
SPAR
SPAR

Definitions

SHAREHOLDERS' RATIOS

Basic earnings per share

Attributable profit divided by the weighted average number of ordinary shares (net of treasury shares) in issue during the year.

Basic earnings per share – diluted

Attributable profit divided by the fully diluted weighted average number of ordinary shares (net of treasury shares) in issue during the year.

Headline earnings per share

Headline earnings divided by the weighted average number of ordinary shares (net of treasury shares) in issue during the year.

Headline earnings per share – diluted

Headline earnings divided by the fully diluted weighted average number of ordinary shares (net of treasury shares) in issue during the year.

Dividend cover

Headline earnings per share divided by dividends per share for the year, comprising the interim dividend paid and the final dividend declared after year-end.

Net asset value per share

The net asset value at year-end divided by the weighted average number of ordinary shares in issue during the year (net of treasury shares).

COMPREHENSIVE INCOME INFORMATION

Gross margin

Gross profit expressed as a percentage of turnover.

Operating profit margin

Operating profit expressed as a percentage of turnover.

Headline earnings

Headline earnings consist of the earnings attributable to ordinary shareholders, excluding non-trading and capital items.

PROFITABILITY RETURNS

Return on equity

Attributable profit expressed as a percentage of the average total equity.

Return on net assets

Operating profit expressed as a percentage of the net closing asset value at year-end.

Annual financial statements
for the year ended 30 September 2013

CONTENTS

PREPARER OF THE ANNUAL FINANCIAL STATEMENTS

In compliance with the disclosure requirement of the Companies Act, No 71 of 2008, as amended, the annual financial statements have been prepared under the supervision of Mr MW Godfrey CA(SA) on behalf of The SPAR Group Limited.

Directors' approval
of the annual financial statements

The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements ("FRPs") as issued by the Financial Reporting Standards Council ("FRSC") and the requirements of the Companies Act of South Africa. The group's independent external auditors, Deloitte & Touche, have audited the financial statements and their unmodified report is enclosed.

The directors are also responsible for the systems of internal control. These controls are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the assets, to record all liabilities, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

In preparing the financial statements, the company and group have used appropriate accounting policies, supported by reasonable judgements and estimates, and have complied with all applicable accounting standards. The directors are of the opinion that the financial statements fairly present the financial position of the company and the group as at 30 September 2013 and the results of their operations and cash flows for the year under review.

The annual financial statements are prepared on the going concern basis. Nothing has come to the attention of the directors to indicate that the company or the group will not remain a going concern for the foreseeable future.

The annual financial statements were approved by the board of directors on 12 November 2013 and are signed on its behalf by:

MJ Hankinson
Chairman
12 November 2013

WA Hook
Chief Executive Officer

Certificate by Company Secretary

In terms of section 88(2)(e) of the Companies Act, No 71 of 2008, as amended, I certify that, to the best of my knowledge and belief, the company has lodged with the Registrar of Companies, for the financial year ended 30 September 2013, all such returns and notices as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

KJ O'Brien
Company Secretary

12 November 2013

Independent auditor's report
to the shareholders of The SPAR Group Limited

We have audited the consolidated and separate annual financial statements of The SPAR Group Limited, set out on pages 64 to 102, which comprise the consolidated and separate statements of financial position as at 30 September 2013, and the consolidated and separate statements of comprehensive income, statements of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of The SPAR Group Limited as at 30 September 2013, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate annual financial statements for the year ended 30 September 2013, we have read the Directors' statutory report, the Audit Committee's report and the Company Secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte . Touche

Deloitte & Touche
Registered Auditors
Per **Brian Botes** CA(SA)
Partner

12 November 2013
2 Pencarrow Crescent, La Lucia Ridge Office Estate, Durban

National executive: LL Bam *Chief Executive,* AE Swiegers *Chief Operating Officer,* GM Pinnock *Audit,* DL Kennedy *Risk Advisory,* NB Kader *Tax,* TP Pillay *Consulting,* K Black *Clients and Industries,* JK Mazzocco *Talent and Transformation,* CR Beukman *Finance,* M Jordan *Strategy,* S Gwala *Special Projects,* TJ Brown *Chairman of the Board,* MJ Comber *Deputy Chairman of the Board*

Regional leader: GC Brazier

A full list of partners and directors is available on request.

BBBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

Directors' statutory report

PRINCIPAL ACTIVITY OF THE COMPANY

The principal activity of the company is as a wholesaler and distributor of goods and services to SPAR grocery stores, Build it builders' merchandise outlets, and TOPS at SPAR liquor stores. The company operates seven main distribution centres which are strategically located close to the major metropolitan areas. These distribution centres service SPAR stores, Build it outlets and TOPS at SPAR stores across South Africa and neighbouring countries.

FINANCIAL RESULTS

The net profit attributable to ordinary shareholders for the year ended 30 September 2013 amounted to R1 190.5 million (2012: R1 058.9 million). This translates into headline earnings per share of 696.6 cents (2012: 616.3 cents) based on the weighted average number of shares (net of treasury shares) in issue during the year.

STATED CAPITAL

Details of the authorised and issued stated capital of the company are set out in note 18.

During the year, 422 606 (2012: 441 100) shares were issued to option holders who exercised their option rights in terms of the rules of The SPAR Group Limited Employee Share Trust (2004).

TREASURY SHARES

During the year, The SPAR Group Limited Employee Share Trust (2004) purchased 1 213 423 (2012: 1 072 308) shares in The SPAR Group Limited for R145.4 million (2012: R123.6 million). A total of 905 425 (2012: 1 327 926) shares were reissued to option holders who exercised their option rights. At year-end, 363 180 (2012: 55 182) shares in the company were held by the trust.

At the 2013 annual general meeting (AGM), a general authority was granted by shareholders to allow the company to acquire its own shares in terms of the Companies Act. The directors consider it will be advantageous for the company for this general authority to continue. Such authority will be used if the directors consider that it is in the best interests of the company and shareholders to effect such share purchases having regard to prevailing circumstances and the cash resources of the company at the time. Shareholders will be asked to consider a similar special resolution to this effect at the forthcoming annual general meeting.

SHARE OPTION SCHEME

Details of the unissued shares of the company subject to option, in terms of The SPAR Group Limited Employee Share Trust (2004), are as follows:

	2013	2012
Shares under option at the beginning of the year	**7 946 008**	8 758 534
Options granted	**880 500**	1 013 000
Options exercised and paid in full	**(1 289 369)**	(1 818 226)
Options lapsed, cancelled or reinstated	**(104 434)**	(7 300)
Shares under option as at year-end (refer note 18.2)	**7 432 705**	7 946 008
Options available for issue (under control of the directors)	**1 326 132**	2 206 632

Details of options granted are set out in note 18.2.

DIVIDENDS

A final dividend of 275 cents in respect of 2012 was declared on 13 November 2012 and paid on 10 December 2012. An interim dividend of 179 cents per share was declared on 14 May 2013 and paid on 10 June 2013. A final dividend of 306 cents per share was declared on 12 November 2013, payable on 9 December 2013.

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

Last day to trade cum-dividend	Friday, 29 November 2013
Shares to commence trading ex-dividend	Monday, 2 December 2013
Record date	Friday, 6 December 2013
Payment of dividend	Monday, 9 December 2013

Shareholders will not be permitted to dematerialise or rematerialise their share certificates between Monday, 2 December 2013 and Friday, 6 December 2013, both days inclusive.

DIRECTORATE

Details of the directors of the company at the date of this report are disclosed on pages 28 to 29.

In terms of the company's Memorandum of Incorporation, one third of the non-executive directors retire annually by rotation at the annual general meeting. Accordingly, Mr HK Mehta and Mr MP Madi retire at the AGM to be held on 11 February 2014, but offer themselves for re-appointment.

At 30 September 2013, the directors beneficially held 90 700 (2012: 93 084) shares in the company and unexercised options to acquire a total of 1 410 600 (2012: 1 319 600) ordinary shares in the company (refer notes 28.3 and 29).

AUDIT COMMITTEE

The Audit Committee, a statutory committee of the board, addresses matters requiring specialist attention. The committee's responsibility includes, but is not limited to, the examination of internal control processes, reviewing and approving the internal audit plan, assessing the reports of the internal and external auditors and confirming that the company will remain a going concern.

The external and internal auditors have unrestricted access to the Audit Committee, and attend meetings to report on their findings and to discuss accounting, auditing, internal control and financial reporting matters.

During the year the independence of the auditors was tested and confirmed.

RISK MANAGEMENT

The company has in place a Risk Committee, which operates as a sub-committee of the board. The committee is responsible for monitoring the management of risks that may affect the company's operations.

The group has identified the top 12 major risks that may have an effect on the operations of the company.

Regular risk management audits are conducted in conjunction with appropriate risk management consultants, where necessary. Identified risks are reviewed and action plans to minimise the possibility of a loss occurring are in place. Risks are considered to be adequately covered, and self-insurance programmes are in operation covering primary levels of risk. Assets are insured at current replacement values.

The group's practice regarding insurance includes an annual assessment, in conjunction with the group's insurance brokers, of the risk exposure relative to assets and possible liabilities arising from business transactions. In addition, the group's insurance programme is monitored by the Risk Committee.

SUBSIDIARIES

The interest of the company in the aggregate net loss after taxation of subsidiaries was a loss of R11.9 million (2012: loss of R9.9 million). Details of the company's subsidiaries are set out in note 34.

EVENTS AFTER THE REPORTING DATE

The directors are not aware of any 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 operations.

Accounting policies

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and have been 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 are consistent with those of the previous year.

There were no changes to the group's accounting policies during the year with the exception of the adoption of the amendments to IAS 1 which requires the group to present items in the statement of other comprehensive income based on whether they may be reclassified to profit or loss in the future.

ADOPTION OF NEW AND REVISED STANDARDS

At the date of these financial statements, the following standards, interpretations and amendments to existing standards were in issue but not yet effective:

New accounting standards or amendments thereto and interpretations of accounting standards effective for the financial year ending September 2014

Standard/ Interpretation	Description	Effective for annual periods beginning on or after
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IFRS 1	First-time Adoption of International Financial Reporting Standards	1 January 2013
IFRS 7	Enhancing Disclosures about Offsetting of Financial Assets and Financial Liabilities	1 January 2013
IAS 1	Presentation of Other Comprehensive Income	1 January 2013
IAS 16	Property, Plant and Equipment	1 January 2013
IAS 19	Employee Benefits	1 January 2013
IAS 27	Separate Financial Statements	1 January 2013
IAS 28	Investments in Associates and Joint Ventures	1 January 2013
IAS 32	Financial Instruments: Presentation	1 January 2013
IAS 34	Interim Financial Reporting	1 January 2013

New accounting standards or amendments thereto and interpretations of accounting standards effective after the financial year ending September 2014

Standard/ Interpretation	Description	Effective for annual periods beginning on or after
IFRS 9	Financial Instruments:	
	Classification and measurement of financial assets	1 January 2015
	Classification and measurement of financial liabilities	1 January 2015
	Derecognition	1 January 2015
IFRS 10	Investment Entity amendments	1 January 2014
IFRS 7	Disclosures about the initial application of IFRS 9	1 January 2015 (or otherwise when IFRS 9 is first applied)
IAS 32	Application guidance amendments relating to the offsetting of financial assets and financial liabilities	1 January 2014
IFRIC 21	Levies	1 January 2014

The directors anticipate that the adoption of the aforementioned standards and interpretations and amendments to existing standards will not have a material impact on the profits or financial position of the group, other than that of IAS 19. The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change to the group relates to the accounting for changes in post-retirement medical aid benefits. The amendments require the recognition of changes in benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to IAS 19 require retrospective application. Based on the directors' preliminary assessment, when the group applies the amendments to IAS 19 for the first time for the year ending 30 September 2014, the profit after income tax for the year ended 30 September 2013 would be reduced by R4.4 million, and other comprehensive income for the said year would be increased by R16.5 million (1 October 2012: decrease in retained earnings of R14.9 million) with the corresponding adjustments being recognised in the post retirement medical aid obligation.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the results and financial position of the company and all its subsidiaries, which are defined as entities over which the group has the ability to exercise control so as to obtain benefits from their activities. The results of subsidiaries are included from the effective dates of acquisition and up to the effective dates of disposal.

All inter-company transactions and balances between group companies are eliminated.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies in line with those used by the group.

The company has effective control of The SPAR Guild of Southern Africa and The Build it Guild of Southern Africa and the assets and liabilities of these entities are consolidated with those of the company. As the company acts as an agent of these Guilds, the income and the expenditure of the Guilds has been offset and not consolidated.

Investments acquired with the intention of disposal within 12 months are not consolidated.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Land is stated at cost and is not depreciated.

Land and buildings are held for use in the supply of goods.

Owner-occupied buildings are stated at cost and depreciated at 2% per annum on a straight-line basis to their estimated residual value. No revaluations have been made to property since 1984.

The cost less residual values of plant and equipment is depreciated over their estimated useful lives on a straight-line basis. The useful lives and residual values of all assets are reviewed annually and are adjusted should any changes arise. The following depreciation rates apply:

Vehicles	10% to 25% per annum
Plant and equipment	8.3% to 33.3% per annum
Furniture and fittings	4% to 33.3% per annum
Computer equipment	10% to 33.3% per annum

Where assets are identified as being impaired, that is when the recoverable amount has declined below the carrying amount, the carrying amount is reduced to reflect the decline in value.

Profit and loss on disposal of property, plant and equipment is recognised in profit or loss in the year of disposal.

Property, plant and equipment subject to finance lease agreements is capitalised at the cash cost equivalent and the corresponding liabilities raised. Lease finance charges are charged to operating profit as they fall due. These assets are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the lease.

BUSINESS COMBINATIONS

The acquisition of entities is accounted for under the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of the exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at acquisition date, except for non-current assets held for sale, which are recognised at fair value less cost to sell. Goodwill arising on acquisition is initially recognised at cost. Negative goodwill is immediately recognised to profit and loss.

GOODWILL

Goodwill arising on the acquisition of entities represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the entities recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units. Cash-generating units to which goodwill has been allocated are tested annually for impairment or more frequently when there is an indication that the cash-generating unit may be impaired. Any impairment loss is recognised directly to profit and loss. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of an entity, attributable goodwill is included in the determination of the profit and loss on disposal.

INVESTMENTS IN 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. Investments in subsidiaries are stated at cost less amounts written off to provide for diminution in the net asset values of subsidiaries where appropriate.

INVESTMENT IN ASSOCIATES

Associates are those companies, which are not subsidiaries, over which the group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these decisions. Associate companies are accounted for using the equity method except where the investment is classified as held for sale, in which case it is accounted for under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Equity accounted income represents the group's proportionate share of the associate's post-acquisition accumulated profit after accounting for dividends declared by those entities.

The carrying value of investments in associates represents the cost of each investment including goodwill, the share of post-acquisition retained income or losses and other movements in reserves. Losses of an associate in excess of the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate) are not recognised. Any excess of the cost of acquisition over the group's share of the fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of the acquisition, is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

When a group company transacts with the associate, profits and losses are eliminated to the extent of the group's interest in the relevant associate.

IMPAIRMENT (excluding goodwill)

At each statement of financial position date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the extent that the increased carrying amount does not exceed the original carrying value. A reversal of an impairment loss is recognised immediately to profit and loss.

SHARE BASED PAYMENTS

The group has applied the requirements of IFRS 2 Share Based Payments to all equity instruments issued after 7 November 2002 that had not vested as of 1 January 2005. The group issues equity settled share based payments to certain employees. These share based payments are measured at fair value at the date of the grant and are recognised to profit and loss on a straight-line basis over the vesting period. Fair value is measured at grant date by use of a binomial model. The expected life used in the model is adjusted, based on management's best estimate of the effect of non-market vesting conditions.

The group's accounting for the BBBEE transaction complies with the requirements of IFRS 2 Share Based Payments. The fair value of options granted to retailer employees is recognised immediately to profit and loss. The fair value of options granted to SPAR employees is recognised to profit and loss over the vesting period. Fair value is measured at grant date by use of a binomial model. The expected life used in the model is adjusted, based on management's best estimate of the effect of non-market vesting conditions.

TAXATION

Income taxation expense represents the sum of current taxation payable, deferred taxation and Secondary Taxation on Companies (STC). Current taxation is payable based on taxable profit for the year. Taxable profit will differ from reported profit because it will exclude items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been substantively enacted at the statement of financial position date. STC is recognised at the time the dividend is declared. Dividends withholding tax has replaced STC. It is a tax levied on the beneficial owner of the shares instead of the group. The resultant tax expense and liability has been transferred to the shareholder and is no longer accounted for as part of the tax charge of the group.

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred taxation liabilities are generally recognised for all taxable temporary differences.

Deferred taxation is calculated using taxation rates at the statement of financial position date and is charged or credited to the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred taxation is dealt with in equity.

Deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which future deductible temporary differences can be utilised. The carrying amount of deferred taxation assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available.

Deferred taxation assets and liabilities are not recognised if the temporary difference arises from goodwill, or from the initial recognition (other than business combinations) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Obsolete, redundant and slow moving inventory is identified and written down to estimated economic or realisable values. Net realisable value represents the selling price less all estimated costs to be incurred in the marketing, selling and distribution thereof.

When inventory is sold, the carrying amount is recognised to cost of sales. Any writedown of inventory to net realisable value and all losses of inventory or reversals of previous writedowns are recognised in cost of sales.

POST-RETIREMENT MEDICAL AID PROVISION

The company provides post-retirement health care benefits to certain of its retirees. The entitlement to these benefits is based on qualifying employees remaining in service until retirement age. The projected unit credit method of valuation is used to calculate the post-retirement medical aid obligations, which costs are accrued over the period of employment. These benefits are actuarially valued annually with the last valuation taking place in the current year. Actuarial gains and losses exceeding 10% of the group's post-retirement medical aid provision are amortised to profit and loss over the expected remaining working lives of the participating employees. The liability is unfunded.

PROVISIONS

Provisions are recognised when the company has a legal or constructive obligation as a result of past events, where 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.

RETIREMENT BENEFITS

The group contributes to pension and provident funds which are governed by the Pension Funds Act No. 24 of 1956. The defined contribution funds are reviewed annually by consulting actuaries. Contributions are charged against income as incurred. The defined benefit fund is actuarially valued on an annual basis with the last statutory valuation occurring during the current year. The projected unit credit method of valuation is used to calculate the present value of the liabilities. Plan assets are measured at fair value.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration receivable and represents amounts receivable for goods and services provided in the normal course of business, net of rebates, discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Advertising revenue consists of contributions from suppliers towards promotional activities and is recognised when the associated advertising and promotional activity has occurred.

Interest income is accrued on a time basis, by reference to the principal outstanding and at an applicable interest rate.

Dividend income from investments is brought to account as and when the company is entitled to receive such dividend unless the dividend is due from an entity which operates under severe long-term restrictions. The dividends from these entities are accounted for on a cash basis.

Accounting policies continued

FOREIGN CURRENCIES

Transactions in currencies other than in Rands are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at period end. Exchange differences arising on the settlement of monetary items or on reporting the group's monetary items at rates different from those at which they were initially recorded, are recognised to profit or loss in the period in which they arise.

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Rands, which is the functional currency of the company, and the presentation currency for the consolidated financial statements. For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Rands using exchange rates prevailing at period end. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. In the period that the foreign operation is disposed of, such translation differences are recognised to profit or loss.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the statement of financial position when the company or group becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value, which includes transaction costs for those financial assets not recognised at fair value through profit and loss. Subsequent to initial recognition, the instruments are measured as set out below:

- the principal financial assets are cash resources, trade receivables, investments and loans. Trade receivables, loans and cash resources are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. In the company's financial statements, the investments in subsidiaries are stated at cost less amounts written off to provide for the diminution in the net asset values of the subsidiaries. Other investments are stated at cost less any identified impairment losses;
- financial liabilities are classified according to the substance of the contractual arrangements. Significant financial liabilities include trade and other payables. Trade and other payables are stated at their nominal value;
- derivative assets and liabilities are recognised at fair value through profit and loss at each reporting date;
- equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs; and
- other equity investments are held at fair value. Changes in fair value are recognised in profit and loss.

Financial assets and financial liabilities are offset and the net amounts are reported in the statement of financial position when the group has a legally enforceable right to set-off the recognised amounts and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

FINANCIAL GUARANTEES

Financial guarantee contracts are accounted for as insurance contracts in terms of IFRS 4 Insurance Contracts and are measured initially at cost and thereafter in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

LEASED ASSETS

Leased assets are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental recoveries received under property head lease agreements are recognised on the straight-line basis over the period of the relevant lease. These are offset against the head lease rental charge in operating expenditure.

Rental income in respect of operating leases is recognised on a straight-line basis over the term of the relevant lease.

In the capacity of lessee

Assets held under finance leases are recognised as assets of the group at their fair values, or if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit and loss.

Rental costs incurred under operating leases are charged to profit and loss on a straight-line basis over the term of the relevant lease.

Key management judgements

There are a number of areas where judgement is applied in the application of the accounting policies in the financial statements.

Significant areas of judgement have been identified as:

IMPAIRMENT OF GOODWILL

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill relates. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate to calculate the present value. Details of the assumptions used in the impairment test are detailed in note 10.

PROPERTY, PLANT, EQUIPMENT AND VEHICLES

The directors have assessed the useful lives and residual values of assets based on historical trends.

PROVISION FOR INVENTORY OBSOLESCENCE

The provision for net realisable value of inventory represents management's estimate of the extent to which inventory on hand at the reporting date will be sold below cost. This estimate takes into consideration past trends, evidence of impairment at year-end and an assessment of future saleability.

ALLOWANCE FOR DOUBTFUL DEBTS IN TRADE RECEIVABLES

The allowance for doubtful debts in trade receivables represents management's estimate of the extent to which trade receivables at the reporting date will not be subsequently recovered. This estimate takes into consideration past trends and makes an assessment of additional risk factors, which are likely to impact recoverability.

POST-EMPLOYMENT BENEFITS

The post-employment benefits are valued by actuaries taking into account the assumptions as detailed in note 21.

SHARE OPTIONS

The share options are actuarially valued using a binomial model, with the expected life used in the model being based on management estimates.

KEY SOURCES OF ESTIMATION UNCERTAINTY

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date that management have assessed as having a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

Statements of comprehensive income

for the year ended 30 September 2013

Rmillion	Notes	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Revenue	1	**47 795.8**	43 560.2	**46 539.4**	42 521.9
Trading profit	3	**1 663.3**	1 523.2	**1 680.0**	1 540.4
BBBEE transactions	35	**(13.3)**	(13.0)	**(13.3)**	(13.0)
Operating profit		**1 650.0**	1 510.2	**1 666.7**	1 527.4
Interest received	4	**34.0**	32.8	**33.4**	32.0
Interest paid	4	**(24.8)**	(27.8)	**(18.4)**	(22.9)
Share of equity accounted associate income	12	**3.3**	3.5		
Profit before taxation		**1 662.5**	1 518.7	**1 681.7**	1 536.5
Taxation	5	**(472.0)**	(459.8)	**(459.3)**	(448.5)
Profit for the year attributable to ordinary shareholders		**1 190.5**	1 058.9	**1 222.4**	1 088.0
Other comprehensive income					
Items that may be classified subsequently to profit or loss:					
Exchange differences from translation of foreign operations		**0.6**			
Total comprehensive income		**1 191.1**	1 058.9	**1 222.4**	1 088.0
Earnings per share (cents)	6				
Basic		**690.6**	615.7		
Diluted		**644.7**	570.6		

Statements of financial position

as at 30 September 2013

Rmillion	Notes	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
ASSETS					
Non-current assets		**2 380.9**	2 222.5	**2 347.9**	2 141.9
Property, plant and equipment	9	**1 749.1**	1 588.0	**1 636.3**	1 472.3
Goodwill	10	**387.6**	391.0	**264.0**	245.6
Investment in subsidiaries	34			**209.0**	203.4
Investment in associates	12	**52.6**	40.0	**38.8**	29.5
Other investments	37	**1.9**	20.9	**1.9**	1.9
Operating lease receivables	11	**98.1**	112.7	**117.2**	130.2
Loans	13	**64.4**	59.0	**64.4**	59.0
Deferred taxation asset	14	**27.2**	10.9	**16.3**	
Current assets		**7 404.8**	7 672.8	**7 085.2**	7 309.3
Inventories	15	**1 374.0**	1 415.6	**1 333.7**	1 376.0
Trade and other receivables	16	**5 841.3**	5 341.1	**5 632.2**	5 086.8
Prepayments		**32.7**	35.8	**31.9**	35.2
Operating lease receivables	11	**39.1**	34.3	**39.1**	34.3
Loans	13	**5.5**	4.4	**48.3**	11.3
Bank balances – SPAR	17		752.4		765.7
Bank balances – Guilds	17	**112.2**	89.2		
Total assets		**9 785.7**	9 895.3	**9 433.1**	9 451.2
EQUITY AND LIABILITIES					
Capital and reserves		**3 177.7**	2 837.6	**3 292.9**	2 885.6
Stated capital	18	**61.6**	54.5	**61.6**	54.5
Treasury shares	19	**(42.8)**	(6.9)		
Currency translation reserve		**0.5**	(0.1)		
Share based payment reserve		**355.1**	323.1	**355.1**	323.1
Retained earnings		**2 803.3**	2 467.0	**2 876.2**	2 508.0
Non-current liabilities		**224.6**	236.3	**223.1**	235.2
Deferred taxation liability	14	**1.5**	3.9		2.8
Post-retirement medical aid provision	21	**108.0**	103.4	**108.0**	103.4
Operating lease payables	11	**115.1**	129.0	**115.1**	129.0
Current liabilities		**6 383.4**	6 821.4	**5 917.1**	6 330.4
Trade and other payables	22	**6 204.6**	6 772.6	**5 742.3**	6 281.4
Operating lease payables	11	**41.9**	35.4	**41.9**	35.4
Provisions	23	**14.7**	6.7	**11.6**	6.1
Taxation payable	25	**11.3**	6.7	**12.3**	7.5
Bank overdrafts	17	**110.9**		**109.0**	
Total equity and liabilities		**9 785.7**	9 895.3	**9 433.1**	9 451.2

Statements of changes in equity

for the year ended 30 September 2013

Rmillion	Stated capital	Treasury shares	Currency translation reserve	Share based payment reserve	Retained earnings	Attributable to ordinary shareholders
GROUP						
Capital and reserves at 30 September 2011	49.6	(27.8)	(0.1)	292.0	2 175.8	2 489.5
Total comprehensive income for the year					1 058.9	1 058.9
Recognition of share based payments				18.7		18.7
Take-up of share options		149.4		(97.2)		52.2
Transfer arising from take-up of share options				97.2	(97.2)	–
Share repurchases		(123.6)				(123.6)
Dividends declared					(670.5)	(670.5)
Issue of shares	4.9	(4.9)				–
Recognition of BBBEE transaction				12.4		12.4
Capital and reserves at 30 September 2012	**54.5**	**(6.9)**	**(0.1)**	**323.1**	**2 467.0**	**2 837.6**
Total comprehensive income for the year			**0.6**		**1 190.5**	**1 191.1**
Recognition of share based payments				**19.6**		**19.6**
Take-up of share options		**116.6**		**(72.2)**		**44.4**
Transfer arising from take-up of share options				**72.2**	**(72.2)**	**–**
Share repurchases		**(145.4)**				**(145.4)**
Dividends declared					**(782.0)**	**(782.0)**
Issue of shares	**7.1**	**(7.1)**				**–**
Recognition of BBBEE transaction				**12.4**		**12.4**
Capital and reserves at 30 September 2013	**61.6**	**(42.8)**	**0.5**	**355.1**	**2 803.3**	**3 177.7**
COMPANY						
Capital and reserves at 30 September 2011	49.6	–	–	292.0	2 187.7	2 529.3
Total comprehensive income for the year					1 088.0	1 088.0
Recognition of share based payments				18.7		18.7
Contribution to Employee Share Trust				(97.2)		(97.2)
Transfer arising from take-up of share options				97.2	(97.2)	–
Dividends declared					(670.5)	(670.5)
Issue of shares	4.9					4.9
Recognition of BBBEE transaction				12.4		12.4
Capital and reserves at 30 September 2012	**54.5**	**–**	**–**	**323.1**	**2 508.0**	**2 885.6**
Total comprehensive income for the year					**1 222.4**	**1 222.4**
Recognition of share based payments				**19.6**		**19.6**
Contribution to Employee Share Trust				**(72.2)**		**(72.2)**
Transfer arising from take-up of share options				**72.2**	**(72.2)**	**–**
Dividends declared					**(782.0)**	**(782.0)**
Issue of shares	**7.1**					**7.1**
Recognition of BBBEE transaction				**12.4**		**12.4**
Capital and reserves at 30 September 2013	**61.6**	**–**	**–**	**355.1**	**2 876.2**	**3 292.9**

Statements of cash flow
for the year ended 30 September 2013

Rmillion	Notes	GROUP 2013	GROUP Restated* 2012	COMPANY 2013	COMPANY 2012
Cash flows from operating activities		**(443.2)**	1 153.5	**(446.8)**	1 180.4
Cash generated from operations	24	**815.6**	2 307.1	**793.8**	2 318.4
Interest received		**34.0**	32.8	**33.4**	32.0
Interest paid		**(24.8)**	(27.8)	**(18.4)**	(22.9)
Taxation paid	25	**(486.0)**	(488.1)	**(473.6)**	(476.6)
Dividends paid	8	**(782.0)**	(670.5)	**(782.0)**	(670.5)
Cash flows from investing activities		**(296.1)**	(220.3)	**(435.0)**	(294.1)
Acquisition of businesses	36.2	**(24.3)**	(11.0)*	**(24.3)**	
Proceeds from disposal of business	36.3	**17.0**			
Investment to expand operations	9	**(220.1)**	(89.1)*	**(206.1)**	(89.1)
Investment to maintain operations		**(78.5)**	(71.8)	**(79.7)**	(66.6)
– Replacement of property, plant and equipment	9	**(83.3)**	(74.1)	**(82.4)**	(68.9)
– Proceeds on disposal of property, plant and equipment		**4.8**	2.3	**2.7**	2.3
Net movement in loans and investments	24.1	**9.8**	(48.4)*	**(124.9)**	(138.4)
Cash flows from financing activities		**(101.0)**	(73.1)	**7.1**	4.9
Proceeds from issue of shares		**7.1**	4.9	**7.1**	4.9
Proceeds from exercise of share options		**37.3**	47.3		
Share repurchases	19	**(145.4)**	(123.6)		
Acquisition of partial interest in a subsidiary that does not involve a change of control			(1.7)*		
Net movement in cash and cash equivalents		**(840.3)**	860.1	**(874.7)**	891.2
Net balances/(overdrafts) at beginning of year		**841.6**	(18.5)	**765.7**	(125.5)
Net balances/(overdrafts) at end of year	17	**1.3**	841.6	**(109.0)**	765.7

* *The September 2012 values have been restated to ensure correct classifications in terms of IAS 7. The reclassifications did not change the net cash flow position for the year (refer note 38).*

Notes to the financial statements
for the year ended 30 September 2013

Rmillion	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
1. REVENUE				
Turnover	**47 387.3**	43 166.0	**46 107.2**	42 105.7
Other income	**408.5**	394.2	**432.2**	416.2
Marketing revenues	**400.8**	391.4	**399.9**	390.7
Other receipts	**7.7**	2.8	**7.7**	2.8
Dividends received – subsidiaries and associates			**24.6**	22.7
Total revenue	**47 795.8**	43 560.2	**46 539.4**	42 521.9
2. COST OF SALES				
Cost of sales represents the net cost of purchases from suppliers, after discounts, rebates and incentive allowances received from suppliers.				
3. TRADING PROFIT				
Trading profit is arrived at after taking into account:				
Turnover	**47 387.3**	43 166.0	**46 107.2**	42 105.7
Cost of sales	**(43 566.6)**	(39 721.3)	**(42 449.9)**	(38 810.5)
Gross profit	**3 820.7**	3 444.7	**3 657.3**	3 295.2
Other income	**408.5**	394.2	**432.2**	416.2
Operating expenses	**(2 565.9)**	(2 315.7)	**(2 409.5)**	(2 171.0)
Warehousing and distribution expenses	**(1 208.6)**	(1 088.4)	**(1 222.5)**	(1 101.4)
Marketing and selling expenses	**(753.4)**	(674.0)	**(582.1)**	(524.6)
Administration and information technology expenses	**(603.9)**	(553.3)	**(604.9)**	(545.0)
Trading profit	**1 663.3**	1 523.2	**1 680.0**	1 540.4
Operating expenses include the following:				
Auditors' remuneration:	**5.7**	6.1	**4.8**	5.0
Audit fees	**4.5**	4.3	**3.6**	3.4
Other fees	**1.2**	1.8	**1.2**	1.6
Depreciation:	**138.6**	125.4	**126.1**	115.2
Buildings and leasehold improvements	**3.8**	3.7	**3.7**	3.7
Plant, equipment and vehicles	**134.8**	121.7	**122.4**	111.5
Fair value adjustment		0.1		0.1
Net foreign exchange losses/(profits)	**0.5**	(0.1)	**0.5**	(0.1)
Operating lease charges:				
Immovable property	**55.0**	52.0	**22.8**	18.1
Lease rentals payable	**474.3**	410.7	**442.1**	376.8
Sub-lease recoveries	**(419.3)**	(358.7)	**(419.3)**	(358.7)
Plant, equipment and vehicles	**4.8**	15.7	**3.1**	13.5
Net (profit)/loss on disposal of plant and equipment	**(0.2)**	1.5	**1.6**	1.5
Impairment of goodwill	**7.5**			
Impairment of investments			**5.0**	
Loss on disposal of investment	**3.0**			
Post-retirement medical aid provision	**4.6**	17.9	**4.6**	17.9
Retirement contributions:				
Defined contribution plan expenses	**78.9**	72.4	**76.2**	70.6
Defined benefit plan expenses				
Share based payments charge	**19.6**	18.7	**19.6**	18.7
Staff costs	**1 223.1**	1 127.4	**1 145.3**	1 058.7
Technical and consulting fees	**18.4**	16.9	**17.0**	15.6

Rmillion		GROUP 2013	2012	COMPANY 2013	2012
4. NET INTEREST					
Interest received					
Bank deposits		**22.9**	22.3	**22.3**	21.6
Loans		**0.9**	1.7	**0.9**	1.7
Overdue debtors		**8.9**	8.6	**8.9**	8.5
Other		**1.3**	0.2	**1.3**	0.2
Total interest received		**34.0**	32.8	**33.4**	32.0
Interest paid					
Security deposits		**(2.1)**	(1.8)	**(2.1)**	(1.8)
Bank overdraft		**(20.6)**	(23.7)	**(14.5)**	(18.8)
Other		**(2.1)**	(2.3)	**(1.8)**	(2.3)
Total interest paid		**(24.8)**	(27.8)	**(18.4)**	(22.9)
Net interest received		**9.2**	5.0	**15.0**	9.1
5. TAXATION					
Current taxation					
– current year		**490.3**	413.4	**478.9**	403.4
– prior year		**(0.8)**	(0.2)	**(0.8)**	(0.3)
Deferred taxation					
– current year		**(18.9)**	4.2	**(19.4)**	3.6
– prior year		**0.3**	1.4	**0.3**	1.4
Secondary Tax on Companies		**0.5**	40.4		40.4
Foreign withholding tax		**0.6**	0.6	**0.3**	
Total taxation		**472.0**	459.8	**459.3**	448.5
Reconciliation of effective taxation rate					
Standard taxation rate	(%)	**28.0**	28.0	**28.0**	28.0
Permanent differences	(%)	**(0.3)**	(1.1)	**(0.7)**	(1.5)
Tax loss not provided for	(%)	**0.6**	0.7		
Prior year overprovision	(%)	**0.1**	0.1		0.1
Secondary Tax on Companies	(%)		2.6		2.6
Effective rate of taxation		**28.4**	30.3	**27.3**	29.2

Notes to the financial statements
for the year ended 30 September 2013

Rmillion		GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
6. EARNINGS PER SHARE					
Earnings per share is calculated using the weighted average number of ordinary shares (net of treasury shares) in issue during the year. In the case of basic earnings per share, the weighted average number of ordinary shares (net of treasury shares) in issue during the year was 172 380 610 (2012: 171 992 577). In respect of diluted earnings per share, the weighted average number of ordinary shares (net of treasury shares) was 184 646 200 (2012: 185 565 578).					
The calculation of the basic and diluted earnings per share attributable to ordinary shareholders is based on the following data:					
Earnings					
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to ordinary shareholders)		**1 190.5**	1 058.9	**1 222.4**	1 088.0
Number of shares					
Weighted average number of ordinary shares (net of treasury shares) for the purposes of basic earnings per share	('000)	**172 381**	171 993	**172 381**	171 993
Effect of diluted potential ordinary shares:					
Share options and BBBEE shares	('000)	**12 265**	13 573	**12 265**	13 573
Weighted average number of ordinary shares (net of treasury shares) for the purpose of diluted earnings per share	('000)	**184 646**	185 566	**184 646**	185 566

Rmillion	GROUP 2013	2012
7. HEADLINE EARNINGS		
Profit for the year attributable to ordinary shareholders	**1 190.5**	1 058.9
Adjusted for:		
Profit/(loss) on sale of property, plant and equipment	**(0.1)**	1.1
– Gross	**(0.2)**	1.5
– Tax effect	**0.1**	(0.4)
Impairment of goodwill	**7.5**	
Loss on impairment of investment	**3.0**	
Headline earnings	**1 200.9**	1 060.0
Add BBBEE transactions	**13.3**	13.0
Headline earnings before BBBEE transactions	**1 214.2**	1 073.0
Headline earnings per share		
Basic (cents)	**696.6**	616.3
Diluted (cents)	**650.4**	571.2
Before BBBEE transactions		
Basic (cents)	**704.3**	623.9
Diluted (cents)	**657.6**	578.2

Rmillion	GROUP 2013	2012	COMPANY 2013	2012
8. DIVIDENDS PAID				
2012 Final dividend declared 13 November 2012 – paid 10 December 2012	**473.3**	403.9	**473.3**	403.9
2013 Interim dividend declared 14 May 2013 – paid 10 June 2013	**308.7**	266.6	**308.7**	266.6
Total dividends	**782.0**	670.5	**782.0**	670.5
2012 Final dividend per share declared 13 November 2012 – paid 10 December 2012 (cents)	**275.0**	235.0	**275.0**	235.0
2013 Interim dividend per share declared 14 May 2013 – paid 10 June 2013 (cents)	**179.0**	155.0	**179.0**	155.0
Total dividends per share (cents)	**454.0**	390.0	**454.0**	390.0

The final dividend for the year ended 30 September 2013 of 306 cents per share declared on 12 November 2013 and payable on 9 December 2013 has not been accrued.

Notes to the financial statements
for the year ended 30 September 2013

Rmillion	Freehold land and buildings	Leasehold buildings	Plant, equipment and vehicles	Total
9. PROPERTY, PLANT AND EQUIPMENT				
GROUP – 2013				
Carrying value at 30 September 2012	941.0	1.3	645.7	1 588.0
Additions	65.4	0.1	237.9	303.4
Additions through expansions	64.0	0.1	156.0	220.1
Additions through replacements	1.4		81.9	83.3
Disposals at net book value			(4.6)	(4.6)
Disposal through sale of business			(5.0)	(5.0)
Depreciation	(3.4)	(0.4)	(134.8)	(138.6)
Carrying value at 30 September 2013	1 003.0	1.0	745.1	1 749.1
Analysed as follows:				
Cost	1 093.7	3.3	1 465.3	2 562.3
Accumulated depreciation and impairments	(90.7)	(2.3)	(720.2)	(813.2)
COMPANY – 2013				
Carrying value at 30 September 2012	872.0	0.8	599.5	1 472.3
Additions	64.5		224.0	288.5
Additions through expansions	64.0		142.1	206.1
Additions through replacements	0.5		81.9	82.4
Disposals at net book value			(4.3)	(4.3)
Depreciation	(3.4)	(0.3)	(122.4)	(126.1)
Carrying value at 30 September 2013	933.1	0.5	702.7	1 636.3
Analysed as follows:				
Cost	1 013.2	2.8	1 392.4	2 408.4
Accumulated depreciation	(80.1)	(2.3)	(689.7)	(772.1)
GROUP – 2012				
Carrying value at 30 September 2011	940.7	1.1	608.6	1 550.4
Additions	3.7	0.5	159.0	163.2
Additions through expansions	3.7	0.5	84.9	89.1
Additions through replacements			74.1	74.1
Additions through business acquisitions			3.6	3.6
Disposals at net book value			(3.8)	(3.8)
Depreciation	(3.4)	(0.3)	(121.7)	(125.4)
Carrying value at 30 September 2012	941.0	1.3	645.7	1 588.0
Analysed as follows:				
Cost	1 028.3	3.2	1 279.7	2 311.2
Accumulated depreciation and impairments	(87.3)	(1.9)	(634.0)	(723.2)
COMPANY – 2012				
Carrying value at 30 September 2011	871.1	1.0	561.2	1 433.3
Additions	4.3	0.1	153.6	158.0
Additions through expansions	4.1	0.1	84.9	89.1
Additions through replacements	0.2		68.7	68.9
Disposals at net book value			(3.8)	(3.8)
Depreciation	(3.4)	(0.3)	(111.5)	(115.2)
Carrying value at 30 September 2012	872.0	0.8	599.5	1 472.3
Analysed as follows:				
Cost	948.7	2.8	1 213.1	2 164.6
Accumulated depreciation	(76.7)	(2.0)	(613.6)	(692.3)

Details of land and buildings are recorded in a register which is available for inspection at the registered office of the company.

The directors' valuation of freehold land and buildings at 30 September 2013 is R1 760.1 million (2012: R1 491.8 million). The valuation is based on a net yield of 11% (2012: 12%).

As required by IAS 16, the group has reviewed the useful lives and residual values of property, plant and equipment.

Rmillion	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
10. GOODWILL				
Opening balance	**391.0**	381.9	**245.6**	245.6
Impairment	**(7.5)**			
Goodwill derecognised on disposal of business	**(14.3)**			
Business combination	**18.4**	9.1	**18.4**	
Closing balance	**387.6**	391.0	**264.0**	245.6
Closing balance analysis:				
SPAR Lowveld distribution centre	**245.6**	245.6	**245.6**	245.6
Retail stores	**142.0**	145.4	**18.4**	
	387.6	391.0	**264.0**	245.6

The "value in use" discounted cash flow model was applied in assessing the carrying value of goodwill.

The following assumptions were applied in determining the value in use of the goodwill:

		2013	2012
Discount rate	(%)	**7.7**	7.3
Sale growth rate	(%)	**6.0**	6.0
Terminal value growth rate	(%)	**3.0**	3.0

The group prepares five-year cash flow projections based on the most recent budgets approved by management and extrapolations of cash flows therefrom. The growth rates incorporated in the projections do not exceed the average long-term growth rates for the market.

Rmillion	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
11. OPERATING LEASE RECEIVABLES AND PAYABLES				
Operating lease receivables	**137.2**	147.0	**156.3**	164.5
Less current portion	**(39.1)**	(34.3)	**(39.1)**	(34.3)
Non-current operating lease receivables	**98.1**	112.7	**117.2**	130.2
Operating lease payables	**157.0**	164.4	**157.0**	164.4
Less current portion	**(41.9)**	(35.4)	**(41.9)**	(35.4)
Non-current operating lease payables	**115.1**	129.0	**115.1**	129.0

The group has entered into various non-cancellable operating lease agreements in respect of rented premises. Other than for those premises occupied by the group, the premises are sub-let to SPAR retailers. Leases are contracted for periods of up to 10 years, some with renewal options. Rentals comprise minimum monthly payments and additional payments based on turnover levels.

Operating leases with fixed escalation charges are recognised in the statement of comprehensive income on the straight-line basis, which is consistent with the prior year.

Notes to the financial statements

for the year ended 30 September 2013

Rmillion	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
12. INVESTMENT IN ASSOCIATES				
SPAR Harare (Pvt) Limited				
Shares at cost	**17.5**	3.1	**17.5**	3.1
Further capital invested		14.4		14.4
Cumulative share of post-acquisition profit, net of dividend received	**10.3**	8.8		
Investment in SPAR Harare (Pvt) Ltd	**27.8**	26.3	**17.5**	17.5
Fig Leaf (Pty) Ltd				
Shares at cost				
Loan to Fig Leaf (Pty) Ltd	**12.0**	12.0	**12.0**	12.0
Cumulative share of post-acquisition profit, net of dividend received	**3.3**	1.7		
Investment in Fig Leaf (Pty) Ltd	**15.3**	13.7	**12.0**	12.0
Gezaro Retailers (Pty) Ltd				
Shares at cost	**5.5**		**5.5**	
Loan to Gezaro Retailers (Pty) Ltd	**3.8**		**3.8**	
Cumulative share of post-acquisition profit, net of dividend received	**0.2**			
Investment in Gezaro Retailers (Pty) Ltd	**9.5**	–	**9.3**	–
Total investment in associates	**52.6**	40.0	**38.8**	29.5
Summarised financial statements of the group's share of associates:				
Total assets	**93.9**	46.6		
Total liabilities	**(58.4)**	(45.2)		
Net assets	**35.5**	1.4		
Revenue	**249.0**	229.0		
Profit for the year attributable to ordinary shareholders	**3.3**	3.5		

12.1 The group has a 35% shareholding in SPAR Harare (Pvt) Limited, which company acts as a wholesaler and distributor of goods and services to SPAR supermarkets in eastern Zimbabwe. SPAR Harare (Pvt) Limited has a 30 June year-end.

For purposes of equity accounting, the financial statements of SPAR Harare (Pvt) Limited for the year ended 30 June 2013 have been utilised. There were no significant transactions occurring in the three-month period between June 2013 and September 2013.

In the prior year, SPAR Harare (Pvt) Limited recapitalised its business. This resulted in a cash injection of US$5 million by its shareholders in proportion to current shareholding. The group increased the cost of its interest by R14.4 million.

	2013	2012
Rates of exchange utilised are:		
Rand/United States dollar exchange rate at year-end	**9.91**	8.18

12.2 The group has a 49.9% shareholding in Fig Leaf (Pty) Ltd, which owns and operates the Gateway SUPERSPAR in Hermanus.

12.3 The group has a 40% shareholding in Gezaro Retailers (Pty) Ltd, which owns and operates the Zevenwacht SUPERSPAR in Kuils River.

Rmillion	GROUP 2013	2012	COMPANY 2013	2012
13. LOANS				
Retailer loans	**69.4**	62.9	**69.4**	62.9
Advance to The SPAR Group Limited Employee Share Trust (2004)			**42.8**	6.9
Loan to Group Risk Holdings (Pty) Ltd	**0.5**	0.5	**0.5**	0.5
	69.9	63.4	**112.7**	70.3
Less current portion	**(5.5)**	(4.4)	**(48.3)**	(11.3)
Non-current loans	**64.4**	59.0	**64.4**	59.0

13.1 Retailer loans are both secured and unsecured, bear interest at various rates and have set repayment terms.

13.2 The advance to The SPAR Group Limited Employee Share Trust (2004) is unsecured, bears no interest and has no set repayment terms. The company advanced money to the Trust to enable it to finance the repurchase of the company's shares (refer note 19). This advance constitutes a loan and a contribution. The loan portion is recoverable from the Trust upon exercise of share options to the extent of the sum of option strike prices of options exercised. The contribution portion will be the difference between the cost price of treasury shares and the option strike prices of the equivalent number of treasury shares utilised to satisfy option holders who exercise their option rights.

Rmillion	GROUP 2013	2012	COMPANY 2013	2012
14. DEFERRED TAXATION				
Asset				
Deferred taxation asset analysed by major category:				
Accelerated capital allowances	**(116.4)**		**(116.5)**	
Provisions, claims and prepayments	**143.6**	10.9	**132.8**	
Closing balance	**27.2**	10.9	**16.3**	–
Reconciliation of deferred taxation asset:				
Opening balance	**10.9**	13.2		2.2
Statement of comprehensive income effect	**16.3**	(2.3)	**16.3**	(2.2)
Closing balance	**27.2**	10.9	**16.3**	–
Liability				
Deferred taxation liability analysed by major category:				
Accelerated capital allowances	**(1.5)**	(106.9)		(105.8)
Provisions, claims and prepayments		103.0		103.0
Closing balance	**(1.5)**	(3.9)	**–**	(2.8)
Reconciliation of deferred taxation liability:				
Opening balance	**(3.9)**	(0.6)	**(2.8)**	
Statement of comprehensive income effect	**2.4**	(3.3)	**2.8**	(2.8)
Closing balance	**(1.5)**	(3.9)	**–**	(2.8)
Total net asset/(liability)	**25.7**	7.0	**16.3**	(2.8)

Notes to the financial statements
for the year ended 30 September 2013

Rmillion	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
15. INVENTORIES				
Merchandise	**1 403.3**	1 444.0	**1 363.0**	1 404.4
Less provision for obsolescence	**(29.3)**	(28.4)	**(29.3)**	(28.4)
Total inventories	**1 374.0**	1 415.6	**1 333.7**	1 376.0
Shrinkages and damages written off	**35.9**	33.9	**35.9**	33.9
16. TRADE AND OTHER RECEIVABLES				
Trade receivables	**5 392.3**	4 963.4	**5 196.8**	4 825.5
Allowance for doubtful debts	**(121.4)**	(104.7)	**(118.7)**	(103.6)
Net trade receivables	**5 270.9**	4 858.7	**5 078.1**	4 721.9
Other receivables	**570.4**	482.4	**554.1**	364.9
Total trade and other receivables	**5 841.3**	5 341.1	**5 632.2**	5 086.8
The other receivables balance includes loans made by The SPAR Guild of Southern Africa to SPAR retail members.				
Movement in the allowance for doubtful debts:				
Allowance at 30 September 2012	**(104.7)**	(95.4)	**(103.6)**	(94.6)
Increase in allowance	**(16.7)**	(9.3)	**(15.1)**	(9.0)
Allowance at 30 September 2013	**(121.4)**	(104.7)	**(118.7)**	(103.6)
Irrecoverable debts written off net of recoveries	**35.6**	36.8	**34.0**	36.8

Trade receivables

The group provides trade credit facilities to SPAR and Build it members. The recoverability of amounts owing by members to the group is regularly reviewed and assessed on an individual basis. To the extent considered irrecoverable, debts are written off. It is a prerequisite for appropriate security to be obtained from retailers to reduce the level of credit exposure. Standard credit terms granted to members are as follows:

SPAR

Ex-warehouse supply – 19 days from weekly statement
Ex-direct supplier delivery – 31 days from weekly statement

Build it

Ex-direct supplier delivery – 38/48 days from weekly statement

Included in trade receivables are debtors with a net carrying amount of R167.0 million (2012: R144.2 million) which are past due. The group has not provided for these amounts as there has not been a significant change in credit quality of the debts and the amounts are considered recoverable.

17. OVERDRAFTS/CASH BALANCES

For the purpose of the statement of cash flow, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

The group separately discloses bank balances between SPAR bank balances and Guild bank balances, with the latter classification comprising retailer funds held in trust and other cash deposits attributable to The SPAR Guild of Southern Africa and The Build it Guild of Southern Africa.

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flow can be reconciled to the related items in the statement of financial position as follows:

	GROUP		COMPANY	
Rmillion	**2013**	2012	**2013**	2012
Bank balances – Guilds	**112.2**	89.2		
Bank (overdrafts)/balances – SPAR	**(110.9)**	752.4	**(109.0)**	765.7
Net balances/(overdrafts)	**1.3**	841.6	**(109.0)**	765.7

18. STATED CAPITAL

18.1 Authorised

	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
250 000 000 (2012: 250 000 000) ordinary shares	**0.2**	0.2	**0.2**	0.2
30 000 000 (2012: 30 000 000) redeemable convertible preference shares				
Issued				
172 800 310 (2012: 172 377 704) ordinary shares	**61.6**	54.5	**61.6**	54.5
18 859 949 (2012: 18 911 349) redeemable convertible preference shares				
	61.6	54.5	**61.6**	54.5

All authorised and issued shares of the same class rank *pari passu* in every respect.

Per the resolution passed at the annual general meeting, all shares of par value were converted to no par value.

There are no conversion or exchange rights in respect of the ordinary shares and a variation of share rights requires approval by a special resolution from the shareholders at a general meeting in accordance with the Articles of Association.

Certain redeemable convertible preference shares were issued during the 2009 financial year, in terms of the company's approved BBBEE scheme, with 7 564 540 shares being issued to The SPAR BBBEE Employee Trust and 11 346 809 shares being issued to The SPAR BBBEE Retailer Employee Trust (details of the transaction are covered in note 35). The preference shares are not listed.

During the current financial year 51 400 redeemable convertible preference shares were converted into 18 122 ordinary shares. These relate to the vesting arising from the death of participants in both BBBEE trusts. The average market price used to calculate the payouts to these participants was R115.61, representing a payout value of R2.1 million.

The redeemable convertible preference shares, redeemable in 2016, are treated as treasury shares arising from the consolidation of the BBBEE trusts at year-end.

The unissued shares of the company are under the control of the directors to the extent that such shares may be required to satisfy option holders' requirements. This authority will expire at the forthcoming annual general meeting.

18. STATED CAPITAL continued

18.2 Shares subject to option

Details of share options granted in terms of the company's share option scheme are as follows:

Option strike price per share	Option exercisable until	Number of shares under option 2013	2012
R13.05818	3 February 2013		341 700
R13.05818	31 March 2013		129 134
R15.10867	29 January 2014	**453 100**	536 600
R21.04	14 December 2014	**626 114**	729 074
R29.00	13 November 2015	**519 300**	691 900
R30.36	10 January 2016	**110 000**	110 000
R46.22	8 March 2017	**808 334**	939 600
R58.10	3 December 2017	**419 723**	560 600
R50.23	11 November 2018	**861 800**	1 006 400
R66.42	10 November 2019	**896 334**	1 020 000
R95.11	16 November 2020	**732 000**	738 000
R99.91	8 December 2020	**130 000**	130 000
R96.46	8 November 2021	**999 000**	1 013 000
R122.81	13 November 2022	**877 000**	
		7 432 705	7 946 008
Unissued options under the control of the directors		**1 326 132**	2 206 632

19. TREASURY SHARES

During the year The SPAR Group Limited Employee Share Trust (2004) purchased 1 213 423 (2012: 1 072 308) shares in the company at an average purchase price of R119.82 (2012: R115.27) per share. The trust purchased and holds these shares for the purpose of satisfying option holder requirements as and when option holders exercise their share option rights.

Rmillion	GROUP 2013	2012
Cost of shares		
Opening balance	**6.9**	27.8
Share repurchases	**145.4**	123.6
Share issues to trust on exercise of share option rights	**7.1**	4.9
Shares sold to option holders on exercise of share option rights	**(116.6)**	(149.4)
Closing balance	**42.8**	6.9

	Number of shares held 2013	2012
Shares held in trust		
Opening balance	**55 182**	310 800
Share repurchases	**1 213 423**	1 072 308
Share issues to trust on exercise of share option rights	**404 484**	441 100
Shares sold to option holders on exercise of share option rights	**(1 309 909)**	(1 769 026)
Closing balance	**363 180**	55 182

20. SHARE BASED PAYMENTS

The company has in place a share option scheme which is operated through The SPAR Group Limited Employee Share Trust (2004) (the Trust). On election by option holders, one third of the options granted vest after three years, with a further third vesting on the expiry of years four and five respectively. Options issued by the trust expire 10 years from grant date. Options are forfeited if the employee leaves the group before vesting date.

Share options outstanding at year-end are as follows:

		Number of options 2013	2012
Opening balance		**7 946 008**	8 758 534
New options granted*		**880 500**	1 013 000
Options taken up**		**(1 289 369)**	(1 818 226)
Options forfeited or reinstated		**(104 434)**	(7 300)
Closing balance		**7 432 705**	7 946 008
* Weighted average price of options granted during the year	(R)	**122.81**	96.46
** Weighted average grant price of options taken up during the year	(R)	**41.53**	34.24
** Weighted average selling price of options exercised during the year	(R)	**120.71**	108.34

880 500 Share options were granted on 13 November 2012. The estimated fair value of the options granted was R22 023 480.

The fair values of these options were calculated using a binomial model.

The valuation of options granted was performed by an independent valuator utilising the following principal assumptions:

		Assumption			
Grant date	Vesting date	Expected option life time	Rolling volatility %	Dividend yield %	Risk-free rate %
2013					
13/11/2012	13/11/2016	**4**	**19.98**	**3.99**	**5.86**
13/11/2012	13/11/2017	**5**	**19.98**	**3.99**	**6.17**
13/11/2012	13/11/2018	**6**	**19.98**	**3.99**	**6.51**
2012					
8/11/2011	8/11/2014	4	23.77	4.17	6.23
8/11/2011	8/11/2015	5	23.77	4.17	6.64
8/11/2011	8/11/2016	6	23.77	4.17	7.01

Broad-based black economic empowerment deal

The company entered into a broad-based black economic empowerment (BBBEE) deal in the 2009 financial year. The participants in this scheme are SPAR group employees and SPAR retailer employees. The scheme operates through The SPAR BBBEE Employee Trust and The SPAR BBBEE Retailer Employee Trust respectively.

In terms of the transaction, 7 564 540 redeemable convertible preference shares were issued to The SPAR BBBEE Employee Trust and 11 346 809 redeemable convertible preference shares were issued to The SPAR BBBEE Retailer Employee Trust. All BBBEE share options vest and mature seven years from grant date (19 August 2016), at a projected strike price of R69.97.

During the current financial year 51 400 redeemable convertible preference shares were converted into 18 122 ordinary shares. These relate to the vesting arising from the death of participants in both BBBEE trusts. The average market price used to calculate the payouts to these participants was R115.61, representing a payout value of R2.1 million.

The share based payment cost relating to SPAR employees is recognised in profit and loss on a straight-line basis over the vesting period. The cost relating to SPAR retailer employees was recognised in profit and loss in the 2009 financial year as these beneficiaries are not classified as employees of The SPAR Group Limited.

		Assumption			
Grant date	Vesting date	Expected option life time	Rolling volatility %	Dividend yield %	Risk-free rate %
19/08/2009	19/08/2016	**7**	**25.65**	**5**	**8.11**

Rmillion		GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
21. POST-RETIREMENT MEDICAL AID PROVISION					
Opening balance – actuarial valuation		**118.3**	98.7	**118.3**	98.7
Recognised as an expense during the current year		**13.6**	12.4	**13.6**	12.4
Interest cost		**8.7**	8.1	**8.7**	8.1
Current service cost		**4.9**	4.3	**4.9**	4.3
Employer contributions		**(4.6)**	(4.3)	**(4.6)**	(4.3)
Actuarial (gain)/loss		**(16.5)**	11.5	**(16.5)**	11.5
Actuarial valuation at end of the year		**110.8**	118.3	**110.8**	118.3
Unrecognised actuarial loss		**(2.8)**	(14.9)	**(2.8)**	(14.9)
Closing balance		**108.0**	103.4	**108.0**	103.4
The principal actuarial assumptions applied in the determination of fair values include:					
Discount rate	(%)	**8.7**	7.5	**8.7**	7.5
Health care cost inflation	(%)	**7.2**	6.4	**7.2**	6.4
Average retirement age	(years)	**63/65**	63/65	**63/65**	63/65

The obligation of the company to pay medical aid contributions after retirement is not part of the conditions of employment for employees engaged after 1 March 1997. There are 274 (2012: 411) pensioners and current employees who remain entitled to this benefit. The current year actuarial gain arises from the clarification of the policy governing post-retirement medical aid benefits. The company continues to adopt the corridor method of recognising actuarial gains and losses.

The last actuarial valuation was performed in September 2013 and the next valuation is expected to be performed during the 2014 financial year.

A 1% movement in the health care cost inflation is not expected to yield a material movement in the recognised obligation, in light of the group adopting the corridor method of recognising actuarial gains and losses.

Rmillion	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
22. TRADE AND OTHER PAYABLES				
Trade payables	**4 805.6**	5 513.9	**4 620.7**	5 322.6
Other payables	**1 399.0**	1 258.7	**1 121.6**	958.8
Trade and other payables	**6 204.6**	6 772.6	**5 742.3**	6 281.4
Deposits received by The SPAR Guild of Southern Africa from SPAR retail members are included in other payables.				
23. PROVISIONS				
Supplier claims	**14.7**	6.7	**11.6**	6.1
Total provisions	**14.7**	6.7	**11.6**	6.1
Balance at the beginning of the year	**6.7**	11.6	**6.1**	9.7
Provisions raised	**8.2**	0.8	**5.7**	0.1
Provisions utilised	**(0.2)**	(5.7)	**(0.2)**	(3.7)
Balance at the end of the year	**14.7**	6.7	**11.6**	6.1

The supplier claim provision represents management's best estimate of the group's liability to suppliers in respect of disputed deliveries and other issues.

Rmillion	GROUP 2013	2012	COMPANY 2013	2012
24. CASH GENERATED FROM OPERATIONS				
Operating profit	**1 650.0**	1 510.2	**1 666.7**	1 527.4
Adjusted for:				
Depreciation	**138.6**	125.4	**126.1**	115.2
Net (profit)/loss on disposal of property, plant and equipment	**(0.2)**	1.5	**1.6**	1.5
Post-retirement medical aid provision	**4.6**	17.9	**4.6**	17.9
BBBEE transaction	**12.4**	12.4	**12.4**	12.4
Share based payments	**19.6**	18.7	**19.6**	18.7
Provision against loans and trade receivables	**8.1**	(8.0)	**8.1**	1.3
Amortisation of prepaid cost		0.6		0.6
Lease smoothing adjustment	**4.7**	6.0	**0.8**	0.6
Impairment of goodwill	**7.5**			
Impairment of investments			**5.0**	
Net loss on disposal of investment	**3.0**			
Cash generated from operations before:	**1 848.3**	1 684.7	**1 844.9**	1 695.6
Net working capital changes	**(1 032.7)**	622.4	**(1 051.1)**	622.8
Decrease/(increase) in inventories	**41.6**	(280.6)	**42.3**	(276.5)
Increase in trade and other receivables	**(514.9)**	(473.2)	**(559.8)**	(361.7)
(Decrease)/increase in trade payables and provisions	**(559.4)**	1 376.2	**(533.6)**	1 261.0
Cash generated from operations	**815.6**	2 307.1	**793.8**	2 318.4
24.1 Net movement in loans and investments	**9.8**	(48.4)*	**(124.9)**	(138.4)
Investment acquired		(19.4)	**(10.6)**	(0.4)
Proceeds from disposal of investments	**16.0**			
Investment in associate	**(5.5)**		**(5.5)**	
Further capital invested in associate		(14.4)		(14.4)
Net movement on retailer and subsidiary loans	**3.1**	(14.6)*	**3.1**	(144.5)
Loan to The SPAR Group Limited Employee Share Trust (2004)			**(108.1)**	20.9
Loan to associate	**(3.8)**		**(3.8)**	

* *The September 2012 values have been restated to ensure correct classifications in terms of IAS 7. The reclassifications did not change the net cash flow position for the year (refer note 38).*

Rmillion	GROUP 2013	2012	COMPANY 2013	2012
25. TAXATION PAID				
Payable at the beginning of the year	**6.7**	40.6	**7.5**	40.6
Statement of comprehensive income charge	**490.6**	454.2	**478.4**	443.5
Payable at the end of the year	**(11.3)**	(6.7)	**(12.3)**	(7.5)
Total taxation paid	**486.0**	488.1	**473.6**	476.6

Notes to the financial statements
for the year ended 30 September 2013

Rmillion	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
26. CONTINGENT LIABILITIES				
Guarantees issued in respect of the finance obligations of SPAR retailer members	**482.8**	386.8	**482.8**	386.8
– Loan guarantees	**350.9**	278.9	**350.9**	278.9
– Rental guarantees	**6.9**	7.9	**6.9**	7.9
– IT retail computer equipment lease scheme	**125.0**	100.0	**125.0**	100.0
The board has limited guarantee facilities to R676 million (2012: R456 million).				
The company has guaranteed the finance obligations of Klipakkers (Pty) Ltd and Kaplian Trading (Pty) Ltd to its bankers.				
These guarantees commenced on 15 April 2011 and 25 July 2011 respectively and are for an indefinite period			**38.0**	47.0
27. COMMITMENTS				
27.1 Operating lease commitments				
Future minimum lease payments due under non-cancellable operating leases:				
Land and buildings				
Payable within one year	**612.4**	534.2	**612.4**	533.7
Payable later than one year but not later than five years	**2 093.3**	1 839.7	**2 093.3**	1 839.5
Payable later than five years	**980.9**	961.1	**980.9**	961.1
Total land and buildings operating lease commitments	**3 686.6**	3 335.0	**3 686.6**	3 334.3
Other				
Payable within one year	**2.3**	1.4	**2.3**	1.4
Payable later than one year but not later than five years	**4.4**	1.2	**4.4**	1.2
Payable later than five years	**0.7**		**0.7**	
Total other operating lease commitments	**7.4**	2.6	**7.4**	2.6
27.2 Operating lease receivables				
Future minimum sub-lease receivables due under non-cancellable property leases:				
Receivable within one year	**539.3**	473.6*	**586.0**	516.2*
Receivable later than one year but not later than five years	**1 846.5**	1 628.6*	**2 040.8**	1 816.2*
Receivable later than five years	**904.4**	874.1*	**964.0**	961.1*
Total operating lease receivables	**3 290.2**	2 976.3*	**3 590.8**	3 293.5*
* *The September 2012 sub-lease receivables have been restated due to a disclosure error.*				
27.3 Capital commitments				
Contracted	**93.0**	161.4	**93.0**	161.4
Approved but not contracted	**13.2**	56.5	**13.2**	56.5
Total capital commitments	**106.2**	217.9	**106.2**	217.9

Capital commitments will be financed from group resources.

28. DIRECTORS' REMUNERATION AND INTERESTS REPORT

28.1 Emoluments

R'000	Salary	Performance related bonus	Retirement funding contributions	Travel allowance and other benefits[1]	Share option gains	Total
2013						
Executive directors						
WA Hook	**3 102**	**2 384**	**399**	**423**	**3 279**	**9 587**
MW Godfrey	**1 792**	**1 377**	**228**	**376**		**3 773**
R Venter	**2 125**	**1 633**	**266**	**667**		**4 691**
Total emoluments	**7 019**	**5 394**	**893**	**1 466**	**3 279**	**18 051**
2012						
Executive directors						
WA Hook	2 702	2 183	355	453		5 693
MW Godfrey	1 558	1 244	202	339		3 343
R Venter	1 956	1 541	271	333	2 538	6 639
Total emoluments	6 216	4 968	828	1 125	2 538	15 675

(1) *Other benefits include medical aid contributions and a long service award.*

R'000	**2013**	2012
28.2 Fees for services as non-executive directors		
MJ Hankinson (chairman)[bc]	**885**	809
DB Gibbon[ac*]		371
PK Hughes[a]	**323**	226
RJ Hutchison[b]	**307**	272
MP Madi	**250**	220
HK Mehta[abc]	**438**	390
P Mnganga[d]	**338**	276
CF Wells[acd]	**547**	404
Total fees	**3 088**	2 968

a *Member of Audit Committee.*
b *Member of Remuneration and Nominations Committee.*
c *Member of Risk Committee.*
d *Member of Social and Ethics Committee.*
* *DB Gibbon retired in August 2012.*

	2013 Shares	2012 Shares
28.3 Directors' interests in the share capital of the company		
Executive directors		
WA Hook – direct beneficial holding	**4 200**	4 200
R Venter – direct beneficial holding		1 600
Non-executive directors		
MJ Hankinson – held by associates	**2 800**	2 800
PK Hughes – direct beneficial holding	**64 400**	64 400
RJ Hutchison – indirect beneficial holding	**10 000**	10 000
HK Mehta – direct beneficial holding	**10 000**	10 000
HK Mehta – indirect beneficial holding	**1 000**	1 784
CF Wells – direct beneficial holding	**1 100**	1 100

As at the date of this report the directors' interests in the share capital of the company remained unchanged.

28.4 Declaration of disclosure

Other than the disclosed above and in note 29, no consideration was paid to, or by any third party, or by the company itself, in respect of the services of the company's directors, as directors of the company, during the year ended 30 September 2013.

29. DIRECTORS' SHARE OPTION SCHEME INTERESTS

The group's option scheme provides the right to the option holder to purchase shares in the company at the option price. On election by option holders, one third of the options granted vest after three years, with a further third vesting on the expiry of years four and five respectively. Option holders have 10 years from date of issue to exercise their option rights.

29.1 Options held over shares in The SPAR Group Limited

	Date of option issue	Option price Rand	Number of options held 2013	2012
Executive directors				
WA Hook	03/02/2003	13.06		20 000
	29/01/2004	15.11		9 000
	13/12/2004	21.04	**51 000**	51 000
	14/11/2005	29.00	**70 000**	70 000
	09/03/2007	46.22	**120 000**	120 000
	04/12/2007	58.10	**60 000**	60 000
	11/11/2008	50.23	**100 000**	100 000
	10/11/2009	66.42	**50 000**	50 000
	08/12/2010	99.91	**50 000**	50 000
	08/11/2011	96.46	**55 000**	55 000
	13/11/2012	122.81	**60 000**	
			616 000	585 000
R Venter				
	13/12/2004	21.04	**51 000**	51 000
	14/11/2005	29.00	**70 000**	70 000
	09/03/2007	46.22	**80 000**	80 000
	04/12/2007	58.10	**35 000**	35 000
	11/11/2008	50.23	**50 000**	50 000
	10/11/2009	66.42	**38 000**	38 000
	08/12/2010	99.91	**35 000**	35 000
	08/11/2011	96.46	**35 000**	35 000
	13/11/2012	122.81	**30 000**	
			424 000	394 000
MW Godfrey	13/12/2004	21.04	**26 100**	26 100
	14/11/2005	29.00	**25 000**	25 000
	09/03/2007	46.22	**20 000**	20 000
	04/12/2007	58.10	**8 000**	8 000
	11/11/2008	50.23	**12 000**	12 000
	10/11/2009	66.42	**12 000**	12 000
	08/12/2010	99.91	**25 000**	25 000
	08/11/2011	96.46	**35 000**	35 000
	13/11/2012	122.81	**30 000**	
			193 100	163 100
Non-executive director				
PK Hughes				
	13/12/2004	21.04	**66 000**	66 000
	14/11/2005	29.00	**1 500**	1 500
	11/01/2006	30.36	**110 000**	110 000
			177 500	177 500

29. DIRECTORS' SHARE OPTION SCHEME INTERESTS continued

29.2 Options exercised

	Date option exercised	Number of options exercised	Option price Rand	Market price on exercise Rand	Gain
WA Hook	19/12/2012	9 000	15.11	126.77	1 004 925
	19/12/2012	20 000	13.06	126.77	2 274 177

30. RETIREMENT BENEFIT FUNDS

The company contributes towards retirement benefits for substantially all permanent employees who, depending on preference, are members of either the group's defined contribution pension fund, defined contribution staff provident fund, defined contribution management provident fund or defined benefit fund. Contributions to fund obligations for the payment of retirement benefits are recognised to profit and loss when due.

All funds are governed by the Pension Funds Act No 24 of 1956. The funds are managed by appointed administrators and investment managers, and their assets remain independent of the company.

30.1 In terms of their rules, the defined contribution funds have annual financial reviews, which are performed by the funds' consulting actuaries. At the date of their last reviews the funds were judged to be financially sound. Contributions of R78.9 million (2012: R72.4 million) and R76.2 million (2012: R70.6 million) were expensed for the group and company respectively during the year.

30.2 The SPAR Group Limited Defined Benefit Pension Fund was valued as at 28 February 2013, and the fund was found to be in a sound financial position. The projected unit credit method is used to calculate the present value of plan liabilities. Plan assets are measured at fair value. At that date the actuarial fair value of the plan assets represent 100% of the plan liabilities.

The next actuarial valuation of this fund will take place on 28 February 2014. There are eight members of this fund and this fund is closed to further membership. Contributions of Rnil (2012: Rnil) and Rnil (2012: Rnil) were expensed for the group and company respectively during the year.

The net asset relating to the Defined Benefit Fund is not recognised in the Statement of financial position, as the benefits will not be received by The SPAR Group Limited, and The SPAR Group Limited is not liable for the obligations of the fund while the fund assets exceed the fund liabilities. Therefore actuarial gains and losses are not recognised for this fund, and the potential effects of the adoption of IAS 19 in 2014 are immaterial.

Rmillion		GROUP and COMPANY 2013	2012
30. RETIREMENT BENEFIT FUNDS continued			
Details of the IAS 19 valuation			
The SPAR Group Limited Defined Benefit Pension Plan			
Amounts recognised on the statement of financial position			
Present value of fund obligations		**(11.5)**	(11.1)
Fair value of plan assets		**12.5**	12.3
Surplus in plan		**1.0**	1.2
Unrecognised actuarial gains		**(1.0)**	(1.2)
Net asset/(liability) recognised in the statement of financial position		**–**	–
Amounts recognised on the statement of comprehensive income			
Current service cost		**(0.2)**	(0.2)
Interest on obligation		**(0.9)**	(0.9)
Expected return on plan assets		**1.0**	1.0
Net actuarial gains recognised in the current year		**(0.1)**	(0.1)
Net cost recognised in the statement of comprehensive income		**(0.2)**	(0.2)
Movement on net asset/(liability)			
Net asset at the beginning of the year		**1.2**	1.4
Net expense recognised in the statement of comprehensive income		**(0.2)**	(0.2)
Net asset at the end of the year		**1.0**	1.2
A 1% movement in the discount rate or salaries is not expected to yield a material movement in the recognised obligation, in light of the group adopting the corridor method of recognising actuarial gains and losses.			
Key actuarial assumptions in determining the above provision			
Discount rate	(%)	**7.40**	8.40
Inflation rate	(%)	**6.40**	6.20
Salary increase rate	(%)	**7.40**	7.20
Pension purchased rate	(%)	**5.00**	5.90
Expected rate of return on plan assets	(%)	**7.40**	8.40

Rmillion	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
31. FINANCIAL RISK MANAGEMENT				
Financial instruments classification				
Net bank balances/(overdrafts)	**1.3**	841.6	**(109.0)**	765.7
Loans*	**69.9**	63.4	**112.7**	70.3
Non-controlling interest held in retail stores****		19.0		
Other equity investments***	**1.9**	1.9	**1.9**	1.9
Trade and other receivables*	**5 841.3**	5 341.1	**5 632.2**	5 086.8
Trade and other payables**	**(6 204.6)**	(6 772.6)	**(5 742.3)**	(6 281.4)
FEC (liability)/asset***	**(0.2)**	(0.1)	**(0.2)**	(0.1)

* *Classified under IAS 39 as loans and receivables.*
** *Classified under IAS 39 as financial liabilities measured at amortised cost.*
*** *Classified under IAS 39 as financial assets or liabilities at fair value through profit or loss.*
**** *Classified under IAS 39 as financial assets measured at amortised cost.*

The company and group's financial instruments consist primarily of bank balances and overdraft funding from banks, trade payables, loans and trade receivables. The carrying amount of trade receivables, after accounting for the allowance for doubtful debts and bad debts written off, approximates fair value. Trade receivables represent the estimated future cash to be received in the short term. The book values of the other categories of financial instruments approximate fair value.

In the normal course of its operations the group is, inter alia, exposed to credit, interest and liquidity risk on its financial instruments. Executive management meets on a regular basis to analyse these risks and to re-evaluate financial management strategies. Other than forward exchange contracts (FECs), used to hedge foreign currency liabilities, the group has no financial instruments that are classified at fair value through profit and loss. FECs represent an insignificant portion of the group's financial instruments and amounted to a net liability of R0.2 million in the current year (2012: net asset of R0.1 million). The group does not speculate in or engage in the trading of derivatives or other financial instruments.

The group does not have any exposure to commodity price movements or other obligations that are index linked.

Currency risk
The group is exposed to currency risks through the import of merchandise and its investments in foreign operations. These risk exposures are not considered significant.

Foreign currency risks that do not influence the group's cash flows (i.e. the risks resulting from the translation of assets and liabilities of foreign operations in the group's reporting currency) are not hedged.

It is the group's policy to cover its material foreign currency exposure, which amounted to R10.8 million at year-end (2012: R10.1 million), in respect of liabilities and purchase commitments. Forward exchange contracts have been taken out to hedge this currency risk at year-end. There were no speculative positions in foreign currencies.

Foreign exchange contracts
All foreign exchange contracts constitute designated hedges of currency risk at year-end.

	GROUP				COMPANY			
	Average contract rate	Commit-ment (Rm)	**Fair value of FEC 2013 (Rm)**	Fair value of FEC 2012 (Rm)	Average contract rate	Commit-ment (Rm)	**Fair value of FEC 2013 (Rm)**	Fair value of FEC 2012 (Rm)
Imports								
USD	10.47	10.8	**(0.2)**	(0.1)	10.47	10.8	**(0.2)**	(0.1)

The group has no significant uncovered foreign payables at year-end and consequently no sensitivity analysis has been presented.

Interest rate risk
The group is exposed to interest rate risk on its cash deposits and loan receivables which impact on the cash flows arising from these instruments. In the current year, net interest received on cash deposits net of overdraft was R2.3 million (2012: net interest paid of R1.4 million) and interest received from loans was R0.9 million (2012: R1.7 million). The exposure of cash deposits and overdrafts to interest rate risk is managed through the group's cash management system which enables the group to maximise returns while minimising risk. Loan receivables are funded from the group's cash resources.

Changes in market interest rates do not have a material impact on the group's profits and hence no sensitivity analysis has been presented.

Notes to the financial statements

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31. FINANCIAL RISK MANAGEMENT continued

Credit risk

Trade receivables and lease receivables, short-term investments and loans and guarantees to retailers represent the significant categories of the group's financial instruments exposed to credit risk.

Trade receivables consist of SPAR and Build it member debts, comprising 1 171 (2012: 1 149) stores with an average trading exposure of R4.3 million (2012: R4.5 million) per store at year-end.

Overdue receivables balances, representing 4.9 % (2012: 5.4%) of the total trade receivables and loans balances, amounted to R288.5 million (2012: R247.1 million) at the reporting date. Allowances for doubtful debts totalling R121.4 million (2012: R104.7 million) have been raised against overdue balances. It is a prerequisite for appropriate forms of security to be obtained from retailers to reduce exposure and at 30 September 2013, security representing 70.82% (2012: 73.43%) of the trade receivables and loans balances was held by the group. Ongoing credit evaluations are performed including regular reviews of security cover held (refer note 16 for additional disclosure).

Loans to retailers may be discounted with approved financial institutions under standard conditions with recourse block discounting agreements. Loans which have been discounted with the financial institutions are disclosed as contingent liabilities due to the group providing guarantees against these discounting agreements. Management have assessed the credit risk relating to these guarantees and where applicable, provision has been made in the event that the group does have an exposure. The maximum value of exposure to credit risk relating to guarantees has been disclosed in note 26. We have assessed the group's exposure and suitable provision has been made where required.

In 2009, the company sold its investment in retail computer equipment and ceded its right to receive payment of the existing and future rental streams. In relation to the continuing operation of this scheme, the group is exposed to credit risk in the event of the retail stores defaulting on their payments. At year-end, 896 SPAR stores, 441 TOPS at SPAR stores, 16 Pharmacy at SPAR stores and 1 Build it store were participants in the IT retail scheme, with an average debt of R93 013 per store.

The group selectively assists retail members suffering financial stress in order to ensure the continued operation of stores, thereby preserving the recoverability of trade and loan receivable balances.

The directors are of the opinion that the credit risk in respect of short-term cash investments is low as funds are only invested with acceptable financial institutions of high credit standing and within specific guidelines laid down by the board of directors.

Liquidity risk

The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The group has the following overdraft/call facilities at its disposal:

Rmillion	**2013**	2012
Unsecured bank overdraft facilities, reviewed annually, and at call:		
– Utilised as at year-end	**333**	
– Unutilised	**1 417**	1 750
Total available overdraft/call facilities	**1 750**	1 750

The majority of the trade payables at year-end will be paid within 30 days of year-end from available facilities or cash received from debtors.

The group has no long-term borrowings giving rise to cash payment obligations. The company has unlimited borrowing powers in terms of the Memorandum of Incorporation.

Capital risk management

The group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders.

The group's overall capital management strategy remained unchanged in 2013. The strategy entails a philosophy of tight risk management and minimum use of derivative instruments.

The capital structure of the group consists only of equity attributable to shareholders comprising issued capital, reserves and retained earnings as disclosed in notes 18 and 20 respectively.

Treasury shares (refer note 19) are held from time to time for the purpose of settling option holder obligations and these are only acquired on approval from shareholders and where the market presents value in their acquisition.

The strong cash inflow generated by group operations is utilised to fund distribution centre expansions and other capital expenditure, and to settle dividends declared, taxation and trade payable obligations.

32. RELATED PARTY TRANSACTIONS

Related party relationships exist between the company, its subsidiaries, key personnel within the group and its shareholders. These transactions occurred under terms and conditions no more favourable than transactions concluded with independent third parties, unless otherwise stated below:

32.1 Company

During the year, the following related party transactions occurred:

- SPAR P.E. Property (Pty) Ltd is a property company owning the SPAR Eastern Cape distribution centre. This property is rented by The SPAR Group Limited. During the year rentals of R16 584 000 (2012: R15 642 000) were paid by the company to SPAR P.E. Property (Pty) Ltd. Dividends of R11 942 422 (2012: R11 262 288) were paid by SPAR P.E. Property (Pty) Ltd to The SPAR Group Limited. The intercompany liability due to The SPAR Group Limited as at 30 September 2013 amounted to R61 871 582 (2012: R61 693 601). The liability is interest-free, unsecured and no date has been set for repayment.
- SPAR Namibia (Pty) Ltd and The SPAR Group Botswana (Pty) Ltd have accounting services provided to them by The SPAR Group Limited. During the year dividends of R9 900 000 (2012: R8 500 000) and R2 763 750 (2012: R2 946 690) and management fees of R2 757 000 (2012: R2 100 000) and R1 767 000 (2012: R1 636 886) were paid to The SPAR Group Limited by SPAR Namibia (Pty) Ltd and The SPAR Group Botswana (Pty) Ltd respectively. The intercompany liability due to The SPAR Group Limited as at 30 September 2013 amounted to R27 584 176 (2012: R18 842 272) and R34 171 122 (2012: R19 194 056) for SPAR Namibia (Pty) Ltd and The SPAR Group Botswana (Pty) Ltd respectively. These liabilities are interest-free, unsecured and no date has been set for repayment.
- The SPAR Guild of Southern Africa and The Build it Guild of Southern Africa are non-profit-making companies set up to co-ordinate and develop SPAR in Southern Africa. The members of the Guild consist of SPAR retailers (who are independent store owners) and SPAR distribution centres. The members pay subscriptions to the Guild, which uses these monies to advertise and promote SPAR.

  During the year subscriptions of R4 286 448 (2012: R4 136 720) were paid to The SPAR Guild of Southern Africa. The intercompany liability/(asset) with The SPAR Group Limited as at 30 September 2013 amounted to R20 182 033 (2012: (R14 233 573)) and R974 320 (2012: R2 831 566) for the SPAR Guild and the Build it Guild respectively.
- The SPAR Group Limited Employee Share Trust (2004) purchased shares in the company for the purpose of satisfying option holder obligations. To fund these purchases, the company advances monies to the Trust. At 30 September 2013, funds had been advanced by the company to the Trust to the amount of R42 756 520 (2012: R6 955 348) (refer notes 13 and 19).

  No interest is charged on the intercompany loan balances.
- During the 2009 financial year, The SPAR Group donated an amount of R4 539 and R6 808 to The SPAR BBBEE Employee Trust and The SPAR BBBEE Retailer Employee Trust respectively. These amounts were used by the trusts to invest in The SPAR Group Limited redeemable convertible preference shares, issued in terms of the broad-based black economic empowerment transaction (refer note 35).
- Klipakkers (Pty) Ltd is a wholly owned subsidiary of The SPAR Group Limited. During the year The SPAR Group Limited made sales to Klipakkers (Pty) Ltd to the value of R590 349 786 (2012: R535 889 051). The intercompany liability due to The SPAR Group Limited as at 30 September 2013 amounted to R183 798 907 (2012: R173 100 000).
- Kaplian Trading (Pty) Ltd is a subsidiary of The SPAR Group Limited. During the year The SPAR Group Limited made sales to Kaplian Trading (Pty) Ltd to the value of R44 553 756 (2012: R56 194 925). The intercompany liability due to The SPAR Group Limited as at 30 September 2013 amounted to R15 000 026 (2012: R15 000 026).
- The SPAR Group Limited entered into a joint venture agreement with Fig Leaf (Pty) Ltd during the 2010 financial year. The joint venture relates to the Gateway SUPERSPAR in Hermanus. During the year sales of R61 462 163 (2012: R107 132 271) were made to the Gateway SUPERSPAR.
- The SPAR Group Limited entered into a joint venture agreement with Gezaro Retailers (Pty) Ltd during the 2013 financial year. The joint venture relates to the Zevenwacht SUPERSPAR in Kuils River. During the year sales of R 20 724 797 were made to the Zevenwacht SUPERSPAR.
- SPAR South Africa (Pty) Ltd, Savemor Products (Pty) Ltd, Nelspruit Wholesalers (Pty) Ltd, Rubean Trading (Pty) Ltd and SPAR Academy of Learning (Pty) Ltd, are all dormant companies.
- Dividends from SPAR Harare (Pvt) Limited of Rnil (2012: Rnil) were received during the year.

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for the year ended 30 September 2013

32. RELATED PARTY TRANSACTIONS continued

32.2 Investment in associate

Details of the company's investment in its associates are disclosed in note 12.

32.3 Shareholders

Details of major shareholders of the company appear on page 103.

32.4 Key management personnel

Key management personnel are directors and those executives having authority and responsibility for planning, directing and controlling the activities of the group. No key management personnel had a material interest in any contract with any group company during the year under review. Details of directors' emoluments and shareholding in the company are disclosed in notes 28 and 29 as well as in the Directors' statutory report. The board has determined that prescribed officers in accordance with the Companies Act are the executive and non-executive directors only.

Rmillion	**2013**	2012
Key management personnel remuneration comprises:		
Directors' fees	**3.1**	3.0
Remuneration for management services	**31.1**	27.8
Retirement contributions	**3.3**	3.2
Medical aid contributions	**1.0**	0.9
Performance bonuses	**18.0**	18.0
Fringe and other benefits	**0.7**	0.5
Expense relating to share options granted	**22.0**	40.7
Total	**79.2**	94.1

The remuneration of directors and key executives is determined by the Remuneration Committee having regard to the performance of the individual and market trends.

33. SEGMENT REPORTING

The group operates its business from 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 Chief Executive Officer (the Chief Operating Decision Maker) is 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 segment.

	Issued share capital		Effective holding		Cost of investment	
	2013	2012	**2013**	2012	**2013**	2012
	Rand	Rand	**%**	%	**Rmillion**	Rmillion
34. INVESTMENT IN SUBSIDIARIES						
Subsidiary*						
SPAR South Africa (Pty) Ltd(2)	**10 000**	10 000	**100**	100		
SPAR Namibia (Pty) Ltd(1) (registered in Namibia)**	**100**	100	**100**	100		
The SPAR Group (Botswana) (Pty) Ltd(1) (registered in Botswana)**	**136**	136	**100**	100		
SPAR Mozambique Limitada(1) (registered in Mozambique)**	**8 033**	8 033	**100**	100		
SPAR P.E. Property (Pty) Ltd(3)	**11 467 875**	11 467 875	**100**	100	**2.3**	2.3
Savemor Products (Pty) Ltd(2)	**1**	1	**100**	100		
SPAR Academy of Learning (Pty) Ltd(2)	**100**	100	**100**	100		
Nelspruit Wholesalers (Pty) Ltd(2)	**109**	109	**100**	100		
Klipakkers (Pty) Ltd(1)	**100**	100	**100**	100	**191.7**	186.1
Kaplian Trading (Pty) Ltd(1)	**120**	120	**100**	100	**15.0**	15.0
Rubean Trading (Pty) Ltd(2)	**235**	235	**100**	100		
Power Build (Pty) Ltd(2)	**100**		**100**			
Consolidated entities						
The SPAR Guild of Southern Africa(1)***						
The Build it Guild of Southern Africa(1)***						
The SPAR Group Limited Employee Share Trust (2004)(1)						
The SPAR BBBEE Employee Trust(1)						
The SPAR BBBEE Retailer Employee Trust(1)						
Total					**209.0**	203.4
Directors' valuation					**209.0**	203.4

* *The SPAR Group Limited Employee Share Trust (2004), The SPAR BBBEE Employee Trust, and The SPAR BBBEE Retailer Employee Trust have 28 February as their year-end. SPAR Mozambique Limitada has a 31 December year-end. All other companies have a 30 September year-end.*

** *All legal entities are incorporated in the Republic of South Africa unless otherwise indicated.*

*** *Association incorporated under Section 21 of the Companies Act over which the company exercises control.*

(1) *Operating company or entity.*

(2) *Dormant.*

(3) *Property owning company.*

35. BBBEE TRANSACTION

On 12 August 2009, shareholders approved a broad-based black economic empowerment (BBBEE) transaction. The participants in the transaction are:

- all fulltime employees of the company as at 12 August 2009, but excluding Paterson E or F graded employees; and
- fulltime employees of SPAR and Build it retail stores subject to a minimum employment period pre-condition and the election of the store to participate in the transaction.

In terms of the transaction, 7 564 540 redeemable convertible preference shares were issued to The SPAR BBBEE Employee Trust and 11 346 809 redeemable convertible preference shares were issued to The SPAR BBBEE Retailer Employee Trust. Shares were issued to the trusts at a notional value of R59.18 per share.

To fund the transaction, notional loans were advanced by the company to the trusts. Loans will bear notional interest at 80% of prime, with the loans being credited with notional dividends equivalent to the actual dividends declared by the company during the duration of the transaction. At year-end, the notional outstanding redemption amount was R1 177 189 752 (2012: R1 180 408 417).

The shares issued to the trusts are subject to restrictions on transferability for a period of seven years from issue date. Thereafter the trusts will be required to settle their notional loans by way of surrendering such number of redeemable convertible preference shares at the then market value as will be required to settle the loan liability. The remaining convertible preference shares held by the trusts will be converted into ordinary SPAR shares and distributed to participants of the relevant trusts.

Full details of the scheme were set out in the circular to shareholders (dated 17 July 2009), copies of which are obtainable from the company.

The cost of the BBBEE scheme including transaction costs amounted to R13.3 million (2012: R13.0 million).

The charge relating to employees is recognised in profit and loss over the duration of the scheme.

	GROUP		COMPANY	
Rmillion	**2013**	2012	**2013**	2012
BBBEE transaction costs				
The SPAR BBBEE Retailer Employee Trust				
The SPAR BBBEE Employee Trust	**12.4**	12.4	**12.4**	12.4
Legal and other costs	**0.9**	0.6	**0.9**	0.6
	13.3	13.0	**13.3**	13.0

36. BUSINESS COMBINATIONS

36.1 Subsidiaries acquired

	Principal activity	Proportion of shares acquired (%)	Consideration transferred in cash Rmillion
2013			
2012			
Kaplian Trading (Pty) Ltd (including one SPAR store)	Retail	11	1.7

The principal business activity of all the business acquisitions listed above is that of retail trade and all its aspects.

All businesses were acquired for cash.

36.2 Assets acquired and liabilities assumed at date of acquisition

The assets and liabilities acquired relate to Savoy SPAR and Kenilworth SPAR acquired by the company (prior year Plattekloof SPAR).

	GROUP		COMPANY	
		Restated*		
Rmillion	**2013**	2012	**2013**	2012
Retail stores				
Non-current assets	**5.9**	3.8	**5.9**	
Property, plant and equipment	**5.9**	3.6	**5.9**	
SPAR development fund		0.2		
Non-current liabilities		(1.9)		
Operating lease liability		(0.9)		
Loan		(1.0)		
Goodwill	**18.4**	9.1	**18.4**	
Purchase price	**24.3**	11.0	**24.3**	

* *The 2012 values have been restated to ensure correct classifications in terms of IAS 7. The reclassifications do not change the net cash flow for the year nor the assets acquired and liabilities assumed at date of acquisition (refer note 38).*

36.3 Assets and liabilities at date of disposal

The assets and liabilities disposed of relate to Sea Point SUPERSPAR.

	GROUP		COMPANY	
Rmillion	**2013**	2012	**2013**	2012
Retail stores				
Non-current assets	**5.0**			
Property, plant and equipment	**5.0**			
Non-current liabilities	**(2.3)**			
Operating lease liability	**(2.3)**			
Goodwill	**14.3**			
Selling price	**17.0**			

36.4 Impact of retail stores on the results of the group

Included in the group profit before tax for the year is a loss of R36.6 million (2012: R33.1 million) attributable to the retail businesses. Consolidated turnover (net of intergroup sales) for the period includes R201.0 million (2012: R187.5 million) in respect of these retail operations.

Rmillion	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
37. OTHER INVESTMENTS				
Opening balance	**20.9**	1.5	**1.9**	1.5
Acquisition of other investments		19.0		0.4
Fair value adjustments		0.4		
Disposal of other investments	**(19.0)**			
Closing balance	**1.9**	20.9	**1.9**	1.9
Non-controlling interest held in retail stores		19.0		
Cala		7.0		
Lady Frere		12.0		
Group Risk Holdings (Pty) Ltd	**1.9**	1.9	**1.9**	1.9
Closing balance	**1.9**	20.9	**1.9**	1.9

During 2012, two additional retail stores were purchased by Klipakkers (Pty) Ltd. These stores were classified as other investments held at cost, as they did not meet the recognition criteria for non-current assets held for sale. The SPAR Group Limited did not exercise control over these stores, therefore they were not consolidated.

Group Risk Holdings (GRH) is a South African based holding company which wholly owns an offshore captive insurance company, being Group Risk Mutual (GRM) in the Isle of Man. GRH is owned by a number of shareholders in varying proportions. The shareholdings are recalculated on an annual basis based on premium contributions to GRM. There are no transactions which take place directly between GRH and GRM other than the share ownership and resulting dividend payments. The shareholders of the parent company, GRH, pay insurance premiums directly to the CFC and receive premium rebates therefrom.

As at the 2013 financial year-end, The SPAR Group Limited has an 8.9% shareholding in Group Risk Holdings (Pty) Ltd at a fair value of R1 922 717 (2012: R459 426). Further to our shareholding, SPAR has loaned to them an amount of R546 563 (refer note 13).

Our shareholding and loan is based on our proportionate market insurance premium contribution relative to other members of this captive insurance scheme. SPAR accounts for this shareholding balance as an investment held at fair value with any relevant fair value movement adjusted at year-end. The loan is accounted for at cost and is interest-free, unsecured and bears no fixed terms of repayment. Please see financial instruments accounting policy note.

38. RESTATEMENT OF PRIOR YEAR FIGURES

A restatement of prior year figures was required in two areas of the 2012 reported figures: the statements of cash flow and the disclosure note on operating lease receivable commitments (note 27.2). The disclosure below sets out the position as previously reported in 2012 and the restated 2012 values.

Rmillion	GROUP Restated	GROUP 2012 Previously Reported	COMPANY Restated	COMPANY 2012 Previously Reported
38.1 Statements of cash flow				
Acquisition of businesses	(11.0)	(9.1)		
Investment to expand operations	(89.1)	(92.7)		
Net movement in loans and investments	(48.4)	(48.4)		
Acquisition of partial interest in a subsidiary that does not involve a change of control	(1.7)			

These September 2012 values have been restated to ensure correct classification in terms of IAS7. The reclassifications did not alter the net cash flow position for the year.

Rmillion	GROUP Restated	GROUP 2012 Previously Reported	COMPANY Restated	COMPANY 2012 Previously Reported
38.2 Operating lease receivable commitment				
Future minimum sub-lease receivables due under non-cancellable property leases:				
Receivable within one year	473.6	431.2	516.2	473.8
Receivable later than one year but not later than five years	1 628.6	1 441.2	1 816.2	1 628.8
Receivable later than five years	874.1	786.9	961.1	874.0
	2 976.3	2 659.3	3 293.5	2 976.6

These September 2012 values have been restated due to a disclosure error.

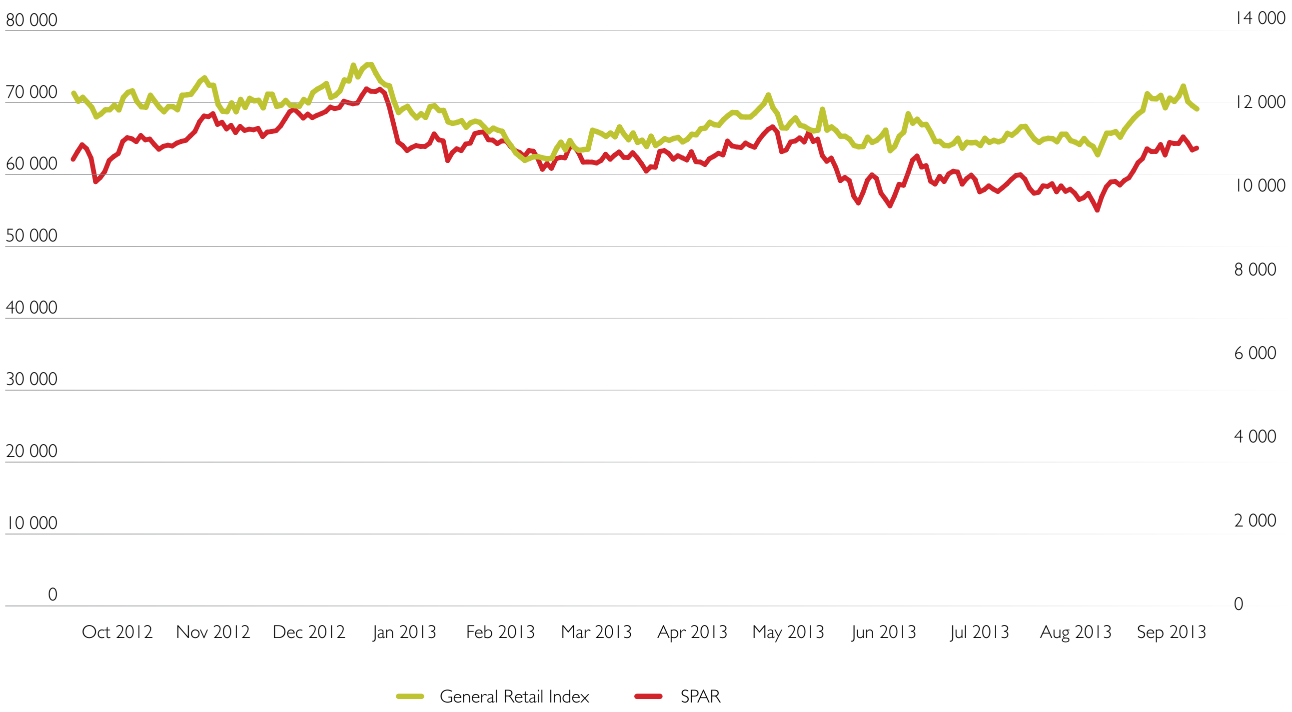
Share ownership analysis

Rmillion		Number of shareholders	% of total	Number of shares	% of total shareholding
Shareholder spread as at 30 September 2013					
Public shareholders		16 081	99.97	172 341 430	99.74
Non-public shareholders		5	0.03	458 880	0.26
– shares held by directors		4	0.02	90 700	0.05
– shares held by The SPAR Group Limited Employee Share Trust (2004)		1	0.01	363 180	0.21
		16 086	100.00	172 800 310	100.00
Type of shareholders					
Pension funds		243	1.51	43 757 945	25.32
Mutual funds		139	0.86	34 603 617	20.03
Private investors		11 707	72.78	13 513 613	7.82
Insurance companies		42	0.26	4 654 185	2.69
Other		3 955	24.59	76 270 950	44.14
Beneficial owners holding in excess of 5% of the company's equity					
GEPF Equity (PIC)				28 908 094	16.77
State Street Bank and Trust Company				14 137 437	8.20
Fund managers controlling in excess of 5% of the company's equity					
PIC				35 389 864	20.53
State Street Bank and Trust Company				28 908 094	16.77
The Northern Trust Company				12 565 405	7.29
Stock exchange statistics					
Market price per share					
– at year-end				cents	12 120
– highest				cents	13 335
– lowest				cents	10 750
Number of share transactions					225 437
Number of shares traded				millions	129.4
Number of shares traded as a percentage of total issued shares				%	75.1
Value of shares traded				Rmillion	15 159.7
Earnings yield at year-end				%	5.8*
Dividend yield at year-end				%	4.0
Price earnings ratio at year-end				multiple	17.2*
Market capitalisation at year-end (including treasury shares)				Rmillion	20 899
Market capitalisation to shareholders' equity at year-end				multiple	6.6

* *Based on headline earnings excluding BBBEE cost.*

Share price performance

SPAR (SPP) (share price) versus General Retail Index



Shareholders' diary

Financial year-end	30 September
Annual general meeting	February
Reports and profit statements	
Interim report	May
Annual report	November
Integrated annual report issued	December
Interim dividend	
Declaration	May
Payable	June
Final dividend	
Declaration	November
Payable	December

Notice to shareholders

Notice is hereby given that the annual general meeting of The SPAR Group Limited ("the company") will be held in the company's boardroom, 22 Chancery Lane, Pinetown, Durban, South Africa on Tuesday, 11 February 2014 at 09:00 for the purpose of conducting the following:

ANNUAL GENERAL MEETING OF THE COMPANY

ORDINARY BUSINESS

1. To receive, consider and approve the annual financial statements of the company for the year ended 30 September 2013, including the reports of the directors, the Audit Committee and the auditors, which annual financial statements are included in the integrated annual report of which this notice forms part.
2. To consider the re-election, as a director of the company, of:

   2.1 Mr HK Mehta who retires in accordance with the Memorandum of Incorporation of the company, but being eligible, offers himself for re-election; and

   2.2 Mr MP Madi who retires in accordance with the Memorandum of Incorporation of the company, but being eligible, offers himself for re-election.

   A brief CV of such directors can be found on pages 28 to 29 of the integrated annual report of which this notice forms part.

   The Remuneration and Nominations Committee of the company has conducted an assessment of the performance of each of the retiring candidates, and the board accepted the results of that assessment. Accordingly, the board recommends their re-election.
3. To ratify the appointment of Mr GO O'Connor as a director and the chief executive of the company with effect from 1 February 2014.

   A brief CV of Mr GO O'Connor can be found on page 23 of the integrated annual report of which this notice forms part.
4. To reappoint Deloitte & Touche as auditors of the company and to appoint Mr B Botes as the designated auditor to hold office until the next annual general meeting.
5. To confirm the appointment of:

   5.1 Mr CF Wells, an independent non-executive director, as chairman of the company's Audit Committee;

   5.2 Mr HK Mehta, an independent non-executive director, as a member of the company's Audit Committee; and

   5.3 Mr PK Hughes, an independent non-executive director, as a member of the company's Audit Committee.

   A brief CV of such directors can be found on pages 28 to 29 of the integrated annual report of which this notice forms part.

SPECIAL BUSINESS

Shareholders will be requested to consider and, if deemed fit, to pass the following special resolutions and ordinary resolutions:

1. **Proposed special resolution number 1 – Financial assistance to related or inter-related companies**

   "Resolved that the directors, in terms of and subject to the provisions of Section 45 of the Companies Act No. 71 of 2008 as amended ("the Act"), are hereby authorised to cause the company to provide any financial assistance, whether by lending money, guaranteeing a loan or other obligation and/or securing any debt or obligation, to any of its subsidiary companies or other related or inter-related companies, during the period of 1 March 2014 to 28 February 2015."

   Reason and effect

   This resolution is required in order to comply with the requirements of Section 45 of the Act. In terms of the said provisions, a company cannot render financial assistance to a related or inter-related company or corporation unless the board of the company is authorised thereto either in terms of an employee share scheme that satisfies the requirements of Section 97 of the Act, or pursuant to a special resolution of the shareholders. It is the intention that the company should be authorised to render financial assistance to its subsidiary companies or other related or inter-related companies from time to time and to facilitate this by way of a general authority, a special resolution is required.
2. **Proposed special resolution number 2 – Basis of remuneration payable to non-executive directors for the period 1 March 2014 to 28 February 2015**

   "Resolved that the directors' fees payable to the non-executive directors of the company, for the period 1 March 2014 to 28 February 2015, will be determined by reference to the following:

• Chairman of the board of directors (including his participation on all committees)	R970 000
• Members of the board of directors	R275 000
• Chairman of the Audit Committee	R165 000
• Members of the Audit Committee	R80 000
• Chairmen of the board committees (excludes Audit)	R97 000
• Members of the board committees	R63 000"

Reasons and effect
This special resolution is required in order to comply with the requirements of the Act. Section 65(11)(h) provides that a special resolution is required to authorise the basis for compensation to directors of a profit company, as required by Section 66(9).

Section 66(9) provides that remuneration may be paid to its directors for their services as directors only in accordance with a special resolution approved by the shareholders within the previous 2 (two) years.

Section 66(9) applies only to the remuneration paid to directors for their services as such. Unlike the non-executive directors of the company, the executive directors do not receive any fees/remuneration for their services as directors; their remuneration is for their services as employees of the company.

The company's annual general meeting is held in February of each year and it is the intention that the basis of determining the remuneration payable to directors for their services as such shall be determined annually in advance for the then forthcoming period that commences at the beginning of March and ends at the end of the following February.

The effect of this special resolution, if passed, will be the authorisation of the abovementioned fees. The proposed fees have been determined pursuant to a benchmarking exercise undertaken by the Remuneration and Nominations Committee.

3. **Proposed special resolution number 3 – Adoption of The SPAR Group Limited Conditional Share Plan**
"Resolved that The SPAR Group Limited Conditional Share Plan ("CSP") be, and is hereby, adopted."

Reasons and effect
The company currently has a Share Option Plan ("SOP") in place. An option plan will only render value to participants if the share price increases between the grant date and exercise date. Due to the relatively stable growth in the company's share price, it has been noted that the SOP is not adequate to address retention or incentivise participants. In order to address these issues, the company intends to adopt a CSP. The CSP is intended to replace the SOP, but historic awards made under the SOP will be allowed to continue to fruition.

The CSP will be used as a retention mechanism or as a tool to attract prospective employees or as an incentive to participants to deliver the group's business strategy over the long-term. Under the CSP, awards can comprise of shares (Restricted Shares) that are subject to the condition that the participants remain employed with the Company and/or shares (Performance Shares) that are subject to employment conditions and company related performance conditions over a predetermined period. The award will only be settled after the vesting date and the participant will not have any shareholder or voting rights prior to the vesting date.

The effect of this special resolution, if passed, will be the adoption and implementation of the CSP. A summary of the salient features of the CSP is annexed hereto marked "A". A copy of the rules of the CSP can be inspected at 22 Chancery Lane, Pinetown, Durban, South Africa by arrangement with the company secretary, Mr KJ O'Brien.

In terms of Schedule 14 of the JSE Listings Requirements, the CSP must be approved by an ordinary resolution of the shareholders with a 75% majority of the votes cast in favour of the resolution. In terms of Section 44 of the Act, a company cannot render financial assistance for the purposes of the subscription of options or securities issued by the company or for the purchase of any securities of the company unless the board of the company is authorised thereto either in terms of an employee share scheme that satisfies the requirements of Section 97 of the Act, or pursuant to a special resolution of the shareholders. It is the intention that the company should be authorised to render such assistance from time to time for the purposes of the CSP and to facilitate this, a special resolution is required.

4. **Proposed ordinary resolution number 1 – Authority to issue shares for the purpose of share options**
Pursuant to the granting of share options by The SPAR Group Limited Employee Share Trust (2004), and in the event of any of the option holders exercising his/their rights thereto, authority is sought to place the issuing of the necessary shares under the control of the directors.

"Resolved as an ordinary resolution that such number of the ordinary shares in the authorised but unissued capital of the company required for the purpose of satisfying the obligations of The SPAR Group Limited Share Trust (2004) ("the Trust") to option holders, be and are hereby placed under the control of the directors, who are hereby, as a specific authority, authorised to allot and issue those shares in terms of the Trust deed."

Reasons and effect
The reason for, and the effect of, this resolution is to facilitate, in terms of the requirements of Article 2.2(2) of the Memorandum of Incorporation of the company, the issue of the requisite number of ordinary shares to the abovementioned Trust so as to enable it to meet its obligations to holders of the relevant share options when such options are exercised.

5. **Proposed ordinary resolution number 2 – Authority to issue shares for the purpose of the CSP**
   "Resolved as an ordinary resolution that such number of the ordinary shares in the authorised but unissued capital of the company required for the purpose of the CSP be, and are hereby, placed under the control of the directors, who are hereby, as a specific authority, authorised to allot and issue those shares in terms of the rules of the CSP."

   Reasons and effect
   The reason for, and the effect of, this resolution is to facilitate, in terms of the requirements of Article 2.2(2) of the Memorandum of Incorporation of the company, the issue of the requisite number of ordinary shares in terms of the rules of the CSP. The intended settlement method of the CSP is a market purchase of shares, which will result in no dilution to shareholders. The rules of the CSP, however, are flexible in order to allow for settlement by way of a market purchase of shares, the use of treasury shares or the issue of shares and this resolution, if passed, will facilitate an award under the CSP being made by an issue of shares if, for whatever reason, this least preferred settlement method is used.

NON-BINDING ADVISORY VOTE

"Resolved that the Remuneration Policy of the company, which can be found on pages 48 to 51 of the integrated annual report of which this notice forms part, be and is hereby approved."

Reason

This is a recommended practice in terms of the King Report on Governance for South Africa 2009 and the King Code of Governance for South Africa 2009 (together "King III") and in line with sound corporate governance.

PERCENTAGE OF VOTING RIGHTS REQUIRED FOR RESOLUTIONS

1. **Special resolutions**
   The percentage of voting rights that will be required for the adoption of each special resolution to be adopted is the support of at least 75% of the voting rights exercised on the resolution at a properly constituted meeting of the company's shareholders.

2. **Ordinary resolutions**
   The percentage of voting rights that will be required for the adoption of each ordinary resolution to be adopted is the support of more than 50% of the voting rights exercised on the resolution at a properly constituted meeting of the company's shareholders.

RECORD DATE

The record date that has been set by the board for the purpose of determining which shareholders are entitled to participate in, and vote at, the meeting, is Friday, 31 January 2014. Accordingly, the last day to trade in order for a shareholder to be eligible to vote at the meeting is Friday 24 January 2014.

VOTING AND PROXIES

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a shareholder.

Proxy forms must be forwarded to reach the company's transfer secretaries, Link Market Services South Africa (Pty) Ltd, PO Box 4844, Johannesburg, 2000, by no later than 09:00 on Friday, 7 February 2014. Proxy forms must only be completed by shareholders who have not dematerialised their shares or who have dematerialised shares with "own name" registration. A proxy form is attached.

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. Subject to the rights and other terms associated with any class of shares, on a poll, every shareholder of the company shall have one vote for every share held in the company by such shareholder.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, should contact their CSDP or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

IDENTIFICATION

Section 63(1) of the Act requires meeting participants to provide the person presiding the meeting with satisfactory identification.

By order of the board

KJ O'Brien
Company Secretary 12 November 2013

Annexure A

SALIENT FEATURES OF THE SPAR GROUP LIMITED CONDITIONAL SHARE PLAN

INTRODUCTION

In 2012, the Company presented a Forfeitable Share Plan for approval to shareholders, which was withdrawn to further refine this plan. The Remuneration Committee has since evaluated the concerns of institutional investors, the company's business requirements, market practice and sound corporate governance standards and has revised the salient terms of the proposed plan as described below.

In line with local and global best practice, the The SPAR Group Limited (the "Company") intends to adopt a new long-term incentive plan, namely the Conditional Share Plan ("CSP"). The purpose of the CSP is to provide eligible employees with the opportunity of receiving shares in the Company ("Shares") through the making of conditional awards ("Awards") to receive such Shares at a future date.

The rationale behind the introduction of the CSP is to align the interests of participants of this plan ("Participants") closely with that of shareholders in respect of the Company's performance. In line with best practice and King III, the CSP will primarily be used for annual incentive Awards to Participants. Therefore the vesting of all annual Awards to executives and senior management will be subject to Company performance conditions ("Performance Conditions"). The Company is constantly faced by a shortage of skills and the risk of losing key individuals. For this reason, the CSP can also be used to make an Award of Shares to address retention and sign-on requirements, as discussed below. Awards made to address retention will only be made in the event of specific retention risks identified and be based on sound past Individual Performance.

On approval of the CSP, no further awards will be made to Participants under the Company's existing plan, namely the SPAR Share Option Plan ("Existing Plan"), but existing awards will continue to fruition.

The salient features of the CSP are detailed below.

ELIGIBLE EMPLOYEES

The CSP will be aimed at executives and senior management and key talent specifically identified. The Remuneration Committee can however, in its discretion, include any person holding permanent salaried employment or office with any Employer Company (excluding any non-executive director of the group) for participation in the CSP, but these will be in exceptional circumstances.

NATURE OF AWARDS

Awards can comprise of Shares ("Restricted Shares") that are subject to the condition that the Participants remain employed with the group ("Employment Condition") and/or Shares ("Performance Shares") that are subject to an Employment Condition and Company-related performance conditions ("Performance Condition) over a predetermined period ("Performance Period). The Award will only be settled after the vesting date and the Participant will not have any shareholder or voting rights prior to the vesting date.

BASIS OF AWARDS

Depending on the seniority of an Employee, Awards can be made on the following basis:

- annual Awards of Performance Shares to executives and senior management;
- ad-hoc Awards of Restricted Shares to selected Employees (including executives and senior management) based on the sustainable past performance of the Employee ("Individual Performance") to address specific retention risks; or
- award of Restricted Shares to specifically address sign-on requirements.

The Participant will give no consideration for the grant or settlement of an Award.

The Remuneration Committee will determine the vesting period(s) for each Award. The vesting period for annual Awards of Performance Shares will be a period of three years commencing on the date of Award. Ad-hoc Awards of Restricted Shares, will be subject to longer vesting periods and will vest in equal parts after three, four and five years following the date of Award.

The Remuneration Committee will ensure that Award levels are fair with reference to the Employee's salary, grade, retention requirements, individual performance, and market practice (as applicable) and affordability to the Company. Annual allocations will be benchmarked and set at a market related level of remuneration whilst considering the overall affordability thereof to the group.

SETTLEMENT AND DILUTION LIMITS

The intended settlement method of the CSP is a market purchase of shares. Unlike the Existing Plan which has been settled by issuing shares, a market purchase will result in no dilution to shareholders. The rules of the CSP will, however, be flexible in order to allow for settlement in any of the following manners:

- by way of a market purchase of Shares; or
- use of treasury Shares; or
- issue of Shares.

The cumulative aggregate number of Shares which may be allocated under the CSP shall not exceed 5 200 000 Shares (approximately 3% of the issued shares). Shares allocated under the CSP which are not subsequently settled to a Participant as a result of the forfeiture thereof, will be excluded in calculating the company limit. Similarly, any shares purchased in the market or shares which were originally purchased in the market but held in treasury in settlement of the CSP will be excluded. The Remuneration Committee must, where required, adjust this company limit (without the prior approval of shareholders in a general meeting), to take account of a sub-division or consolidation of the shares of the Company. Such adjustment should ensure that the limit represents the same proportion of the equity capital in the Company as it represented before such event.

The aggregate number of Restricted Shares that may be allocated under the CSP may not exceed 1 300 000 Shares (25% of the Company limit).

The cumulative aggregate number of Shares which may be allocated to any one Participant may not exceed 570 000 Shares (approximately 0.33% of the issued shares). Awards of Performance Shares or Awards of Restricted Shares which have been forfeited by the Participant shall be excluded from the said limit. The Remuneration Committee may, where required, adjust this individual limit to take account of a capitalisation issue, a special dividend, a Rights Issue or reduction in capital of the Company. Such adjustment should give a Participant entitlement to the same proportion of equity capital as that to which he was previously entitled.

The Auditors, or other independent advisor acceptable to the JSE, shall confirm to the JSE in writing that any adjustment made in terms of this paragraph has been properly calculated on a reasonable and equitable basis, in accordance with the Rules and must be reported on in the Company's financial statements in the year during which the adjustment is made. The issue of shares as consideration for an acquisition, and the issue of shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the company and individual limit.

The limits of the CSP will be set and monitored independently from the Existing Plan.

PERFORMANCE CONDITIONS

The Performance Conditions applicable to an Award of Performance Shares will be set annually by the Remuneration Committee and, where considered necessary, in consultation with shareholders. The Performance Condition will be measured over a Performance Period of three years. The intended Performance Conditions and the manner in which targets will be set are as follows:

PERFORMANCE CONDITION	DEFINED AS	DETAIL	WEIGHTING	THRESHOLD	ON-TARGET	STRETCH
Return on net assets ("RONA")	Operating profit expressed as a percentage of the net closing asset value at the relevant year-end	The average RONA over the Performance Period will be compared to the targets set out herewith	30%	80% of the on-target (on-target defined as RONA as per the operating budget approved by the board)	RONA as per the operating budget approved by the board	120% of the on-target (on-target defined as RONA as per the operating budget approved by the board)

Annexure A continued

PERFORMANCE CONDITION	DEFINED AS	DETAIL	WEIGHTING	THRESHOLD	ON-TARGET	STRETCH
Growth in headline earnings per share ("HEPS")	Headline earnings divided by the weighted average number of ordinary shares (net of treasury shares) in issue during the relevant financial year. Headline earnings consist of the earnings attributable to ordinary shareholders, excluding non-trading and capital items	Growth in HEPS will be calculated as the growth between the base year and the last year in the Performance Period	50%	CPI growth over the Performance Period	Growth between HEPS as per the operating budget approved by the board for the last year in the Performance Period and the base year HEPS	Target plus 9% over the Performance Period
Total shareholder return ("TSR") relative to a peer group	The TSR will be measured as the compound annual growth rate ("CAGR") in the TSR index for the Company and the peer companies over the Performance Period after holding the Shares and reinvesting the dividends over the Performance Period.	To remove vagaries in the market, the CAGR in TSR calculation to be smoothed by using the average TSR index for the 20 business days up to and including the start of the Performance Period and 20 business days up to and including the end of the Performance Period. The peer group will constitute suitably constructed and appropriate peer companies	20%	80% of on-target (on-target defined as weighted average TSR of peer group)	Weighted average TSR of peer group	120% of on-target (on-target defined as weighted average TSR of peer group)

The targets will represent the levels of achievement required for each Performance Condition in order for certain portions of the Performance Shares to vest. Threshold performance will act as a "gatekeeper" and will represent the minimum performance that is required before Performance Shares will start to vest. On-target performance relates to good, but sufficiently stretching performance, and stretch performance relates to exceptional performance in the context of the prevailing business environment. The portion of the Performance Shares that will vest at each target will be as follows:

	VESTING PERCENTAGE
Threshold	30% of the Award of Performance Shares will vest for performance at threshold. None of the Performance Shares will vest for performance below threshold.
On-target	65% of the Award of Performance Shares will vest for performance at on-target.
Stretch	100% of the Award of Performance Shares will vest for performance at stretch.

Linear Vesting will apply for performance between threshold and on-target or between on-target and stretch performance.

EARLY VESTING, TERMINATION OF EMPLOYMENT AND CORPORATE ACTION

Participants terminating employment due to resignation or dismissal on grounds of misconduct, proven poor performance or proven dishonest or fraudulent conduct, abscondments or any reason other than stated below will be classified as bad leavers and will forfeit all unvested Awards.

Participants terminating employment due to death, retirement, retrenchment, ill-health, disability, injury or the sale of the Employer Company will be classified as good leavers and a portion of the Award will vest. This portion will reflect the number of months served since the Award Date to the Date of Termination of Employment over the total number of months in the Vesting Period and the extent to which the Performance Condition (if any) has been met. The remainder of the Award will lapse.

In the event of a Change of Control, a portion of the Award will vest. This portion will reflect the number of months served since the Award Date to the Change of Control Date over the total number of months in the Vesting Period and the extent to which the Performance Condition (if any) has been met on the Change of Control Date. The portion of the Award that does not vest on the Change of Control Date will, except on the termination of the CSP, continue to be subject to the terms of the Award Letter relating thereto unless the Remuneration Committee determines that the terms of the Award Letter relating thereto are no longer appropriate.

In this case the Remuneration Committee shall make such adjustment to the number of Awards or convert Awards into awards in respect of shares in one or more other companies provided the Participants are no worse off. The Remuneration Committee may also vary the Performance Condition relating to this portion.

ADJUSTMENT OF AWARDS

In the event of a variation in share capital such as a capitalisation issue, subdivision of shares, consolidation of shares, liquidation etc, participants shall continue to participate in the CSP. The Remuneration Committee may make an adjustment to the number of unvested Awards or take such other action to place Participants in no worse a position than they were prior to the happening of the relevant event. Such adjustment should give the Participant an entitlement to an equivalent proportion of the equity capital of the Company as that to which he was entitled prior to the occurrence of the relevant event. The Auditors, or other independent advisor acceptable to the JSE, shall confirm to the JSE in writing that any adjustment made in terms of this paragraph has been properly calculated on a reasonable and equitable basis, in accordance with the rules and must be reported on in the Company's financial statements in the year during which the adjustment is made

The issue of shares as consideration for an acquisition, and the issue of shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to Awards.

AMENDMENTS

The provisions relating to:

- eligibility to participate in the CSP;
- the number of Shares which may be utilised for the purpose of the CSP;
- the limitations on benefits or maximum entitlements envisaged in the individual limit;
- the basis upon which Awards are made as stipulated in the rules;
- the voting, dividend, transfer and other rights attached to the Awards, including those arising on a liquidation of the Company;
- the adjustment of Awards in the event of a variation of capital of the Company or a Change of Control of the Company; and
- the procedure to be adopted in respect of the vesting of Awards in the event of termination of employment.

may not be amended without the prior approval of the JSE and by ordinary resolution of 75% (seventy-five per cent) of shareholders of the Company present or by proxy, in general meeting, excluding all the votes attached to all Shares owned by persons as a result of the vesting of Performance Shares and Restricted Shares under this CSP who are existing Participants in the CSP and who may be impacted by the changes.

The Rules of the CSP are available for inspection 14 days prior to the annual general meeting at the Company's office at 22 Chancery Lane, Pinetown, South Africa.

Corporate information

Company name
The SPAR Group Limited

Registration number
1967/001572/06

JSE code
SPP

ISIN
ZAE000058517

Company Secretary
KJ O'Brien
Appointed Company Secretary 2006

Business address
22 Chancery Lane
Pinetown
3610

Postal address
PO Box 1589
Pinetown
3600

Telephone: +27 31 719 1900

Facsimile: +27 31 719 1990

Website: www.spar.co.za

Bankers
First National Bank
PO Box 4130
Umhlanga Rocks
4320

Attorneys
Garlicke & Bousfield
PO Box 1219
Umhlanga Rocks
4320

Auditors
Deloitte & Touche
PO Box 243
Durban
4000

Transfer Secretaries
Link Market Services South Africa (Pty) Ltd
PO Box 4844
Johannesburg
2000

Sponsor
One Capital
PO Box 784573
Sandton
2146

ince

Form of proxy

THE SPAR GROUP LIMITED
Registration number: 1967/001572/06
JSE code: SPP
ISIN: ZAE000058517
("SPAR" or "the group")

Only for use by members who have not dematerialised their shares or members who have dematerialised their shares with "own name" registration.

All other dematerialised shareholders must contact their CSDP or broker to make the relevant arrangements concerning voting and/or attendance at the meeting.

For use by SPAR shareholders at the meeting of holders of ordinary shares of the company; the meeting of holders of preference shares of the company; and the annual general meeting of the company to be held at 22 Chancery Lane, Pinetown, South Africa on Tuesday, 11 February 2014 at 09:00.

I/We

of (address)

being the holder/s of shares, appoint (see note 1)

1. or failing him/her/it;

2. or failing him/her/it;

3. the chairman of the annual general meeting
as, my/our proxy to act for me/us on my/our behalf at the annual general meeting which will be held for the purposes of considering, and if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions:

ORDINARY BUSINESS		For	Against	Abstain
1.	Approval of 2013 annual financial statements			
2.1	Re-election of Mr HK Mehta as a director			
2.2	Re-election of Mr MP Madi as a director			
3.	Ratification of the appointment of Mr GO O'Connor as a director and CEO with effect from 1 February 2014			
4.	Reappointment of Deloitte as auditor and Mr B Botes as designated auditor			
5.1	Appointment of Mr CF Wells as chairman of the Audit Committee			
5.2	Appointment of Mr HK Mehta as a member of the Audit Committee			
5.3	Appointment of Mr PK Hughes as a member of the Audit Committee			
SPECIAL BUSINESS		For	Against	Abstain
1.	Special resolution number 1 – Financial assistance to related or inter-related companies			
2.	Special resolution number 2 – Basis of remuneration payable to non-executive directors for the period 1 March 2014 to 28 February 2015			
3.	Special resolution number 3 – Adoption of The SPAR Group Limited Conditional Share Plan			
4.	Ordinary resolution number 1 – Authority to issue shares for the purpose of share options			
5.	Ordinary resolution number 2 – Authority to issue shares for the purpose of the CSP			
OTHER		For	Against	Abstain
	Non-binding advisory vote on the Remuneration Policy of the company			

Signed at this day of 2014

Signature

Completed forms of proxy must be received at the office of the company's transfer secretaries, Link Market Services, South Africa (Pty) Ltd, PO Box 4844, Johannesburg, 2000, by no later than 09:00 on Friday, 7 February 2014.

Notes to the form of proxy

1. A member's instructions to the proxy must be indicated in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the annual general meeting as he/she deems fit. A member may instruct the proxy to vote less than the total number of shares held by inserting the relevant number of shares in the appropriate box provided. A member who fails to do so will be deemed to have authorised the proxy to vote or abstain from voting, as the case may be, in respect of all the member's votes exercisable at the annual general meeting.
2. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy unless previously recorded by the company's share registrar or waived by the chair of the annual general meeting.
3. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
4. A minor must be assisted by the minor's parent or guardian unless the relevant documents establishing the minor's legal capacity are produced or have been registered by the company's transfer secretaries.
5. The chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these notes if the chairman of the annual general meeting is satisfied as to the manner in which the member wishes to vote.

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