



**Directors' Responsibility for the Company and Group Annual Financial Statements**

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and **fair presentation** of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the Company and Group's ability to continue as a going concern and have no reason to believe the business will not be a **going concern** in the year ahead.

	2008 R000	2007 R000
Turnover	45 380.7	39 337.1
Cost of merchandise sold	37 411.0	32 443.2
Gross Profit	7 696.7	6 893.9
Earnings Per Share (cents)	206.19	148.13



**CEO's Report**

**Interest paid**

Interest paid has increased during the year due to a subsidiary company raising a R500 million five-year term, fixed-interest rate loan to fund property development.

**Food price increases**

We are very aware of the inflationary pressure on basic foods and are doing everything we can to minimise its impact on customers. Every month we check our pricing against our competitors and in every region for every month for the last 6 months, we have been the lowest priced retailer across a basket of 1 000 lines. We will continue to do everything we can to ensure customers are aware of this.

	2008 R000	2007 R000
<b>ASSETS</b>		
Non-current assets	4 295.3	3 772.8
Current Assets	5 008.5	4 020.2
Inventories	3 101.4	2 367.4
Trade and other receivables	1 243.9	943.7
Cash and Cash equivalents	663.2	709.1
Total Assets	9 303.8	7 793.0
<b>EQUITY</b>		
Capital and reserves	1 433.7	1 015.4
Non Current Liabilities	1 357.2	895.1
Current Liabilities	6 512.9	5 882.5
Total Equities and Liabilities	9 303.8	7 793.0

**EXTRACT CHAIRMAN'S REPORT**

- Of particular concern for the foreseeable future are the growing global food crisis and the popular protests in many developing countries against the rising price of basic foodstuffs. At home, where we are not immune to international trends, the situation has been aggravated by continuous interest rate increases and the rapidly escalating price of fuel.
- As part of our strategy to help customers, Pick 'n Pay has recommitted to sell certain basic foodlines at cost. While this subsidy will naturally have an impact on the Company, I have no doubt it is the right thing to do.
- We strive to extend the lag of price increases by buying forward, although this has its own challenges with suppliers struggling to meet demand and negatively impacts our working capital.

