made strong gains during the year, growing turnover substantially above food inflation to 26,5%. With overhead costs well under control, the division reported a significantly higher trading profit. It showed a net gain of 13 members, bringing the total to 265.

Furniture

For the furniture division the 12 months to end June was a challenging time. In a deteriorating trading environment it managed to raise turnover by 13,9%. A welcome development was an increase in the demand for credit. The division continued its strong expansion drive, opening a net of 28 stores to bring the total to 264.

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 121

The Board has declared a final dividend of 130,0 cents (2008: 106,0 cents) per share, payable to shareholders on Monday, 21 September 2009. This brings the total dividend for the year to 200,0 cents per ordinary share (2008: 155,0 cents). The last day to trade cum dividend will be Friday, 11 September 2009. As from Monday, 14 September 2009 all trading of Shoprite Holdings Ltd shares will take place ex dividend. The record date is Friday, 18 September 2009.

Share certificates may not be dematerialised or rematerialised between Monday, 14 September 2009, and Friday, 18 September 2009, both days inclusive.

Accountability

These condensed consolidated preliminary 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 2008.

Auditors' review opinion

The condensed consolidated preliminary results for the year ended June 2009 have been reviewed by PricewaterhouseCoopers Inc. The auditors' unqualified review opinion is available for inspection at the Company's registered office.

Prospects

The board expects trading conditions to be challenging in the new financial year. The board nevertheless believes the Group is still better placed than most to weather present market conditions and to, once again, achieve satisfactory results.

By order of the board

CH Wiese
Chairman

JW Basson
Chief executive

Cape Town
24 August 2009

www.shopriteholdings.co.za