AUDITED RESULTS

FOR THE YEAR ENDED 30 SEPTEMBER 2008 AND CASH DIVIDEND DECLARATION

SPAR

Condensed Income Statement

Rmillion	% Change	Audited Year ended Sep 2008	Restated Year ended Sep 2007
REVENUE (note 2)	23.1	26 992.5	21 919.8
Turnover	23.2	26 742.2	21 704.0
Cost of sales		(24 582.5)	(19 926.9)
Gross profit		2 159.7	1 777.1
Other income (note 2)		250.3	215.8
Operating expenses (note 2)		(1 438.1)	(1 218.2)
OPERATING PROFIT	25.5	971.9	774.7
Interest received		45.9	32.3
Interest paid		(19.3)	(10.3)
Share of equity accounted associate		–	(2.0)
Profit before taxation	25.6	998.5	794.7
Taxation		(316.9)	(271.7)
PROFIT FOR THE YEAR ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	30.3	681.6	523.0
EARNINGS PER SHARE (CENTS)			
Earnings per share	29.9	406.5	313.0
Diluted earnings per share		390.5	299.0
SALIENT STATISTICS			
Headline earnings per share (cents)	29.9	405.7	312.3
Diluted headline earnings per share (cents)		389.8	298.4
Dividends per share (cents)	37.8	255.0	185.0
Net asset value per share (cents)	32.5	883.5	666.9
Operating profit margin (%)		3.6	3.6
Return on equity (%)		52.5	52.3
HEADLINE EARNINGS RECONCILIATION			
Profit for the year attributable to ordinary shareholders		681.6	523.0
Adjusted for:			
Profit on sale of property, plant and equipment		(1.8)	(2.1)
Impairment of property, plant and equipment		–	0.5
Tax effects of adjustments		0.5	0.5
HEADLINE EARNINGS	30.4	680.3	521.9

Condensed Balance Sheet

Rmillion	Audited Sep 2008	Audited Sep 2007
ASSETS		
NON-CURRENT ASSETS	1 549.6	1 242.5
Property, plant and equipment	1 083.3	736.2
Goodwill	245.6	245.6
Investment in associate	3.5	3.5
Finance lease receivables	20.4	9.3
Operating lease receivables	125.2	115.3
Loans	52.6	114.0
Other non-current assets	3.3	4.1
Deferred taxation asset	15.7	14.5
CURRENT ASSETS	4 284.3	3 815.0
Inventories	795.7	594.5
Trade and other receivables	3 341.4	2 677.9
Prepayments	24.2	17.8
Finance lease receivables	5.5	2.2
Operating lease receivables	13.4	10.3
Loans	15.9	31.1
Bank balances and cash		389.2
Bank balances – Guilds	57.9	64.3
	4 254.0	3 787.3
Non-current assets held for sale	30.3	27.7
TOTAL ASSETS	5 833.9	5 057.5
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES	1 487.8	1 109.7
Share capital and premium	13.4	13.4
Treasury shares	(77.6)	(154.4)
Share based payment reserve	78.4	30.2
Retained earnings	1 473.6	1 220.5
NON-CURRENT LIABILITIES	184.7	169.8
Post retirement medical aid provision	60.8	54.8
Operating lease payables	123.9	115.0
CURRENT LIABILITIES	4 161.4	3 778.0
Trade and other payables	3 707.0	3 691.9
Borrowings		0.4
Operating lease payables	14.4	10.9
Provisions	8.7	3.5
Taxation	121.3	71.3
Bank overdrafts	310.0	
TOTAL EQUITY AND LIABILITIES	5 833.9	5 057.5

Condensed Cash Flow Statement

Rmillion	Audited Year ended Sep 2008	Restated Year ended Sep 2007
CASH FLOWS FROM OPERATING ACTIVITIES	(379.7)	924.7
Cash generated from operations before:	1 087.8	865.3
Net working capital changes	(870.1)	521.9
– Increase in inventories	(201.2)	(145.2)
– Increase in trade and other receivables	(686.7)	(545.5)
– Increase in trade payables and provisions	17.8	1 212.6
Cash generated from operations	217.7	1 387.2
Interest received	45.4	32.0
Interest paid	(19.3)	(10.3)
Taxation paid	(268.1)	(237.9)
Dividends paid	(355.4)	(246.3)
CASH FLOWS FROM INVESTING ACTIVITIES	(356.3)	(393.8)
Investment to maintain operations	(55.6)	(20.7)
– Replacement of property, plant and equipment	(60.8)	(38.7)
– Proceeds on disposal of property, plant and equipment	5.2	18.0
Investment to expand operations	(365.3)	(275.9)
Net movement on loans and investments	64.6	(97.2)
CASH FLOWS FROM FINANCING ACTIVITIES	29.2	(118.1)
Proceeds from exercise of share options	37.7	11.6
Share repurchases	(8.1)	(92.1)
Repayment of long-term borrowings	(0.4)	(37.6)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(706.8)	412.8
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	453.5	41.5
Effects of exchange rate changes on the balance of cash held in foreign currencies	1.2	(0.8)
NET (OVERDRAFTS) / CASH AND CASH EQUIVALENTS AT END OF YEAR	(252.1)	453.5

Condensed Statement of Changes in Equity

Rmillion	Share capital and premium	Treasury shares	Share based payment reserve	Retained earnings	Attributable to ordinary shareholders
Total capital and reserves at 30 September 2006	13.4	(99.8)	35.0	943.8	892.4
Profit for 2007				523.0	523.0
Recognition of share based payments			21.1		21.1
Take-up of share options		37.5	(25.9)		11.6
Share repurchases		(92.1)			(92.1)
Dividends declared				(246.3)	(246.3)
Total capital and reserves at 30 September 2007	13.4	(154.4)	30.2	1 220.5	1 109.7
Profit for 2008				681.6	681.6
Recognition of share based payments			22.3		22.3
Take-up of share options		84.9	(47.2)		37.7
Transfer arising from take-up of share options			73.1	(73.1)	–
Share repurchases		(8.1)			(8.1)
Dividends declared				(355.4)	(355.4)
Total capital and reserves at 30 September 2008	13.4	(77.6)	78.4	1 473.6	1 487.8

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FINANCIAL HIGHLIGHTS

TURNOVER	up 23.2%
ATTRIBUTABLE PROFIT	up 30.3%
HEADLINE EARNINGS per share	up 29.9%
FINAL DIVIDEND per share	up 37.8%

RETAIL HIGHLIGHTS

SPAR	37 stores opened
SPAR RETAIL TRADING SPACE	up 6.9%
TOPS AT SPAR	69 stores opened
BUILD IT	31 stores opened

Notes to the Financial Statements

1 BASIS OF PRESENTATION AND COMPLIANCE WITH IFRS

The group financial results, from which these condensed financial statements are derived, are prepared in accordance with International Financial Reporting Standards and are prepared on the historical cost basis except for the revaluation of financial instruments, the valuation of share based payments and the post retirement medical obligation. The principal accounting policies and methods of computation adopted are consistent with those of the previous year except for the adoption of IAS 1, IAS 32, IFRS 7 and IFRIC 10 in the current year, none of which has had a material impact on the financial statements. These condensed financial statements are prepared in terms of IAS 34 – Interim financial reporting.

2 COMPARATIVE FIGURES

During the current financial year various other income receipts and expense items were reclassified. Accordingly the 2007 comparative revenue, other income and operating expenses figures were each increased by R16.7 million.

	Audited Year ended Sep 2008 Rmillion	Audited Year ended Sep 2007 Rmillion
3 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		
Property, plant and equipment held for sale	30.3	27.7
Non-current assets held for sale comprise of the group's Montague Gardens, Cape Town distribution centre. At 30 September 2008, all suspensive conditions of the sale had not been fulfilled. As a result, the transfer of the property had not been concluded.		
No impairment was recognised on the reclassification of the property.		
4 SHARE CAPITAL AND PREMIUM		
Authorised		
250 000 000 (2007: 250 000 000) ordinary shares of 0.06 cents (2007: 0.06 cents) each	0.2	0.2
Issued		
169 940 035 (2007: 169 940 035) ordinary shares of 0.06 cents (2007: 0.06 cents) each	0.1	0.1
Share premium account	13.3	13.3
Total share capital and premium	13.4	13.4
The weighted average number of ordinary shares (net of treasury shares) used in the calculation of earnings per share and headline earnings per share was 167 666 960 (2007: 167 075 611). Diluted earnings and headline earnings per share were based on a weighted average number of ordinary shares (net of treasury shares) of 174 535 945 (2007: 174 862 368).		
5 CONTINGENT LIABILITIES		
The company has guaranteed the finance obligations of certain SPAR retailer members to an amount of:	226.9	123.5
6 OPERATING LEASES		
Operating lease costs charged against operating profit		
Immovable property	10.0	6.2
– lease rentals payable	167.8	138.0
– sub-lease recoveries	(157.8)	(131.8)
Plant, equipment and vehicles	8.7	12.9
Operating lease commitments		
Future minimum lease payments under non-cancellable operating leases are as follows:	1 706.0	1 542.3
– land and buildings	1 703.9	1 540.0
– other	2.1	2.3
The future minimum sub-lease recoveries under non-cancellable property leases are:	(1 683.8)	(1 524.3)
Net commitments	22.2	18.0
7 CAPITAL COMMITMENTS		
Contracted	248.7	281.8
Approved but not contracted	117.7	192.5
	366.4	474.3

8 SEGMENTAL REPORTING

The group operates its business from six distribution centres situated throughout South Africa. The distribution centres individually supply goods and services of a similar nature to the group's voluntary trading members. The directors are of the opinion that the operations of the individual distribution centres are substantially similar to one another and that the risks and returns of these distribution centres are likewise similar. As a consequence thereof, the business of the group is considered to be a single geographic segment. TOPS at SPAR and Build it, although constituting distinct businesses at retail, do not satisfy the thresholds of significance for disclosure as separate reportable segments of the group.

9 POST BALANCE SHEET EVENTS

The transfer of the Montague Gardens, Cape Town distribution centre, was effected on 28 October 2008 for R93 million. The directors are not aware of any other matters or circumstances arising since the end of the financial year which have or may significantly affect the financial position of the group or the results of its operation.

Review of Trading Results

The group produced a strong set of trading results for its 45th year of SPAR operation in South Africa. This performance was driven by new store openings, retail space growth and market share gains. Earnings for 2008 of R681.6 million increased 30.3% on prior year, while headline earnings per share of 405.7 cents, rose 29.9%. The dividend cover was again reduced which resulted in a 37.8% increase in the annual dividend declaration. Cash generation remained strong, notwithstanding the group's substantial capital expenditure programme.

Turnover of R26.7 billion was up 23.2%, with this being a year of two differing halves. During the first six months inflation ran at moderate levels and the group experienced good volume growths. In the second six months volumes slowed, as inflation increased sharply. SPAR stores achieved good turnover increases (+21%) and national market share increased to 27.6% of the measured market. The group's liquor division had an exceptional year on the back of substantial store openings and good organic growth. Build it achieved satisfactory growth despite a slowdown in the building industry.

The competitive environment resulted in the gross margin declining slightly from 8.2% in 2007 to 8.1% in 2008. Gross profit of R2.2 billion increased 21.5%.

Warehouse expenditure continued to reflect the efficiencies obtained from the implementation of new technologies. Distribution costs however, increased markedly as a result of the dramatic rise in the cost of fuel. The group continues to focus on load and route optimisation and driver training in an effort to minimise delivery costs.

Net interest earned of R26.6 million (2007 – R22.0 million) reflected higher interest received on positive cash balances and outstanding loans. The group reviewed its policy of funding retailer loans and during the latter half of the year discounted a number of existing loans with its bankers. The group will continue to assist retailers to secure loan facilities for store purchase and revamp purposes.

The group maintained its investment in Zimbabwe. Trading conditions in that country remained extremely difficult although, in general, SPAR outperformed the market.

The effective rate of taxation, inclusive of STC, was 31.4% (2007 – 34.2%), in the main the change being attributable to a reduction in the rate of company taxation and a decrease in the rate of STC levied on dividends.

The group invested R365.3 million in expansionary and R60.8 million in replacement capital expenditure. In addition to the expenditure on the Western Cape facility (R106 million), some R126 million was spent on expanding the South Rand warehouse and R49 million on the purchase of property in KwaZulu-Natal. The South Rand facility expansion is scheduled for completion in early 2010, whilst the construction of a perishable facility in KwaZulu-Natal will be completed in November 2009. The group continued to invest in the upgrading and modernisation of its transport fleet.

The group proceeded with a limited share buy back programme. Prior to the September year-end close, 163 200 shares had been purchased. A further 719 800 shares have been purchased since year-end. The average cost of all shares purchased was R48.67 per share. Proceeds from the exercising of share options amounted to R37.7 million.

Notwithstanding an overdraft position at year-end of R310.0 million (2007 – cash balance R389.2 million) the group's cash flow remained strong. The group remains in the enviable position of being able to self-fund its capital expenditure programme, whilst at the same time lowering its dividend cover and buying back shares.

The group reduced the dividend cover to a multiple of 1.6, and declared a final dividend of 155 cents per share.

PROSPECTS

The group expects 2009 to be a challenging year. High interest rates, a weaker rand, ongoing high levels of inflation and a slowing economy will put pressure on consumers' disposable income. Management are however confident that they will be able to produce a satisfactory level of earnings growth for the year. Focus areas will be driving sales, cost control and improvements in operational efficiencies.

Cash generation during 2009 will remain positive and will accommodate the group's capital expansion requirements as well as providing for dividends and share buy backs. Capital expenditure for 2009 is forecast at R480 million.

Mike Hankinson — Chairman
Wayne Hook — Chief Executive

11 November 2008

AUDIT OPINION

The auditors, Deloitte & Touche, have issued their opinion on the group's financial statements for the year ended 30 September 2008. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. A copy of their audit report is available for inspection at the company's registered office. These condensed financial statements have been derived from the group financial statements and are consistent in all material respects, with the group financial statements.

DECLARATION OF ORDINARY CASH DIVIDEND

Notice is hereby given that a final dividend of 155 cents per share has been declared in respect of the year ended 30 September 2008.

The salient dates for the payment of the final dividend are detailed below:

Last day to trade cum-dividend	Friday, 28 November 2008
Shares to commence trading ex-dividend	Monday, 1 December 2008
Record date	Friday, 5 December 2008
Payment of dividend	Monday, 8 December 2008

Shareholders will not be permitted to dematerialise or rematerialise their share certificates between Monday, 1 December 2008 and Friday, 5 December 2008, both days inclusive.

By order of the board

KJ O'Brien — Company Secretary
Pinetown — 11 November 2008

DIRECTORATE AND ADMINISTRATION

DIRECTORS: MJ Hankinson* (Chairman), WA Hook (Chief Executive), RW Coe, DB Gibbon*, PK Hughes*, RJ Hutchison*, MP Madi*, HK Mehta*, P Mnganga*, R Venter. *Non-executive

COMPANY SECRETARY: KJ O'Brien

THE SPAR GROUP LIMITED ("Spar" or "the company" or "the group")

REGISTRATION NUMBER: 1967/001572/06

ISIN: ZAE 000058517 JSE share code: SPP

REGISTERED OFFICE: 22 Chancery Lane, PO Box 1589, Pinetown, 3600

TRANSFER SECRETARIES: Link Market Services South Africa (Pty) Limited, PO Box 4844, Johannesburg, 2000

AUDITORS: Deloitte & Touche, PO Box 243, Durban, 4000

SPONSOR: Rand Merchant Bank, PO Box 786273, Sandton, 2146

BANKERS: First National Bank, PO Box 4130, Umhlanga Rocks, 4320

ATTORNEYS: Garlicke & Bousfield, PO Box 1219, Umhlanga Rocks, 4320

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