CONTENTS

Annual Financial Statements

SHOPRITE HOLDINGS LIMITED AND ITS SUBSIDIARIES

for the year ended 30 June 2008

Certificate by the Company Secretary | SHOPRITE HOLDINGS LTD AND ITS SUBSIDIARIES

In my capacity as the company secretary, I hereby confirm, in terms of the South African Companies Act, 1973, that for the year ended 30 June 2008, Shoprite Holdings Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

A N van Zyl
1 September 2008

Currency of Annual Financial Statements | SHOPRITE HOLDINGS LTD AND ITS SUBSIDIARIES

The annual financial statements are expressed in South African rand. The approximate rand cost of a unit of the following currencies at year-end was:

	2008	2007
USA dollar	7.956	7.100
Pound sterling	15.808	14.225
Euro	12.516	9.553
Zambia kwacha	0.003	0.002
Mozambique metical	0.321	0.273
Botswana pula	1.216	1.139
Uganda shilling	0.005	0.005
Malawi kwacha	0.057	0.052
Mauritian rupee	0.295	0.228
Angolan kwanza	0.106	0.095
Indian rupee	0.186	0.174
Ghanian cedi	7.233	7.688
Madagascan ariary	0.005	0.004
Nigerian naira	0.068	0.056
Tanzania shilling	0.007	0.006

Independent Auditor's Report | TO THE MEMBERS OF SHOPRITE HOLDINGS LTD

We have audited the annual financial statements and group annual financial statements of Shoprite Holdings Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 30 June 2008, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 50 to 110.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group as of 30 June 2008, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc
Director: NH Döman
Registered Auditor

Cape Town
1 September 2008

NATURE OF BUSINESS

The Company, which is incorporated in the Republic of South Africa and listed on JSE Limited ("JSE") is an investment holding company.

THE GROUP COMPRISES THE FOLLOWING MAIN TRADING SUBSIDIARIES:

Shoprite Checkers (Pty) Ltd – controlling:

Supermarkets: The grocery, perishable, fruit and vegetables, meat markets, delicatessen, fast foods, non-food, liquor store, pharmacies and money market activities, trading through Shoprite, Shoprite Hyper, Checkers, Checkers Hyper and Usave in South Africa, Namibia, Lesotho, Swaziland and Mauritius.

Franchise: The supermarket franchise business which encompasses three formats – OK Foods, OK Grocer and OK Minimark in South Africa, Namibia and Botswana.

Properties: Owns property strategically situated for its business in South Africa.

Distribution: Distributes groceries and non-food merchandise to its supermarket chains nationally and internationally and fresh produce to its supermarkets in South Africa.

Furniture: The retail of furniture through OK Furniture, OK Power Express and House and Home.

Shoprite International Ltd:

Controls the retailing activities and owns strategically situated properties outside South Africa apart from the territories referred to above.

Shoprite Holdings Ltd's interest in its subsidiaries is set out on page 110 of the annual report.

GENERAL PREVIEW

The Group's headline earnings per share amounts to 309,9 cents for the year (2007: 201,6 cents). Details of the profit of Shoprite Holdings Ltd and the Group are contained in the income statement with reference to the segment report and its financial statements set out on page 52 to 110.

The attributable interest of Shoprite Holdings Ltd in the taxed profits and losses of its subsidiaries for the period is as follows:

	2008 R'000	2007 R'000
Total profits	2 386 981	1 324 601
Total losses	105 525	208 780

DIVIDENDS

Preference dividends

Details are reflected in note 28 to the annual financial statements.

Ordinary dividends

An interim cash dividend (no. 118) of 49,0 cents per share was paid on 17 March 2008. A final dividend (no. 119) of 106,0 cents per share, was payable on 29 September 2008, bringing the total dividends for the year to 155,0 cents (2007: 101,0 cents) per ordinary share.

SHARE CAPITAL

The authorised share capital remains unchanged at 650 000 000 ordinary shares of 113,4 cents each.

There was no movement in the number of issued ordinary shares during the year, which remains at 543 479 460 shares of 113,4 cents each.

The deferred share capital remained unchanged and is reflected in note 14 to the annual financial statements.

GOING CONCERN

These annual financial statements have been prepared on a going concern basis.

The Board has performed a formal review of the Group's results and its ability to continue trading as a going concern in the foreseeable future and based on this review, considers that the presentation of the financial statements on this basis is appropriate.

SPECIAL RESOLUTIONS

At the annual general meeting of Shoprite Holdings Ltd held on 29 October 2007, shareholders approved the following special resolutions:

General approval to repurchase shares

It was resolved that the Company and/or its subsidiaries be authorised by way of a general approval contemplated in sections 85(2) and 85(3) of the Companies Act, to acquire the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the Articles of Association of the Company, the provisions of the Act and the JSE Listings Requirements and any other exchange on which the shares of the Company may be quoted or listed, where applicable.

Specific approval to repurchase shares

It was resolved that the repurchase by the Company of:

– up to 35 653 533 ordinary shares of 113.4 cents each from Shoprite Checkers (Pty) Ltd, a wholly owned subsidiary of the Company; and

– up to 506 036 ordinary shares of 113.4 cents each from the Shoprite Holdings Ltd Share Incentive Trust;

at such times and in such quantities as the directors may determine in their discretion and at the ruling price for the ordinary shares of the Company on the JSE at the relevant time, be approved in terms of section 85 of the Companies Act, subject to the Articles of Association of the Company and the JSE Limited Listing Requirements.

DIRECTORS

Dr C H Wiese, Messrs J J Fouché, J A Louw, B R Weyers and A N van Zyl retire as directors, in terms of paragraph 14.1 of the Articles of Association of the Company, at the annual general meeting. All the directors, except Messrs J J Fouché and A N van Zyl, offer themselves for re-election as directors of the Company.

Directors' and alternate director's interests in ordinary shares

	Beneficial	Non-beneficial	2008 Total	2007 Total
CH Wiese	82 352 472	—	82 352 472	77 987 548
JW Basson	4 925 511	—	4 925 511	4 925 511
JJ Fouche	872 171	—	872 171	872 171
CG Goosen	1 023 249	—	1 023 249	1 023 249
B Harisunker	456 360	—	456 360	456 360
TRP Hlongwane	16 557	—	16 557	15 057
AE Karp	60 750	—	60 750	—
JA Louw	170 000	—	170 000	200 000
JF Malherbe	64 253	8 200	72 453	72 453
EL Nel	10 000	—	10 000	—
JG Rademeyer	10 000	—	10 000	10 000
AN van Zyl	515 799	—	515 799	515 799
BR Weyers	325 000	—	325 000	275 000
JAL Basson	60 530	—	60 530	55 000
M Bosman	95 000	—	95 000	46 260
PC Engelbrecht	61 901	1 039	62 940	30 955
JD Wiese	14 074	—	14 074	14 074

Director's interest in non-convertible, non-participating, no par value deferred shares

	2008 Total	2007 Total
CH Wiese	276 821 666	276 821 666

AUDITORS

PricewaterhouseCoopers Incorporated will continue in office in accordance with Section 270 (2) of the Companies Act.

POST BALANCE SHEET EVENTS

Other than the facts and developments reported in this annual report, there have been no material changes in the affairs or financial position of the Company and the Group from 30 June 2008 to the date of this report.

HOLDING COMPANY

The Company has no holding company.
An analysis of the main shareholders of the Company appears on page 111 of this report.

LITIGATION STATEMENT

Dispute with South African Breweries: The dispute between the Group and South African Breweries regarding the purchase of OK Bazaars (1929) Ltd has not yet been resolved.

The directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Company and Group's financial position.

Balance Sheet | SHOPRITE HOLDINGS LTD AND ITS SUBSIDIARIES

as at 30 June 2008

COMPANY				GROUP	
30 June 2007 R'000	30 June 2008 R'000		Notes	30 June 2008 R'000	30 June 2007 R'000
		ASSETS			
		NON-CURRENT ASSETS			
—	—	Property, plant and equipment	3	4 502 928	3 804 159
1 392 131	1 518 359	Interests in subsidiaries	5	—	—
—	—	Available-for-sale investments	6	37 548	23 738
—	—	Loans and receivables	7	4 056	43 990
56	108	Deferred tax assets	8	248 614	252 749
—	—	Intangible assets	9	319 825	277 901
—	—	Fixed escalation operating lease accrual	10	7 993	1 131
1 392 187	1 518 467			5 120 964	4 403 668
		CURRENT ASSETS			
—	—	Inventories	11	4 707 394	3 699 199
2 871	3 353	Trade and other receivables	12	1 689 869	1 521 906
—	—	Derivative financial instruments	13	4 741	—
38	—	Current tax assets		23 817	16 110
—	—	Assets held for sale	4	107 389	220 139
147 205	225 792	Interests in subsidiaries	5	—	—
—	—	Loans and receivables	7	43 468	6 425
607 161	603 271	Cash and cash equivalents		3 156 641	2 012 226
757 275	832 416			9 733 319	7 476 005
2 149 462	2 350 883	**TOTAL ASSETS**		14 854 283	11 879 673
		EQUITY			
		CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS			
616 583	616 583	Share capital	14	616 583	616 583
293 072	293 072	Share premium		293 072	293 072
—	—	Treasury shares	14	(277 538)	(277 538)
1 232 629	1 429 411	Reserves	15	4 126 539	3 007 064
2 142 284	2 339 066			4 758 656	3 639 181
—	—	**MINORITY INTEREST**		60 182	49 590
2 142 284	2 339 066	**TOTAL EQUITY**		4 818 838	3 688 771
		LIABILITIES			
		NON-CURRENT LIABILITIES			
2 450	2 450	Borrowings	16	12 762	2 498
—	—	Deferred tax liabilities	17	16 241	8 803
—	—	Provisions	18	316 600	264 185
—	—	Fixed escalation operating lease accrual	19	439 762	448 702
—	—	Trade and other payables	20	55 666	—
2 450	2 450			841 031	724 188
		CURRENT LIABILITIES			
3 504	594	Trade and other payables	20	8 622 873	7 152 994
—	—	Borrowings	16	10 137	—
—	—	Derivative financial instruments	13	—	682
—	7 068	Current tax liabilities		425 899	216 224
—	—	Provisions	18	112 682	70 732
—	—	Bank overdrafts		20 791	24 524
1 224	1 705	Shareholders for dividends		2 032	1 558
4 728	9 367			9 194 414	7 466 714
7 178	11 817	**TOTAL LIABILITIES**		10 035 445	8 190 902
2 149 462	2 350 883	**TOTAL EQUITY AND LIABILITIES**		14 854 283	11 879 673

Income Statement | SHOPRITE HOLDINGS LTD AND ITS SUBSIDIARIES

for the year ended 30 June 2008

COMPANY				GROUP	
30 June 2007 R'000	30 June 2008 R'000		Notes	30 June 2008 R'000	30 June 2007 R'000
—	—	Sale of merchandise		47 651 548	38 949 845
—	—	Cost of sales		(38 161 987)	(30 952 417)
—	—	GROSS PROFIT		9 489 561	7 997 428
174 209	705 430	Other operating income	21	982 770	798 454
—	—	Depreciation and amortisation	22	(596 841)	(517 397)
—	—	Operating leases	23	(1 122 522)	(997 735)
—	—	Employee benefits	24	(3 655 978)	(3 100 627)
(18 043)	2 530	Other expenses		(2 800 440)	(2 582 431)
156 166	707 960	TRADING PROFIT		2 296 550	1 597 692
(3 922)	(56)	Exchange rate gains/(losses)		33 187	23 725
5 165	122 811	Income of a capital nature	27	6 756	60 935
157 409	830 715	OPERATING PROFIT	25	2 336 493	1 682 352
51 048	64 363	Interest received		183 915	109 332
(126)	(287)	Finance costs	28	(59 149)	(83 570)
208 331	894 791	PROFIT BEFORE TAX		2 461 259	1 708 114
(68 396)	(73 008)	Tax	29	(875 570)	(622 586)
139 935	821 783	PROFIT FOR THE YEAR		1 585 689	1 085 528
		ATTRIBUTABLE TO:			
139 935	821 783	Equity holders of the Company		1 570 252	1 076 071
—	—	Minority interest		15 437	9 457
139 935	821 783			1 585 689	1 085 528
		Earnings per share (cents)	30	309.5	212.1
		Diluted earnings per share (cents)	30	298.3	203.9
81.0	115.0	Ordinary dividends per share paid (cents)	31	115.0	81.0

Statement of Changes in Equity | SHOPRITE HOLDINGS LTD AND ITS SUBSIDIARIES

for the year ended 30 June 2008

				Attributable to equity holders					
R'000	Notes	Total equity	Minority Interest	Total	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings
GROUP									
BALANCE AT 1 JULY 2006		3 082 868	47 005	3 035 863	616 583	293 072	(277 318)	278 255	2 125 271
Total recognised income		1 103 845	9 457	1 094 388	—	—	—	18 317	1 076 071
Profit for the year		1 085 528	9 457	1 076 071					1 076 071
Recognised in equity									
Net fair value movement on available-for-sale investments	15	30 828		30 828				30 828	
Tax effect of net fair value movement on available-for-sale investments	15	382		382				382	
Realisation of profits on disposal of listed investment	15	(33 459)		(33 459)				(33 459)	
Foreign currency translation differences	15	20 566		20 566				20 566	
Cash settlement of share options	14	(79 927)		(79 927)					(79 927)
Net movement in treasury shares	14	(220)		(220)			(220)		
Transfer to contingency reserve	15	—		—				2 952	(2 952)
Dividends distributed to shareholders		(417 795)	(6 872)	(410 923)					(410 923)
BALANCE AT 30 JUNE 2007		3 688 771	49 590	3 639 181	616 583	293 072	(277 538)	299 524	2 707 540
Total recognised income		1 780 671	15 437	1 765 234	—	—	—	194 982	1 570 252
Profit for the year		1 585 689	15 437	1 570 252					1 570 252
Recognised in equity									
Net fair value movement on available-for-sale investments	15	13 810		13 810				13 810	
Tax effect of net fair value movement on available-for-sale investments	15	(1 815)		(1 815)				(1 815)	
Foreign currency translation differences	15	182 987		182 987				182 987	
Cash settlement of share options	14	(62 341)		(62 341)					(62 341)
Transfer to contingency reserve	15	—		—				1 731	(1 731)
Dividends distributed to shareholders		(588 263)	(4 845)	(583 418)					(583 418)
BALANCE AT 30 JUNE 2008		4 818 838	60 182	4 758 656	616 583	293 072	(277 538)	496 237	3 630 302
COMPANY									
BALANCE AT 1 JULY 2006		2 442 567		2 442 567	616 583	293 072	—	16 505	1 516 407
Total recognised income									
Profit for the year		139 935		139 935					139 935
Dividends distributed to shareholders		(440 218)		(440 218)					(440 218)
BALANCE AT 30 JUNE 2007		2 142 284		2 142 284	616 583	293 072	—	16 505	1 216 124
Total recognised income									
Profit for the year		821 783		821 783					821 783
Dividends distributed to shareholders		(625 001)		(625 001)					(625 001)
BALANCE AT 30 JUNE 2008		2 339 066		2 339 066	616 583	293 072	—	16 505	1 412 906

Cash Flow Statement | SHOPRITE HOLDINGS LTD AND ITS SUBSIDIARIES

for the year ended 30 June 2008

COMPANY				GROUP	
30 June 2007 R'000	30 June 2008 R'000		Notes	30 June 2008 R'000	30 June 2007 R'000
(329 209)	78 170	CASH FLOWS FROM/(UTILISED BY) OPERATING ACTIVITIES		2 235 343	2 557 068
157 409	830 715	Operating profit		2 336 493	1 682 352
(174 209)	(705 137)	Less: investment income		(27 760)	(7 712)
(983)	(122 755)	Non-cash items	32.1	709 744	548 150
—	—	Payments for cash settlement of share options		(128 615)	(62 021)
(161)	(3 392)	Changes in working capital	32.2	396 885	1 304 638
(17 944)	(569)	Cash generated from/(utilised by) operations		3 286 747	3 465 407
54 368	64 394	Interest received		205 331	113 222
(126)	(287)	Interest paid		(59 149)	(83 570)
170 889	705 106	Dividends received		6 344	3 822
(439 973)	(624 520)	Dividends paid	32.3	(587 789)	(417 461)
(96 423)	(65 954)	Tax paid	32.4	(616 141)	(524 352)
330 748	(82 060)	CASH FLOWS (UTILISED BY)/ FROM INVESTING ACTIVITIES	32.5	(1 167 589)	(1 109 298)
—	—	CASH FLOWS FROM FINANCING ACTIVITIES	32.6	20 497	99
1 539	(3 890)	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1 088 251	1 447 869
605 622	607 161	Cash and cash equivalents at the beginning of the year		1 987 702	536 704
—	—	Effect of exchange rate movements on cash and cash equivalents		59 897	3 129
607 161	603 271	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		3 135 850	1 987 702
		Consisting of:			
607 161	603 271	Cash and cash equivalents		3 156 641	2 012 226
—	—	Bank overdrafts		(20 791)	(24 524)
607 161	603 271			3 135 850	1 987 702

1 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below and are consistent with those applied in the previous year.

The consolidated Group's and separate Company's financial statements were authorised for issue by the Board of Directors on 1 September 2008.

1.1 Basis of preparation

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and the South African Companies Act (Act No 61 of 1973), as amended. The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain financial instruments to fair value.

1.1.1 USE OF ASSUMPTIONS AND ESTIMATES

The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are mainly the impairment of tangible and intangible assets; the estimation of useful lives and residual values of property, plant and equipment and intangible assets, and establishing uniform depreciation and amortisation methods; the valuation of inventory using the retail inventory method; the likelihood that deferred and income taxes can be realised; the probability of doubtful debts; parameters for measuring employee benefit provisions; classification of certain operations as discontinued and insurance transactions. The key estimates and assumptions relating to these areas are disclosed in the relevant notes to the financial statements.

All estimates and underlying assumptions are based on historical experience and various other factors that management believes are reasonable under the circumstances. The results of these estimates form the basis of judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any affected future periods.

1.1.2 USE OF ADJUSTED MEASURES

The measures listed below are presented as management believes it to be relevant to the understanding of the Group's financial performance. These measures are used for internal performance analysis and provide additional useful information on underlying trends to equity holders. These measures are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other entities. It is not intended to be a substitute for, or superior to, measures as required by IFRS.

a) Trading profit on the face of the income statement, being the Group's operating results excluding exchange rate differences and income or expenditure of a capital nature.
b) Income or expenditure of a capital nature on the face of the income statement, being all re-measurements as taken into account in the calculation of headline earnings per share. The principal items that will be included under this measurement are: gains and losses on disposal and scrapping of property, plant and equipment, intangible assets and assets held for sale; impairments or reversal of impairments; any non-trading items such as gains and losses on disposal of investments, operations and subsidiaries.
c) Interest received on the face of the income statement, being only interest received on call and operating bank account balances.

1.2 Group accounting

1.2.1 SUBSIDIARIES

Subsidiaries are entities (including special purpose entities) which are, directly or indirectly, controlled by the Group. Control is established where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The purchase method of accounting is used to account for the acquisition.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired as well as liabilities and contingent liabilities assumed in a business combination are measured initially at its fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. A subsidiary is consolidated from the date on which control is transferred to the Group and is no longer consolidated from the date that the entity ceases to comply with the definition of a subsidiary. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group. All intergroup transactions and balances between Group companies have been eliminated.

1.2.2 JOINT VENTURES

Joint ventures are those entities over which the Group exercises joint control in terms of a contractual agreement. The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its proportionate share of the assets, liabilities, revenue, income and expenses, on a line-for-line basis, with similar items in the financial statements of the Group. The results of joint ventures are included in the Group's annual financial statements from the effective date of joint control until the effective date that joint control ceases. Where applicable, accounting policies applied by joint ventures have been changed to ensure consistency with the policies adopted by the Group.

1.3 Foreign currency translation

1.3.1 FUNCTIONAL AND PRESENTATION CURRENCY

All items in the financial statements of the Group's subsidiaries and joint ventures are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Group's consolidated financial statements are presented in rand, which is Shoprite Holdings Ltd's functional and presentation currency.

1.3.2 TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the average exchange rates for the relevant month. These average exchange rates approximate the spot rate at the date of the transaction. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at closing rates, are recognised in the income statement.

1.3.3 FOREIGN SUBSIDIARIES AND JOINT VENTURES

The results and the financial position of all Group subsidiaries and joint ventures that have a functional currency that is different from the presentation currency of the Group are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(ii) income and expenses for each income statement presented are translated at the average exchange rates for the period presented; and
(iii) all resulting translation differences are recognised as a separate component of equity in the foreign currency translation reserve (FCTR).

On consolidation exchange rate differences arising from the translation of the net investment in foreign subsidiaries are also taken to the FCTR. When a foreign operation is sold all related exchange rate differences in the FCTR are recognised in the income statement as part of the profit or loss on the sale of the operation. The Group's net investment in a subsidiary is equal to the equity investment plus all monetary items that are receivable from the subsidiary, for which settlement is neither planned nor likely to occur in the foreseeable future.

Goodwill and fair value adjustments arising on the acquisition of a foreign subsidiary are treated as assets and liabilities of the foreign subsidiary and are translated at the closing rate.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets held by the Group for use in the supply of goods, rental to others or administrative purposes and are expected to be used during more than one period. All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. The historical cost includes all expenditure that is directly attributable to the acquisition of the buildings, machinery, equipment and vehicles and is depreciated on a straight-line basis, from the date it is available for use, at rates appropriate to the various classes of assets involved, taking into account the estimated useful life and residual values of the individual items. Land is not depreciated, as it has an unlimited useful life. Improvements to leasehold properties are shown at cost and written off over the remaining period of the lease.

Management determines the estimated useful lives, residual values and the related depreciation charges at acquisition and these are reviewed at each balance sheet date. If appropriate, adjustments are made and accounted for prospectively as a change in estimate.

USEFUL LIVES:

Buildings	20 years
Machinery	5 to 10 years
Vehicles	5 to 10 years
Trolleys	3 years
Equipment	5 to 10 years
Computer equipment	3 years
Aeroplane	15 years

The cost of major refurbishments is capitalised as property, plant and equipment to the extent that it can be recovered from future use of the assets. The capitalised amounts are depreciated over the relevant write-off periods. All other repairs and maintenance are charged to the income statement during the period in which these are incurred.

Gains and losses on disposal or scrapping of property, plant and equipment, being the difference between the net proceeds on disposal or scrapping and the carrying amount, are recognised in the income statement.

1.5 Financial instruments

The Group classifies its financial instruments in the following categories: available-for-sale financial assets, loans and receivables, financial liabilities and derivatives at fair value through profit and loss. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition and re-evaluates such designations at each balance sheet date. The Group assesses at each balance sheet date whether there is objective evidence that a financial instrument or a group of financial instruments is impaired.

Financial instruments carried on the balance sheet include cash and cash equivalents, investments, accounts receivable, instalment sales receivables, accounts payable, borrowings and derivatives. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished, i.e. when the contractual obligation is discharged, cancelled or expires.

1.6 Derivative financial instruments

Derivatives, being forward foreign exchange rate contracts, categorised as at fair value through profit or loss, are either current assets or current liabilities. Purchases and settlements of derivative financial instruments are initially recognised on the trade date at fair value and are subsequently carried at fair value. Transaction costs are expensed as it is incurred. Realised and unrealised gains and losses arising from changes in the fair value of derivative financial instruments are included in the income statement as other income or other expenses in the period in which they arise. The fair value of forward foreign exchange rate contracts is determined using exchange rates at the balance sheet date. The Group does not apply hedge accounting.

1.7 Available-for-sale financial assets

The Group's listed and unlisted equity investments are classified as financial assets available-for-sale. Purchases and sales of available-for-sale investments are recognised on the trade date at fair value, including transaction costs. Investments are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of these investments are recognised in equity. When available-for-sale investments are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from the disposal of investments. These investments are included in non-current assets, unless management intends to dispose of the investments within 12 months of the balance sheet date.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

The fair value of these investments are based on quoted transaction prices (for listed investments) or the underlying net asset value (for unlisted investments). If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using recognised valuation techniques.

For the purposes of impairment testing a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses on equity instruments recognised in the income statement are not reversed through the income statement.

1.8 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable and purchases and sales are recognised at trade date at fair value, including transaction costs. Loans and receivables are subsequently carried at amortised cost using the effective-interest method. These financial assets are included under current assets unless it matures later than 12 months after balance sheet date.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the loans and receivables carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate applicable to the relevant loans and receivables. The carrying amount will be reduced and the loss recognised in the income statement.

The Group's investments in preference shares are regarded as loans and receivables and, if denominated in foreign currencies, are translated at closing rates. Gains or losses resulting from the translation are recognised in the income statement. Investment income resulting from preference share investments is recognised in the income statement as interest received.

1.9 Investments in subsidiaries

The Company's investments in the shares of its subsidiaries are carried at cost less impairment losses and, if denominated in foreign currencies, are translated at historical rates. Purchases and sales of these investments are recognised on the trade date at cost, including transaction costs.

1.10 Deferred tax

Deferred tax is provided, using the liability method, for calculated tax losses and temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. Management applies judgement to determine whether sufficient future taxable profit will be available after considering, amongst others, factors such as profit histories, forecasted cash flows and budgets.

Deferred tax is provided on temporary differences arising on the consolidation of investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference can be controlled by the Group, and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group is subject to taxes in numerous jurisdictions. Significant judgement is required in determining worldwide provision for taxes. There are many transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on best informed estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

1.11 Intangible assets

1.11.1 GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary or operation at the date of acquisition. Goodwill denominated in a foreign currency is translated at closing rates. Goodwill is tested for impairment annually and whenever there is indication of impairment. Goodwill is carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. Each of those CGUs represents the Group's investment in a trading unit or a group of trading units. Gains and losses on the disposal of an entity that has related goodwill include the carrying amount of the related goodwill.

1.11.2 SOFTWARE

Software represents all costs incurred to acquire the assets and bring it into use. These costs are amortised over the estimated useful life of the relevant software, being between three and seven years, on a straight-line basis.

Costs associated with implementing or maintaining software are recognised as an expense when incurred. Costs that are directly associated with the production of identifiable and unique software controlled by the Group, and that will probably generate future economic benefits beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Software's useful lives are reviewed at each balance sheet date. If appropriate, adjustments are made and accounted for prospectively as a change in estimate.

1.11.3 TRADEMARKS

Trademarks and licences are initially shown at historical cost, have a definite useful life and are subsequently measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives, being 20 years. The useful lives are reviewed at each balance sheet date. If appropriate, adjustments are made and accounted for prospectively as a change in estimate.

1.12 Non-current assets held for sale

Non-current assets and/or disposal groups are classified as assets held for sale and are stated at the lower of the carrying amount and fair value, less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continued use.

1.13 Inventories

Trading inventories are stated at the lower of cost, using the weighted average cost formula, and net realisable value. The weighted average cost formula is determined by applying the retail inventory method. The cost of merchandise is the net of: invoice price of merchandise; insurance; freight; customs duties; an appropriate allocation of distribution costs; trade discounts; rebates and settlement discounts. The retail method approximates the weighted average cost and is determined by reducing the sales value of the inventory by the appropriate percentage gross margin. The percentage used takes into account inventory that has been marked down below original selling price. An average percentage per retail department is used. Net realisable value is the estimated selling price in the ordinary course of business.

1.14 Trade and other receivables

Trade and other receivables are recognised at trade date at fair value. Subsequent recognition is measured at amortised cost using the effective-interest method, less accrual made for impairment of these receivables. An accrual for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the accrual is the difference between the carrying amount and the recoverable amount, being the present value of the expected cash flows, discounted at the original effective interest rate. Any resulting impairment losses are included in other expenses in the income statement. The impairment of instalment sale receivables are done on a collective basis due to the wide-spread customer base. When a receivable is uncollectible, it is written off against the accrual for impairment for receivables. Subsequent recoveries of amounts previously written off are recognised in the income statement.

1.15 Leases

1.15.1 WHERE THE GROUP IS THE LESSEE

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Certain premises and other assets are leased. Payments made in respect of operating leases with a fixed escalation clause are charged to the income statement on a straight-line basis over the lease term. All other lease payments are expensed as they become due. Incentives paid to enter into a lease agreement are expensed in the income statement as operating lease expense over the lease term. Minimum rentals due after year-end are reflected under commitments.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense and any unamortised portion of the fixed escalation lease accrual is recognised in the income statement in the period in which termination takes place.

1.15.2 WHERE THE GROUP IS THE LESSOR

Portions of owner-occupied properties and leased properties are leased or subleased out under operating leases. The owner-occupied properties are included in property, plant and equipment in the balance sheet. Rental income in respect of operating leases with a fixed escalation clause is recognised on a straight-line basis over the lease term. Incentives received to enter into a lease agreement are released to the income statement as operating lease income over the lease term. All other rental income is recognised as it becomes due.

When an operating lease is terminated before the lease period has expired, any payment received from the lessee by way of penalty is recognised as income and any unamortised portion of the fixed escalation lease accrual is recognised in the income statement in the period in which termination takes place.

1.16 Cash and cash equivalents and bank overdrafts

Cash and cash equivalents and bank overdrafts are carried at cost and, if denominated in foreign currencies, are translated at closing rates. Cash comprises cash on hand and cash at banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. Bank overdrafts are disclosed separately on the face of the balance sheet.

1.17 Share capital

Ordinary shares and non-convertible, non-participating deferred shares, including incremental costs directly attributable to the issue of new shares, are both classified as equity.

Where entities controlled by the Group purchase the Company's shares, the consideration paid, including attributable transaction costs net of income taxes, is deducted from capital and reserves attributable to equity holders as treasury shares until they are sold. Where such shares are subsequently sold, any consideration received is included in capital and reserves attributable to equity holders. Dividends received on treasury shares are eliminated on consolidation.

1.18 Borrowings

Borrowings are recognised initially at fair value, net of transactions costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has the unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Preference shares, which carry non-discretionary dividend obligations, are classified as non-current liabilities at amortised cost. Amortised cost is calculated using the effective interest method. The dividends on these preference shares are recognised in the income statement as finance costs.

1.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The Group has discounted provisions to their present value where the effect of the time value of money is material. The notional interest charge representing the unwinding of the provision discounting is included in the income statement.

1.19.1 ONEROUS LEASE CONTRACTS

The Group recognises a provision for onerous lease contracts when the expected benefits, including subleasing income, to be derived from non-cancellable operating lease contracts are lower than the unavoidable costs of meeting the contract obligations. The unavoidable contracted costs are applied over the remaining periods of the relevant lease agreements with an estimated average of three years. The notional interest charge relating to the unwinding of the provisions discounting is included in the income statement as finance costs.

1.19.2 PROVISION FOR OUTSTANDING INSURANCE CLAIMS

The Group recognises a provision for the estimated direct cost of settling all outstanding claims at year-end. The provision for outstanding claims at year-end includes a provision for cost of claims incurred but not yet reported at year-end as well as for the cost of claims reported but not yet settled at year-end. The provision for cost of claims incurred but not yet reported (IBNR) at year-end is determined by using established claims patterns. Full provision is made for the cost of claims reported but not yet settled at year-end by using the best information available.

1.19.3 POST-RETIREMENT MEDICAL BENEFITS

Refer accounting policy 1.21.2.

1.19.4 LONG-TERM EMPLOYEE BENEFITS

Long-term employee benefits are provided to employees who achieve certain predetermined milestones of service within the Group. The Group's obligation under these plans is valued by independent qualified actuaries at year-end and the corresponding liability is raised. Payments are set off against the liability. Movements in the liability, including notional interest, resulting from the valuation by the actuaries are charged against the income statement as employee benefits upon valuation.

1.19.5 REINSTATEMENT PROVISION

Where it has a contractual obligation in respect of certain operating lease agreements, the Group provides for expected reinstatement costs to be incurred at the expiry of the lease. This provision is mainly expected to be utilised within the next financial year.

1.20 Payables

Trade and other payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

Financial guarantee contracts are recognised initially at fair value and subsequently at the higher of: the initially recognised fair value, less appropriate cumulative amortisation recognised on a straight-line basis over the estimated duration of the contract, or an amount calculated in terms of note 1.19.

When the financial guarantee contract is issued by the Company to a subsidiary the fair value at initial recognition is capitalised as part of the investment in the relevant subsidiary.

1.21 Employee benefits

1.21.1 PENSION OBLIGATIONS

Group companies operate various pension schemes. The schemes are funded through payments to trustee-administered funds in accordance with the plan terms.

Provident fund

A defined-contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group's contributions to defined contribution plans in respect of services rendered 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.

1.21.2 POST-RETIREMENT MEDICAL BENEFITS

The Group provides for post-retirement medical benefits, where they exist. The expected costs of these benefits are accrued over the period of employment based on past services and charged to the income statement as employee benefits. This post-retirement medical benefit obligation is measured at present value by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have the terms to maturity approximating the terms of the related post-employment liability. The future cash outflows are estimated using amongst others the following assumptions: health-care cost inflation; discount rates; salary inflation and promotions and experience increases; expected mortality rates; expected retirement age; and continuation at retirement. Valuations of this obligation are carried out annually by independent qualified actuaries in respect of past-service liabilities using the projected unit credit method. Actuarial gains or losses are recognised immediately in the income statement as employee benefits.

1.21.3 EQUITY AND CASH-SETTLED SHARE-BASED PAYMENTS

a) Share purchase and share option scheme

The Group operates an equity-settled share incentive scheme through The Shoprite Holdings Ltd Share Incentive Trust. Shares are offered under a share purchase and a share option scheme and can be taken up over a period of two to seven years, subject to specific conditions. The beneficiaries under the scheme are executive directors and management. The fair value of the employee services received in exchange for the grant of options is recognised as an expense on a straight-line basis over the vesting period, with a corresponding increase in the share-based payment reserve.

The fair value is determined with reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. If treasury shares are used to equity-settle options the cost of these shares including transaction costs, net of any proceeds received, are recognised as an employee benefit expense in the income statement in the period in which the options are exercised.

The effect of all options issued under the share option scheme is taken into account when calculating diluted earnings and diluted headline earnings per share.

b) Cash-settled share-based payments

The Group recognises a liability for cash-settled share-based payments calculated at current fair value determined at each balance sheet date. The fair value is calculated using relevant pricing models. This amount is expensed through the income statement over the vesting periods.

1.21.4 BONUS PLANS

The Group recognises a liability and an expense for bonuses, based on formulas that take into consideration the Group's trading profit after certain adjustments. The accrual for this liability is made where a contractual or constructive obligation exists.

1.22 Impairment of non-financial assets

Non-financial assets that have an indefinite life are not subject to depreciation and amortisation and are tested for impairment at each balance sheet date. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the full carrying amount may not be recoverable. The determination of whether an asset is impaired requires significant management judgement and, amongst others, the following factors will be considered: duration and extent to which the fair value of the assets is less than its cost; industry, geographical and sector performance; changes in regional economies; and operational and financing cash flows.

Where the carrying value of an asset exceeds its estimated recoverable amount, the carrying value is impaired and the asset is written down to its recoverable amount. The recoverable amount is calculated as the higher of the asset's fair value less cost to sell and the value in use. These calculations are prepared based on management's assumptions and estimates such as forecasted cash flows; management budgets and industry, regional and geographical operational and financial outlooks. For the purpose of impairment testing the assets are allocated to cash-generating units (CGUs) or a group of CGUs. CGUs are the lowest levels for which separately identifiable cash flows can be determined. The related impairment expense is charged to the income statement as expenses of a capital nature.

The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exists or may have decreased. If any such indication exist the Group will immediately recognise the reversal as income of a capital nature in the income statement. An impairment loss recognised for goodwill shall not be reversed in a subsequent period.

1.23 Revenue recognition

Revenue comprises the fair value for the sale of merchandise from ordinary Group-operating activities, net of value added tax, rebates and discounts and after eliminating sales within the Group. Sales are recognised upon delivery of products and customer acceptance. Payment is usually received via cash, debit card or credit card. Related card transaction costs are recognised in the income statement as other expenses. When merchandise are sold under instalment sale agreements, the present value of the instalment sale payments is recognised as a receivable.

1.24 Other operating income

Other operating income is recognised as follows:

1.24.1 FINANCE INCOME EARNED

When merchandise are sold under instalment sale agreements, the present value of the instalment sale payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Finance income is recognised over the term of the instalment sale using the effective-interest method, which reflects a constant periodic rate of return.

1.24.2 RENTAL INCOME

Rental income in respect of operating leases with a fixed escalation clause is recognised on a straight-line basis over the lease term. All other rental income is recognised as it becomes due. Refer note 1.15.2.

1.24.3 FRANCHISE FEES RECEIVED

Franchise fees received comprises fees received from franchisees and are recognised when the underlying sales, which give rise to the income, occur.

1.24.4 PREMIUM INCOME

Premium income is recognised in the period it is earned. Net premiums earned are all written premiums relating to policies incepted during the period less amounts that are unearned at balance sheet date. Refer note 1.30.2.

1.24.5 INTEREST INCOME

Interest income is recognised as it accrues, taking into account the effective yield on the related asset.

1.24.6 DIVIDEND INCOME

Dividend income is recognised when the shareholders' right to receive payment is established.

1.24.7 GIFT VOUCHERS AND SAVINGS STAMPS

Proceeds from the sale of gift vouchers and saving stamps are initially recognised in other payables, deferring the income. The income is recognised as cash sales of goods when the gift vouchers or savings stamps are redeemed.

1.24.8 COMMISSION RECEIVED

The Group acts as a payment office for the services and products provided by a variety of third parties to the Group's customers. The agent's commissions received by the Group from the third parties for the payment office service are recognised as other income. Commissions relating to third-party products are recognised when the underlying third-party payments take place. Commissions relating to third-party services are recognised based on the stage of completion by reference to services performed to date as a percentage of the total services to be performed.

1.25 Borrowing costs

All borrowing costs, being interest cost incurred by the Group when borrowing funds, are recognised as finance costs and expensed in the period in which it is incurred.

1.26 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operate and generate taxable income.

Dividends declared by South African companies within the Group are subject to secondary tax on companies ("STC"). The STC expense is included in the income statement in the period that the related dividend is paid.

Deferred income tax is calculated and recognised in terms of note 1.10.

1.27 Earnings per share

Earnings and headline earnings per share are calculated by dividing the profit attributable to equity holders of the Group and headline earnings, respectively, by the weighted average number of ordinary shares in issue during the year, excluding the ordinary shares held by the Group as treasury shares.

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all ordinary shares with dilutive potential. Share options, issued in terms of the share option scheme, have dilutive potential. For the share options a calculation is done to determine the number of shares that could have been acquired, at the closing market price, based on the monetary value of subscription rights attached to outstanding share options in order to determine the "bonus" element; the "bonus" shares are added to the ordinary shares in issue. No adjustment is made to profit, as the options have no income statement effect.

1.28 Government grants

Government grants, being assistance by government in the form of tax allowances and refunds for certain expenditure, are recognised at fair value when the Group complies with the conditions attached to the grants and the grants have been received. The grants are recognised, on a systematic basis, in the income statement as a deduction of the related expense over the periods necessary to match them with the related costs or as a tax allowance deducted from tax in the income statement.

1.29 Dividends distributed to shareholders

Dividends are accounted for in the period in which they are approved by the Company's shareholders.

1.30 Basis of accounting for underwriting activities

1.30.1 CLASSIFICATION OF CONTRACTS

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary, are classified as insurance contracts.

An insurance risk is deemed significant if, and only if, an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance. If significant additional benefits would be payable in scenarios that have commercial substance, the condition in the previous sentence may be met even if the insured event is extremely unlikely or even if the expected (i.e. probability weighted) present value of contingent cash flows is a small proportion of the expected present value of all the remaining contractual cash flows.

1.30.2 RECOGNITION AND MEASUREMENT OF CONTRACTS

a) Premiums arising from general insurance business

Gross written premiums comprise the premiums on insurance contracts entered into during the year. Premiums are disclosed gross of commission payable to intermediaries and exclude taxes and levies based on premiums. Premiums are accounted for as income when the risk related to the insurance policy incepts.

b) Unearned premium accrual

The accrual for unearned premiums comprises the proportion of gross premiums written which relate to the unexpired period at the reporting date and is estimated to be earned in the following or subsequent financial years. The unearned premium accrual is computed separately for each insurance contract on a time-apportionment basis.

c) Claims arising from insurance business

Claims incurred in respect of insurance contracts consist of claims and claims-handling expenses paid during the financial year together with the movement in the provision for incurred but not reported claims. Provisions for incurred but not reported claims comprise provisions for claims arising from insured events that incurred before the balance sheet date, but which had not been reported to the Group by that date.

d) Contingency reserve

A contingency reserve is maintained in terms of the Insurance Act, 1998. The utilisation of this reserve, in case of a catastrophe, is subject to the approval of the Financial Services Board. Transfers to this reserve are reflected in the statement of changes in equity, and are indicated in the balance sheet as a non-distributable reserve under capital and reserves.

The contingency reserve is calculated as 10% of net written premiums.

e) Reinsurance

The Group has evaluated its exposure to risk and determined that reinsurance protection is not required.

f) Liabilities and related assets under liability adequacy test

At each balance sheet date, liability adequacy tests are performed on the Group's Insurance entities to ensure the adequacy of the contract liabilities net of related deferred acquisition cost (DAC) and any related assets (i.e. the value of business acquired assets (VOBA)). In performing these tests, current best estimates of future contractual cash flows and claims-handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC or VOBA and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

g) Other operating income recognition

Refer note 1.24.4.

1.31 Related parties

Individuals, as well as their close family members, or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions or if the parties are jointly controlled. Key management personnel is defined as all directors of Shoprite Holdings Ltd and the main trading subsidiary (Shoprite Checkers (Pty) Ltd) of the Group.

1.32 Standards, interpretations and amendments that are not yet effective at 30 June 2008

The Group has considered the following new standards, and interpretations and amendments to existing standards, that are not yet effective as at 30 June 2008:

- IFRS 8: Operating Segments (effective for the year ending June 2010)
- IAS 23: Amendment to Borrowing Costs (effective for the year ending June 2010)
- IAS 1: Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures (effective for the year ending June 2010)
- IAS 27: Amendment to IAS 27 Consolidated and Separate Financial Statements (effective for the year ending June 2011)
- IFRS 3: Amendment to IFRS 3 Business Combinations (effective for the year ending June 2011)
- IFRS 2: Amendment to IFRS 2 Share-Based Payment: Vesting Conditions and Cancellations (effective for the year ending June 2010)
- IAS 32 and IAS 1: Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentations of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective for the year ending June 2010)
- Improvements to Statements of Generally Accepted Accounting Practice (effective for the year ending June 2010)
- IFRIC Interpretation 12: Service Concessions Arrangements (effective for the year ending June 2009)
- IFRIC Interpretation 13: Customer Loyalty Programmes (effective for the year ending June 2010)
- IFRIC Interpretation 14: IAS 19 – The Limit on a Defined benefit Asset, Minimum Funding Requirements and their Interaction (effective for the year ending June 2009)
- Amendments to IFRS 1: First-time Adoption of International Financial Reporting Standards and IAS 27: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective for the year ending June 2010)
- IFRIC 15: Agreements for the Construction of Real Estate (effective for the year ending June 2010)
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation (effective for the year ending June 2010)

The Group has not early adopted any of the above and the application thereof in future financial periods is not expected to have a significant impact on the Group's reported results, financial position and cash flows.

IFRS 8: Operating Segments extends the scope of segmental reporting and will require additional per segment disclosures by the Group.

1.33 Standards, interpretations and amendments effective at 30 June 2008

The following new standards, and interpretations and amendments to existing standards, that are effective as at 30 June 2008 had no effect on the Group's operations:

- IFRIC Interpretation 10: Interim Financial Reporting and Impairment (effective for the year ending June 2008)
- IFRIC Interpretation 11: IFRS2 Group and Treasury Share Transactions (effective for the year ending June 2008)

The following new standards, and interpretations and amendments to existing standards, that are effective as at 30 June 2008 had no effect on the Group's operations, but resulted in additional disclosures with specific reference to sensitivity analysis to market risk and capital management disclosures:

- IFRS 7: Financial Instruments: Disclosures (effective for the year ending June 2008)
- IAS 1: Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures (effective for the year ending June 2008)

2 SEGMENTAL ANALYSIS

2.1 Definitions

Business segment

A business segment is a distinguishable component of an entity, engaged in delivering products and services, that are subject to risks and returns that are different from those of other business segments.

Geographical segment

A geographical segment is a distinguishable component of an entity, engaged in providing products or services, within a particular economic environment, that are subject to risks and returns that are different from those segments operating in other economic environments.

Segment revenue

Segment revenue is all sale of merchandise directly attributable to the segment and includes sale of merchandise of a joint venture.

Segment result

Segment result is segment revenue less segment expenses. Segment expenses are all directly attributable expenses resulting from the operating activities of a segment as well as any relevant portion of an expense that can be allocated to the segment on a reasonable basis. This allocation is done on a line-by-line basis considering the driver for each type of expense, e.g. sale of merchandise or employee costs. The unallocated portion comprises items of a capital nature and investment income.

Segment assets

Segment assets are the segment's operating assets and comprise property, plant and equipment, intangible assets, inventories, receivables, assets held for sale, and cash and cash equivalents, and exclude investments, derivative financial instruments, and deferred and income tax assets.

Segment liabilities

Segment liabilities are the segment's operating liabilities and comprise payables and exclude items such as provisions, borrowings, derivative financial instruments, deferred and income tax liabilities and shareholders for dividends.

Capital expenditure

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

Non-cash expenses

Non-cash expenses are the total amount of all significant non-cash expenses, other than depreciation and amortisation, that were deducted in measuring the segment result.

2.2 Business segment analysis

The business segment is the primary reporting format, based on the Group's management structure.

The Group is organised into two main business segments:
– Supermarkets (including fresh produce and franchise)
– Furniture (including related insurance)

2 SEGMENTAL ANALYSIS (continued)

2.2 Business segment analysis (continued)

	30 JUNE 2008		
	Supermarkets R'000	Furniture R'000	Consolidated R'000
SEGMENT REVENUE	45 393 380	2 258 168	47 651 548
SEGMENT RESULT			
Operating profit			2 336 493
Unallocated			(34 516)
	2 150 178	151 799	2 301 977
OTHER INFORMATION			
Assets	12 834 208	1 657 831	14 492 039
Liabilities	8 692 131	391 295	9 083 426
Capital expenditure	1 378 674	55 667	1 434 341
Depreciation and amortisation	600 975	25 813	626 788
Non-cash expenses	2 894	733	3 627
Impairment charges	8 427	—	8 427

	30 JUNE 2007		
	Supermarkets R'000	Furniture R'000	Consolidated R'000
SEGMENT REVENUE	36 810 824	2 139 021	38 949 845
SEGMENT RESULT			
Operating profit			1 682 352
Unallocated			(68 647)
	1 408 866	204 839	1 613 705
OTHER INFORMATION			
Assets	10 022 537	1 514 124	11 536 661
Liabilities	7 412 903	213 317	7 626 220
Capital expenditure	1 230 125	38 484	1 268 609
Depreciation and amortisation	517 886	25 281	543 167
Non-cash expenses	26 907	353	27 260
Impairment charges	720	—	720

2 SEGMENTAL ANALYSIS (continued)

2.3 Geographical segment analysis

The geographical segment is the secondary reporting format.

The Group operates in two main geographical segments:
– South Africa
– Non-RSA countries

30 JUNE 2008

	South Africa R'000	Non-RSA countries R'000	Consolidated R'000
SEGMENT REVENUE	41 756 411	5 895 137	47 651 548
OTHER INFORMATION			
Assets	11 606 039	2 886 000	14 492 039
Capital expenditure	1 231 149	203 192	1 434 341

30 JUNE 2007

	South Africa R'000	Non-RSA countries R'000	Consolidated R'000
SEGMENT REVENUE	34 642 975	4 306 870	38 949 845
OTHER INFORMATION			
Assets	9 352 855	2 183 806	11 536 661
Capital expenditure	1 041 554	227 055	1 268 609

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000
		3 PROPERTY, PLANT AND EQUIPMENT		
—	—	**3.1 Land at cost**	311 394	171 865
		3.2 Buildings		
		Cost	1 428 603	1 168 444
		Accumulated depreciation and impairment	123 353	90 641
—	—	Carrying value	1 305 250	1 077 803
		Details of land and buildings are available for inspection at the registered office of the Company.		
		3.3 Machinery, equipment and vehicles*		
		Cost	4 762 507	4 034 530
		Accumulated depreciation and impairment	2 086 944	1 666 959
—	—	Carrying value	2 675 563	2 367 571
		* Includes aircraft with a carrying value of R135 million (2007: R135 million).		
		3.4 Improvements to leasehold property		
		Cost	458 323	413 219
		Accumulated depreciation and impairment	247 602	226 299
—	—	Carrying value	210 721	186 920
—	—	Total property, plant and equipment	4 502 928	3 804 159

3 PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of carrying values

GROUP

R'000	Land	Buildings	Machinery, equipment and vehicles	Leasehold improvements	Total
Carrying value at 30 June 2006	137 076	897 284	2 066 699	147 224	3 248 283
Additions	49 547	258 068	804 686	93 703	1 206 004
Acquisitions of operations (note 32.5.1)	—	—	5 000	—	5 000
Reclassification to intangible assets (note 9.2)	—	—	(4)	—	(4)
Transfer to assets held for sale (note 4)	(10 010)	(90 168)	—	—	(100 178)
Disposal	—	—	(27 025)	(17 435)	(44 460)
Proceeds on disposal	—	—	(20 386)	(17 876)	(38 262)
Profit/(loss) on disposal and scrapping	—	—	(6 639)	441	(6 198)
Depreciation	—	(13 023)	(478 120)	(36 531)	(527 674)
Reversal of impairment (note 3.5)	—	817	1 529	—	2 346
Impairment (note 3.5)	—	(1 936)	(1 121)	—	(3 057)
Exchange rate differences	(4 748)	26 761	(4 073)	(41)	17 899
Carrying value at 30 June 2007	171 865	1 077 803	2 367 571	186 920	3 804 159
Additions	142 048	251 542	866 897	95 537	1 356 024
Acquisitions of operations (note 32.5.1)	—	—	5 000	—	5 000
Reclassification	—	734	1 139	(1 873)	—
Transfer to assets held for sale (note 4)	(2 999)	(81 023)	—	—	(84 022)
Transfer from assets held for sale (note 4)	4 043	9 018	—	—	13 061
Disposal	(7 159)	—	(39 521)	(30 329)	(77 009)
Proceeds on disposal	(7 159)	(200)	(27 570)	(33 090)	(68 019)
Profit/(loss) on disposal and scrapping	—	200	(11 951)	2 761	(8 990)
Depreciation	—	(15 852)	(541 501)	(40 433)	(597 786)
Reversal of impairment (note 3.5)	—	3 942	—	—	3 942
Impairment (note 3.5)	—	(5 185)	(5 979)	(14)	(11 178)
Exchange rate differences	3 596	64 271	21 957	913	90 737
Carrying value at 30 June 2008	311 394	1 305 250	2 675 563	210 721	4 502 928

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000
		3 PROPERTY, PLANT AND EQUIPMENT (continued)		
		3.5 Impairment/reversal of impairment of property, plant and equipment		
		The recoverable amount of all property, plant and equipment is determined based on the higher of value-in-use and fair value less cost to sell. The assumptions and estimates used by management in determining the recoverable amount of assets, for which there is a significant impairment or reversal of impairment, is detailed below.		
		In determining the fair value less cost to sell of affected land and buildings, cash flow projections based on projected net market-related rentals covering the next planning period were used. A pre-tax market capitalisation rate of 9,0% (2007: 10,5%) was used.		
		The fair value less cost to sell of affected assets, other than land and buildings, was based on management's best estimates taking into account recent selling prices obtained for similar assets in the Group, adjusting these values for the condition of the relevant assets.		
		The impairment charge of the current financial year arose in the Supermarkets segment of the primary reporting format, mainly due to a significant reduction in the future expected sales of certain Group companies that own the assets, due to a weakening in the general economic conditions as well as fire damage to certain properties. These properties are insured and all relevant insurance receipts are provided for.		
		The impairment charge in the previous financial year was mainly due to fire damage to certain properties in the Supermarket segment of the primary reporting format. These properties were insured and all relevant insurance receipts were provided for.		
		The reversal of impairment was due to improvements in the economic environment in which Group companies, where assets were previously impaired, operate. The original impairment charge as well as the reversal is included in the income statement as income/expenses of a capital nature.		
		4 ASSETS HELD FOR SALE		
—	—	Carrying value	107 389	220 139
		It is the Group's policy to invest in fixed property only when appropriate rental space is not available. Certain land and buildings, in the primary reporting segment, have been reclassified as assets held for sale as the Group periodically reconsiders its fixed property holdings in line with this policy. The Group is currently in the process of actively seeking buyers for these properties.		
		During the year under review certain properties were transferred back to property, plant and equipment. The sale of these properties were reconsidered as it was no longer economically viable. This decision to reclassify had no effect on the Group's results.		

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000
		4 ASSETS HELD FOR SALE (continued)		
		4.1 Reconciliation of carrying value		
		Carrying value at the beginning of the year	220 139	163 876
		Transfer from property, plant and equipment (note 3)	84 022	100 178
		Transfer to property, plant and equipment (note 3)	(13 061)	—
		Proceeds on disposal	(194 544)	(67 791)
		Profit on disposal	2 034	23 876
		Additions	7 654	—
		Reversal of impairment (note 4.2)	1 145	—
—	—	Carrying value at the end of the year	107 389	220 139

4.2 Reversal of impairment of assets held for sale

The recoverable amount of all assets held for sale is determined based on the fair value less cost to sell. The assumptions and estimates used by management in determining the recoverable amount of assets held for sale, for which there is a significant reversal of impairment, is detailed below.

In determining the fair value less cost to sell of affected land and buildings, cash flow projections based on projected net market-related rentals covering the next planning period were used. A pre-tax market capitalisation rate of 9,0% was used.

The reversal of the impairment charge in the current financial year arose in the Supermarkets segment of the primary reporting format due to an increase in the relevant market-related rentals. The original impairment charge as well as the reversal is included in the income statement as income/expenses of a capital nature.

COMPANY 30 June 2007 R'000	COMPANY 30 June 2008 R'000		GROUP 30 June 2008 R'000	GROUP 30 June 2007 R'000
		5 INTERESTS IN SUBSIDIARIES		
211 490	211 490	Investments in ordinary shares		
1 426 263	1 429 680	Investments in preference shares		
143 990	222 577	Amount owing by Shoprite Checkers (Pty) Ltd		
3 215	3 215	Amounts owing by other subsidiaries		
(245 622)	(122 811)	Provision for impairment of interests in subsidiaries (note 5.1)		
1 539 336	1 744 151		—	—
		Analysis of total interests in subsidiaries		
1 392 131	1 518 359	Non-current		
147 205	225 792	Current		
1 539 336	1 744 151		—	—

Detail analysis of the Company's interests in subsidiaries are given in annexure A.

Investments in preference shares consist of convertible and redeemable, both under certain conditions, non-cumulative preference shares.

The amount owing to the Company by its subsidiary, Shoprite Checkers (Pty) Ltd, is unsecured and payable on demand. A portion of the amount carried interest at 8,7% in the previous financial year and the remaining balance is interest free.

Amounts owing by other subsidiaries of the Company are interest-free, unsecured and are payable on demand.

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000
		5 INTERESTS IN SUBSIDIARIES (continued)		
		5.1 Provision for impairment of interests in subsidiaries		
		The recoverable amount of all investments in subsidiaries is determined based on fair value calculations. These calculations use the fair value of the underlying assets and liabilities of the relevant subsidiaries to determine if an impairment is necessary. The fair value of the underlying assets was determined by using appropriate valuation methods.		
		6 AVAILABLE-FOR-SALE INVESTMENTS		
		Unlisted share investments		
—	—	100 "S" class ordinary shares in RMB Global Solutions (Pty) Ltd	37 548	23 738
		This investment is denominated in ZAR and the fair value is based on the underlying net asset value of RMB Global Solutions (Pty) Ltd as it is mainly represented by short-term USD bank deposits at financial institutions with a Moody's long-term credit rating of Aa1.za. The maximum exposure to credit risk at the reporting date is the carrying value.		
		The directors' valuation of the unlisted investments is equal to the carrying value.		
		7 LOANS AND RECEIVABLES		
		Preference share investment (note 7.1)	39 781	30 818
		Amounts owing by franchisees (note 7.2)	5 903	18 421
		Other	1 840	1 176
—	—		47 524	50 415
		Analysis of total loans and receivables		
		Non-current	4 056	43 990
		Current	43 468	6 425
—	—		47 524	50 415
		7.1 Preference share investment	39 781	30 818
		6% 13 500 000 redeemable, under certain conditions, convertible cumulative preference shares in Pick & Buy Ltd (retailing supermarket group – Mauritius) denominated in Mauritian rupees. The maximum exposure to credit risk at the reporting date is the carrying value, which approximates fair value, and no collateral is held as security. These preference shares are currently redeemable and guaranteed by Ireland Blyth (Mauritius) Ltd a company listed on the Stock Exchange of Mauritius Ltd (SEM).		
		The directors' valuation of the preference share investment is equal to the carrying value.		

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000
		7 LOANS AND RECEIVABLES (continued)		
		7.2 Amounts owing by franchisees		
		Gross amount	17 372	18 692
		Accumulated impairment	(11 469)	(271)
—	—		5 903	18 421
		The weighted average variable interest rate (linked to the South African prime rate) on these amounts was 12,9% (2007: 11,2%) p.a. and the amounts are repayable between one and five years. The amounts are mainly denominated in ZAR. The maximum exposure to credit risk at the reporting date is the carrying value which approximates fair value. Balances are due within 30 days of statement date and the age analysis of these amounts are reviewed on a monthly basis. All amounts past due 60 days or more are individually impaired. The credit history of all franchisees are verified with an external credit bureau. Notarial and mortgage bonds and bank guarantees to the value of R27,629,000 (2007: R21,541,000) are held as collateral for these amounts.		
		Reconciliation of accumulated impairment		
		Balance at 1 July	271	575
		Provision for impairment for the year	11 294	(213)
		Fair value adjustment	(96)	(92)
—	—	Balance at 30 June	11 469	271
		The provision for impairment relates to the following amounts owing by franchisees:		
		Receivable in the next year	7 964	6 613
		Receivable between 1 and 3 years	6 265	8 079
		Receivable between 3 and 5 years	3 143	4 000
—	—		17 372	18 691
		Amounts owing by franchisees relate to a wide-spread number of franchisees which are individually insignificant.		
		The individually impaired amounts owing by franchisees relate to franchisees experiencing unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. Interest of R2,873,000 was accrued on these balances during the year under review. No interest was accrued on these balances during the previous year under review. All balances that were past due were impaired.		

COMPANY 30 June 2007 R'000	COMPANY 30 June 2008 R'000		GROUP 30 June 2008 R'000	GROUP 30 June 2007 R'000
		8 DEFERRED TAX ASSETS		
56	108	Provisions and accruals	242 237	222 145
—	—	Allowances on property, plant and equipment	(158 911)	(178 906)
—	—	Fixed escalation operating lease accrual	140 734	148 389
—	—	Allowances on intangible assets	(12 762)	(12 671)
—	—	Share-based payment accrual	23 583	12 897
—	—	Unrealised exchange rate differences	7 539	6 460
—	—	Fair value losses	(5 243)	(3 427)
—	—	Tax losses	11 437	57 862
56	108		248 614	252 749
		The movement in the deferred tax assets is as follows:		
112	56	Carrying value at the beginning of the year	252 749	219 626
(56)	52	Income statement charge	9 242	33 363
(56)	54	Provisions and accruals	28 978	33 308
—	—	Allowances on property, plant and equipment	(24 758)	(63 117)
—	—	Fixed escalation operating lease accrual	(3 060)	487
—	—	Allowances on intangible assets	(640)	(2 079)
—	—	Share-based payment accrual	12 569	10 381
—	—	Unrealised exchange rate differences	(856)	1 209
—	—	Tax losses	6 092	51 610
—	(2)	Tax rate change	(9 083)	1 564
—	—	Charged to equity	(4 127)	382
—	—	Transfer from deferred tax liability	(10 858)	(779)
—	—	Exchange rate differences	1 608	157
56	108	Carrying value at the end of the year	248 614	252 749
—	—	Deferred tax assets to be recovered after more than 12 months	(85 525)	9 657
56	108	Deferred tax assets to be recovered within 12 months	334 139	243 092
56	108		248 614	252 749
		9 INTANGIBLE ASSETS		
		Goodwill (note 9.1)	94 067	95 603
		Software (note 9.2)	185 998	140 244
		Trademarks (note 9.3)	39 760	42 054
—	—		319 825	277 901
		9.1 Goodwill		
		Gross amount	125 716	123 040
		Accumulated impairment losses	31 649	27 437
—	—	Carrying value	94 067	95 603
		Reconciliation of carrying value		
		Carrying value at the beginning of the year	95 603	90 603
		Acquisitions of operations (note 32.5.1)	800	5 000
		Impairment (note 9.1.2)	(2 336)	—
—	—	Carrying value at the end of the year	94 067	95 603
		9.1.1 ANALYSIS OF GOODWILL PER GEOGRAPHICAL SEGMENT		
		South Africa	89 067	90 603
		Non-RSA countries	5 000	5 000
—	—		94 067	95 603

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000

9 INTANGIBLE ASSETS (continued)

9.1 Goodwill (continued)

9.1.2 IMPAIRMENT OF GOODWILL

Goodwill is allocated to the Group's cash-generating units (CGUs). The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering five-year planning periods. Cash flows beyond these planning periods are extrapolated using an estimated growth rate of 6,0% (2007: 6,0%). This does not exceed the long-term average growth rate for the business in which the CGUs operate. The following represent significant assumptions on which management based cash flow projections.

	SUPERMARKET OPERATIONS	
	%	%
Operating margin*	6,1	4,8
Growth rate**	6,1	6,1
Pre-tax discount rate***	22,3	17,9

	OTHER OPERATIONS	
	%	%
Operating margin*	50,7	47,8
Growth rate**	6,2	6,1
Pre-tax discount rate***	21,2	18,3

*Forecasted operating margin, based on budgets, relating to the specific CGUs to which goodwill is allocated. This rate does not apply to the Group as a whole.
**Weighted average sales growth rate
***Pre-tax discount rate applied to the cash flow projections

These key assumptions are used for the analysis of each CGU within the geographical segment. Management determines budgeted sales growth rates and gross profit margins based on past performance and its expectations of the retail market within the relevant country or area. The discount rates used reflect specific risks relating to the relevant segments.

The impairment charge in the current year under review arose in a CGU in the RSA segment. This impairment was the result of a significant reduction in the future expected sales due to a weakening in the general economic conditions in which this CGU operates.

COMPANY 30 June 2007 R'000	COMPANY 30 June 2008 R'000		GROUP 30 June 2008 R'000	GROUP 30 June 2007 R'000
		9 INTANGIBLE ASSETS (continued)		
		9.2 Software		
		Gross amount	242 267	179 391
		Accumulated amortisation and impairment losses	56 269	39 147
—	—	Carrying value	185 998	140 244
		Reconciliation of carrying value		
		Carrying value at the beginning of the year	140 244	100 915
		Additions	72 517	52 605
		Reclassification from property, plant and equipment (note 3)	—	4
		Disposal	(62)	(69)
		Proceeds on disposal	(2)	(8)
		Loss on disposal and scrapping	(60)	(61)
		Amortisation	(26 708)	(13 199)
		Impairment	—	(9)
		Exchange rate differences	7	(3)
—	—	Carrying value at the end of the year	185 998	140 244
		9.3 Trademarks		
		Gross amount	168 377	168 377
		Accumulated amortisation	128 617	126 323
—	—	Carrying value	39 760	42 054
		Reconciliation of carrying value		
		Carrying value at the beginning of the year	42 054	44 348
		Amortisation	(2 294)	(2 294)
—	—	Carrying value at the end of the year	39 760	42 054
		10 FIXED ESCALATION OPERATING LEASE ACCRUAL		
		Operating lease receipts straight-lined	8 640	2 791
		Less: current (included under trade and other receivables: note 12)	647	1 660
—	—		7 993	1 131
		11 INVENTORIES		
—	—	Trading goods	4 707 394	3 699 199
		12 TRADE AND OTHER RECEIVABLES		
		Instalment sales		
—	—	Gross amount (note 12.1)	981 246	982 809
—	—	Accumulated impairment (note 12.2)	(86 549)	(83 566)
—	—	Unearned finance income	(28 183)	(100 414)
		Insurance contract accruals		
—	—	– Unearned premiums (note 12.3)	(258 432)	(227 702)
—	—		608 082	571 127
—	—	Trade receivables (note 12.4)	554 736	450 840
2 871	3 353	Other receivables (note 12.5)	505 712	482 568
—	—	Fixed escalation operating lease accrual (note 10)	647	1 660
—	—	Amounts owing by joint ventures (note 12.6)	20 692	15 711
2 871	3 353		1 689 869	1 521 906

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000
		12 TRADE AND OTHER RECEIVABLES (continued)		
		12.1 Instalment sales		
		The Group has entered into various instalment sale agreements for household furniture. The periods of these contracts range between 1 and 2 years and the weighted average interest rate on these receivables is 26,0% (2007: 19,5%) p.a. The amounts are mainly denominated in ZAR. The maximum exposure to credit risk at the reporting date is the carrying value which approximates fair value. Instalment sales comprise a wide-spread client base and external credit checks are made to ensure that all instalment sale clients have an appropriate credit history. Furniture items, including appliances and electronic products are held as collateral for instalment sale agreements of R668,488,000 (2007: R23,361,000) which were concluded in terms of the National Credit Act no 34 of 2005. No collateral is held for instalments sale agreements of R312,758,000 (2007: R959,448,000), concluded in terms of the Credit Act no 75 of 1980 in South Africa as well as various other credit acts throughout Non-RSA.		
		Instalment sale receivables		
		Future minimum instalment payments receivable under non-cancellable instalment sale agreements		
		– Not later than 1 year	766 752	740 168
		– Later than 1 year not later than 2 years	214 494	242 641
—	—		981 246	982 809
		12.2 Accumulated impairment		
		Reconciliation of accumulated impairment		
		Balance at 1 July	83 566	79 965
		Accrual for impairment for the year	33 276	22 887
		Receivables written off during the year as uncollectable	(36 003)	(23 999)
		Penalty interest accrued	5 565	4 289
		Exchange rate differences	145	424
—	—	Balance at 30 June	86 549	83 566
		The accumulated impairment relate to actual arrears, individual repayments that are past due, and the age analysis below reflect the period that these amounts are overdue.		
		30 days	18 529	13 780
		60 days	9 944	7 104
		90 days	6 594	4 642
		120 days	4 775	3 264
		150 days	3 588	2 406
		180 days	2 750	1 831
		+ 180 days	10 696	7 489
—	—		56 876	40 516
		The accumulated impairment is calculated with reference to actual default history of the Group's instalment sale receivables on a collective basis and is in line with industry norms. On this basis the provision of R87 million (2007: R84 million) was calculated taking into account the actual arrears of R57 million (2007: R41 million) and an amount of R237 million (2007: R184 million) which represents the maximum exposure if all debtors included in actual arrears continued to default. It was assessed that a portion of the receivables is expected to be recovered. All amounts that have not been impaired are fully performing and have no overdue instalments. Based on this the credit quality of these amounts is considered to be satisfactory.		

COMPANY 30 June 2007 R'000	COMPANY 30 June 2008 R'000		GROUP 30 June 2008 R'000	GROUP 30 June 2007 R'000
		12 TRADE AND OTHER RECEIVABLES (continued)		
		12.3 Accrual for unearned premiums		
		An analysis of the accrual for unearned premiums are set out below		
		Balance at the beginning of the year	227 702	199 338
		Premiums written during the year (note 21.3)	231 680	214 372
		Amortisation charged to income (note 21.3)	(200 950)	(186 008)
—	—	Balance at the end of the year	258 432	227 702
		12.4 Trade receivables		
		Gross amount	588 567	479 870
		Accumulated impairment	(33 831)	(29 030)
—	—		554 736	450 840

Trade receivables consist mainly of sale of merchandise to franchisees and buying associations. The amounts are mainly denominated in ZAR. The maximum exposure to credit risk at the reporting date is the carrying value which approximates fair value. Balances are due within 30 days of statement date and the age analysis of these amounts are reviewed on a monthly basis. All amounts past due 60 days or more are individually impaired. Franchisees comprise a wide-spread client base and the credit history of all franchisees are verified with an external credit bureau. Notarial and mortgage bonds and bank guarantees with a face value of R658,619,000 (2007: R371,935,000) are held as collateral for these amounts. Long standing trading relationships exist with the buying associations and the Group reviews the credit history, based on its own records as well as information from an external credit bureau, of these associations on a cyclical basis. Based on this the Group considers the credit quality of all fully performing amounts as satisfactory.

COMPANY 30 June 2007 R'000	COMPANY 30 June 2008 R'000		GROUP 30 June 2008 R'000	GROUP 30 June 2007 R'000
		Reconciliation of accumulated impairment		
		Balance at 1 July	29 030	18 209
		Provision for impairment for the year	7 702	27 026
		Receivables written off during the year as uncollectable	(2 028)	(14 212)
		Exchange rate differences	840	(90)
		Unused amounts reversed	(1 713)	(1 903)
—	—	Balance at 30 June	33 831	29 030

The provision for impairment relates to trade receivables of R33,831,000 (2007: R29,030,000) receivable within the next 12 months.

These individually impaired amounts relate mostly to franchisees experiencing unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. Interest of R1,694,000 (2007: R1,196,000) was accrued on these balances during the year under review.

Trade receivables of R33,685,000 (2007: R38,660,000) that were past due between 30 and 60 days of statement date were not impaired. These amounts relate to a number of debtors for whom there is no recent history of default.

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000
		12 TRADE AND OTHER RECEIVABLES (continued)		
2 871	3 353	**12.5 Other receivables**	505 712	482 568
		Other receivables consist of various prepayments and operational debtors such as rental and municipal deposits and value added taxes refundable. The amounts are mainly denominated in ZAR. The maximum exposure to credit risk at the reporting date is the carrying value which approximates fair value. The age analysis of these amounts are reviewed on a monthly basis and no provision for impairment has been made. If the credit risk of any individual receivables is deemed to be material the credit history of the relevant client will be verified with an external credit bureau. No security is held for these balances.		
—	—	**12.6 Amounts owing by joint ventures**	20 692	15 711
		These amounts owing are unsecured, payable on demand and earn interest at an average of 11,0% (2007: 8,6%) p.a. The maximum exposure to credit risk at the reporting date is the carrying value and the Group does not hold any collateral as security. The amounts are denominated mainly in ZAR and are not impaired.		
		13 DERIVATIVE FINANCIAL INSTRUMENTS		
		Forward foreign exchange rate contracts (note 38.1.1)		
—	—	Current liabilities	—	682
—	—	Current assets	4 741	—
		As at 30 June 2008 the settlement dates on open forward contracts ranged between one and four (2007: two and four) months. The local currency amounts to be received and contractual exchange rates of the Company's outstanding contracts were:		
		US dollar rand equivalent (at rates averaging R1 = $0,1267) (2007: R1=$0,1377)		
		Outflow	206 637	76 283
		Inflow	208 288	74 585
		Euro rand equivalent (at rates averaging R1 = €0,0827) (2007: R1 = €0,1040)		
		Outflow	9 487	2 778
		Inflow	9 821	2 760

COMPANY 30 June 2007 R'000	COMPANY 30 June 2008 R'000		GROUP 30 June 2008 R'000	GROUP 30 June 2007 R'000
		14 SHARE CAPITAL, TREASURY SHARES AND SHARE INCENTIVE SCHEMES		
		14.1 Ordinary share capital		
		Authorised:		
		650 000 000 (2007: 650 000 000) ordinary shares of 113,4 cents each		
		Issued:		
616 306	616 306	543 479 460 (2007: 543 479 460) ordinary shares of 113,4 cents each	616 306	616 306
		Treasury shares held by Shoprite Checkers (Pty) Ltd and The Shoprite Holdings Ltd Share Incentive Trust are netted off against share capital on consolidation. The net number of ordinary shares in issue for the Group are:		

	NUMBER OF SHARES	
Issued ordinary share capital	543 479 460	543 479 460
Treasury shares (note 14.3)	(36 159 569)	(36 159 569)
	507 319 891	507 319 891

The unissued ordinary shares are under the control of the directors who may issue them on such terms and conditions as they deem fit.

All shares are fully paid up.

COMPANY 30 June 2007 R'000	COMPANY 30 June 2008 R'000		GROUP 30 June 2008 R'000	GROUP 30 June 2007 R'000
		14.2 Deferred share capital		
		Authorised:		
		360 000 000 (2007: 360 000 000) non-convertible, non-participating no par value deferred shares		
		Issued:		
277	277	276 821 666 (2007: 276 821 666) non-convertible, non-participating no par value deferred shares	277	277
		The unissued deferred shares are not under the control of the directors, and can only be issued under predetermined circumstances as set out in the Articles of Association of Shoprite Holdings Ltd.		
		All shares are fully paid up and carry the same voting rights as the ordinary shares		
616 583	616 583		616 583	616 583
		14.3 Treasury shares		
—	—	36 159 569 (2007: 36 159 569) ordinary shares of 113,4 cents each	(277 538)	(277 538)
		Reconciliation of movement in number of treasury shares for the Group:		
			NUMBER OF SHARES	
		Balance at the beginning of the year	36 159 569	36 134 569
		Movement in shares held by The Shoprite Holdings Ltd Share Incentive Trust		
		Shares repurchased from participants	—	25 000
		Balance at the end of the year	36 159 569	36 159 569

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000

14 SHARE CAPITAL, TREASURY SHARES AND SHARE INCENTIVE SCHEMES (continued)

14.4 Share incentive schemes

In terms of the rules of The Shoprite Holdings Ltd Share Incentive Trust, the trustees are authorised to acquire and allocate shares which in total may not exceed 20% of the issued ordinary share capital of the Company.

14.4.1 SHARE PURCHASE SCHEME

Movements in the number of ordinary shares held by The Shoprite Holdings Ltd Share Incentive Trust in terms of the share purchase scheme were as follows:

	GROUP 30 June 2008	GROUP 30 June 2007
	NUMBER OF SHARES	
Balance at the beginning of the year	506 036	1 663 536
Shares released to participants	—	(1 157 500)
Balance at the end of the year	506 036	506 036

Movements in the number of ordinary shares vested with eligible participants during the year were as follows:

	GROUP 30 June 2008	GROUP 30 June 2007
Balance at the beginning of the year	—	1 182 500
Shares released to participants	—	(1 157 500)
Shares repurchased from participants*	—	(25 000)
Balance at the end of the year	—	—

* Shares are repurchased from a participant on resignation.

	GROUP 30 June 2008 R'000	GROUP 30 June 2007 R'000
Fair value of treasury shares held by The Shoprite Holdings Ltd Share Incentive Trust	19 533	16 522

COMPANY 30 June 2007 R'000	COMPANY 30 June 2008 R'000		GROUP 30 June 2008 R'000	GROUP 30 June 2007 R'000

14 SHARE CAPITAL, TREASURY SHARES AND SHARE INCENTIVE SCHEMES (continued)

14.4 Share incentive schemes (continued)

14.4.2 SHARE OPTION SCHEME

Movements in the number of share options held by eligible participants were as follows:

	Group 30 June 2008	Group 30 June 2007
	NUMBER OF SHARES	
Balance at the beginning of the year	24 531 250	28 800 000
Options exercised	(81 250)	—
Options forfeited*	—	(387 500)
Options cash settled**	(3 125 000)	(3 881 250)
Balance at the end of the year	21 325 000	24 531 250

* Options are forfeited when an option holder resigns prior to the vesting date of the options.

** During the year under review, holders of 3,206,250 (2007: 3,881,250) options, out of a possible total of 5,368,750 (2007: 4,668,750), who could exercise their options from 20 to 24 December 2007 and 20 to 24 December 2006 (2007: 20 to 24 December 2006), agreed to accept settlement of these options in cash. The fair value of the cancelled and settled options were accounted for as a deduction from equity, net of related tax (refer statement of changes in equity). All unpaid but exercisable rights of option holders who have elected cash settlement are included in the cash-settled share-based payment accrual (refer note 20).

Options outstanding on 30 June 2008 are unconditional on the following dates or immediately in the case of a deceased estate:

	Average option price	Group 30 June 2008	Group 30 June 2007
Currently exercisable	R 6.51	10 000 000	10 000 000
Currently exercisable	R 6.22	2 162 500	787 500
20 – 24 December 2007	R 6.22	—	4 581 250
20 – 24 December 2008	R 6.22	9 162 500	9 162 500
		21 325 000	24 531 250

14 SHARE CAPITAL, TREASURY SHARES AND SHARE INCENTIVE SCHEMES (continued)

14.4 Share incentive schemes (continued)

14.4.3 SHARE OPTIONS HELD BY EXECUTIVE DIRECTORS IN TERMS OF SHARE OPTION SCHEME

Director	Date granted	Actual option price	Number of options at 1 July 2007	Number of options cash settled	Number of options at 30 June 2008	Available for take-up	Accrual /payment for cash settlement
JW Basson	22 Aug 2002	R 6.51	10 000 000		10 000 000	Now	
			10 000 000	—	10 000 000		—
CG Goosen	24 Dec 2001	R 6.19	112 500	(112 500)	—		4 049 438
	24 Dec 2001	R 6.19	112 500		112 500	Now	
	24 Dec 2001	R 6.19	225 000		225 000	24 Dec 2008	
			450 000	(112 500)	337 500		4 049 438
B Harisunker	21 Dec 2001	R 6.22	93 750	(93 750)	—		3 020 909
	21 Dec 2001	R 6.22	93 750		93 750	Now	
	21 Dec 2001	R 6.22	187 500		187 500	21 Dec 2008	
			375 000	(93 750)	281 250		3 020 909
AE Karp	21 Dec 2001	R 6.22	162 500	(162 500)	—		5 792 313
	21 Dec 2001	R 6.22	162 500		162 500	21 Dec 2008	
			325 000	(162 500)	162 500		5 792 313
EL Nel	24 Dec 2001	R 6.19	162 500		162 500	Now	
	24 Dec 2001	R 6.19	162 500		162 500	24 Dec 2008	
			325 000	—	325 000		—
AN van Zyl	21 Dec 2001	R 6.22	75 000	(75 000)	—		2 616 375
	21 Dec 2001	R 6.22	150 000		150 000	21 Dec 2008	
			225 000	(75 000)	150 000		2 616 375
BR Weyers	21 Dec 2001	R 6.22	75 000	(75 000)	—		2 840 625
	21 Dec 2001	R 6.22	150 000		150 000	21 Dec 2008	
			225 000	(75 000)	150 000		2 840 625

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000

14 SHARE CAPITAL, TREASURY SHARES AND SHARE INCENTIVE SCHEMES (continued)

14.4 Share incentive schemes (continued)

14.4.4 CASH-SETTLED SHARE-BASED PAYMENTS

The Group has granted cash-settled share-based payments to directors and management. The rights to cash-settled share-based payments entitle the participants to receive cash payments based on the difference between the share price at the date of the exercise of the rights and the strike price which relates to the share price at the date of the grant. The number of shares on which the rights are based as well as the strike prices and the exercise and expiry dates are set out below. As at 30 June 2008 R85,185,495 (2007: R44,472,679) has been recognised in respect of the cash-settled share-based payment liability and included in payables.

Refer note 24 for the expense recognised in the income statement as employee benefits.

	Average strike price per share	NUMBER OF SHARES ON WHICH RIGHTS ARE BASED 2008	2007
Movements in rights to cash-settled share-based payments			
Balance at the beginning of the year	R 6,50 / R6,22	2 018 750	1 000 000
Issued during the year as replacement for share options held (note 14.4.2)	R 6,22	3 125 000	3 881 250
Exercised during the year	R 6,22	(3 650 000)	(2 862 500)
Issued on 29 Aug 2007	R 31,31	11 875 000	—
Balance at the end of the year		13 368 750	2 018 750
Rights to cash-settled share-based payments on 30 June 2008 are unconditional on the following dates or immediately in the case of a deceased estate:			
Currently exercisable	R 6,22	493 750	1 018 750
CH Wiese: refer below	R 6,50	1 000 000	1 000 000
29 Aug 2010	R 31,31	3 958 333	—
29 Aug 2011	R 31,31	3 958 333	—
29 Aug 2012	R 31,31	3 958 334	—
		13 368 750	2 018 750

14 SHARE CAPITAL, TREASURY SHARES AND SHARE INCENTIVE SCHEMES (continued)

14.4 Share incentive schemes (continued)

14.4.4 CASH-SETTLED SHARE-BASED PAYMENTS (continued)

Cash-settled share-based payments issued to directors

Director	Expiry date	Exercise date	Number of shares on which rights are based	Average strike price per share
CH Wiese*	5 Sep 2012	Any time provided that payments shall only be made after: 5 Sep 2007 in respect of the first 25%; 5 Sep 2008 in respect of the second 25%; 5 Sep 2009 in respect of the remaining 50% of the rights granted.	1 000 000	R 6,50
CG Goosen**	24 Dec 2011	Exercised on 5 Dec 2007	112 500	R 6,19
CG Goosen	29 Aug 2010	29 Aug 2010	316 667	R 31,31
CG Goosen	29 Aug 2011	29 Aug 2011	316 667	R 31,31
CG Goosen	29 Aug 2012	29 Aug 2012	316 666	R 31,31
B Harisunker**	21 Dec 2011	Currently exercisable	93 750	R 6,22
B Harisunker	29 Aug 2010	29 Aug 2010	116 667	R 31,31
B Harisunker	29 Aug 2011	29 Aug 2011	116 667	R 31,31
B Harisunker	29 Aug 2012	29 Aug 2012	116 666	R 31,31
AE Karp**	21 Dec 2011	Exercised on 5 Nov 2007	81 250	R 6,22
AE Karp**	21 Dec 2011	Exercised on 21 Apr 2008	81 250	R 6,22
EL Nel	29 Aug 2010	29 Aug 2010	133 333	R 31,31
EL Nel	29 Aug 2011	29 Aug 2011	133 333	R 31,31
EL Nel	29 Aug 2012	29 Aug 2012	133 334	R 31,31
AN van Zyl**	21 Dec 2011	Exercised on 7 Jun 2007	75 000	R 6,22
AN van Zyl**	21 Dec 2011	Exercised on 20 Dec 2007	75 000	R 6,22
BR Weyers**	21 Dec 2011	Exercised on 2 Apr 2008	75 000	R 6,22
BR Weyers**	21 Dec 2011	Exercised on 29 Apr 2008	75 000	R 6,22
BR Weyers	29 Aug 2010	29 Aug 2010	100 000	R 31,31
BR Weyers	29 Aug 2011	29 Aug 2011	100 000	R 31,31
BR Weyers	29 Aug 2012	29 Aug 2012	100 000	R 31,31

* The right to the cash-settled share-based payments have been granted via a management company.
**Issued as replacement for share options held. Refer note 14.4.2.

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000
		15 RESERVES		
1 216 124	1 412 906	Retained earnings	3 630 302	2 707 540
16 505	16 505	Other reserves (note 15.1)	496 237	299 524
1 232 629	1 429 411		4 126 539	3 007 064
		15.1 Other reserves		
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
14 353	14 353	Share-based payments reserve	14 353	14 353
—	—	Foreign currency translation reserve	424 358	241 371
—	—	Contingency reserve	23 168	21 437
—	—	Fair value reserve	32 206	20 211
16 505	16 505		496 237	299 524
		As detailed in the Articles of Association of the Company, the directors have the discretion to transfer out of the profits of the Company to other reserves any amounts they deem proper.		

15 RESERVES (continued)

15.1 Other reserves (continued)

Reconciliation of carrying values of other reserves

R'000	Share-based payments reserve	Foreign currency translation reserve	Contingency reserve	Fair value reserve	Other
Balance at 1 July 2006	14 353	220 805	18 485	22 460	2 152
Foreign currency translation differences		20 566			
Transfer from distributable reserves			2 952		
Net fair value gains on available-for-sale investments, net of tax				31 210	
Realisation of profits on disposal of listed investment				(33 459)	
Balance at 30 June 2007	14 353	241 371	21 437	20 211	2 152
Foreign currency translation differences		182 987			
Transfer from distributable reserves			1 731		
Net fair value gains on available-for-sale investments, net of tax				11 995	
Balance at 30 June 2008	14 353	424 358	23 168	32 206	2 152

COMPANY 30 June 2007 R'000	COMPANY 30 June 2008 R'000		GROUP 30 June 2008 R'000	GROUP 30 June 2007 R'000
		16 BORROWINGS		
		Consisting of:		
2 450	2 450	Shoprite Holdings Ltd preference share capital (note 16.2)	2 450	2 450
—	—	Shoprite International Ltd preference share capital (note 16.3)	175	48
—	—	First National Bank of Namibia Ltd (note 16.4)	20 274	—
2 450	2 450		22 899	2 498
		16.1 Analysis of total borrowings		
		Non-current	12 762	2 498
		Current	10 137	—
—	—		22 899	2 498
		16.2 Shoprite Holdings Ltd preference share capital		
		Authorised:		
		175 000 (2007: 175 000) 6% non-convertible cumulative preference shares of R2 each		
		325 000 (2007: 325 000) 5% non-convertible cumulative preference shares of R2 each		
		225 000 (2007: 225 000) second 5% non-convertible cumulative preference shares of R2 each		
		1 000 000 (2007: 1 000 000) third 5% non-convertible cumulative preference shares of R2 each		
		Issued:		
350	350	175 000 (2007: 175 000) 6% non-convertible cumulative preference shares of R2 each	350	350
650	650	325 000 (2007: 325 000) 5% non-convertible cumulative preference shares of R2 each	650	650
450	450	225 000 (2007: 225 000) second 5% non-convertible cumulative preference shares of R2 each	450	450
1 000	1 000	500 0000 (2007: 500 000) third 5% non-convertible cumulative preference shares of R2 each	1 000	1 000
2 450	2 450		2 450	2 450

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000
		16 BORROWINGS (continued)		
		16.3 Shoprite International Ltd preference share capital		
		20 (2007: 19) "Malawi" redeemable under certain conditions, preference shares of USD1,82 each (note 16.3.1)	1 480	1 254
		2 (2007: Nil) "Angola" redeemable under certain conditions, preference shares of USD1,82 each (note 16.3.1)	148	—
		Accumulated losses recognised	(1 453)	(1 206)
—	—		175	48
		16.3.1 Preference dividends on these shares will be subject to and based on the Hungry Lion division's profits, generated in Malawi and Angola respectively, through relevant trading subsidiaries of the Group. All "Angola" and additional "Malawi" preference shares were issued during the year under review. Refer note 32.6.		
		16.4 First National Bank of Namibia Ltd		
—	—	This loan is unsecured, will be repaid within the next 24 months in equal instalments and bares interest at an average of 12,9% p.a.	20 274	—
		17 DEFERRED TAX LIABILITIES		
		Allowances on property, plant and equipment	60 702	13 411
		Fixed escalation operating lease accrual	580	(466)
		Allowances on intangible assets	—	109
		Tax losses	(42 245)	(1 612)
		Unrealised exchange rate differences	1 445	—
		Provisions and accruals	(4 241)	(2 639)
—	—		16 241	8 803
		The movement in the deferred tax liabilities is as follows:		
		Carrying value at the beginning of the year	8 803	7 400
		Income statement charge	18 704	2 182
		Allowances on property, plant and equipment	5 138	3 962
		Fixed escalation operating lease accrual	2 383	(63)
		Allowances on intangible assets	4	109
		Provisions and accruals	(442)	(614)
		Unrealised exchange rate differences	1 402	—
		Tax rate change	(78)	—
		Tax losses	10 297	(1 212)
		Charged to equity	(1 068)	—
		Transfer to deferred tax asset	(10 858)	(779)
		Exchange rate differences	660	—
—	—	Carrying value at the end of the year	16 241	8 803
		Deferred tax liabilities to be recovered after more than 12 months	14 438	11 311
		Deferred tax liabilities to be recovered within 12 months	1 803	(2 508)
—	—		16 241	8 803
		18 PROVISIONS		
		Provision for post-retirement medical benefits (note 36.2)	181 099	179 811
		Provision for onerous lease contracts	16 757	28 780
		Provision for outstanding claims	2 325	1 902
		Provision for long-term employee benefits	88 404	57 168
		Reinstatement provision	140 697	67 256
—	—		429 282	334 917

18 PROVISIONS (continued)

18.1 Reconciliation of carrying values

R'000	Post-retirement medical benefits	Onerous lease contracts	Outstanding claims	Long-term employee benefits	Reinstatement provision	Total
Balance at 1 July 2006	183 859	33 273	9 242	52 448	24 743	303 565
Additional provisions	—	8 136	—	7 527	55 476	71 139
Unused amounts reversed	(8 120)	—	(7 340)	(61)	(277)	(15 798)
Utilised during the year	(9 366)	(14 194)	—	(4 142)	(12 686)	(40 388)
Accretion of discount	13 438	1 565	—	2 378	—	17 381
Exchange rate differences	—	—	—	(982)	—	(982)
Balance at 30 June 2007	179 811	28 780	1 902	57 168	67 256	334 917
Additional provisions	1 763	10 901	423	25 552	87 275	125 914
Unused amounts reversed	(4 563)	(11 775)	—	(206)	(4 901)	(21 445)
Utilised during the year	(9 491)	(12 164)	—	(4 819)	(8 933)	(35 407)
Accretion of discount	13 579	1 015	—	2 374	—	16 968
Exchange rate differences	—	—	—	8 335	—	8 335
Balance at 30 June 2008	181 099	16 757	2 325	88 404	140 697	429 282
Discount rates used						
2007	7.8%	14.0%	N/A	7.8%	14.0%	
2008	10.5%	15.0%	N/A	10.5%	15.0%	

COMPANY 30 June 2007 R'000	COMPANY 30 June 2008 R'000		GROUP 30 June 2008 R'000	GROUP 30 June 2007 R'000
		18.2 Analysis of total provisions		
		Non-current	316 600	264 185
		Current	112 682	70 732
—	—		429 282	334 917
		19 FIXED ESCALATION OPERATING LEASE ACCRUAL		
		Operating lease payments straight lined	505 475	517 490
		Less: current (included under trade and other payables: note 20)	65 713	68 788
—	—		439 762	448 702
		20 TRADE AND OTHER PAYABLES		
—	—	Trade payables	6 255 634	4 995 033
3 504	594	Other payables and accruals	2 267 811	2 041 968
—	—	Amounts owing to joint ventures (note 20.2)	4 196	2 732
—	—	Fixed escalation operating lease accrual (note 19)	65 713	68 788
—	—	Cash-settled share-based payment accrual	85 185	44 473
3 504	594		8 678 539	7 152 994
		20.1 Analysis of trade and other payables		
		Non-current	55 666	—
		Current	8 622 873	7 152 994
—	—		8 678 539	7 152 994
—	—	**20.2 Amounts owing to joint ventures** These loans are unsecured, payable on demand and bares interest at an average of 3,1% (2007: 2,1% p.a.)	4 196	2 732

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000
		21 OTHER OPERATING INCOME		
—	—	Finance income earned	170 648	162 951
174 209	705 137	Investment income (note 21.1)	27 760	7 712
—	—	Franchise fees received	28 989	24 055
—	—	Operating lease income (note 21.2)	197 035	175 112
—	—	Commissions received	210 305	169 074
—	—	Premiums earned (note 21.3)	200 950	186 008
—	293	Other income	147 083	73 542
174 209	705 430		982 770	798 454
		21.1 Investment income		
—	—	Interest from participants of The Shoprite Holdings Ltd Share Incentive Trust	—	729
—	—	Interest received from joint ventures	3 161	1 032
3 320	31	Interest received other	18 255	2 129
170 856	705 059	Dividends – subsidiaries	—	—
33	47	– unlisted investments	6 344	1 787
—	—	– listed investment	—	2 035
174 209	705 137		27 760	7 712
		21.2 Operating lease income		
		The Group has entered into various operating lease agreements as the lessor of property. Leases on properties are contracted for periods of between one and 11 years. Rental comprises mainly minimum monthly payments. Rental escalations vary, but average at a rate of 8,1% (2007: 7,9%) p.a.		
		21.3 Premiums earned		
		Premiums written	231 680	214 372
		Change in accrual for unearned premiums	(30 730)	(28 364)
—	—		200 950	186 008
		22 DEPRECIATION AND AMORTISATION		
		Property, plant and equipment	597 786	527 674
		Intangible assets	29 002	15 493
			626 788	543 167
		Disclosed as cost of sales	(29 947)	(25 770)
—	—		596 841	517 397

COMPANY 30 June 2007 R'000	COMPANY 30 June 2008 R'000		GROUP 30 June 2008 R'000	GROUP 30 June 2007 R'000
		23 OPERATING LEASES		
		The Group has entered into various operating lease agreements on property, plant and equipment. Leases on properties are contracted for periods of between three and 15 (2007: three and 20) years with renewal options for a further three to 20 years. Rental comprises minimum monthly payments and contingent payments based on turnover levels. Turnover rentals, where applicable, average 1,9% (2007: 1,8%) of turnover. Rental escalations vary, but average at a rate of 7,0% (2007: 7,1%) p.a.		
		Operating lease payments – property	1 099 796	975 453
		Operating lease payments – equipment	50 744	44 903
			1 150 540	1 020 356
		Disclosed as cost of sales	(28 018)	(22 621)
—	—		1 122 522	997 735
		Consisting of:		
		Minimum lease payments	993 138	886 658
		Contingent lease payments	157 402	133 698
—	—		1 150 540	1 020 356
		24 EMPLOYEE BENEFITS		
		Wages and salaries	3 540 069	3 041 693
		Cash-settled share-based payments (note 24.1 and 14.4.4)	59 835	17 892
		Post-retirement medical benefits (note 36.2)	10 779	5 318
		Retirement benefit contributions (note 36.1)	193 528	169 345
			3 804 211	3 234 248
		Disclosed as cost of sales	(148 233)	(133 621)
—	—		3 655 978	3 100 627

24.1 Share appreciation rights granted

During the year under review the Group granted certain share appreciation rights to senior management. The fair value of these cash-settled share-based payments will be expensed over the vesting period and was calculated using a binomial option pricing model. The expected volatility used in the option-pricing model was determined with reference to the SAFEX MtM and other indices considering historical data. The swap curve data from the interbank market is used to determine the yield curve. The fair value determined was R16,63 per option. The inputs into the model were as follows:

Total amount of share appreciation rights	11,875,000
Grant date	29 Aug 2007
Vesting dates (in equal thirds)	29 Aug 2010; 29 Aug 2011; 29 Aug 2012
Spot rate per share on grant date	R31,31
Forfeiture rates	0,0%
Expected volatility	36,5%
Expected dividend yield	2,8% to 2,9%
Expected risk free rate	11,9% to 12,4%

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000

24 EMPLOYEE BENEFITS (continued)

24.2 Government grants and allowances

The Group has, during the year under review, received certain government grants and allowances.

24.2.1 LEARNERSHIP ALLOWANCES

A tax deduction was granted to the Group by the South African Revenue Service relating to certain learnership agreements with employees registered in terms of the Skills Development Act, No 97 of 1998. This allowance resulted in a tax saving of R5,333,772 (2007: R354,766).

24.2.2 SECTOR EDUCATIONAL TRAINING AUTHORITIES (SETA) GRANTS

In terms of the SETA grant in South Africa the Group can recoup Skills Development Levies (SDLs) to the extent that training, as prescribed by SETA, is provided to its employees. This resulted in a reduction in SDLs of R13,857,371 (2007: R16,341,671) for the year under review. The nett amount is taxable at 28% (2007: 29%).

25 OPERATING PROFIT

Determined after taking into account the following:

Company 2007 R'000	Company 2008 R'000		Group 2008 R'000	Group 2007 R'000
40	47	Auditors' remuneration	18 551	19 867
40	47	Audit fees – for the year	14 123	12 410
—	—	– underprovided – previous year	539	1 405
—	—	Fees for other assurance services	385	1 034
—	—	Fees for tax compliance services	1 502	1 692
—	—	Fees for secretarial services	10	10
—	—	Fees for information technology consulting services	3	529
—	—	Fees for accounting services	505	330
—	—	Fees for other consulting services	1 484	2 457
17 903	(2 485)	Fees paid for outside services	94 104	97 010
—	—	Administrative	22 775	17 190
12 051	(3 538)	Technical	69 534	72 261
5 852	1 053	Secretarial	1 795	7 559
—	—	Fair value gains/(losses) on financial instruments	5 612	(20 620)
—	—	– forward foreign exchange rate contracts	5 423	(21 001)
—	—	– loans and receivables	96	92
—	—	– preference shares	93	289
—	—	Policyholder claims and benefits paid	16 337	10 599
—	—	– claims paid	15 914	17 939
—	—	– movement in accumulated unpaid claims (note 18.1)	423	(7 340)

26 DIRECTORS' REMUNERATION

Company 2007 R'000	Company 2008 R'000		Group 2008 R'000	Group 2007 R'000
35 539	57 208	Executive directors		
658	658	Non-executive directors		
36 197	57 866			
(35 539)	(57 208)	Less: paid by subsidiaries		
658	658			

For details of equity and cash-settled share-based payment instruments issued to directors refer note 14.4.

26 DIRECTORS' REMUNERATION (continued)

R'000	2008 Remuneration	2008 Performance bonus	2008 Share options exercised	2008 Retirement and medical benefits	2008 Other benefits	2008 Total	2007 Remuneration	2007 Performance bonus	2007 Share options exercised	2007 Retirement and medical benefits	2007 Other benefits	2007 Total
Executive directors												
JW Basson	13 158	—	—	3 162	320	16 640	9 929	—	—	2 381	328	12 638
CG Goosen	2 215	2 704	4 049	578	155	9 701	2 103	1 910	—	545	161	4 719
B Harisunker	1 420	1 241	—	443	207	3 311	1 343	926	—	423	112	2 804
AE Karp	2 053	2 250	5 792	427	295	10 817	1 928	2 760	—	402	202	5 292
EL Nel	1 449	1 531	—	257	138	3 375	1 368	1 459	—	244	115	3 186
AN van Zyl	979	1 268	2 616	352	113	5 328	927	1 103	1 975	324	114	4 443
BR Weyers	1 062	1 268	5 307	272	127	8 036	940	1 139	—	254	124	2 457
	22 336	10 262	17 764	5 491	1 355	57 208	18 538	9 297	1 975	4 573	1 156	35 539

	2008 Fees	2008 Total	2007 Fees	2007 Total
Non-executive directors				
TRP Hlongwane	70	70	70	70
JA Louw	70	70	70	70
JF Malherbe	70	70	70	70
JG Rademeyer	175	175	175	175
CH Wiese*	150	150	150	150
JJ Fouché*	123	123	123	123
	658	658	658	658

*These non-executive directors are employees of Chaircorp (Pty) Ltd, a management company that renders advisory services to Shoprite Holdings Ltd in return for an annual fee.

COMPANY 30 June 2007 R'000	COMPANY 30 June 2008 R'000		GROUP 30 June 2008 R'000	GROUP 30 June 2007 R'000
		27 INCOME OF A CAPITAL NATURE		
—	—	Profit on disposal of property (note 3)	200	—
—	—	Profit on disposal of assets held for sale (note 4)	2 034	23 876
—	—	Loss on disposal and scrapping of plant, equipment and intangible assets (note 3 & 9)	(9 250)	(6 259)
14 388	122 811	Reversal of impairment of investment in subsidiaries (note 5)	—	—
—	—	Insurance claims received	21 689	14 053
—	—	Impairment of property, plant and equipment and assets held for sale (note 3 & 4)	(6 091)	(720)
(9 483)	—	Subsidiary loan written off	—	—
—	—	Loss on cancellation of lease	—	(3 060)
—	—	Impairment of goodwill (note 9.1)	(2 336)	—
260	—	Prescription of capital amounts owing	—	434
—	—	Profit/(loss) on other investing activities	510	(848)
—	—	Realisation of profits in fair value reserve on disposal of listed investment	—	33 459
5 165	122 811		6 756	60 935
		28 FINANCE COSTS		
—	161	Interest paid	57 906	81 733
—	—	Interest paid to joint ventures	102	146
—	—	Accretion of discount on provisions (note 18.1)	1 015	1 565
126	126	Preference dividends	126	126
21	21	6% non-convertible cumulative preference shares	21	21
32	32	5% non-convertible cumulative preference shares	32	32
23	23	Second 5% non-convertible cumulative preference shares	23	23
50	50	Third 5% non-convertible cumulative preference shares	50	50
126	287		59 149	83 570

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000
		29 TAX		
		29.1 Classification		
68 396	73 008	South African tax	759 523	569 789
—	—	Foreign tax	116 047	52 797
68 396	73 008		875 570	622 586
		29.2 Consisting of:		
15 837	18 973	Current tax	802 650	552 193
—	(445)	Prior year tax	1 602	43 314
—	—	Withholding tax	6 715	1 648
52 503	54 532	Secondary tax on companies	55 141	56 612
68 340	73 060		866 108	653 767
56	(52)	Deferred tax	9 462	(31 181)
68 396	73 008		875 570	622 586
		29.3 Reconciliation of tax		
60 416	53 125	South African current tax at 28% (2007: 29%)	689 153	495 353
7 980	19 883	Net adjustments	186 417	127 233
37	37	Preference dividends	37	37
(49 558)	(13)	Dividend income	(1 265)	(1 480)
—	2	Tax rate change	9 161	—
4 998	(34 174)	Other exempt income and non-deductible expenses	28 678	8 489
—	(56)	Deferred tax asset previously not recognised	—	(11 243)
—	—	Utilisation of temporary differences previously not recognised	22 522	(18 682)
—	(445)	Prior year tax	1 602	43 314
52 503	54 532	Secondary tax on companies	55 141	56 612
—	—	Effect of foreign tax rates	24 420	26 791
—	—	Withholding tax	6 715	1 648
—	—	Deferred tax asset not recognised	39 406	21 747
68 396	73 008	Tax	875 570	622 586
		The applicable tax rate for the Group changed form 29% in the previous financial year to 28% in the current financial year due to a change in the South African Revenue Act.		
		29.4 Secondary tax on companies		
35 870	57 609	Secondary tax on companies on proposed or envisaged dividends	57 609	35 870
		If the total reserves of the Company of R1,413 million (2007: R1,216 million) were to be declared as dividends, the secondary tax impact at a rate of 10% (2007: 10%) would be R141 million (2007: R122 million). These amounts should be considered taking into account the proposal by the South African Government to replace secondary tax on companies with a dividend tax on shareholders commencing in the next financial year.		
		29.5 Net calculated tax losses and net deductible temporary differences		
		Calculated tax losses and net deductible temporary differences at year-end	1 147 403	1 171 141
		Applied in the provision for deferred tax	826 058	840 417
—	—		321 345	330 724

COMPANY 30 June 2007 R'000	COMPANY 30 June 2008 R'000		GROUP 30 June 2008 R'000	GROUP 30 June 2007 R'000
		29 TAX (continued)		
		29.5 Net calculated tax losses and net deductible (continued)		
		The utilisation of the tax relief, translated at closing rates, to the value of R131,683,258 (2007: R137,792,944), calculated at current tax rates on the net calculated tax losses, is dependent on sufficient future taxable income in the companies concerned. The carry forward of all calculated tax losses is indefinite, except for certain African countries, as set out below:		
		Expiry date		
		30 June 2008	—	11 117
		30 June 2009	5 355	9 907
		30 June 2010	13 362	9 233
		30 June 2011	20 932	12 719
		30 June 2012	29 707	21 086
		30 June 2013	17 888	23 567
		30 June 2014	18 556	13 794
		30 June 2015	17 492	9 239
		30 June 2016	13 932	—
		30 June 2017	12 626	—
—	—		149 850	110 662
—	—	Calculated temporary differences on consolidation associated with investments in subsidiaries for which deferred tax liabilities have not been created	38 836	12 730

30 EARNINGS PER SHARE

2008

R'000	Gross	Tax effect	Net
Profit attributable to equity holders			1 570 252
Profit on disposal of property (note 3)	(200)	28	(172)
Profit on disposal of assets held for sale (note 4)	(2 034)	285	(1 749)
Loss on disposal and scrapping of plant, equipment and intangible assets (note 3 & 9)	9 250	54	9 304
Insurance claims received	(21 689)	7 591	(14 098)
Impairment of property, plant and equipment and assets held for sale (note 3 & 4)	6 091	777	6 868
Impairment of goodwill (note 9.1)	2 336	—	2 336
Loss on other investing activities	(510)	—	(510)
Headline earnings	(6 756)	8 735	1 572 231

2007

R'000	Gross	Tax effect	Net
Profit attributable to equity holders			1 076 071
Profit on disposal of assets held for sale (note 4)	(23 876)	1 751	(22 125)
Loss on disposal and scrapping of plant, equipment and intangible assets (note 3 & 9)	6 259	(2 462)	3 797
Insurance claims received	(14 053)	5 738	(8 315)
Impairment of property, plant and equipment and assets held for sale (note 3 & 4)	720	678	1 398
Profit on other investing activities	848	(128)	721
Realisation of profits in fair value reserve on disposal of listed investment	(33 459)	4 852	(28 607)
Headline earnings (note 30.1)	(63 561)	10 429	1 022 939

30 EARNINGS PER SHARE (continued)

	NUMBER OF SHARES	
	'000	'000
Weighted average number of ordinary shares	507 320	507 320
Adjustments for dilutive potential of share options	19 135	20 389
Weighted average number of ordinary shares for diluted earnings per share	526 455	527 709
Number of ordinary shares		
– In issue	507 320	507 320
– Weighted average	507 320	507 320
– Weighted average adjusted for dilution	526 455	527 709
Earnings per share	CENTS	
– Earnings	309.5	212.1
– Diluted earnings	298.3	203.9
– Headline earnings	309.9	201.6
– Diluted headline earnings	298.6	193.8

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000
		30.1 Headline earnings recalculation		
		The calculation for headline earnings was adjusted retrospectively in terms of SAICA Circular 8/2007: Headline Earnings. This recalculation had the following effect on the comparative information previously presented:		
		Reconciliation of adjusted headline earnings per share:		
		Headline earnings as previously presented		1 025 565
		Add back: loss on cancellation of lease net of tax		(3 060)
		Add back: prescription of capital amounts owing net of tax		434
		Headline earnings		1 022 939
CENTS			CENTS	
		Decrease in headline earnings per share		0.6
		Decrease in diluted headline earnings per share		0.5
		31 DIVIDENDS PER SHARE		
		31.1 Dividends per share paid		
46.0	66.0	No. 117 paid 29 October 2007 (2007: No. 115 paid 18 September 2006)	66.0	46.0
35.0	49.0	No. 118 paid 17 March 2008 (2007: No. 116 paid 19 March 2007)	49.0	35.0
81.0	115.0		115.0	81.0
		31.2 Dividends per share declared		
66.0	106.0	No 119 paid 29 September 2008 (2007: No. 117 paid 29 October 2007)	106.0	66.0

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000
		32 CASH FLOW INFORMATION		
		32.1 Non-cash items		
—	—	Depreciation of property, plant and equipment	597 786	527 674
—	—	Amortisation of intangible assets	29 002	15 493
—	—	Net fair value (gains)/losses on financial instruments	(5 612)	20 620
3 922	56	Exchange rate (gains)/losses	(33 187)	(23 725)
—	—	Profit on disposal of property	(200)	—
—	—	Profit on disposal of assets held for sale	(2 034)	(23 876)
—	—	Loss on disposal and scrapping of plant, equipment and intangible assets	9 250	6 259
(14 388)	(122 811)	Reversal of impairment of investment in subsidiaries	—	—
—	—	Impairment of property, plant and equipment and assets held for sale	6 091	720
9 483	—	Subsidiary loan written off	—	—
—	—	Loss on other investing activities	—	848
—	—	Realisation of profits in fair value reserve on disposal of listed investment	—	(33 459)
—	—	Impairment of goodwill	2 336	—
—	—	Movement in provisions	86 030	32 334
—	—	Movement in cash-settled share-based payment accrual	59 835	17 892
—	—	Insurance claims received	(21 689)	—
—	—	Movement in fixed escalation operating lease accrual	(17 864)	7 370
(983)	(122 755)		709 744	548 150
		32.2 Changes in working capital		
—	—	Inventories	(913 824)	(419 734)
(2 871)	(482)	Trade and other receivables	(133 276)	(76 463)
2 710	(2 910)	Trade and other payables	1 443 985	1 800 835
(161)	(3 392)		396 885	1 304 638
		32.3 Dividends paid		
(979)	(1 224)	Shareholders for dividends at the beginning of the year	(1 558)	(1 224)
(440 218)	(625 001)	Dividends distributed to shareholders	(583 418)	(410 923)
—	—	Dividends distributed to minorities	(4 845)	(6 872)
1 224	1 705	Shareholders for dividends at the end of the year	2 032	1 558
(439 973)	(624 520)		(587 789)	(417 461)
		32.4 Tax paid		
(28 045)	38	(Payable)/prepaid at the beginning of the year	(200 114)	(70 699)
(68 340)	(73 060)	Per income statement	(866 108)	(653 767)
—	—	Tax effect of cash settlement of share options charged to equity	47 999	—
(38)	7 068	Payable/(prepaid) at the end of the year	402 082	200 114
(96 423)	(65 954)		(616 141)	(524 352)

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000
		32 CASH FLOW INFORMATION (continued)		
		32.5 Cash flows from investing activities		
—	—	Purchase of property, plant and equipment and intangible assets	(1 436 195)	(1 258 609)
—	—	Proceeds on disposal of property, plant and equipment and intangible assets	68 021	38 270
—	—	Proceeds on disposal of assets held for sale	194 544	67 791
—	—	Other investing activities	11 950	2 914
(573 575)	(780 227)	Amounts owing paid to subsidiaries	—	—
1 179 674	701 584	Amounts received from subsidiaries	—	—
(275 351)	(3 417)	Preference share investments	—	—
—	—	Proceeds on disposal of listed investment	—	54 528
—	—	Acquisition of operations (note 32.5.1)	(5 909)	(14 192)
330 748	(82 060)		(1 167 589)	(1 109 298)
		32.5.1 ACQUISITION OF OPERATIONS		
		The Group acquired retail business operations in South Africa from Sunburst Trading CC on 14 November 2007. In the previous financial year the Group acquired retail business operations in Swaziland from an individual on 1 December 2006.		
		The assets and liabilities arising from these acquisitions were as follows:		
		Property, plant and equipment (note 3)	5 000	5 000
		Inventories	109	4 192
			5 109	9 192
		Goodwill (note 9.1)	800	5 000
		Total purchase consideration	5 909	14 192
		Less: cash and cash equivalents	—	—
—	—	Cash flow on acquisition net of cash acquired	5 909	14 192
		32.6 Cash flows from financing activities		
		Acquisition of treasury shares	—	(220)
		Proceeds on issue of Shoprite International Ltd "Angola" and "Malawi" preference shares to joint venture (note 16.2)	223	331
		Increase in borrowings from First National Bank of Namibia Ltd	20 274	—
		Redemption of Shoprite International Ltd "Mozambique" preference shares (note 16.2)	—	(12)
—	—		20 497	99
		33 CONTINGENT LIABILITIES		
		Amounts arising in the ordinary course of business relating to property and other transactions from which it is anticipated that no material liabilities will arise	34 406	57 593
		34 COMMITMENTS		
		34.1 Capital commitments		
		Contracted for property, plant and equipment	311 843	291 180
		Contracted for intangible assets	15 581	20 000
		Authorised by directors, but not contracted for	1 460 471	1 056 050
—	—	Total capital commitments	1 787 895	1 367 230
—	—	Capital commitments for the 12 months after accounting date	1 787 895	1 367 230
		Funds to meet this expenditure will be provided from the Group's own resources and borrowings.		

COMPANY 30 June 2007 R'000	COMPANY 30 June 2008 R'000		GROUP 30 June 2008 R'000	GROUP 30 June 2007 R'000
		34 COMMITMENTS (continued)		
		34.2 Operating lease commitments		
		Future minimum lease payments under non-cancellable operating leases		
		– Not later than one year	943 112	860 086
		– Later than one year not later than five years	3 005 296	2 798 738
		– Later than five years	1 644 335	1 560 305
			5 592 743	5 219 129
		Less: fixed escalation operating lease accrual (note 19)	(505 475)	(517 490)
—	—		5 087 268	4 701 639
		34.3 Operating lease receivables		
		Future minimum lease payments receivable under non-cancellable operating leases		
		– Not later than one year	174 654	155 530
		– Later than one year not later than five years	313 995	307 372
		– Later than five years	41 894	51 147
			530 543	514 049
		Less: fixed escalation operating lease accrual (note 10)	(8 640)	(2 791)
—	—		521 903	511 258

35 BORROWING POWERS

In terms of the Articles of Association of the Company the borrowing powers of Shoprite Holdings Ltd are unlimited.

36 POST-RETIREMENT BENEFITS

36.1 Retirement funds

Group companies provide post-retirement benefits in accordance with the local conditions and practices in the countries in which they operate.

The Group provides retirement benefits to 61,3% (2007: 64,1%) of employees and 7,1% (2007: 7,0%) of the employees belong to national retirement plans. The monthly contributions are charged to the income statement.

All company funds are defined contribution funds. All South African funds are subject to the Pension Fund Act of 1956.

The Retail Retirement Fund is currently giving effect to the surplus apportionment provisions of the Pension Funds Second Amendment Act of 2001. The actuarial surplus was not accounted for in the Group's results as it is not known at this stage if any of the surplus will be available for allocation to the Group. The last actuarial valuation date of the fund surplus is 30 June 2004.

COMPANY 30 June 2007 R'000	COMPANY 30 June 2008 R'000		GROUP 30 June 2008 R'000	GROUP 30 June 2007 R'000
		During the year under review contributions to retirement funding have been calculated as	193 528	169 345

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000

36 POST-RETIREMENT BENEFITS (continued)

36.2 Medical benefits

Full provision for post-retirement medical benefits, where they exist, are made with reference to actuarial valuations in respect of past services liabilities.

Company 2007	Company 2008		Group 2008	Group 2007
		36.2.1 The principal actuarial assumptions used for accounting purposes are as follows:		
		Health-care cost inflation	8.5%	6.8%
		Discount rate	10.5%	7.8%
		Salary adjustments		
		– inflation	6.5%	4.8%
		– promotions and experience increases	1.5%	1.5%
		Continuation at retirement	95.0%	95.0%
		Expected retirement age	60 years	60 years
		The assumed rates of mortality are as follows:		
		During employment: SA 85-90 (light) ultimate table (2007: SA 85-90 (light) ultimate table)		
		Post-employment: PA (90) ultimate table rated down 2 years plus 1% p.a. improvement from 2006 (2007: PA (90) ultimate table rated down 2 years plus 1% p.a. improvement from 2006)		
		36.2.2 The movement in the liability recognised in the balance sheet (note 18) was as follows:	R'000	R'000
		Balance at the beginning of the year	179 811	183 859
		Total expense charged to the income statement (note 36.2.3)	10 779	5 318
		Benefits paid	(9 491)	(9 366)
—	—	Balance at the end of the year	181 099	179 811
		36.2.3 The amounts recognised in the income statement were as follows:		
		Current service cost	1 763	2 260
		Net actuarial gains recognised during the year	(4 563)	(10 380)
		Interest cost	13 579	13 438
—	—	Total included in employee benefits (note 24)	10 779	5 318
		The effect of a 1% increase in the assumed health-care cost inflation is as follows:		
		Increase in the current service and interest cost	2 517	2 226
		Increase in the post-retirement medical benefit liability	23 439	24 268
		The effect of a 1% decrease in the assumed health-care cost inflation is as follows:		
		Decrease in the current service and interest cost	2 095	1 838
		Decrease in the post-retirement medical benefit liability	19 589	20 152
		Benefits expected to be paid to the plan during the next financial year	10 140	9 491

37 FINANCIAL INSTRUMENTS BY CATEGORY

R'000	Loans and receivables	Assets at fair value through profit and loss	Available-for-sale	Total
GROUP				
2008				
FINANCIAL ASSETS AS PER BALANCE SHEET				
Available-for-sale investments			37 548	37 548
Loans and receivables	47 524			47 524
Instalment sales	608 082			608 082
Trade receivables	554 736			554 736
Other receivables excluding prepayments and taxes receivable	397 501			397 501
Amounts owing by joint ventures	20 692			20 692
Derivative financial instruments		4 741		4 741
Cash and cash equivalents	3 156 641			3 156 641
	4 785 176	4 741	37 548	4 827 465
2007				
FINANCIAL ASSETS AS PER BALANCE SHEET				
Available-for-sale investments			23 738	23 738
Loans and receivables	50 415			50 415
Instalment sales	571 127			571 127
Trade receivables	450 840			450 840
Other receivables excluding prepayments and taxes receivable	437 325			437 325
Amounts owing by joint ventures	15 711			15 711
Cash and cash equivalents	2 012 226			2 012 226
	3 537 644	—	23 738	3 561 382
COMPANY				
2008				
FINANCIAL ASSETS AS PER BALANCE SHEET				
Amounts owing by subsidiaries	225 792			225 792
Other receivables excluding prepayments and taxes receivable	3 353			3 353
Cash and cash equivalents	603 271			603 271
	832 416	—	—	832 416
2007				
FINANCIAL ASSETS AS PER BALANCE SHEET				
Amounts owing by subsidiaries	147 205			147 205
Other receivables excluding prepayments and taxes receivable	2 871			2 871
Cash and cash equivalents	607 161			607 161
	757 237	—	—	757 237

R'000	Financial liabilities	Liabilities at fair value through profit and loss	Total
GROUP			
2008			
FINANCIAL LIABILITIES AS PER BALANCE SHEET			
Borrowings	12 762		12 762
Reinstatement provision	140 697		140 697
Trade payables	6 255 634		6 255 634
Other payables and accruals excluding taxes payable and employee benefit accruals	2 009 622		2 009 622
Amounts owing to joint ventures	4 196		4 196
Bank overdrafts	20 791		20 791
Shareholders for dividends	2 032		2 032
	8 445 734	—	8 445 734
2007			
FINANCIAL LIABILITIES AS PER BALANCE SHEET			
Borrowings	2 498		2 498
Reinstatement provision	67 256		67 256
Trade payables	4 995 033		4 995 033
Other payables and accruals excluding taxes payable and employee benefit accruals	1 880 616		1 880 616
Amounts owing to joint ventures	2 732		2 732
Derivative financial instruments		682	682
Bank overdrafts	24 524		24 524
Shareholders for dividends	1 558		1 558
	6 974 217	682	6 974 899
COMPANY			
2008			
FINANCIAL LIABILITIES AS PER BALANCE SHEET			
Borrowings	2 450		2 450
Other payables and accruals excluding taxes payable and employee benefit accruals	594		594
Shareholders for dividends	1 705		1 705
	4 749	—	4 749
2007			
FINANCIAL LIABILITIES AS PER BALANCE SHEET			
Borrowings	2 450		2 450
Other payables and accruals excluding taxes payable and employee benefit accruals	3 504		3 504
Shareholders for dividends	1 224		1 224
	7 178	—	7 178

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000

38 FINANCIAL RISK MANAGEMENT

38.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange rate contracts as economic hedges, to hedge certain exposures.

Risk management is carried out by a central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as currency risk, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

38.1.1 MARKET RISK

a) Currency risk

The Group operates internationally and is exposed to currency risk arising from various currency exposures. The treasury department hedges the Group's net position in each foreign currency by using call deposits in foreign currencies and derivative financial instruments in the form of forward foreign exchange rate contracts for all cumulative foreign commitments of three months or more. Forward currency rate contracts are not used for speculative purpose.

Currency exposure arising from the net monetary assets in individual countries, held in currencies other than the functional currency of the Group, are managed primarily through converting cash and cash equivalents not required for operational cash flows to US dollar. The US dollar is the preferred currency due to its history of stability, liquidity and availability in most markets.

Material concentrations of currency risk exists within the Group's cash and cash equivalents. The net cash and cash equivalents are denominated in the following currencies:

Company 2007	Company 2008		Group 2008	Group 2007
607 161	603 271	South African rand	2 727 522	1 710 092
—	—	USA dollar	193 324	118 691
—	—	Zambian kwacha	70 443	62 936
—	—	Malawi kwacha	50 470	34 083
—	—	Angolan kwanza	24 360	28 092
—	—	Botswana pula	21 687	12 035
—	—	Other currencies	48 044	21 773
607 161	603 271		3 135 850	1 987 702

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000

38 FINANCIAL RISK MANAGEMENT (continued)

38.1 Financial risk factors (continued)

38.1.1 MARKET RISK (continued)

a) Currency risk (continued)

The Group does not have significant foreign creditors as most inventory imports are prepaid.

Where material concentrations of currency risk exists within the Group a sensitivity analysis was performed to calculate what the increase/decrease in profit for the year would have been if the various individual currencies strengthened or weakened against the ZAR and the USD. At 30 June 2008 the total possible decrease in Group post-tax profit, calculated for all possible currency movements, was R2,548,000 with the ZAR/USD exchange rate (with an expected 5,3% incline) contributing R1,403,000 to this number. At 30 June 2007 the total possible increase in Group post-tax profit, calculated for all possible currency movements, was R8,264,000 with the ZAR/USD exchange rate (with an expected 7% decline) contributing R2,737,000 to this number. These changes had no effect on the Group's equity.

The amounts were calculated with reference to the financial instruments exposed to currency risk at the reporting date and does not reflect the Group's exposure throughout the reporting period as these balances may vary significantly due to the self funding nature of the Group's required working capital and cyclical nature of cash received from sale of merchandise and payment to trade and other payables. The possible currency movements were determined based on management's best estimates taking into account prevailing economic and market conditions and future expectations.

The Group has a number of investments in foreign subsidiaries, whose net assets are exposed to foreign currency translation risk. Although not subject to market risk, the following constituted significant concentrations of net monetary assets/(liabilities), including short-term surplus funds, in currencies other than the reporting currency as at 30 June, subject to translation risk.

		NET MONETARY ASSETS/(LIABILITIES) PER CURRENCY RAND EQUIVALENT	
Country	**Foreign currency**	30 June 2008 R'000	30 June 2007 R'000
Angola	Kwanza	(99 741)	(41 264)
Botswana	Pula	16 670	8 567
DRC	Congolese Francs	4 966	—
Ghana	Cedi	441	1 112
India	Rupee	(116 433)	(70 295)
Madagascar	Ariary	(1 778)	(3 714)
Malawi	Kwacha	34 803	20 391
Mauritius	Mauritian rupee	21 112	23 122
Mozambique	Metical	(1 584)	1 982
Nigeria	Naira	(9 673)	650
Tanzania	Shilling	(10 263)	(4 453)
Uganda	Shilling	(3 804)	1 670
USA	Dollar	155 918	95 259
Zambia	Kwacha	(41 771)	(51 208)

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000

38 FINANCIAL RISK MANAGEMENT (continued)

38.1 Financial risk factors (continued)

38.1.1 MARKET RISK (continued)

b) Cash flow and fair value interest rate risk

The Group's interest rate risk arises mainly from daily call accounts and bank overdrafts. These carry interest at rates fixed on a daily basis and expose the Group to cash flow interest rate risk. The Group analyses this interest rate exposure on a dynamic basis. Daily cash flow forecasts are done and combined with interest rates quoted on a daily basis. This information is then taken into consideration when reviewing refinancing/reinvesting and/or renewal/cancellation of existing positions and alternative financing/investing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for cash/borrowings that represent the major interest-bearing positions. The weighted average effective interest rate on call accounts was 11,1% (2007: 8,7%).

The interest rate on individual instalment sale receivables (refer note 12) is fixed and exposes the Group to fair value interest rate risk which is mitigated by charging appropriate margins and the fact that the maximum term of these contracts are 24 months.

For exposure to interest rate risk on other monetary items refer to the following:

- Interest-bearing borrowings: note 16
- Amounts owing by joint ventures: note 12
- Loans and receivables: note 7

Where material concentrations of interest rate risk exist within the Group a sensitivity analysis was performed to calculate what the increase/decrease in profit for the year would have been if the various individual interest rates the Group's financial instruments are subject to strengthened or weakened. At 30 June 2008 the total possible decrease in Group post-tax profit, calculated for all possible interest rate movements, was R9,404,000. The estimated decrease of 50 basis points in the South African prime rate will result in a possible decrease in Group post-tax profit of R8,523,000. At 30 June 2007 the total possible increase in Group post-tax profit, calculated for all possible interest rate movements, was R8,315,000. The estimated increase of 100 points in the South African prime rate would have resulted in a possible increase in Group post-tax profit of R8,302,000. These changes had no effect on the Group's equity.

The amounts were calculated with reference to the financial instruments exposed to interest rate risk at the reporting date and does not reflect the Group's exposure throughout the reporting period as these balances may vary significantly due to the self funding nature of the Group's required working capital and cyclical nature of cash received from sale of merchandise and payment to trade and other payables. The possible interest rate movements were determined based on management's best estimates taking into account prevailing economic and market conditions and future expectations.

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000

38 FINANCIAL RISK MANAGEMENT (continued)

38.1 Financial risk factors (continued)

38.1.2 CREDIT RISK

Credit risk is managed on a group basis. Potential concentration of credit risk consists primarily of cash and cash equivalents, trade and other receivables and investments. Funds are only invested with South African financial institutions with a minimum Moody's short-term credit rating of P-2 and a minimum Moody's long-term rating of Baa2. For financial institutions outside South Africa the required minimum Moody's short-term and long-term credit ratings are P-1 and Aa3 respectively. Due to the Group's international operational requirements it is forced to transact with financial institutions in certain countries where independent credit ratings are not available. In these instances the Group's exposure to credit risk at each of these financial institutions are evaluated by management on a case by case basis. Cash balances deposited with these financial institutions are kept to an operational minimum and are transferred, subject to exchange control regulations and available suitable foreign currency, to financial institutions with acceptable credit ratings. The Group has policies that limit the amount of credit exposure to any one financial institution.

Sales to retail customers are settled in cash or using major credit cards. Except for the total exposure represented by the respective balance sheet items, the Group has no other significant concentration of credit risk. Accounts receivable comprise a wide-spread client base and the Group has policies in place to ensure that all sales of goods and services on credit are made to customers with an appropriate credit history. These policies include reviewing the Group's own credit history with the customer, verifying the credit history with an external credit bureau, as well as a formalised application process where the creditworthiness of the customer is assessed. The Group also obtains security from its franchisees.

For exposure to credit risk on other monetary items refer to the following:
- Trade and other receivables: note 12
- Loans and receivables: note 7

The table below shows the cash invested at the balance sheet date at financial institutions grouped per Moody's short-term credit rating of the financial institutions.

Company 30 June 2007 R'000	Company 30 June 2008 R'000	**Rating**	Group 30 June 2008 R'000	Group 30 June 2007 R'000
600 000	600 000	P-1	2 263 333	1 259 187
7 161	3 271	P-2	292 176	262 260
—	—	No rating available	186 208	141 894
—	—	Cash on hand and in transit	394 133	324 361
607 161	603 271		3 135 850	1 987 702

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000

38 FINANCIAL RISK MANAGEMENT (continued)

38.1 Financial risk factors (continued)

38.1.3 LIQUIDITY RISK

All significant financial liabilities of the Group matures within 12 months of balance sheet date. The risk of illiquidity is managed by using cash flow forecasts; maintaining adequate unutilised banking facilities (2008: R3,024,039,270; 2007: R2,817,927,962) and unlimited borrowing powers. All unutilised facilities are controlled by the Group's treasury department in accordance with a treasury mandate as approved by the Board of Directors.

The Company has ceded cash and cash equivalents of R600 million as security for banking facilities of its main trading subsidiary, Shoprite Checkers (Pty) Ltd. These facilities were not utilised at the balance sheet date.

The Group's derivative financial instruments that will be settled on a gross basis are detailed in note 13. The amounts disclosed are the contractual undiscounted cash flows. All balances are due within 12 months and equal their carrying values, as the impact of discounting is not significant.

38.2 Insurance risk

The Group underwrites insurance products with the following terms and conditions:

Credit protection which covers the risk of the customer being unable to settle the terms of the credit agreement as a result of death, disability or qualifying retrenchment. This cover also includes the repair or replacement of the product due to accidental loss or damage within the terms of the conditions of the policy.

The risk under any one insurance contract is the possibility that an insured event occurs as well as the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and unpredictable.

Underwriting risk is the risk that the Group's actual exposure to short-term risks in respect of policy-holding benefits will exceed prudent estimates. Where appropriate, the above risks are managed by senior management and directors

Underwriting risk is the risk that the Group's actual exposure to short-term risks in respect of policy-holding benefits will exceed prudent estimates. Where appropriate, the above risks are managed by senior management and directors.

Within the insurance process, concentration risk may arise where a particular event or series of events could impact heavily on the Group's resources. The Group has not formally monitored the concentration risk; however, it has mitigated against concentration risk by structuring event limits in every policy to ensure that the probability of underwriting loss is minimised. Therefore the Group does not consider its concentration risk to be high.

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000

38 FINANCIAL RISK MANAGEMENT (continued)

38.3 Fair value estimation

The nominal value less estimated credit adjustments of trade and other receivables and payables are assumed to approximate their fair values.

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

39 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Total capital is considered to be equity as shown in the balance sheet.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Due to the cash generative nature of the Group's operations and current prevailing economic conditions, management has determined that the lowest possible gearing ratio will provide shareholders with the highest possible return on investment with the lowest possible exposure to financial risk. The gearing ratio is calculated as net debt borrowings divided by equity and was 0,48% (2007: 0,07%) on the balance sheet date.

The Group is currently maintaining a two times dividend cover based on headline earnings per share.

40 RELATED-PARTY INFORMATION

Related-party relationships exist between the Company, subsidiaries, directors, as well as their close family members, and key management of the Company.

During the year under review, in the ordinary course of business, certain Group companies entered into transactions with each other. All these intergroup transactions have been eliminated in the annual financial statements on consolidation.

Certain non-executive directors are employees of Chaircorp (Pty) Ltd, a management company that renders advisory services to Shoprite Holdings Ltd and Shoprite Checkers (Pty) Ltd in return for an annual fee. The fees relating to services as non-executive directors are included in the directors remuneration note 26. A further amount of R4,300,748 (2007: R2,642,695) was paid to Chaircorp (Pty) Ltd for advisory services to Shoprite Checkers (Pty) Ltd.

Details of the remuneration of directors, and their shareholding, are disclosed in notes 14 and 26.

Company 2007	Company 2008		Group 2008	Group 2007
		Key management personnel compensation		
		Short-term employee benefits	95 606	75 967
		Post-employment benefits	10 168	8 364
		Share-based payments	52 843	14 158
		Directors' fees	658	658
—	—		159 275	99 147

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000
		40 RELATED-PARTY INFORMATION (continued)		
		During the year key management have purchased goods at the Group's usual prices less a 15% discount. Discount ranging from 5% to 15% is available to all permanent full-time and flexi-time employees.		
		During the financial year under review, in the ordinary course of business, certain Group companies purchased certain products and services from certain entities, in which directors JW Basson, CH Wiese, EL Nel and JA Louw have a significant influence. These purchases were concluded at market-related prices and are insignificant in terms of the Group's total operations for the year.		
		These purchases and related balances were as follows:		
		Purchase of merchandise	38 065	19 289
		Purchase of services	9 833	8 152
		Year-end balances	3 348	3 536
		The Group has sold certain residential properties to key management personnel at market-related prices. The total value of these transactions was R9,355,000.		
		The Group has a 50% interest in the Hungry Lion joint venture (refer note 41). The other 50% is indirectly held by alternate director JAL Basson.		
		The following transactions took place between the Hungry Lion joint venture and the Group during the year under review:		
		Administration fees paid to the Group	3 072	2 397
		Rent paid to the Group	1 456	3 639
		Interest paid to the Group	6 322	2 064
		Interest paid to the joint venture	203	292
		The year-end balances relating to the transactions with the joint venture are disclosed in notes 12 and 20.		
		The Company received the following from its subsidiary, Shoprite Checkers (Pty) Ltd:		
3 271	—	Interest		
988	1 073	Annual administration fee		

COMPANY			GROUP	
30 June 2007 R'000	30 June 2008 R'000		30 June 2008 R'000	30 June 2007 R'000
		41 JOINT VENTURES		
		The Group holds directly the following interests in joint ventures:		
		Hungry Lion Fast Foods (Pty) Ltd	50%	50%
		Hungry Lion Mauritius Ltd	50%	50%
		The consolidated results include the following amounts relating to the Group's interest in joint ventures.		
		INCOME STATEMENT		
		Sale of merchandise	177 675	144 126
		Profit before tax	12 654	13 920
		Tax	(4 652)	(3 866)
		Profit for the year	8 002	10 054
		BALANCE SHEET		
		Non-current assets	39 640	34 423
		Current assets	5 827	4 687
		Current liabilities	6 031	9 888
		Interest-bearing	(4 214)	355
		Interest-free	10 245	9 533
		CASH FLOW STATEMENT		
		Net cash flow from operating activities	17 178	15 620
		Net cash flow from investing activities	(12 140)	(8 387)
		Net cash flow from financing activities	—	—
		CAPITAL COMMITMENTS	2 930	2 853

ANNEXURE A – INTERESTS IN SUBSIDIARIES

	Country of incorporation	Issued ordinary and preference share capital and premium R'000	Percentage shares held by Group %	Investment in shares 30 June 2008 R'000	Investment in shares 30 June 2007 R'000	Amount owing by/(to) 30 June 2008 R'000	Amount owing by/(to) 30 June 2007 R'000
DIRECT SUBSIDIARIES							
OK Bazaars (1998) (Pty) Ltd	South Africa	2 700	100	—	—	—	—
Shoprite Checkers (Pty) Ltd	South Africa	1 128 908	100	174 431	174 431	222 577	143 990
Shoprite International Ltd	Mauritius	1 429 680	100	1 429 680	1 426 263	—	—
Shoprite Insurance Company Ltd	South Africa	20 230	100	20 230	20 230	—	—
Shoprite Checkers Properties Ltd	South Africa	26 196	100	16 677	16 677	3 365	3 365
Other	South Africa		100	150	150	(150)	(150)
				1 641 168	1 637 751	225 792	147 205
INDIRECT SUBSIDIARIES							
Africa Supermarkets Ltd*	Zambia	—	100				
Checkers Chatsworth Ltd	South Africa	2 000	48				
Computicket (Pty) Ltd	South Africa	233	100				
Megasave Trading (Pvt) Ltd*	India	32 796	100				
Mercado Fresco de Angola Lda*	Angola	342	100				
OK Bazaars (Lesotho) (Pty) Ltd	Lesotho	300	50				
OK Bazaars (Namibia) Ltd	Namibia	500	100				
OK Bazaars (Swaziland) (Pty) Ltd	Swaziland	200	100				
OK Bazaars (Venda) Ltd	South Africa	2 400	50				
Propco Mozambique Lda*	Mozambique	432	100				
Retail Holdings Botswana (Pty) Ltd*	Botswana	5 000	100				
Retail Supermarkets Nigeria Ltd*	Nigeria	522	100				
Sentra Namibia Ltd*	Namibia	5 880	100				
Shophold (Mauritius) Ltd*	Mauritius	351	100				
Shoprite Angola Imobiliaria Lda*	Angola	342	100				
Shoprite Checkers Tanzania Ltd*	Tanzania	—	100				
Shoprite Checkers Uganda Ltd*	Uganda	8	100				
Shoprite Ghana (Pty) Ltd*	Ghana	11 507	100				
Shoprite Lesotho (Pty) Ltd*	Lesotho	1	100				
Shoprite Madagascar S.A.*	Madagascar	64 970	100				
Shoprite (Mauritius) Ltd*	Mauritius	9 365	51				
Shoprite Namibia (Pty) Ltd*	Namibia	—	100				
Shoprite RDC SPRL*	DRC	13 464	100				
Shoprite Supermercados Lda*	Angola	342	100				
Shoprite Too (Pty) Ltd*	Tanzania	1 870	100				
Shoprite Trading Ltd*	Malawi	3	100				
				1 641 168	1 637 751	225 792	147 205

*Converted at historical exchange rates

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.