Annual Report 2008

Super de Boer

Annual Report 2008

The annual report is available in both Dutch and English. Of the two texts, the text in the English language is the only authentic text, and therefore prevails.

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Foreword

Net profit tripled in 2008 compared with 2007 and the operating result increased significantly. The balance sheet was also improved substantially by reinforcing shareholders' equity and decreasing net debt. Super de Boer clearly benefited in 2008 from the extensive reorganisation in 2006 and 2007.

Super de Boer achieved a good sales performance in 2008, with average sales per store up 7.3% and consumer sales almost the same as in 2007 with on average 30 stores less. This reflects the combined effect of the refurbishment of 42 stores and the further strengthening of the Super de Boer format.

Super de Boer's objective is clear: we simply want to be the best in every local market. To achieve that, each store needs to define – and be free to pursue – its own consumer-focused approach. In one case that may mean investing in quality, in whatever form, and investing in price in another. In all cases, however, the motto is: 'local where possible, central where necessary'. The consumer defines, the supermarket makes it possible.

All activities were directed in 2008 towards winning consumer preference for Super de Boer. Success in the battle for quality will depend essentially on five factors: good locations, a good product range, efficient stores presenting a minimum of irritations for consumers, a good ambiance with good staff and, last but not least, the right pricing. Super de Boer made good progress in all these areas last year and we intend to continue the battle for quality on all fronts in 2009.

I thank all our employees for their hard work in putting Super de Boer back on track, which has led to the good financial results achieved in 2008. From Good to Super: that is the path for 2009.

J.G.B. Brouwer
CEO

Key figures 2008

Financial highlights (consolidated)

(in millions of euro)

	2008	2007
Revenue (net sales)	1,685	1,858
Result from operating activities excluding special items	17	7
Result from operating activities (EBIT)	25	21
Net financing costs	(11)	(11)
Result for the period	29	10
Net debt	67	77

Stores

	2008	2007
Total number of stores (year-end)	305	315
of which, franchisees	165	176
Average number of stores	310	340

Market share

	2008	2007
Super de Boer	6.8%	7.3%

The objective

Super de Boer is a national supermarket format with a distinct regional and local focus which aims to be the best supermarket in each neighbourhood. It will achieve this objective by offering products and services of the highest possible quality at affordable prices and building an open and personal relationship with its customers. Super de Boer plays an active role in the community, both in the local area served by a supermarket and in the demands that changes in society are imposing on sustainability of the product range and promoting health and well-being. Families with children are Super de Boer's main target group. They know and trust the format and value the help Super de Boer provides by making it easier to budget for household expenses and maintain a healthy lifestyle.

Personal particulars Supervisory Board

(status as at 7 April 2009)

S.W.W. Lubsen MBA (m), chairman

Former member Board of Management of Heineken N.V.;
Dutch national;
Appointed to the Supervisory Board in May 2004, reappointed in 2008, up for retirement by rotation in 2012.

Main non-executive directorships/ancillary positions:

- Chairman of the Supervisory Board of Concordia Fund B.V.;
- Member of the Board of Directors of Teleflex Inc. USA;
- Member of the Supervisory Board of RUVABO B.V.;
- Member of the Supervisory Board of IFF (Nederland) Holding B.V.

H.L. Aouani (m)

Member of the Board of Management of Casino Guichard-Perrachon S.A.;
French national;
Appointed to the Supervisory Board in December 2007, up for retirement by rotation in 2011.

Main non-executive directorships/ancillary positions:

As part of his position at Casino Guichard-Perrachon S.A., Mr Aouani holds directorships at the following companies in which Casino participates:

- Chairman of the Supervisory Board of Vindémia S.A.S.;
- Member of the Supervisory Board of C-Discount S.A.;
- Member of the Board of Directors of Monoprix S.A.;
- Member of the Board of Directors of Franprix Holding S.A.;
- Member of the Board of Directors of Grupo Pao de Açucar, Brazil;
- Member of the Board of Directors of Almacenes Exito S.A., Colombia.

D.R. Goeminne (m)

Former member Board of Management of Maxeda B.V. and chairman of the Board of Management of Vroom & Dreesmann B.V.;
Belgian national;
Appointed to the Supervisory Board in December 2007, up for retirement by rotation in 2011.

Main non-executive directorships/ancillary positions:

- Chairman of the Supervisory Board of Boekhandels Groep Nederland B.V.;
- Member of the Supervisory Board of Stern Groep N.V.;
- Member of the Board of Management of Mitiska N.V., Belgium;
- Member of the Board of Management of Van de Velde N.V., België.

A.D.C.W.J. Strasser (m)

Advisor to the Chairman of the management board of Casino Guichard-Perrachon S.A., in charge of International Development and secretary of Casino´s International Strategic Committee;
French national;
Appointed to the Supervisory Board in October 2008, up for retirement by rotation in 2012.

Main non-executive directorships/ancillary positions:

As part of his position at Casino Guichard-Perrachon S.A., Mr Strasser holds a directorship at the following company in which Casino participates:

- Member of the management board of Big C, Thailand.

P.M. Verboom (m)

Executive Vice President and Chief Financial Officer of Schiphol Group;
Dutch national;
Appointed to the Supervisory Board in May 2008, up for retirement by rotation in 2012.

Main non-executive directorships/ancillary positions:

- Vice Chairman Supervisory Board Eindhoven Airport;
- Member of the Supervisory Board of VastNed Retail N.V.;
- Member of the Board of Directors Brisbane Airport Company Ltd.;
- Member of the Board of Directors Aéroports de Paris.

Committees

Selection, Nomination and Remuneration Committee

H.L. Aouani (chairman)
S.W.W. Lubsen

Audit Committee

D.R. Goeminne (chairman)
A.D.C.W.J. Strasser
P.M. Verboom

Personal particulars Group Management Board

As from 6 November 2006 the Board of Management consists of Mr J.G.B. Brouwer, whose appointment by the Supervisory Board took place after the Extraordinary Meeting of Shareholders of 3 November 2006.

Furthermore the Super de Boer Group Management Board is composed as follows:

Th.C.M. van Beek RA (m)
Finance

A.H. de Boer MBA (m)
ICT, Supply Chain Management

A.B. Davids (m)
Real Estate

J.A. Heuving (m)
Operations

G. Kuiper (f)
Personnel & Organisation

E.C.J. Leebeek (m)
Marketing and Purchasing

R. de Vries (m)
Logistics

With the exception of Mr Brouwer, none of the above is a member of the Board of Management.

Directorships/ancillary positions Group Management Board

The members of the Group Management Board do only fulfil directorships/ancillary positions outside Super de Boer N.V. to the extent that these positions are directly related to the activities of Super de Boer N.V., for example positions with industry organisations. An exception to this is formed by Mr Brouwer's Supervisory Board memberships at Albron B.V. and Gavia Holding B.V./Wehkamp.

Report of the Supervisory Board

Overview

The transition process from Laurus to Super de Boer was successfully completed end 2007. Consequently, further improvement of the Super de Boer format became Super de Boer's focus of attention for the year 2008. This improvement was, amongst others, realised by further modernising and expanding 42 stores, strengthening local marketing, expanding Super de Boer's private label and strengthening the quality of the stores through various programmes and training courses.

Also the positive development of the operational result continued during the course of 2008. This increase was mainly realised by divesting loss-making stores and a further improvement of the operational performance. As a result of this development, in conjunction with the successful transition, Super de Boer has managed to reach agreement with ING Bank N.V. and RBS on an amendment of its current credit facility. Pursuant to this revised facility agreement the total facility has been reduced from € 175 million to € 120 million. In addition, the interest surcharges and commitment fees were reduced in order to better fit the risk profile of Super de Boer.

This revised credit facility illustrates the development that Super de Boer has undergone, moreover because the first signs of the credit crunch revealed themselves in the first half year of 2008. The consequences of this credit crunch, concerning both the financial markets and the real economy, became apparent particularly during the second half year of 2008. Despite the downward economic spiral and decrease of consumer confidence, Super de Boer managed to achieve the objectives which had been set for 2008.

Supervision

The Supervisory Board held nine meetings with the CEO and CFO in 2008. All or virtually all of the members of the Supervisory Board attended most of these meetings. Furthermore all members of the Supervisory Board attended the General Meeting of Shareholders held on 14 May 2008 and three of the four members attended the Extraordinary General Meeting of Shareholders on 31 October 2008.

Besides the formal meetings, there were contacts among the members of the Supervisory Board and the Group Management Board. Members of the Supervisory Board increased their familiarity with the business through working visits to stores, offices and distribution centres. With the exception of one meeting, delegations of the Supervisory Board attended the consultative meetings of the works council. There were also regular contacts between the chairman of the works council and the chairman of the Supervisory Board.

The Supervisory Board also met, without the Board of Management being present, to discuss the functioning of the Supervisory Board and that of its individual members and the conclusions that must be drawn in that respect. During these meetings, the Supervisory Board also discussed its desired profile, as well as its composition and competence. In addition, the Supervisory Board discussed, without members of the Group Management Board being present, the functioning of the Group Management Board and the conclusions that must be drawn in that respect.

During the meetings of the Supervisory Board specific attention was devoted to the achievement of the company's objectives, Super de Boer's strategy, the risks inherent to the company's business (also against the background of the turmoil on the financial markets) and the results of the assessment by the Board of Management of the internal risk management and control systems.

Composition of the Supervisory Board

Super de Boer N.V. is a Dutch public limited liability company (naamloze vennootschap) which is subject to the full large company regime (structuurregime) pursuant to its Articles of Association. Given the size of the shareholding in Super de Boer of Casino Guichard-Perrachon S.A. ('Casino'), Super de Boer has the possibility to apply the mitigated large company regime (verzwakt structuurregime). Despite this possibility, the General Meeting of Shareholders explicitly decided in 2008 to not apply this mitigated large company regime and to maintain the full large company regime. Pursuant to the full large company regime, members of the Board of Management are appointed by the Supervisory Board. Members of the Supervisory Board are in principle appointed by the General Meeting of Shareholders upon a nomination by the Supervisory Board. At present, the Supervisory Board consists of five members, being Messrs S.W.W. Lubsen (chairman), H.L. Aouani, D.R. Goeminne, P.M. Verboom and A.D.C.W.J. Strasser.

As a result of the resignation of Mr J.A.N. van Dijk effective as of 19 December 2007, a vacancy arose within the Supervisory Board. On the basis of the nomination by Casino pursuant to the existing contractual arrangements with Casino, the General Meeting of Shareholders appointed Mr Verboom as member of the Supervisory Board effective as of 14 May 2008. At his own request, Mr J.H. Ozinga resigned from the Supervisory Board effective as of 31 October 2008. We would like to express our gratitude to Mr Ozinga for his commitment to the company and the efforts he has made on its behalf. On the basis of the nomination by Casino pursuant to the existing contractual arrangements with Casino, the General Meeting of Shareholders appointed Mr Strasser (envisaged successor of Mr Ozinga) as member of the Supervisory Board effective as of 31 October 2008. The appointments of Messrs Verboom and Strasser are in line with the profile approved by the General Meeting of Shareholders and will help to ensure that the required degrees of expertise and knowledge continue to be represented on the Supervisory Board.

In accordance with the rotation plan drawn up by the Supervisory Board, Mr Lubsen stepped down from the Supervisory Board during the General Meeting of Shareholders held on 14 May 2008. The General Meeting of Shareholders and the works council are entitled to nominate persons for appointment by the General Meeting of Shareholders as member of the Supervisory Board. The works council had given notice of the fact that it would not be using its right to recommend a candidate and that it had no objection to the reappointment of Mr Lubsen. The General Meeting adopted the proposal to reappoint Mr Lubsen as member of the Supervisory Board during the General Meeting of Shareholders held on 14 May 2008.

Messrs Lubsen and Goeminne qualify as independent within the meaning of best practice provision III.2.2 of the Dutch Corporate Governance Code. Mr Goeminne was appointed following nomination by the works council pursuant to Section 158(6) of Book 2 of the Dutch Civil Code. Messrs Aouani, Verboom and Strasser do not qualify as independent within the meaning of best practice provision III.2.2 of the Dutch Corporate Governance Code.

Supervisory Board Committees

Notwithstanding its own responsibilities, the Supervisory Board relies on two committees addressing certain matters in greater detail.

The members of the **Audit Committee** are Messrs Goeminne (chairman), Verboom (as of 14 May 2008) and Strasser (as of 30 January 2009). Mr Ozinga has been a member of the Audit Committee until his resignation as Supervisory Board member effective as of 31 October 2008. All the present members of the Audit Committee qualify as financial expert within the meaning of best practice provision III.3.2 of the Dutch Corporate Governance Code.

The Audit Committee assembled three times in 2008. These meetings were attended by the CEO and the CFO and also by representatives of Super de Boer' external auditor, KPMG Accountants N.V. ('KPMG'). Considerable attention was devoted by the Audit Committee to the refinancing. In addition, the Audit Committee focused its attention on the functioning of the internal risk management and control systems (also against the background of the stressed financial markets), the provision of financial information, the progress and implementation of recommendations by KPMG, the relationship with KPMG, the employee benefits (including pensions) and tax loss carry forward facility. The Audit Committee reports on its findings to the full Supervisory Board, which also receives minutes of the Audit Committee meetings. There has been one meeting between the Audit Committee and KPMG in 2008 without the CEO and the CFO being present.

The **Selection, Nomination and Remuneration Committee** consists of Messrs Aouani (chairman as of 14 May 2008) and Lubsen (chairman until 14 May 2008). The Selection, Nomination and Remuneration Committee assembled on three occasions in 2008. Discussions focused primarily on the remuneration criteria for the Group Management Board. For an overview of the remuneration policy and the remuneration, reference is made to pages 32 through 33.

Financial statements and appropriation of the result for the period

In accordance with article 27 of the Articles of Association, the Board of Management prepared the financial statements and reported on the financial year 2008. The members of the Supervisory Board have signed the financial statements to comply with the statutory obligation deriving from Section 101 (2) of Book 2 of the Dutch Civil Code. KPMG Accountants N.V. has issued an unqualified auditors report, which is included in this annual report. The financial statements and Report of the Board of Management are submitted for your consideration and adoption. Adoption of the financial statements does not also comprise discharging the Board of Management for its management and the supervision thereof by the Supervisory Board. We recommend the General Meeting of Shareholders to adopt the financial statements as well as to discharge the Board of Management for its management and the supervision thereof by the Supervisory Board.

The consolidated result for the period for the financial year 2008 was € 29 million positive. Under Section 105(2) of Book 2 of the Dutch Civil Code the company is not entitled to distribute a dividend because its shareholders' equity is lower than its paid and called-up capital plus the reserves required to be maintained by law. Dividend distribution is also restricted by the financing agreement concluded with banks. Consequently the result for the year 2008 shall be added to the reserves.

Corporate Governance Code

In general, Super de Boer endorses the provisions of the Corporate Governance Code 2004. Super de Boer cannot apply certain elements in the way intended by the

Corporate Governance Code. These are mainly related to situations where existing contractual relationships cannot be changed unilaterally, such as the corporate governance agreement with Casino. It is a matter of common knowledge that the Corporate Governance Code allows companies to depart from the Code if there are reasons to do so (the 'apply or explain principle').

It was with interest that the Supervisory Board took notice of the 'new' Corporate Governance Code which was presented by the Monitoring Committee Corporate Governance on 10 December 2008. For a more detailed description of Super de Boer's corporate governance policy, as well as a reaction in relation to the new Corporate Governance Code, reference is made to pages 26 through 30.

Amersfoort, 7 April 2009

Supervisory Board
S.W.W. Lubsen, chairman
H.L. Aouani
D.R. Goeminne
A.D.C.W.J. Strasser
P.M. Verboom

Report of the Group Management Board

The first real year of Super de Boer: that is 2008 in a nutshell for our company. 2007 had all the features of a year of transition, with Laurus disappearing into the background and the outline of the new Super de Boer emerging. In 2008 we have worked so hard to get the Super de Boer house in order in 2008. With the reorganisation behind us, all efforts could be put into further improving the quality of the Super de Boer format.

This became clear in the financial results during 2008. Average weekly sales per Super de Boer store grew by no less than 7.3%, to more than € 127,000. Moreover, Super de Boer achieved about the same consumer sales in 2008 as in 2007 despite an average of 30 fewer stores also because of the modernisation of 42 stores. There was, therefore, a clear upward trend. Another positive point was that Super de Boer made a profit in 2008. The net result in 2008 tripled compared to 2007 from € 10 million to € 29 million and the operating result excluding exceptional items increased from € 7 million to € 17 million in 2008. The balance sheet was also improved substantially by enforcing shareholders' equity and decreasing net debt. Super de Boer clearly benefited in 2008 from the extensive reorganisation in 2006 and 2007.

The house in order

There was literally a 'new Super de Boer house', when the head office moved to new premises, still in Amersfoort, at the end of March 2008. The choice of the new building was immediately seen as auspicious. The employees recognised their new accommodation as intended from the start: as the physical embodiment of the organisation's fresh start.

The vital part of a retail business that must be in order, however, is the floor: the store to be precise. After all, that is where the results are to be realised. Consequently, investment in 2008 especially centred on everything within the four walls of the stores. All activities were again focused on creating shopping preference of consumers of Super de Boer. A quality drive which in essence has five elements: good locations, a good product range, efficient stores with a minimum of consumer irritations, good ambiance, good employees and, finally, the overriding factor: the right price.

Good locations

Super de Boer continuously and critically reviews its stores. Sites that do not have the right prospects for the future are divested. A process of location and format renewal renamed 'Refresh' was pursued throughout 2008 and started its national roll-out. In total, 42 Super de Boer stores were modernised and/or expanded. These supermarkets saw their sales increase by an average of some 20%. This new

Consumer sales and market share

Consolidated consumer sales in 2008 amounted to € 2,056 million, compared with € 2,086 million in 2007. The decrease of sales as a consequence of the divestment of stores resulting in, on average, 30 fewer stores was compensated almost entirely by the like-for-like sales increase and the effect of refurbishing 42 stores. In 2008 the average weekly sales per store grew with 7.3% to more than € 127,000 (2007: € 119,000).
Super de Boer's market share developed from 7.3% in 2007 to 6.8% in 2008 largely as a result of the reduction in the number of stores.

Revenues and Gross profit

Consolidated revenues (net sales) amounted to € 1,685 million in 2008 (2007: € 1,858 million). The figure for 2007 included € 217 million of other revenues, the main item being revenues from the service agreement with S&S Winkels B.V. Super de Boer's net sales, related to the consumer sales, were € 1,627 million (2007: € 1,641 million). The effect of fewer stores has largely been offset by the sales growth in 2008.
Consolidated gross profit decreased from € 254 million in 2007 to € 242 million in 2008. The decrease is due to the sale of stores referred to above and the effect of efforts to improve customers price positioning of Super de Boer.
The gross profit for 2008 was 14.4% of revenues (2007: 13.7%). The improvement came from the lower share of other revenues (mainly services to S&S Winkels), referred to above, on which gross profit was virtually nil.

Selling and General and administrative expenses

The decrease of Selling costs is mainly related to the decrease of own stores.
The General and administrative expenses (€ 42 million) show a strong decrease compared to 2007 (€ 63 million). The decrease is the result of the restructuring programmes initiated in previous years, of which the full benefits materialised in 2008. Also the positive effect of exceptional items in 2008 contributed to this decrease, whereas exceptional items in 2007 were negative and costs occurred in 2007 related to unwinding the Laurus organisation.

Employee benefits

Super de Boer has a number of pension schemes for its employees. The main scheme is administered by Stichting Pensioenfonds SDB, a company pension fund. The IAS-19 pension calculation for this scheme

shows a surplus of € 30 million (year-end 2007: surplus of € 92 million). However, as the company is not entitled to this pension surplus this asset is not recognised in the 2008 financial statements.

Whereas Super de Boer has to comply with IAS-19, Stichting Pensioenfonds SDB has to comply to the funding requirements as required by De Nederlandsche Bank ('DNB'). Based on the DNB criteria the pension fund has a coverage ratio below the required level of 105%.

On 1 April 2009 the Stichting Pensioenfonds SDB filed

location and format concept of Super de Boer has a modern, bright and contemporary look, with the emphasis on fresh produce. The fresh food range has been expanded and given more display space for optimum presentation. The store layout is based on the latest wishes and needs of the consumers and so is the best for our customers. The 'look and feel' of the new store concept is uniform throughout the country. Individual stores can offer range modules complementing their local market area. For example, town-centre stores concentrate on convenience products and fresh foods and a lot of attention is devoted to multi-cultural products in areas with people from different ethnic backgrounds.

Good product range

To some extent, supermarket organisations sell the same products, generally from the same manufacturers. As a result, it is important to 'play' with the variables in the composition and sales of the range in such a way as to create a meaningful and preferably permanent distinction with the competition. Fresh food is the distinctive element in the Super de Boer format. The format's efforts have a clear focus on the fresh food range and further development and expansion of the private label range (to increase loyalty to the Super de Boer private label).

Considerable progress was made in building up the Super de Boer private label in 2008. Over two hundred products were added to the private label range during 2008, which, including fresh food, now includes about 4,600 products. This means that Super de Boer has the second largest private label range in the Netherlands. Overall, the private label range covers three lines. The 'voordeelverpakkingen' (saver packs) of about 120 items are specifically intended to enhance Super de Boer's price image and, along with the economy brands, serve price-conscious consumers. The second line is the basic range of some 4,300 items, including fresh food products. Although it includes products which are standard in every household, Super de Boer is specifically maintaining an innovative course in the development of new items. Finally, the top end of the private label range is reserved for Super de Boer 'Superieur' (Superior), an exclusive line of very high quality products. There are some 170 Superieur products, some of which were offered with great success to promote Easter and Christmas sales in 2008.

A constant feature in the development of Super de Boer private labels is attention to health and sustainability. A broad outline of the – remarkable – progress in implementing the sustainability policy is given in the 'Sustainability' section.

Once again in 2008, Super de Boer organised a large number of eye-catching promotions and campaigns connected with the product range, including an exclusive zoo promotion, which distributed almost 300,000 zoo tickets, followed by the Super Efteling Weeks and, of course, the European Cup scheme, which led to a craze for saving the twenty mini-football players. A good example of social involvement, which links in with the sustainability policy, was Super de Boer's Mooi Meegenomen Package campaign. This was a promotion linking free packs of shopping with a donor recruitment campaign for SOS Children's Villages. Super de Boer opened is own SOS Children's Village in Guinea-Bissau (West Africa) in 2008. Children and families were also at the heart of a special promotion run by Super de Boer stores in the north and east of the Netherlands, with the whole of the proceeds of € 65,000 going to the KiKa foundation, which raises funds for the seven children's cancer centres in the Netherlands.

In April 2008, Super de Boer introduced an excellent way of drawing attention to (new) products, when it became the first Dutch supermarket chain to use 'narrow casting' nationally under the name 'Goed Idee' (Good Idea). The Good Idea concept aims to surprise, inspire and entertain consumers every week by presenting new products. Good Idea is a unique combination of demonstrations, tastings and product promotions. At its heart is a fold-away chilled demonstration stand with a screen displaying product and preparation information. The stand is used for demonstrations at weekends. A variant is a special aisle display stand with a screen but without the demonstration facilities. The roll out of the Good Idea concept went well in 2008.

Efficient store with a minimum of consumer irritations

People make the store, but to get the best result from their work – in terms of effectiveness and efficiency – they have to be team players and process-focused. Consequently, at the end of 2007, Super de Boer introduced a seven-part 'working together for the store' programme, for training store employees to achieve higher sales, lower costs and less leakage by streamlining store processes. This important programme, which continued very successfully in 2008, is explained in more detail in the 'Employees' section.

Vital store processes were improved with the completion of the roll out of the SAP Store in the first quarter of 2008, and the roll out of the Storeline checkout system, which was completed at the end of the year. SAP Store is an automated ordering system that prepares orders based on actual sales. Less human intervention means fewer errors, bringing benefits including less frequent out-of-stock situations and faster absorption of items. Storeline is a new checkout system which is a great improvement on the old systems in terms of customer friendliness and faster checkout times. Storeline also replaced three different check-out systems with a single system and a uniform approach in all stores. This simplifies day-to-day management. Storeline also offers improved functionality and a better platform for introducing new technologies, such as self-scanning and loyalty programmes.

Good ambiance due to good employees

The real operating capital in labour-intensive retailing are the employees. With this in mind, Super de Boer made large-scale investments in staff development in 2008, mainly in the form of a major expansion of opportunities to follow courses, which employees took up with great enthusiasm. The four core objectives were improving management quality in the stores, expanding product *its recovery plan with DNB. This plan comprises the selected measures to recover the funding ratio to the required level within a five year period. Super de Boer and Stichting Pensioenfonds SDB did not agree on the selected measures of the recovery plan. As a consequence Super de Boer cancelled the service agreement with Stichting Pensioenfonds SDB as of 1 January 2010. The financial effect for Super de Boer related to this cancellation and filed recovery plan cannot be assessed at present.*

Operating result (EBIT)

Operating result for 2008 was € 25 million which is an increase of € 4 million compared to 2007. Operating result excluding exceptional items saw a strong improvement from a profit of € 7 million for 2007 to a profit of € 17 million for 2008. Exceptional items were € 8 million positive in 2008, relating mainly to the release of restructuring provisions and the settlement of disposals initiated in previous years. Exceptional items of € 14 million positive were recognised in 2007, being mainly the book profit on the sale of stores. The strong increase is a result of the disposal of loss-making stores and improved operational performance within Super de Boer mainly reflected in lower Selling and lower General and administrative expenses.

EBITDA

Consolidated EBITDA in 2008 was € 53 million (2007: € 49 million). Consolidated EBITDA excluding exceptional items improved from € 35 million in 2007 to € 45 million in 2008, reflecting the better operational performance of Super de Boer.

Net financing costs

Net financing costs for 2008 (€ 11 million) were on the same level as 2007. Full benefits of the revised credit facility, which became effective end September 2008, will materialise in 2009.

Share of profit or loss of joint ventures and associates

The negative income relates to the Foundation Rocks', which suffered a loss due to the negative income on its investment portfolio. This jointly controlled entity is the service provider of the Rocks' loyalty programme.

Tax

The taxation charge for 2008 shows an income of € 16 million (2007: nil). The tax income in 2008 relates mainly to the valuation of a deferred tax asset for unused tax loss carry-forwards to be realised

knowledge of store employees, enhancing skills for personal, customer-focused service and creating clean and quickly restocked stores.

Super de Boer's training programme is described in greater detail in the 'Employees' section. Here, we will only mention the key point that there is a clear return of employee spirit in the stores, as well as in the distribution centres and at head office. Our employees feel valued and put their best foot forward. This alone means that the attention devoted to their development in 2008 has been more than recouped.

Right price

Given the very price-sensitive food market in the Netherlands, pricing policy, which is always a key variable in a supermarket's range policy, is perhaps of even greater importance than elsewhere. Here too, progress was made in 2008, both in reducing the actual price gap with competitors and consumers' perception of that gap: the price image. The progress came mainly from the strategy, implemented from January 2007, of systematically cutting the prices of a number of key items in the range, a course which was maintained in 2008. Weekly structural price reductions have been made for two years, and have now achieved over 4,000 price cuts. In this connection, the focus in 2008 was also on attractive and large-scale promotions and pricing campaigns such as the 'SuperToeter' Weeks.

Recognition

There was real recognition of the positive developments at Super de Boer in 2008. In January, three Super de Boer stores were selected as best supermarkets in their province: Super de Boer Hardenberg as best supermarket in Overijssel, Super de Boer Machiela in Joure as best in Friesland and Super de Boer De Laak in Uden as best in Noord-Brabant. In November, the Good Idea concept won the Golden Peacock in the Benelux POP Awards for best innovation in the Digital Instore Media category. Also in November, Super de Boer franchisee Jan van Wincoop of Bunschoten-Spakenburg won the Excellent Retail Award for the best store idea. He took a group of customers to a Super de Boer store in Dordrecht which had been refurbished entirely in line with the latest concept and then asked them to assess elements of the concept for use in his store. There was also recognition in the GfK customer satisfaction survey, which is highly regarded by the Dutch food industry. In one year Super de Boer rose from twentieth to the fifteenth position; a strong improvement in the perceived price-quality balance.

Further in 2009

Although the good sales figures that Dutch supermarkets achieved in 2008 despite the credit crunch and economic downturn suggest otherwise, there are reasons to be concerned about developments in the sector in 2009. Part of the sales increase in the sector was inflation, especially increases in raw material prices and packaging tax. It should also be remembered that the economic downturn only started in the final months of 2008 and so had a relatively modest effect on results.

It is not possible to indicate 2009 will develop, but there are sufficient indicators to suggest that consumers will be watching their spending more carefully than in the past. The start of a recession can bring threats but also opportunities. Super de Boer is closely monitoring these developments and will, and will have to, take action.

Price

In the first place, Super de Boer will have to work with great discipline on reducing the actual and perceived price gap with competitors. As noted above, over 4,000 items have been cut in price on average during the past two years. Although this effort is bearing fruit, there is still a way to go. 2009 will see a strong emphasis on refocusing pricing communications, in stores and in external media. Further price cuts will be made. This will be realised through the ongoing implementation of programmes in the stores to increase sales, save costs and reduce leakage, making maximum use of purchasing benefits as franchisees participate more in centralised purchasing contracts. There will be central purchasing terms for energy, telecommunications and NFR (not for resale) products.

Quality

Work is continuing in 2009 on the purely physical side of improving locations. Efforts in this area will again be increased, so that the quality of the stores, which has already been considerably improved, will get even better. Whereas a total of 42 Super de Boer stores were modernised in 2008 under the Refresh banner, there will be more than 50 stores in 2009, about half of which belong to franchisees. In 2009 it is estimated that the total number of locations will remain at about the current level of 300 stores.

The qualitative improvement of the Super de Boer private label will remain a policy priority in 2009. In this context, it should be remembered that an economic recession also offers opportunities for supermarkets. In times of crisis, eating and drinking out declines and 'cocooning' (enjoying tasty produce at home) increases.

Super de Boer is responding actively to this trend with the 'eating out at home' concept. The chef Marco Poldervaart, also known from TV, is testing and developing new products for Super de Boer, which are, therefore, being raised to

through future profits resulting in a tax income of € 14 million.
The tax due on the profit in 2008 was off-set against part of the unused tax loss carry-forward facility. Super de Boer has a remaining loss carry-forward facility of about € 190 million. The related tax component amounts to € 48 million.

Net result

2008 closed with a net profit of € 29 million, compared with a net profit of € 10 million in 2007.

Financial position and cash flow

The net debt end 2008 amounted to € 67 million (end 2007: € 77 million). The further reduction of the net debt is the effect of improved cash flow from operating activities.

The cash flows were as follows:

- *The net cash inflow from operating activities amounted to € 36 million (2007: € 35 million outflow). The increase came from improved operational performance in 2008. In addition the cash flow for 2007 included some € 37 million for settling restructuring provisions (2008: some € 20 million).*
- *Net cash outflow from investing activities amounted to € 26 million (2007: € 36 million inflow). In 2007 this cash flow included some € 39 million receipts primarily related to the sale of Super de Boer stores and the settlement of disposals in 2006 (Edah and Konmar). Capital expenditures relating to property, plant and equipment amounted to some € 31 million (2007: € 28 million).*
- *Net cash outflow from financing activities amounted to € 9 million (2007: € 36 million outflow).*

In view of Super de Boer's continuing performance improvement, the credit agreements with the banks were successfully renegotiated. The facility has been reduced from € 175 million to € 120 million. In addition, the interest margins and commitment fees are reduced to be in closer line with Super de Boer's improved risk profile. Also the agreed financial covenants are changed and more aligned with the current situation.

Equity

Shareholders' equity increased from € 51 million end 2007 to € 80 million end 2008. This implies that Super de Boer' shareholders' equity amounts more than one half of the paid and called up part of the

capital of Super de Boer (the threshold amount in article 2:108a Dutch Civil Code). The increase reflects the net profit for 2008.

No dividend for 2008

In accordance with the statutory requirements and the provisions of the Articles of Association concerning the appropriation of profit, no dividend will be paid for 2008.

restaurant quality. A good example of this are ready-to-use culinary sauces developed by Marco Poldervaart and introduced in the Superieur range in October 2008. The combination of culinary quality and ease of use sets the pattern for developing other Superieur products which can also be offered as an extra range for holidays such as Easter and Christmas.

In 2009 work will continue on raising the quality of the standard Super de Boer private label, both the basic dry grocery range and fresh foods. A lot of attention will be given to bread; a product group whose significance to the fresh food image of the format should not be underestimated. The ongoing sustainability achievements will also make a major contribution to reinforcing the quality of the fresh food groups.

Super de Boer recognises the lasting importance of a good relationship with suppliers. In 2008, Super de Boer was a leader in the rapid introduction of new products from leading suppliers. This policy will continue in 2009 to supplement the innovative and pro-active nature of the Super de Boer format.

Super de Boer means 'local marketing'. The strength of the format is its sophisticated approach to the local market with the aim of being the best supermarket in the area. Local marketing puts high demands on operational execution of store processes. To meet these demands, Super de Boer has a consistent approach focusing on having the right activities in the right store. This approach will be intensified in 2009. The starting point is creating local store preference for Super de Boer by giving priority to the needs of customers in the area. Good examples of local policy are store-specific promotions or local sponsorship, local stocking of foreign ranges or local price adjustments.

As part of the local marketing principle, specific mention should be made of Super de Boer's range policy, which increasingly manages to be better suited to regional and local consumer requirements. In general, the Super de Boer product range is as closely attuned to the region where the stores are located as possible. Each site also responds to the specific characteristics of its area; for example, if it contains many dual income families, people from various ethnic origins or elderly people, this is reflected in the range. A further refinement of the local product range policy is by greater use of range modules and the right range mix in each market area. The 'city module', used for example in Amsterdam, Rotterdam, The Hague and Utrecht, allows Super de Boer to respond to the wishes of consumers who want to purchase and prepare a meal quickly. The module pays great attention to convenience products and fresh ingredients. In the past year, Super de Boer also built up good experience with a 'multi-cultural' range module in several large towns. The products in this module, previously only available from specialist retailers such as oriental-food stores, meet the requirements of many ethnic and non-ethnic consumers. The sales potential of the two modules will be explored further in 2009.

Identity

Super de Boer's ambition can be summarised simply in the following slogan: 'From Good to Super'. In 2009, Super de Boer aims to move forward on all fronts in the quality drive implemented in 2008. Gradually this process is beginning to develop a clearly recognisable format profile. Key concepts are Family, Convenience, Health and Community, the values that Super de Boer wants to have as its profile. Consequently, the path for 2009 is clear: work on further strengthening of Super de Boer, a format with a lot of quality and a sophisticated price positioning that can win a lasting place in the hearts and minds of consumers.

Market developments

The Dutch food market is exceptionally competitive, with a relatively large number of supermarket chains fighting for consumers' business. In these circumstances, there is likely to be further consolidation in the sector over the next few years. In view of the market positions, several parties in the supermarket sector may also take the initiative to cooperate in purchasing. It is not excluded that Super de Boer wants to and can play a role in this process.

Outlook for 2009

Outlook market developments

In the autumn of 2008, the world was faced with a tumultuous situation in the financial markets, which moved on to the real economy. This has now led to an economic slowdown which is being felt in the Netherlands as well.

In 2007 and 2008, Super de Boer laid good foundations to meet this challenge by the modernisation of stores, the roll out of the new format concept, enforcing local marketing and expanding the private label range.

Outlook Super de Boer

The focus in 2009 will once again lie on further strengthening of Super de Boer. This will be achieved through:

- refurbishing and extending 50 to 60 stores;
- capital expenditures of € 20 million in own stores including replacement investments of € 3 million;
- increasing focus on private label and improving price positioning;
- intensifying local marketing;
- improving store quality with various programmes and training courses.

Statement by the Board of Management

Pursuant to Section 5:25c, subsection 2.c, of the Financial Supervision Act, the Board of Management affirms that, to the best of its knowledge:

- the financial statements as presented on pages 36 to 80 of this report give a true and fair view of the assets, liabilities, financial position and the result for the year of Super de Boer N.V. and the entities included in the consolidation taken as a whole; and

- the report of the Group Management Board as presented on pages 12 to 19 inclusive of this report gives a true and fair view of the state of the business on the balance sheet date and the performance during the year of Super de Boer N.V. and its related entities whose figures are included in the financial statements.
  In the annual report, principal risks to which Super de Boer is exposed are described.

Amersfoort, 7 April 2009

J.G.B. Brouwer
CEO

Sustainability

Super de Boer is a leader among Dutch food retailers in formulating and shaping a meaningful sustainability strategy. The policy focuses explicitly on making Super de Boer's existing product chains sustainable, both environmentally and in animal welfare, health and fair trade terms.

Reporting on the policy started in 2006. The Sustainability Report published at that time is being followed by the 2008 Sustainability Report, which will be issued separately from the financial report and has again been drawn up using the Global Reporting Initiative guidelines ('GRI') which are recognised around the world. This consistent sustainability reporting gives Super de Boer a unique position in the Dutch supermarket sector.

In 2008, Super de Boer's sustainability policy was intensified, making significant broadly-based progress as a result. The Sustainability Report gives a comprehensive description of the achievements. Only developments in three areas of great public interest, 'low input farming', 'animal welfare' and 'fishing for posterity', are addressed here.

Low input farming

Super de Boer is aiming for the least possible use of chemicals: 'low input' growing of potatoes, vegetables and fruit. A middle way, known as 'integrated farming', is possible between conventional and organic agriculture. Chemicals are only used after other methods for dealing with pests have been exhausted. About sixty Dutch growers have been applying this principle for two years, under the supervision of Super de Boer and The Greenery. The reduction in the use of chemicals this has led to, has prompted Super de Boer to expand to growers abroad and preparations are being undertaken for this with The Greenery.

Since 2008, Super de Boer has set strict standards that exceed the legal requirements for its fruit and vegetable suppliers. They are expected to cut pesticide residues to 50% of statutory levels. This standard must be met in full by the end of 2009. The aim for 2010 is a situation in which certain pesticides may not be present at all on crops. Unfortunately, it is not possible to ban pesticides completely but certain products can be considerably improved. To achieve this, in 2008 Super de Boer and The Greenery discussed development of new, less environmentally harmful products with a major pesticides supplier.

Animal well-being

Super de Boer is very active in animal well-being. Working with Dierenbescherming (a Dutch animal protection organisation) part of the free-range egg supply was upgraded in 2008 with improved living conditions for the hens. Since then, these 'Scharrel*plus*' eggs have been sold with a one-star 'Beter Leven' classification from Dierenbescherming. The aim now is to increase the number of poultry keeper suppliers and to win a second star.

Most of Super de Boer's beef comes from Ireland, where the cattle are raised in animal-friendly conditions. In 2008, much effort was put into convincing the franchisers involved of the superior animal welfare and quality of Irish beef. Consequently, Super de Boer expects to obtain almost all of its beef from Ireland in due course.

From 1 February 2009, Super de Boer will only offer pink veal from calves born in the Netherlands. As well as higher haemoglobin levels in their blood, the animals benefit from a limit to stressful and tiring transport. Up to now, calves have generally come from eastern Europe. Super de Boer regards the castration of pigs as unnecessary and archaic. Modern techniques mean the much discussed half-way-house of castration under anaesthetic can be avoided. Super de Boer will introduce guaranteed odour-free meat from uncastrated pigs in the autumn of 2009.

Fishing for posterity

Super de Boer has taken a number of drastic steps in recent years to tackle the far-reaching problems surrounding fish stocks. For some types of fish, the solution has been a change in fishing ground or catching method, others were removed from the product range. A number of suppliers have been required to replace the standard product with MSC (Marine Stewardship Council) certified fish. In 2008, Super de Boer was the first national supermarket chain to be able to offer Holland New herring with MSC certification.

In the autumn of 2008, in cooperation with Stichting de Noordzee (North Sea Foundation), Super de Boer introduced a Fish Guide, explaining how consumers can make a responsible and objective choice. Super de Boer's ultimate objective is MSC certification for all fish caught in the wild. The sustainability process also focuses on frozen and preserved fish.


Super
deBoer

Employees

Super de Boer invested heavily in its personnel in 2008, in the form of training and store-improvement and other programmes. The underlying idea is simple: it's the people who make the store. Well trained employees who know what is expected of them in the stores and feel that they are appreciated by their employer are a major factor in the success of the business. For Super de Boer its employees are not an afterthought, they are part of its capital. Employee safety is also important to Super de Boer and is a top priority at all times in all its stores.

Training

The training opportunities provided by Super de Boer were greatly expanded in 2008 and were taken up enthusiastically by the employees. The aim of these training courses is to raise the quality of store management, extend the employee's product and store knowledge and improve their skills, enabling them to deliver a more personal, consumer-focused service. More courses were developed in 2008 for office, logistics and store employees and zone managers. Super de Boer also provides tailor-made and modular training courses. Details of the full range of training opportunities can be found on our website www.superdeboerlekkerleren.nl

Management quality

The two-year MOTOR training course for future franchisees and supermarket managers does not just raise management quality, it embodies quality itself. This was recognised by the Dutch Central Office for Food Retail ('CBL'), which granted the MOTOR course HBO (higher professional education) status in 2007. There are currently 28 students taking the course. Seven students graduated in 2008 and a further eight in early 2009. A shortened MOTOR course was introduced at the end of 2008, with 14 students who graduated early 2009. In addition to these voluntary MOTOR courses, Super de Boer will start introducing compulsory training modules for all supermarket managers in 2009, covering such aspects as effective communication, time management and competences.
Super de Boer introduced a training course for department managers in 2008 known as OAM, which is a level-4 MBO (upper secondary vocational education) course.

Product and store knowledge

Many employees took one or more of the Supermarket Employee Basic Modules in 2008 to improve their knowledge of product groups, such as fruit and vegetables and dairy. A total of 2,811 certificates were issued to participants in 2008 on completion of these short practical courses. Employees are also helped to increase their product and store knowledge with the Sales Employees (level-2 MBO) and Sales Specialist (level-3 MBO) courses, which were developed in 2008 and will be launched in 2009. The level-2 MBO course is an e-learning programme combined with store experience under the guidance of a practical trainer. Around 100 trainees are expected in 2009.

Consumer-focused service

Super de Boer aims to excel in personal and consumer-focused service. All new store employees are required to follow an e-learning induction course, which familiarises them with the four key principles: greet the consumer, be positive, be helpful and be active. A total of 14,730 new recruits took this course in 2008. Further skills relating to consumer focus are imparted through the courses, known in Dutch as 'Superslag', 'Superservice' and 'KASSA'. These consumer focus training courses will be combined and optimised in 2009.

Store-improvement programmes

Super de Boer is running seven store-improvement programmes, known collectively as 'Working together for the store'. Six of these are designed to help employees to generate more sales on a continuing basis due to more quality: local marketing, ambiance and service, fruit and vegetables, meat-products, cheese and bread and dry grocery. The seventh, costs and leakage, is more management-related. The programmes are having a positive impact on store performance, as evidenced for example by the findings of the mystery-shopper surveys conducted to measure progress in the area of ambiance and service. Significant improvements have been made in shortening checkout queues, dealing with consumer complaints and organising tasting events.

Personnel policy

In 2008 personnel policy focused especially on four aspects: health, labour market, store organisation and pensions.

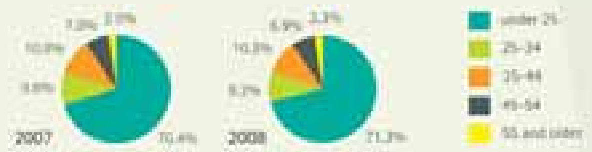
Super de Boer's health and safety policy was replaced in 2008 by a health policy which is more preventive than curative in nature. Super de Boer also pursues an active sickness monitoring and reintegration policy, which achieved a further reduction in time lost due to illness. The health policy will be set up in 2009 around the theme of 'vitality', promoting exercise and a healthy lifestyle. 'Present', a healthcare portal for employees, was launched in January 2009 to provide fast and easy access to healthcare at a single point.

Super de Boer campaigned actively on the labour market in 2008, including a national campaign in daily newspaper *Metro*, in-store recruitment material and online recruiting. These efforts were successful, with the recruitment of 18 new supermarket managers and 40 new department managers in the Western region. In the interests of diversity, several 'new' target groups were addressed: women, elderly people and people from various ethnical origins.

Employees Super de Boer

Employees stores/logistics/offices

Store staff by age



End 2008, the total number of employees was 9,299 (3,919 full-time equivalents), compared with 9,019 (3,819 full-time equivalents) end 2007. Most (more than 85%) of Super de Boer employees work in the supermarkets. The largest group employees are below the age of 25, mostly stand-by and casual staff. The 35-44 age group is the next largest group, at more than 10%. Because of the franchisees' staff are employed by the franchisee, only the employees of the own stores are admitted in this graphic art.

With the aim of making the functional organisation of the Super de Boer stores more flexible, pilot projects were launched in 2008 in which store management is given greater freedom to determine the functions that are most appropriate to the local market.

A new website, www.pensioenfondssdb.nl, was set up in the autumn of 2008 to provide pension fund members with information on their pensions. In the course of 2009, it will be possible for members to calculate their entitlement themselves with respect to their individual pension situation.

Safety and security

Super de Boer's safety and security policy has three main activities: effective management of in-store aggression, robbery prevention and burglary prevention.

Aggressive behaviour cannot be prevented, but it can be managed. It has been found that better interpersonal skills can make a significant contribution to reducing the safety risk. Employees are encouraged to take a special online course on this subject, for which a certificate is given. Super de Boer's consumer-focus training courses also have a preventive effect on aggression in stores.

Unfortunately supermarkets are faced with burglaries, and comprehensive measures were taken in 2008 to prevent this kind of crime. At many Super de Boer stores, a system has been fitted which ensures that alarm signals get through to the security services even if the telephone wires have been cut.

Robbery with violence is the most serious form of supermarket crime and the number of raids on supermarkets in the Netherlands increased sharply in 2008. In addition to providing effective assistance for the victims of violent crime, Super de Boer's policy is focused primarily on prevention, in line with CBL policy. Key factor is good organisational measures, both procedural and structural. Additional measures were taken in this area in 2008, including the installation of an online view system at several stores which enables a specialised company to monitor in-store incidents. Super de Boer aims to connect most of its stores to this system in 2009. Minimising the potential proceeds of robbery is also an important element of crime-prevention policy. Super de Boer adheres of the so called 'cashless' shopping. Research is in progress designed to eliminate cash from the stores as much as possible and Super de Boer is an active participant in the CBL's 'Klein bedrag, pinnen mag' campaign to promote the use of the electronic purse.

Risk profile and risk management

The Dutch food retail market is saturated and extremely competitive. It is served by a relatively large number of players, including a strong market leader. A feature of such a fiercely competitive market is that price wars may break out from time to time, with one of the players trying to increase its market share by improving its relative price position. Other players usually follow suit, putting the operating results of all parties under pressure. The adverse effects of a price war can only be limited to some extent by a cost-effective organisation, or by passing the loss of margin back to earlier links in the chain. Factors of a macro-economic nature also have an impact on customers' price perception. This is relevant as far as Super de Boer's efforts to win customers' favour are concerned because the company operates in one segment of the food market only: the full-service segment.

Super de Boer serves customers through its own stores (retail activities) and through franchisees (wholesale activities). Super de Boer grants franchisees the right to use a Super de Boer store format under certain conditions. The Super de Boer organisation purchases goods and supplies these to the stores. If franchisees decided to join another grocery wholesaler, Super de Boer could lose locations. There are, however, long-term contracts with the franchisees. In addition, Super de Boer is often lead tenant and, in some cases, owner of the stores. Based on the contracts, and assuming that there are no material changes in the relevant legislation (tenancy and competition law), Super de Boer believes that this risk is manageable. A price war or economic recession may affect the operating results of the independent retailers affiliated to Super de Boer. This in turn may be reflected in higher provisions for receivables or in a higher contribution being made to these operations under Super de Boer's prevailing terms of business, whereby both parties share the risks and rewards. If franchisees are unwilling or unable to continue operating their store, Super de Boer generally acquires the store in order to retain the location and if possible to sell it to another franchiser. This is not always possible, and so repurchased retail stores sometimes make a negative contribution to the result for some considerable time.

With respect to operating activities, the selling and general and administrative expenses are predominantly fixed expenses. Examples include long-term leases on store locations and other premises, and employment contracts with an indefinite term. Consequently, there are only limited opportunities for changing cost levels in the short term and so, in a number of cases, a sustainable cost reduction involves restructuring costs.

Super de Boer buys its goods from a range of suppliers in the Netherlands and abroad. The conditions related to purchasing are agreed with these parties, mostly on an annual basis. Changes in the terms and conditions agreed with suppliers could affect Super de Boer's result. Based on the company's long-term relationships with its various suppliers, alliances with other parties in the purchasing market, and the centralisation of purchasing and the logistical structure, Super de Boer regards this risk as manageable. The company has long-term contracts with a number of suppliers. These contracts mostly include a minimum purchase volume. If Super de Boer does not fulfil its purchase obligations a fee has to be paid in some cases.

Goods are predominately purchased in euros and so the effect of exchange rate movements on Super de Boer's results is limited. There are international market prices for some products sold by the Super de Boer banner, which may fluctuate, and price increases cannot always be passed on to the consumer in full.

Interest payable and, therefore, Super de Boer's results are affected by movements in interest rates. Super de Boer has not entered into any interest rate swap contracts to limit the effect of interest rate movements on the result.

As part of its risk management measures, Super de Boer has insurance policies for the most common risks associated with its activities, such as loss of profits, fire and third-party liability. In Super de Boer's opinion, the insurance policies offer adequate cover for the financial consequences if such risks should manifest themselves, in order to limit their impact on the result.

Most of the pension commitments are managed by the foundation Stichting Pensioenfonds Super de Boer ('Stichting SDB'). The pension plan operated by this foundation qualifies under IFRS as a Defined Benefit Obligation, which means that any negative difference between the pension liabilities and the related investments ('plan assets') has to be carried in Super de Boer's balance sheet. Under the terms of the management agreement between Super de Boer and Stichting SDB any surplus will accrue to the pension plan participants. Pension benefits and entitlements may be adjusted annually through a profit-sharing scheme. There is no right to indexation. The profit-sharing scheme is conditional. In accordance with regulatory provisions Stichting SDB should have a certain ratio between the awarded pension benefits and investments (degree of coverage). In case the degree of coverage does not meet the requirements, the foundation must draw up a recovery plan which requires the approval of the regulator. One of the recovery measures could be that Super de Boer shall contribute higher pension contributions. In case such a situation arises, this could have a negative influence on the financial position, the shareholders' equity and result of Super de Boer.

Although the pension entitlements managed by the various industry pension funds possibly qualify as Defined Benefit Obligations, they are treated as a Defined Contribution Plan because of a lack of detailed information on the actuarial calculations pursuant to IAS 19.

A number of balance sheet items in the financial statements of Super de Boer are based on management estimates and assumptions relating to future results. If the actual results differ from the expected results, it may have a significant influence on the valuation of items such as goodwill, deferred tax assets and the provisions for claims. Some potential risks, the most significant of which concern guarantees given in respect of the sale of activities in Spain (potential claims relating to the Tragoz and Mas por Menos insolvencies), cannot be quantified.

Various organisational measures and procedures have been implemented in order to improve the quality of operations and incorporate the correct checks and balances into the activities, including approvals, authorisations, reviewing investment decisions and so on. In implementing the best-practice provisions of the Dutch Corporate Governance Code the company introduced an internal risk management and control system tailored to the company in 2004. This system is designed (i) to manage the operational risks identified in each area of activity, (ii) to identify financial risks promptly and (iii) to ensure the quality of financial reporting. The system has been incorporated into the company's operating processes.

The existing risk assessments were reviewed in 2007 as a result of the major organisational changes that followed the transition from Laurus to Super de Boer. It was decided as a result of this review (i) to discontinue certain monitoring tasks, (ii) to implement certain new monitor tasks, and (iii) to amend the criteria designed to ensure that risks are properly managed. During 2008, the proper operation of the internal risk management and control system has been monitored. The evaluation was discussed with the members of the Audit Committee and the Supervisory Board. Lastly Super de Boer has a whistleblower's procedure in place to allow reporting of any suspected general, operational or financial irregularities.

The Group Management Board believes that its existing risk management measures are sufficient to provide a reasonable degree of certainty as to the absence of material inaccuracies in the financial reporting, losses and fraud.

Corporate governance

Framework

Super de Boer N.V. ('Super de Boer'), having its registered seat and its actual office in Amersfoort, is a Dutch public limited liability company (naamloze vennootschap) which is subject to the full large company regime (het volledige structuurregime) pursuant to its Articles of Association. The Super de Boer shares are admitted to trading on Euronext Amsterdam by NYSE Euronext. As of 1 October 2008, the Super de Boer share forms also part of the NEXT 150-Index. As a consequence the Dutch corporate governance code 2004 as drawn up by the Tabaksblat Committee ('the Code') applies to Super de Boer. The Dutch Corporate Governance Code Monitoring Committee (the 'Frijns Committee') was installed in December 2004 by the Dutch government. The Frijns Committee's official terms of reference are, amongst others, to help ensure that the Code is practicable and up to date and to monitor compliance by Dutch listed companies and institutional investors. On 10 December 2008, the Frijns Committee presented to the Ministers of Finance and Justice an upgraded version of the Dutch corporate governance code (the 'new Code'). This new Code (provided that it has been designated as such by order in council) shall apply to financial years starting on or after 1 January 2009. Super de Boer shall consider during the course of 2009 whether an amendment of its corporate governance policy and its current corporate governance structure is desired and also possible.

Detailed information and documentation regarding Super de Boer's corporate governance, rules and regulations are available on Super de Boer's website (www.superdeboernv.nl) under corporate governance. Super de Boer has set out below the manner in which it applies the Code.

Application and compliance

Super de Boer endorses the starting points and the objectives of the Code, including the guiding principle that a company is a long-term collaborative undertaking that shall take into account the interests of the various parties involved with such undertaking, its stakeholders. The Board of Management and the Supervisory Board bear the overall responsibility of balancing the interests of these stakeholders, generally with a view to ensure the continuity of the company and the creation of long-term shareholder value. There has to be confidence in the integrity of the management of (large) companies, as well as in the supervision thereof. Greater openness and active dialogue with all stakeholders contribute to this. Mutual expectations must be based on respect, good faith and a sense of reality.

Super de Boer complies with the Code and only a limited number of aspects of the Code are not applied. According to the Code, deviations need not be improper and, under certain circumstances, they can even be considered justified. Applying the provisions of the Code to a large extent depends on the specific circumstances in which the company and its shareholders operate. Each company and its affiliated companies are unique and have their own dynamics, both from an operational, financial and legal perspective. The Code stipulates that 'explaining constitutes complying following the approval by the General Meeting of Shareholders'. If and when the General Meeting of Shareholders explicitly approves the company's corporate governance structure and corporate governance policy and consequently agrees to the explanation of a deviation from one or more principles or best-practice provisions, that company complies with the provisions of the Code. In Super de Boer's case, this approval has been granted by the General Meeting of Shareholders on 12 May 2005. Subsequent changes regarding the application of the Code were approved by the General Meeting of Shareholders, most recently on 11 May 2007.

The text of the Code, the explanatory notes thereto by the Tabaksblat Committee, as well as the prevailing interpretation of the Code in the Netherlands as expressed by (national and European) legislation in the field of corporate governance are guiding with respect to the following.

Super de Boer has no protective measures in place against hostile take-overs; Super de Boer does not have protective preference shares, nor have depositary receipts for shares been issued. This means that Super de Boer's shareholders may, at their discretion, always directly exercise the voting rights attached to their shares. This in itself meets the test of one of the key principles of the Code.

The company has a tailor-made internal risk management and control system specifically geared to the needs of Super de Boer. The existing internal controls are monitored on a regular basis and adjusted if appropriate. The Audit Committee is kept informed as to all the relevant developments in that respect. The risk analysis of the operational and financial objectives of the company as drawn up by the Board of Management is also discussed with the Supervisory Board.

The Board of Management

The sole member of the Board of Management of Super de Boer is Mr J.G.B. Brouwer. The other members of the Group Management Board are not statutory members of Super de Boer (see page 8 of this Annual Report for the present composition of the Group Management Board).

Approval of the Supervisory Board

Certain decisions of the Board of Management, without prejudice to the fact that also the approval of the General Meeting of Shareholders shall be required in a number of instances, require the approval of the Supervisory Board of Super de Boer. This includes, amongst others, the following decisions:

- issuing shares, restricting or excluding pre-emption rights, granting options;
- entering into or terminating joint ventures, if the joint venture or its termination is of fundamental significance for Super de Boer;
- acquiring a participating interest with a value of at least 25% of the issued share capital plus reserves of Super de Boer, and the significant expansion or reduction of such a holding;
- making investments with a value of at least 25% of the issued share capital plus reserves of Super de Boer or a value of at least € 5 million;
- proposals for amendments to the Articles of Association, winding up the company and reducing the share capital;
- applying for suspension of payments or bankruptcy;
- terminating the employment or making major changes to the terms of employment of a significant number of Super de Boer's employees;
- proposals for a significant change in Super de Boer's commercial strategy; and
- further prescribed, significant decisions relating to Super de Boer's subsidiaries.

Decisions of the Supervisory Board are, unless the general and additional regulations of the Supervisory Board stipulate otherwise, adopted by an absolute majority of votes cast at a meeting. Reference is made to Super de Boer's website (www.superdeboernv.nl) under corporate governance for more information regarding the meetings and the decision-making process of the Supervisory Board.

Transactions with a conflict of interest

During the financial year no transactions as referred to in best-practice provisions II.3.4, III.6.3 and III.6.4 took place involving a conflict of interest relating to directors, supervisory board members or natural and/or legal persons holding at least 10% of the shares in the company. Applying best-practice provisions II.3.2, II.3.3, III.6.1 and III.6.2 was therefore not relevant.

Major shareholder

The French company Casino Guichard-Perrachon S.A. ('Casino') is a major shareholder in Super de Boer, holding a stake of approximately 57% of the issued share capital as per year-end 2008. Casino maintained an interest in Super de Boer of approximately 45% until mid-February 2008. End 2008 Casino had also a call option on 7,157,725 Super de Boer shares held by three Dutch banks. As of 1 April 2009 Casino has a call option on 5,740,000 Super de Boer shares held by ING Bank N.V. If it were to exercise the call option in full, Casino would be able to raise its total holding in Super de Boer to approximately 62%. The call option can be exercised at a price of € 5 per share between 1 April 2009 and 30 June 2010 after which it shall lapse. Casino is listed on Euronext Paris by NYSE Euronext and is one of European's larger retail companies.

A corporate governance agreement was entered into at the time Casino became a major shareholder in the company. This agreement partly determines the extent to which Super de Boer can comply with the provisions of the Code. Since and as long as it holds a majority interest in the company, Casino is entitled – following a recommendation for a nomination drawn up by the Supervisory Board - to nominate for appointment the majority of the members of the Supervisory Board. The other members of the Supervisory Board, including the chairman, must be independent within the meaning of best-practice provision III.2.2 of the Code. It has also been agreed with Casino that at least one member of the Supervisory Board shall not be appointed on the basis of either Casino's nomination or the enhanced right of recommendation attributed to the works council. The chairman of the Supervisory Board must be, according to this agreement, a resident of the Netherlands. Casino is entitled to nominate a candidate for appointment as CEO of Super de Boer, as well as candidates for other positions within Super de Boer's top management. The CEO of Super de Boer must be, according to this agreement, a resident of the Netherlands. Provided that Casino has a majority interest and if so requested by the members of the Supervisory Board appointed by the General Meeting of Shareholders upon the nomination by Casino, the Supervisory Board shall, in accordance with its regulations, approve any proposal by the Board of Management to amend the Articles of Association so as to allow the full large company regime of the company to be replaced by a mitigated large company regime. If and when the latter structure has been introduced, the right to nominate persons for appointment as member of the Board of Management shall be vested in the General Meeting of Shareholders rather than in the Supervisory Board. Regardless of these provisions, Casino has supported the proposal to continue the applicability of the full large company regime which was submitted to the General Meeting of Shareholders held on 14 May 2008. The General Meeting of Shareholders adopted this proposal.

The corporate governance arrangements between Super de Boer and Casino shall lapse if Casino directly or indirectly holds less than 20% of the issued share capital of Super de

Boer for a period of three consecutive months. The most important other elements of the corporate governance arrangements between the company and Casino were published in the Prospectus of 9 November 2004.

The Dutch Corporate Governance Code – explanation

With due observance of the comments made in this section, the Supervisory Board and the Board of Management of Super de Boer apply the principles and best-practice provisions of the Code of 2004, with the exception of the following items.

II.2.1 / II.2.2

'Options to acquire shares are a conditional remuneration component, and become unconditional only when the management board members have fulfilled predetermined performance criteria after a period of at least three years from the grant date.
If the company, notwithstanding best-practice provision II.2.1, grants unconditional options to management board members, it shall apply performance criteria when doing so and the options should, in any event, not be exercised in the first three years after they have been granted.'

Mr Brouwer's remuneration in terms of options is described in more detail on the pages 32 through 33 (Remuneration report – Employment contract of Mr Brouwer). No specific performance criteria apply to the options granted to Mr Brouwer. The options cannot be exercised in the first four years after they have been granted, except in the case of a change of control.

II.2.6

'The supervisory board shall draw up regulations concerning ownership of and transactions in securities by management board members, other than securities issued by their 'own' company. The regulations shall be posted on the company's website. A management board member shall give periodic notice, but in any event at least once a quarter, of any changes in his holding of securities in Dutch listed companies to the compliance officer or, if the company has not appointed a compliance officer, to the chairman of the supervisory board. A management board member who invests exclusively in listed investment funds or who has transferred the discretionary management of his securities portfolio to an independent third party by means of a written mandate agreement is exempted from compliance with this last provision.'

Super de Boer does not apply this provision, as the objectives of this best-practice provision are, amongst others, addressed by the Financial Supervision Act and the regulations for listed companies relating to trade in the company's own shares.
For some years, Super de Boer has had regulations for 'insiders' on the ownership of and transactions in securities and other financial instruments for quite some time now.

II.2.7

'The maximum remuneration in the event of dismissal is one year's salary (the 'fixed' remuneration component). If the maximum of one year's salary would be manifestly unreasonable for a management board member who is dismissed during his first term of office, such board member shall be eligible for a severance pay not exceeding twice the annual salary.'

Mr Brouwer's terms of employment are described in more detail on pages 32 through 33 (Remuneration report – Employment contract of Mr Brouwer). Mr Brouwer's severance scheme is directly linked to the contract term and provides for severance pay in the event of involuntary dismissal (or termination of the employment contract by either party in the event of a change of control) equal to the base salary for the remaining contract period, plus one third thereof. In the event of involuntary dismissal (or termination of the employment contract by either party in the event of a change of control) in the final year of the contract term, the severance pay amounts to one year's base salary plus one third of this amount. Super de Boer regards the terms of employment agreed with Mr Brouwer as reasonable in view of his former position outside the Super de Boer organisation and the situation at the company at the time when he joined the company.
Mr Brouwer's appointment as member of the Board of Management as well as the employment agreement entered into with Mr Brouwer in that respect provide for an initial term of four years, therefore until 2010. Following notification during the General Meeting of Shareholders held on 14 May 2008, the Supervisory Board has extended Mr Brouwer's employment contract and his appointment as a member of the Board of Management with a period of one year, with the terms and conditions of his contract remaining unchanged, except for this extension being disregarded for the purposes of calculating the severance pay due if his employment contract is terminated as a result of a change of control, nor does this extension apply to the bank guarantee referred to on page 32.

II.2.14

'The company shall state in the notes to the annual accounts, in addition to the information to be included pursuant to article 2:383d of the Civil Code, the value of any options granted to the management board and the personnel and shall indicate how this value is determined.'

Super de Boer applies this provision, but at the same time notes that the valuation of options as referred to here is highly arbitrary. There are currently no clear valuation rules in this respect.

III.2.1 j° III.2.2(f)

'All supervisory board members, with the exception of not more than one person, shall be independent within the meaning of best-practice provision III.2.2.

A supervisory board member shall be deemed to be independent if the following criteria of dependence do not apply to him. The said criteria are that the supervisory board member concerned or his wife, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree:
f) is a member of the management board or supervisory board – or is a representative in some other way – of a legal entity which holds at least ten percent of the shares in the company, unless such entity is a member of the same group as the company.'

Super de Boer cannot comply with this provision. In the current situation, where Casino owns a holding of approximately 57%, the majority of the Supervisory Board members shall be nominated for appointed by the General meeting of Shareholders following a nomination by Casino. This follows the corporate governance arrangements entered into with Casino in 2002 against the background of the financial restructuring. These arrangements were published at that time in the Information Memorandum of 13 June 2002, the Prospectus of 9 July 2002 and in the Prospectus of 9 November 2004.

III.2.3

'The report of the supervisory board shall state that, in the view of the supervisory board members, best-practice provision III.2.1 has been fulfilled, and shall also state which supervisory board member is not considered to be independent, if any.'

Reference is made to the comments on III.2.1 j° III.2.2(f).

III.5

'Composition and role of three key committees of the supervisory board.

Principle: If the supervisory board consists of more than four members, it shall appoint from among its members an audit committee, a remuneration committee and selection and appointment committee. The function of the committees is to prepare the decision making of the supervisory board. If the supervisory board decides not to appoint an audit committee, remuneration committee or selection and appointment committee, best-practice provisions III.5.4, III.5.5, III.5.8, III.5.9, III.5.10, III.5.13, V.1.2, V.2.3 and V.3.1 shall apply to the entire supervisory board. In its report, the supervisory board shall report on how the duties of the committees have been carried out in the financial year.'

For practical reasons, Super de Boer has decided to operate with two committees, being an Audit Committee and a Selection, Nomination and Remuneration Committee. This decision is justified, amongst others, by the fact that Super de Boer has a Board of Management comprising only one member. The tasks that the Code sets for the remuneration committee and the selection and appointment committee will be performed at Super de Boer by the Selection, Nomination and Remuneration Committee.

III.7.3

'The supervisory board shall adopt a set of regulations containing rules governing ownership of and transactions in securities by supervisory board members, other than securities issued by their 'own' company. The regulations shall be posted on the company's website. A supervisory board member shall give periodic notice, but in any event at least once a quarter, of any changes in his holding of securities in Dutch listed companies to the compliance officer or, if the company has not appointed a compliance officer, to the chairman of the supervisory board. A supervisory board member who invests exclusively in listed investment funds or who has transferred the discretionary management of his securities portfolio to an independent third party by means of a written mandate agreement is exempted from compliance with this last provision.'

Super de Boer does not apply this provision. For further information please see II.2.6.

IV.3.1

'Meetings with analysts, presentations to analysts, presentations to investors and institutional investors and press conferences shall be announced in advance on the company's website and by means of press releases. Provision shall be made for all shareholders to follow these meetings and presentations in real time, for example by means of webcasting or telephone lines. After the meetings, the presentations shall be posted on the company's website.'

Super de Boer applies this broadly formulated best-practice provision for press conferences and important meetings with analysts and/or investors in so far as they are organised by or on behalf of Super de Boer. In addition, Super de Boer applies this provision to its (Extraordinary) General Meetings of Shareholders.

IV.3.5

'The management board and the supervisory board shall provide the general meeting of shareholders with all requested information, unless this would be contrary to an overriding interest of the company. If the management board and the supervisory board invoke an overriding interest, they must give reasons.'

Super de Boer applies this provision in so far as the requests are relevant and the order of the meeting is not disturbed. If the Board of Management or the Supervisory Board invoke an overriding interest this will be explained in so far as the explanation itself is not damaging to Super de Boer.

IV.3.7

'If a right of approval is granted to the general meeting of shareholders by law or under the articles of association of the company (e.g. in the case of option schemes, far-reaching decisions as referred to in article 2:107a Civil Code), or the management board or the supervisory board requests a delegation of powers (e.g. issue of shares or authorisation for the repurchase of shares), the management board and the supervisory board shall inform the general meeting of shareholders by means of a 'shareholders circular' of all facts and circumstances relevant to the approval, delegation or authorisation to be granted. The shareholders circular shall, in any event, be posted on the company's website.'

As part of the agenda, an extensive and adequate explanation to such agenda, as well as a description of the most relevant facts and circumstances shall be circulated to those persons entitled to attend a meeting.

V.3.1

'The external auditor and the audit committee shall be involved in drawing up the work schedule of the internal auditor. They shall also take cognizance of the findings of the internal auditor.'

Super de Boer does not apply this provision, as it has no internal auditor.

Super de Boer implements the remainder of the Code, insofar as it applies to Super de Boer. For example, best-practice provisions III.8.1 to III.8.4 inclusive (one-tier management structure), IV.1.1 (cancelling a binding nomination) and IV.2.1 to IV.2.8 inclusive (depositary receipts for shares and the role of the trust office) do not apply and, therefore, need not be complied with. The same applies mutatis mutandis to the special obligations on institutional investors set out in the best-practice provisions IV.4.1 to IV.4.3 inclusive.

Insofar as the Code conflicts with statutory provisions from which, for example, the Articles of Association cannot deviate, Super de Boer will apply the law. This also applies where Super de Boer is not in a position under its existing obligations or arrangements to amend its Articles of Association in line with the provisions of the Code.

Explanatory notes by reason of the Decree, Article 10 of the Takeover Directive

By reason of the Decree of 5 April 2006 to implement article 10 of Directive 2004/25/EC of the European Parliament and the Council of the European Union of 21 April 2004 regarding public takeover bids, Super de Boer can provide the following explanation.

a. Capital structure of the company

The capital of the company consists of one class of shares, being ordinary shares with a nominal value of € 1.30. Information on issued shares has been included under explanatory notes no. 21 and 22 of the consolidated financial statements.

b. Restriction on transferring shares or issued depositary receipts with the company's co-operation

The Articles of Association of Super de Boer have no restriction with respect to the transfer of shares. Super de Boer has no depositary receipts issued with the company's co-operation.

c. Duty to report interests in the company

Super de Boer has been notified regarding shareholders with a substantial holding in accordance with the Act on Financial Supervision (5% or more) in Super de Boer. The notifications are listed on page 82 of this annual report. In addition, ING Bank holds approximately 5% of the shares in Super de Boer in connection with the call option of Casino Guichard-Perrachon S.A. ('Casino').

d. Special controlling rights

Super de Boer has issued no shares with special controlling rights.

e. Employees' shares

Super de Boer currently does not hold any employee share scheme or option plan where the control rights are not exercised directly by the employees.

f. Restriction on voting right and issue of depositary receipts

No restrictions are currently imposed on voting rights attached to issued shares. Super de Boer has no depositary receipts issued with the company's co-operation.

g. Agreements with shareholders

As part of the financial restructuring in 2002, the company entered into a shareholders agreement with Casino. Full details were disclosed in the Prospectus dated 9 November 2004. Some elements are also discussed in the Corporate Governance Code paragraph (pages 26-30). Currently, Super de Boer is unaware of any other shareholder agreements.

h. Regulations pertaining to the appointment and dismissal of executive and supervisory directors and amendments to the Articles of Association

By virtue of article 14 of the Articles of Association, the Supervisory Board is authorised to appoint, suspend or dismiss members of the Board of Management. The Supervisory Board shall not dismiss a member of the Board of Management until the General Meeting of Shareholders has been heard regarding the intended dismissal. By virtue of article 21 of the Articles of Association, Supervisory Board members are appointed by the General Meeting of Shareholders, subject to nomination by the Supervisory Board. By virtue of article 41 of the Articles of Association, the Articles of Association can only be amended subject to approval from the Supervisory Board and the shareholders.

i. The powers of the board

By virtue of article 6 of the Articles of Association, the Board of Management is entitled to issue shares if and insofar the Board of Management has been appointed as a competent body by the General Meeting of Shareholders. The Board of Management requires with respect to the issuance of shares the approval of the Supervisory Board. The above is also applicable with respect to the granting of option rights. Acquisition is subject to authorisation granted to the Board of Management by the General Meeting of Shareholders. In the General Meeting of Shareholders held on 14 May 2008 the Board of Management has been appointed as the competent body to issue shares (up to 10 per cent (10%) of the issued capital at 14 May 2008) for a period of 15 months.

j. Important agreements when issuing a public bid

Currently, Super de Boer is aware of the following important agreements with a change of control clause:

- The amended and restated Credit Facility Agreement entered into between Super de Boer and ING Bank N.V. and RBS on 23 September 2008 becomes repayable in case of a change of control unless the party involved is Casino;
- The restated and amended subordinated loan agreement entered into between Super de Boer and Casino, ING Bank N.V. and RBS on 23 September 2008 becomes repayable in case of a change of control unless the party involved is Casino.

k. Agreements with executive directors or employees in the event of a public bid

The employment contract with Mr Brouwer provides clauses that may cease his labour agreement in the event of a change of control (see remuneration report pages 32 and 33).

Remuneration report

Remuneration policy

A remuneration policy was established for members of the Group Management Board with effect from 1 January 2005. The policy with respect to the Board of Management was adopted at the General Meeting of Shareholders on 12 May 2005 and aims to attract, motivate and retain highly qualified managers as members of the Group Management Board. The structure of the remuneration package takes the short- and long-term strategic objectives of Super de Boer into account. In determining the remuneration policy, the Supervisory Board carefully considered the strategic ambitions and culture of the company, as well as Dutch market practice and the Dutch corporate governance code of 2004.

The remuneration policy is based on the principle that the total compensation level is benchmarked against the relevant market in which Super de Boer competes for talent (labour market peer group). The compensation level should be broadly in line with the median level of the labour market peer group.

The total remuneration consists of:

- a base salary, which should be broadly in line with the median level of the labour market peer group;
- a total variable compensation, which should be broadly in line with the median level of the labour market peer group. The short- and long-term incentives can vary between the first quartile and third quartile level of the labour market peer group.

Full details of the remuneration policy were provided in the 2005 Annual Report and are published on Super de Boer's corporate website.

Appointment and extension

Mr J.G.B. Brouwer was appointed Chairman of the Board of Management/CEO from 6 November 2006. Individual employment conditions were agreed with him at the time of his appointment, reflecting his former position outside Super de Boer and the company's situation at the time of appointment. These conditions deviate from the remuneration policy as adopted at the General Meeting of Shareholders on 12 May 2005. For that reason details of Mr Brouwer's employment conditions were presented to the Extraordinary General Meeting of Shareholders on 3 November 2006.

The Supervisory Board has - in accordance with the Articles of Association - notified the General Meeting of Shareholders of 14 May 2008 of its intention to extend Mr Brouwer's appointment as a member of the Board of Management and his employment contract by a period of one year (hence: until 6 November 2011), with the terms and conditions of his contract remaining unchanged, except this extension does not apply for the purposes of calculating the severance pay due if this employment contract is terminated as a result of a change of control or the hereinafter mentioned bank guarantee. The main details of Mr Brouwer's employment conditions are explained below.

Employment contract of Mr Brouwer

The employment contract with Mr Brouwer has formerly been entered into for a definite period of time, being four years, according to the regulations of the Dutch corporate governance code. This contract can be terminated by both parties, subject to a notice period of six months for Super de Boer and three months for Mr Brouwer. It has also been agreed that in the event of early termination – other than the resignation of Mr Brouwer or instant dismissal for urgent cause – the base salary will be paid for the remaining period of the contract. Payment of the remaining base salary has been secured through a bank guarantee until 6 November 2010.

At the time of Mr Brouwer's appointment in November 2006, the base salary, including the 8% holiday allowance, was set at € 495,000 per annum. It has been contractually agreed to index the base salary each year. In 2008 Mr Brouwer's base salary, including the 8% holiday allowance, amounted to € 507,450 (2007: € 495,000).

Under the terms of his employment contract, Mr Brouwer is entitled to receive a performance bonus at the discretion of the Supervisory Board. The amount of this annual performance bonus amounts to between one third and two thirds of his base salary. Each year the Supervisory Board will determine the conditions applying to the performance bonus and the way in which it is to be calculated.

On proposal of the Selection, Nomination and Remuneration Committee, the Supervisory Board has set Mr Brouwer's performance bonus over 2008 at € 311,151, being 62.24% of the base salary beginning 2008 (2007: € 330,165, being 66.7% of his base salary beginning 2007). The conditions and criteria used by the Supervisory Board to determine the annual bonus for 2008 consisted of a series of financial targets and personal operational and strategic targets. The financial targets had the same weighting as the personal operational and strategic targets combined. The Supervisory Board has also taken financial targets and personal operational and strategic targets into account again when determining the performance bonus payable for 2009, when the financial targets will have a weighting equal to that of the personal operational and strategic targets combined. In view of their sensitive nature and also for competitive reasons, no further information will be provided on these targets.

Mr Brouwer was granted 200,000 options at the time of his appointment. These may be exercised after a period of four years (or immediately in the event of a change of control[1]). The shareholders confirmed and approved the granting of these options at their General Meeting of Shareholders on 11 May 2007.
The Supervisory Board announced in 2007 that it wished to grant options to both the member of the Board of Management and the other members of the Group Management Board in 2008. In line with this intention, the Supervisory Board resolved on 5 March 2008 to award a further 200,000 options to Mr Brouwer on the same terms and conditions as previously, subject to approval by the shareholders pursuant to Section 135 (4) of Book 2 of the Dutch Civil Code, as approved and confirmed by the General Meeting of Shareholders on 14 May 2008. The exercise price of the options is € 3.78; the options vest on 6 November 2011 (or immediately in case of a change of control with respect to Super de Boer) and the duration is four years. Further terms and conditions of the options are equal to the 200,000 options granted to Mr Brouwer on the date of his appointment in 2006. In the same way as the options awarded to Mr Brouwer on appointment, the 200,000 additional options conditionally granted on 5 March 2008 are not dependent on him satisfying specific performance criteria since the Supervisory Board believes that the share price is the best way of measuring long-term performance of Super de Boer. Along with the grant of additional options to Mr Brouwer, a total of 455,000 options were conditionally granted to the other members of the Group Management Board in 2008.

On 4 March 2009 the Supervisory Board has resolved to award a further 160,000 options to Mr Brouwer, subject to approval by the General Meeting of Shareholders pursuant to Section 135 (4) of Book 2 of the Dutch Civil Code. The exercise price of the options is € 2.23. The additional terms and conditions are equal to the 200,000 options granted to Mr Brouwer on 5 March 2008 as approved and confirmed by the General Meeting of Shareholders on 14 May 2008. Along with the grant of additional options to Mr Brouwer, a total of 364,000 options were conditionally granted to the other members of the Group Management Board in 2009.

The following table summarises the details of the options granted to Mr Brouwer as well as those granted to him conditionally by the Supervisory Board in March 2009 and subject to approval by the shareholders.

Date awarded	Number of options	Vesting Date[2]	Exercise Price
6 November 2006	200,000	6 November 2010	€ 1.97
5 March 2008	200,000	6 November 2011	€ 3.78
4 March 2009	160,000	6 November 2011	€ 2.23[3]

The severance payment of Mr Brouwer is directly linked to the initial term of his contract. The contract provides for compensation in the event of involuntary dismissal (or termination of the employment contract by one of the parties in the event of a change of control) equal to the base salary for the remaining contract term plus one third. In the fourth year of the employment contract, a severance payment of one year's base salary plus one third will apply.

A defined contribution pension plan is in place for Mr Brouwer. His pension base is € 380,000 per annum, with Super de Boer paying two thirds of the pension costs. This arrangement is in line with applicable arrangements for other employees and within the remuneration of the labour market peer group.

Remuneration Supervisory Board

During the General Meeting of Shareholders of 14 May 2008 the General Meeting approved the proposal to amend the remuneration for the members of the Supervisory Board as of 1 January 2008 and determined the fixed fee at € 35,000 per annum for the chairman and € 25,000 per annum for the other members of the Supervisory Board.
In addition the members of the Supervisory Board receive € 2,000 for each meeting of the Supervisory Board which a member attends and the members of the Audit Committee and Selection, Nomination and Remuneration Committee receive € 1,000 for each meeting which a member attends in his capacity as a member of such committee.

1 The transfer of all or the majority of the Super de Boer shares or the transfer of all or the majority of Super de Boer's assets to one or more third parties.
2 Or directly in the event of a change of control.
3 Being the weighted average share price over a period of 31 stock market trading days ending on 4 March 2009.

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Successes Super de Boer in 2008

1 Super de Boer Bunschoten-Spakenburg wins Excellent Detail Award
2 Introduction Super de Boer's Fish-Shopping-Guideline in co-operation with Stichting Noordzee
3 Super de Boer received 'Gouden Pauw' award for instore concept 'Good Idea' (narrowcasting and productdemonstrations)
4 Dorien visits SOS-Children's Village founded by Super de Boer in Canchungo, West-Africa
5 Dutch Animal Protection Society rewards Super de Boer's free-range egg 'Scharrelplus'
6 Three Super de Boer supermarkets are County Winners in Supermarket of the year competition

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Financial Statements 2008

Consolidated income statement

(in millions of euro)	note	2008	2007
Revenue	3	1,685	1,858
Cost of sales		(1,443)	(1,604)
Gross profit		**242**	**254**
Other operating income	4	1	27
Selling expenses	5	(176)	(197)
General and administrative expenses		(42)	(63)
Result from operating activities		**25**	**21**
Finance income	7	2	2
Finance expenses	7	(13)	(13)
Net financing costs		**(11)**	**(11)**
Share of the profit or loss of equity accounted investees	13	(1)	–
Result before income tax		**13**	**10**
Income tax	8	16	–
Result for the period		**29**	**10**
Attributable to:			
Equity holders of Super de Boer N.V.		29	10
Minority interest		–	–
Result for the period		**29**	**10**
Basic earnings per ordinary share (in euros)	22	0.25	0.09
Diluted earnings per ordinary share (in euros)	22	0.25	0.09
Revenue sales of goods	3	1,627	1,799
Revenue services	3	58	59
Total Revenue		**1,685**	**1,858**

Consolidated statement of recognised income and expense

(in millions of euro)	note	2008	2007
Share based payments	21	–	–
Net income recognised directly in equity		–	–
Result for the period		29	10
Total recognised income and expense for the period	21	29	10
Attributable to:			
Equity holders of Super de Boer N.V.		29	10
Minority interest		–	–
Total recognised income and expense for the period		29	10

Consolidated balance sheet
(before proposed profit appropriation)

(in millions of euro)	note	28 December 2008	30 December 2007
Assets			
Property, plant & equipment	10	119	114
Goodwill	11	19	20
Other intangible assets	12	4	6
Investments in equity accounted investees	13	–	2
Investment property	14	26	24
Other investments	15	–	–
Loans and amounts receivable	16	16	15
Deferred tax assets	17	26	13
Total non-current assets		210	194
Inventories	18	66	57
Current income tax receivable	9	–	6
Trade and other receivables	19	55	59
Cash and cash equivalents	20	18	17
Assets classified as held for sale	2	7	10
Total current assets		146	149
Total assets		356	343
Equity			
Issued capital	21	149	149
Share premium reserve	21	518	518
Retained earnings	21	(587)	(616)
Total equity attributable to equity holders of Super de Boer N.V.	21	80	51
Minority interest		–	–
Total equity		80	51
Liabilities			
Interest-bearing loans and borrowings	23	67	73
Employee benefits	24	15	13
Provisions	25	17	26
Deferred tax liabilities	17	11	13
Total non-current liabilities		110	125
Bank overdrafts	23	18	21
Current tax payables		9	9
Trade and other payables	26	125	103
Provisions and employee benefits	24, 25	14	34
Total current liabilities		166	167
Total liabilities		276	292
Total equity and liabilities		356	343

Consolidated statement of cash flows

(in millions of euro)	note	2008	2007
Cash flows from operating activities			
Result for the period		29	10
Adjustments for:			
Depreciation and amortisation	10, 12, 14	26	26
Impairment losses	2, 10, 11, 12, 14	2	2
Interest income	7	(2)	(2)
Interest expense	7	13	13
Change in fair value of equity accounted investees	13	1	–
Gain on sale of property, plant and equipment		–	–
Gain on sale of divested assets		(1)	(27)
Share based payments	21	–	–
Income tax expense	9, 17	(16)	–
Operating profit before changes in working capital and provisions		52	22
Movement in inventories	18	(9)	8
Movement in trade and other receivables	19	4	59
Movement in trade and other payables		21	(64)
Movement in provisions and employee benefits	24, 25	(27)	(49)
Cash generated from the operations		41	(24)
Interest paid		(12)	(11)
Income taxes received	9	7	–
Net cash from operating activities		36	(35)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		6	56
Proceeds from sale of intangible fixed assets		1	6
Proceeds from sale of other investments		–	1
Redemptions loans and amounts receivable		19	20
Interest received		2	2
Acquisition of property, plant and equipment	10	(31)	(28)
Acquisition in intangible fixed assets	11, 12	(3)	(4)
Granted loans and amounts receivable		(20)	(17)
Net cash from investing activities		(26)	36
Cash flows from financing activities			
Repayment of borrowings	23	(9)	(37)
Payment of finance lease liabilities	23	–	1
Net cash flow used in financing activities		(9)	(36)
Net increase in cash and cash equivalents	20	1	(35)
Cash and cash equivalents at beginning of period		17	52
Cash and cash equivalents at end of period	20	18	17

The consolidated cash flow statement is prepared in accordance with the indirect method, in which the result after income tax in the net cash flow from operating activities is adjusted for the income statement items that do not lead to a cash flow during the financial year.

Notes to the consolidated financial statements

I Reporting entity

Super de Boer N.V. (the 'Company') is a company domiciled in the Netherlands. The address of the Company's registered seat and actual office is Disketteweg 2-4, 3821 AR Amersfoort. The Company has 13 reporting periods in a calendar year. The consolidated financial statements of the Company for the year ended on 28 December 2008 (started 31 December 2007) comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in associates and jointly controlled entities. The Group primarily is involved in operating supermarkets (see note 1).

II Basis of preparation

a) Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU-IFRS).

The consolidated financial statements were authorised for issuance by the Supervisory Board and Board of Management on 7 April 2009.

b) Basis of measurement
The consolidated financial statements have been prepared on a historical cost basis, unless stated otherwise in the principles of valuation of assets and liabilities. Exceptions to the historical cost basis include derivative financial instruments and share-based payment arrangements, which are measured at fair value.

The methods used to measure fair values are discussed further in note IV.

c) Functional and presentation currency
These consolidated financial statements are presented in euro, which is the Company's functional currency. All financial information presented in euro has been rounded to the nearest million unless otherwise stated.

d) Use of estimates and judgements
The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements is included in the following notes:
- Note 8 – income tax expense;
- Note 17 – deferred tax assets and liabilities;
- Note 11 – goodwill;
- Note 24 – employee benefits;
- Note 25 – provisions.

III Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

a) Basis of consolidation
(i) Subsidiaries
Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Associates and jointly controlled entities (equity accounted investees)
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the

accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

c) Financial instruments

(i) Derivative financial instruments

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. The Group does not apply hedge accounting.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

(ii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as retained earnings and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is an increase in equity, and the resulting surplus or deficit on the transactions is transferred to/from retained earnings.

d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 January 2004, the Group's date of transition to IFRSs, was determined by reference to its fair value at that date.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or construction of qualifying assets are recognised in profit or loss as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

(ii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is reclassified as investment property.

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property.

(iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iv) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives are as follows:

• buildings	
• structure	50 years
• roof/surfacing	15 years
• other components	10 – 20 years
• plant and equipment	10 - 20 years
• fixtures and fittings	8 - 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

e) Intangible assets

(i) Goodwill

Goodwill (negative goodwill) arises on the acquisition of subsidiaries, associates and joint ventures.

Acquisitions prior to 1 January 2003
As part of its transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after 1 January 2003. In respect of acquisitions prior to 1 January 2003, goodwill represents the amount recognised under the Group's previous accounting framework, Dutch GAAP.

Acquisitions on or after 1 January 2003
For acquisitions on or after 1 January 2003, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Subsequent measurement
Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

• software:	3 – 7 years
• right of establishment:	10 years

f) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. For the accounting policy refer to 'property, plant and equipment'.

If an investment property becomes owner-occupied, then it is reclassified as property, plant and equipment.

g) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group's balance sheet.

h) Financial assets

Trade and other receivables

Trade and other receivables are measured at amortised cost and are subject to impairment testing (see accounting policy k). Amortised cost is assumed to approximate the original invoice amount for short-term receivables with no stated interest rate if the impact of discounting would not be significant.

i) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

k) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.
Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

l) Assets classified as held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

m) Interest-bearing loans and borrowings

Interest-bearing debts are measured at amortised cost. The portion of long-term loans that has to be repaid within one year after the balance sheet date is presented as the current portion of long-term debt under current liabilities.

n) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

All actuarial gains and losses at 1 January 2004, the date of transition to IFRSs, were recognised. The Group recognises actuarial gains and losses that arise subsequent to 1 January 2004 using the corridor method. Under the corridor method, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in profit or loss over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

(iii) Other long-term service benefits

The Group's net obligation in respect of long-term employee benefits, other than post-employment plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(iv) Share-based payment transactions

The fair value (at grant date) of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial lattice model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met.

o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Restructuring
A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

(ii) Site restoration
A provision for site restoration is recognised when there is a legal obligation to restore leased premises to it's original condition. The (discounted) amount of the provision is included in the costs of the property, plant and equipment and depreciated separately.

(iii) Onerous contracts
A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

p) Trade and other payables
Trade and other payables are stated at cost.

q) Revenue
(i) Goods sold
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

(ii) Services
Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(iii) Commissions
When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(iv) Rental income
Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(v) Government grants
Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

r) Lease payments
Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

s) Finance income and expenses
Finance income comprises interest income on funds invested (including available-for-sale financial assets) and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gain and losses are reported on a net basis.

t) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income tax levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time that the liability to pay the related dividend is recognised.

u) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

v) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 28 December 2008, and have not been applied in preparing these consolidated financial statements. The most relevant are:

- IFRS 8 Operating Segments introduces the 'management approach' to segment reporting. IFRS 8, which becomes mandatory for the Group's 2009 consolidated financial statements, will require a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Board of Management in order to assess each segment's performance and to allocate resources to them. Currently the Group presents no segment information (see note 1). The Company does not expect IFRS 8 to have an impact on the current segmentation approach.
- Revised IAS 23 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 will become mandatory for the Group's 2009 consolidated financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Group will apply the revised IAS 23 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date. Therefore there will be no impact on prior periods in the Group's 2009 consolidated financial statements.
- IFRIC 13 Customer Loyalty Programmes addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Group's 2009 financial statements, is not expected to have a significant impact on the consolidated financial statements.
- Revised IAS 1 Presentation of Financial Statements (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than

those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income or in an income statement and a separate statement of comprehensive income. Revised IAS 1 becomes mandatory for the Group's 2009 consolidated financial statements. The Group plans to provide total comprehensive income in a single statement of comprehensive income for its 2009 consolidated financial statements.

- Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which become mandatory for the Group's 2009 consolidated financial statements, with retrospective application required, are not expected to have any impact on the consolidated financial statements.
- The main changes of revised IFRS 3 Business Combinations (2008) relate to:
  - Partial acquisitions: Non-controlling interests are measured either as their proportionate interest in the net identifiable assets or at fair value.
  - Step acquisitions: The requirement to measure at fair value every asset and liability at each step for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill is measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired.
  - Acquisition-related costs: Acquisition-related costs are generally recognised as expenses (rather than included in goodwill).
  - Contingent consideration: Contingent consideration must be recognised and measured at fair value at the acquisition date. Subsequent changes in fair value are recognised in accordance with other IFRSs, usually in profit or loss (rather than by adjusting goodwill).
  - Transactions with non-controlling interests: Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions.

  Revised IFRS 3, which becomes mandatory for the Group's 2010 consolidated financial statements are not expected to have any impact on the consolidated financial statements.
- Amended IAS 27 Consolidated and Separate Financial Statements (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which become mandatory for the Group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.
- Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 will become mandatory for the Group's 2009 consolidated financial statements, with retrospective application. The amendment is not expected to have a significant impact on the consolidated financial statements.

IV Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

(ii) Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iii) Investment property

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

(iv) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(v) Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(vi) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(vii) Share-based payment transactions

The fair value of employee stock options and performance share plan shares is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

V Financial risk management

Overview

The Company has exposure to a number of risks from its use of financial instruments, such as:

- credit risk;
- liquidity risk;
- market risk.

This note presents information about Super de Boer's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements, including note 27 with respect to financial instruments and note 23 with respect to interest bearing loans and borrowings.

The Board of Management has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by Super de Boer, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Super de Boer activities. Furthermore Super de Boer aims, through its training and management standards and procedures, to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the receivables – trade receivables and loans granted – from affiliated retailers. The exposure to credit risk in relation to these receivables are influenced mainly by the individual characteristics of each affiliated retailer.

Super de Boer has established a credit policy under which each new affiliated retailer is analysed individually for creditworthiness before the Company enters into a franchise agreement. The review may include external ratings, when available, and bank references. Purchase limits are established for each customer. These limits are reviewed frequently. In case an affiliated retailer exceeds its credit limit, the Company's regional team will discuss such event, including the measures to reduce the exposure for Super de Boer. In accordance with the agreement between Super de Boer and the affiliated retailer Super de Boer ultimately can acquire the store operation in order to limit its exposure. Although Super de Boer has the possibility to off-set the receivable with the proceeds related to the acquisition, not in all cases the full amount will be recovered. In case the store is acquired, it can be operated as an own store or Super de Boer seeks for an other affiliated retailer to operate such locations.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables, loans granted and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Liquidity risk

Liquidity risk is the risk that Super de Boer will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Super de Boer's reputation.

The Group uses activity-based costing to cost its products and services, which assists the Group in monitoring cash-flow requirements. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses based on a detailed cash-flow planning. Super de Boer has credit facilities to cover its cash-flow needs (see note 23).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect Super de Boer's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market-risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is limited exposed to currency risk on purchases that are denominated in a currency other than the functional currency of Super de Boer (euro). Only a limited value of purchasing is nominated in other currencies, mainly US Dollar.

Capital management

Super de Boer's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Management monitors the return on capital, which is defined as net operating income divided by total shareholders' equity.
There were no changes in the Group's approach to capital management during the year.

1. Segment reporting

IAS 14 – Segment reporting prescribes that under IFRSs a company should assess whether it can identify segments within its operations that qualify as a reportable segment in its financial reporting due to a different character from a risk and rewards point of view. Based on standard IAS 14 and the factual circumstances of the Super de Boer operations, it is concluded that the Super de Boer operations is not required to be segmented. The Company's main considerations are discussed from a business and geographical point of view respectively by the key elements of the definitions in IAS 14.9.

Business segment

Super de Boer operates both stores for its own account and stores which are operated by affiliated retailers (franchisees). This is not considered to be a separate segment since the operational structure of Super de Boer does not support such a distinction. For example the nature of products offered within the Super de Boer stores and store lay-out is similar regardless the way the store is operated. Also the methods used to distribute the products is the same for all Super de Boer stores. The logistic structure within the Super de Boer organisation is based on the type of goods sold (mainly chilled/frozen, slow-movers and fast-movers). Moreover the operational structure of Super de Boer does not make a distinction between own stores and stores operated by franchisees. Each store is supported by the same operational team which is based in a specific region in the Netherlands. Furthermore it can be stated that in general the long-term objectives both for stores operated by Super de Boer and stores operated by affiliated retailers are substantially similar which is evidenced by the fact that all capital expenditures need approval by the same approval committee and finally the real estate department of Super de Boer is in principle responsible for the acquisition of all store locations regardless whether the locations will be exploited as an own store or a franchisee store.

Geographical areas

Super de Boer operates in the Netherlands and therefore the economical and political conditions, besides small regional differences, are similar for the entire market. There is no relationship between operations in different geographical areas as Super de Boer has an active portfolio-management in order to have the right stores given local circumstances rather than regional or provincial circumstances. The logistic network is organised on a cost efficiency basis.

2. Assets classified as held for sale

(in millions of euro)	2008	2007
Land and buildings	7	10
Assets classified as held for sale	7	10

For the period ended 28 December 2008 the assets classified as held for sale contain the assets of two store locations for which the carrying amount will be recovered principally through a sale transaction. These assets are available for immediate sale in its present condition and Super de Boer actively seeks for buyers for these premises.

No impairment occurred in 2008. In 2007 an impairment charge of € 1 million was recognised in General and Administrative expenses.

3. Revenue

(in millions of euro)

	2008	2007
Sales of goods	1,627	1,799
Rental revenue	33	41
Other services	25	18
Revenue	1,685	1,858

4. Other operating income

(in millions of euro)

	2008	2007
Gain on disposal of assets held for sale and property, plant and equipment	1	27
Other operating income	1	27

5. Selling expenses

The selling expenses comprise the direct costs related to sales and promotional activities, costs allocated to stores and other operating expenses including the following components:

(in millions of euro)

	note	2008	2007
Impairment loss on goodwill	11	2	1
Impairment loss on trade receivables		4	4

6. Personnel expenses

(in millions of euro)

	2008	2007
Wages and salaries	116	131
Compulsory social security contributions	15	17
Contributions to pensions plans	12	17
Costs of share-based payment	–	1
Personnel expenses	143	166

End 2008, there were 9,299 employees compared with 9,019 end 2007. Expressed as full-time equivalents, they represented 3,919 FTEs compared with 3,819 in 2007. All personnel is employed in the Netherlands.

7. Finance income and expense

(in millions of euro)

	2008	2007
Interest income	2	2
Finance income	**2**	**2**
Interest expense	(10)	(10)
Unwind of discount	(3)	(3)
Finance expense	**(13)**	**(13)**
Net finance costs recognised in the profit or loss	**(11)**	**(11)**

8. Income tax expense

(in millions of euro)

	note	2008	2007
Current year		3	3
Adjustments for prior years		(1)	–
Current tax expense		**2**	**3**
Origination and reversal of temporary differences		(1)	–
Impairment of tax losses recognised		–	–
Recognition of previously unrecognised tax losses		(17)	(3)
Deferred tax expense	17	**(18)**	**(3)**
Total income tax expense		**(16)**	**–**

Reconciliation of effective tax rate	2008	2008	2007	2007
Result before income tax		13		10
Income tax using the domestic corporation tax rate	25.5 %	3	25.5 %	3
Adjustments for prior years	(7.7%)	(1)	–	–
Non-deductible expenses (goodwill impairment)	–	–	–	–
Change in temporary differences	(7.7%)	(1)	–	–
Recognition of previously unrecognised tax losses	(130.8%)	(17)	(25.5%)	(3)
Effective tax rate	**(123.1%)**	**(16)**	**–**	**–**

9. Current income tax receivable

End 2007 a current income tax receivable (€ 6 million) was accounted for, that represented the amount of income taxes recoverable in respect of prior periods that exceed payments. This receivable has been collected in 2008.

10. Property, plant and equipment

(in millions of euro)

	Land and buildings	Plant and equipment	Fixtures and fittings	Under construction	Total
Cost					
Opening balance 2007	39	102	140	4	285
Acquisitions	–	13	13	1	27
Transfer to investment property	1	(1)	–	–	–
Transfer from assets held for sale	1	1	2	–	4
Disposals	(1)	(11)	(24)	–	(36)
Other movements	3	(3)	(1)	–	(1)
Closing balance 2007	43	101	130	5	279
Opening balance 2008	43	101	130	5	279
Acquisitions	–	13	17	(3)	27
Transfer to investment property	–	–	–	–	–
Transfer from assets held for sale	3	–	–	–	3
Disposals	–	(7)	(15)	–	(22)
Other movements	–	–	–	–	–
Closing balance 2008	46	107	132	2	287
Depreciation and impairment losses					
Opening balance 2007	2	59	107	–	168
Depreciation charge for the year	1	9	14	–	24
Impairment losses	–	–	–	–	–
Transfer to investment property	1	(1)	–	–	–
Transfer from assets held for sale	–	–	–	–	–
Disposals	–	(6)	(21)	–	(27)
Other movements	1	(1)	–	–	–
Closing balance 2007	5	60	100	–	165
Opening balance 2008	5	60	100	–	165
Depreciation charge for the year	1	9	12	–	22
Impairment losses	–	–	–	–	–
Transfer to investment property	–	–	–	–	–
Transfer from assets held for sale	–	–	–	–	–
Disposals	–	(6)	(13)	–	(19)
Other movements	–	–	–	–	–
Closing balance 2008	6	63	99	–	168
Carrying amounts					
At 1 January 2007	37	43	33	4	117
At 30 December 2007	38	41	30	5	114
At 31 December 2007	38	41	30	5	114
At 28 December 2008	40	44	33	2	119

End 2007 the book value of property, plant and equipment held under finance leases amounted to € 2 million. The Company had the economic ownership of these assets, but was not the legal owner. End 2008 there are no property, plant and equipment held under finance leases.

Security

At 28 December 2008 land and buildings with a carrying amount of € 28 million (2007: € 28 million) were provided as collateral for mortgage loans to the financing institutes (see also note 23).

The fair value of land and building amounts to approximately € 48 million.

11. Goodwill

(in millions of euro)

	2008	2007
Cost		
Opening balance	105	106
Acquisitions	2	3
Disposal	(1)	(4)
Closing balance	106	105
Impairment losses		
Opening balance	85	84
Impairment charge	2	1
Disposal	–	–
Closing balance	87	85
Carrying amounts		
Opening balance	20	22
Closing balance	19	20
Impairment charge		
Selling expenses	2	1

The Company performed an impairment test at year-end with respect to goodwill. The outcome showed that no impairment occurred in 2008 regarding goodwill Groenwoudt. The recoverable amount of goodwill Groenwoudt is based on the higher of the fair value less costs to sell and the value in use. End 2008 the carrying amount goodwill Groenwoudt is € 14 million (2007: € 15 million).
The impairment charge of 2008 relates to impairments of goodwill for individual Super de Boer stores.

In calculating the value in use, the future cash flows are discounted at 10%. The main assumptions can be summarised as follows:

- sales increase of 1%;
- a gradual increase of contribution margin;
- a residual value of 19% of consumer sales.

12. Other intangible assets

(in millions of euro)

	2008	2007
Cost		
Opening balance	36	35
Acquisitions	1	1
Disposal	(4)	–
Closing balance	33	36
Amortisation and impairment losses		
Opening balance	30	29
Amortisation for the year	3	1
Impairment charge	–	–
Disposal	(4)	–
Closing balance	29	30
Carrying amounts		
Opening balance	6	6
Closing balance	4	6
Amortisation and impairment charge		
Selling expenses	2	–
General and administrative expenses	1	1
	3	1

The other intangible assets include third-party and internally developed software amounting to € 4 million in 2008 (2007: € 6 million).

13. Investments in equity accounted investees

(in millions of euro)

		Ownership	
	Country	2008	2007
Foundation Rocks'	Netherlands	50%	50%

	Assets	Liabilities	Equity	Revenues	Profit/(loss)
2008					
Foundation Rocks'	17	17	–	10	(3)

The valuation of the jointly controlled entity Foundation Rocks' end 2008 is based on the most recent information available, being the unaudited preliminary financial information of year-end 2008.

14. Investment property

(in millions of euro)

	2008	2007
Cost		
Opening balance	29	35
Acquisitions	4	–
Transfer from assets held for sale	–	3
Transfer to property, plant and equipment	–	–
Disposals	(2)	(9)
Closing balance	**31**	**29**
Depreciation and impairment losses		
Opening balance	5	7
Depreciation charge for the year	1	1
Impairment losses	–	–
Transfer from assets held for sale	–	–
Transfer to property, plant and equipment	–	–
Disposals	(1)	(3)
Closing balance	**5**	**5**
Carrying amounts		
Opening balance	24	28
Closing balance	26	24

Investment property comprises mainly a number of commercial properties that are leased to third parties.

The total rental income regarding investment property amounted to € 2 million in 2008 (2007: € 2 million). The direct operating expenses arising from investment property that generated rental income during the period amounts to € 1 million in 2008 (2007: € 1 million) and contains mainly depreciation costs.

Security

At 28 December 2008 investment property with a carrying amount of € 5 million (2007: € nil million) was provided as collateral for mortgage loans to the financing institutes (see also note 23).

The fair value of investment property amounts to approximately € 30 million.

15. Other investments

Other investments consists mainly of a participation with a value of € 45,000.

16. Loans and amounts receivable

(in millions of euro)

	2008	2007
Loans and amounts receivable	16	15

Loans and amounts receivable contain mainly loans granted to affiliated retailers with a term of more than one year.

Movement provision loans and amounts receivable

(in millions of euro)

	2008	2007
Opening balance	10	7
Impairment loss recognised	2	4
Withdrawals/Reversals	(6)	(1)
Closing balance	6	10

17. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

The recognised deferred tax assets and liabilities are attributable to the following:

(in millions of euro)	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
Tax loss carry-forwards	25	13	-	-	25	13
Loans and amounts receivable	1	-	-	-	1	-
Employee benefits	-	-	-	-	-	-
Trade and other payables	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Investments in equity accounted investees	-	-	-	1	-	(1)
Provisions	-	-	1	1	(1)	(1)
Property, plant and equipment	-	-	10	11	(10)	(11)
Tax assets/(liabilities)	26	13	11	13	15	-
Set off of tax	-	-	-	-	-	-
Net tax assets/(liabilities)	**26**	**13**	**11**	**13**	**15**	**-**

Based on expected future profits, a deferred tax asset of € 14 million has been accounted for in 2008 to cover unused tax losses from the past.

Unrecognised deferred tax assets

On 28 December 2008, a deferred tax asset of some € 48 million (2007: € 70 million) relating to unused tax losses has not been recognised because it is uncertain that future taxable profits will be available against which the Company can utilise the benefits therefrom. The unrecognised deferred tax asset split to the relevant tax years is as follows (in round figures): € 2 million related to 2003, € 14 million related to 2004, € 24 million related to 2005 and € 8 million related to 2006.

(in millions of euro)	Opening balance 2007	Recognised in income	Closing balance 2007
Tax loss carry-forwards	14	(1)	13
Loans and amounts receivable	1	(1)	-
Employee benefits	-	-	-
Trade and other payables	-	-	-
Goodwill	-	-	-
Investments in equity accounted investees	(1)	-	(1)
Provisions	(2)	1	(1)
Property, plant and equipment	(12)	1	(11)
Movement in temporary difference during the year	**-**	**-**	**-**

(in millions of euro)	Opening balance 2008	Recognised in income	Closing balance 2008
Tax loss carry-forwards	13	12	25
Loans and amounts receivable	-	1	1
Employee benefits	-	-	-
Trade and other payables	-	-	-
Goodwill	-	-	-
Investments in equity accounted investees	(1)	1	-
Provisions	(1)	-	(1)
Property, plant and equipment	(11)	1	(10)
Movement in temporary difference during the year	-	15	15

18. Inventories

(in millions of euro)

	2008	2007
Trading goods	64	57
Other	2	-
Inventories	66	57
Inventories stated at fair value less costs to sell	-	-
Carrying amount of inventories subject to retention of title clauses	-	-

19. Trade and other receivables

(in millions of euro)

	2008	2007
Trade receivables	49	52
Other trade receivables and pre-payments	6	7
Trade and other receivables	55	59
Non-current	-	-
Current	55	59
Trade and other receivables	55	59

Ageing trade receivables

(in millions of euro)

	2008		2007	
	Gross	Provision	Gross	Provision
Not overdue	44	-	45	-
Past due 0-30 days	9	7	9	5
Past due 31-60 days	3	1	3	2
Past due 61-90 days	1	1	1	1
More than 90 days	36	35	43	41
Total	93	44	101	49

Movement in the provision of trade receivables

(in millions of euro)

	2008	2007
Opening balance	49	59
Impairment loss recognised	6	4
Withdrawals/Reversals	(11)	(14)
Closing balance	44	49

20. Cash and cash equivalents

(in millions of euro)

	2008	2007
Bank balances	-	-
Cash	4	6
Cash in transit	14	11
Cash and cash equivalents	18	17

The Group's exposure to interest rate risk and a sensitivity analyses for financial assets and liabilities are disclosed in note 27.

21. Capital and reserves

(in millions of euro)

	Issued capital	Share premium reserve	Retained earnings	Total	Minority interest	Total equity
Opening balance 2007	149.1	518.0	(626.4)	40.7	-	40.7
Share based payments	-	-	0.7	0.7	-	0.7
Result for the period	-	-	9.6	9.6	-	9.6
Closing balance 2007	**149.1**	**518.0**	**(616.1)**	**51.0**	**-**	**51.0**
Opening balance 2008	149.1	518.0	(616.1)	51.0	-	51.0
Share based payments	-	-	0.3	0.3	-	0.3
Result for the period	-	-	28.8	28.8	-	28.8
Closing balance 2008	**149.1**	**518.0**	**(587.0)**	**80.1**	**-**	**80.1**

Pending the approval of the financial statements by the Annual General Meeting of Shareholders, it is proposed that the result after tax for 2008, amounting to € 28.8 million positive, be added to retained earnings.

On 28 December 2008, the authorised share capital comprises of 250 million ordinary shares (2007: 250 million) with a nominal value of € 1.30.

To cover commitments arising from employee option plans the Company holds 76,356 own shares (2007: 76,356 own shares) and which are part of the retained earnings.

22. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 28 December 2008 was based on the profit attributable to ordinary shareholders of € 29 million (2007: € 10 million profit) and a weighted average number of ordinary shares outstanding of 114.6 million (2007: 114.6 million), calculated as follows:

Result attributable to ordinary shareholders

(in millions of euro)

	2008	2007
Result for the period	29	10
Dividends on non-redeemable cumulative preference shares	-	-
Result attributable to ordinary shareholders	**29**	**10**

Weighted average number of ordinary shares

	2008	2007
On issue at opening balance	114,703,114	114,703,114
Effect of own shares held	(76,356)	(76,356)
Weighted average number of ordinary shares at end	**114,626,758**	**114,626,758**

Diluted earnings per share

The calculation of diluted earnings per share at 28 December 2008 was based on the profit attributable to ordinary shareholders of € 29 million (2007: € 10 million profit) and a weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares of 114.8 million (2007: 114.8 million), calculated as follows:

Profit attributable to ordinary shareholders (diluted)

(in millions of euro)

	2008	2007
Result attributable to ordinary shareholders (basic)	29	10
Interest expense on convertible notes, net of tax	-	-
Result attributable to ordinary shareholders (diluted)	**29**	**10**

Weighted average number of ordinary shares (diluted)

	2008	2007
Weighted average number of ordinary shared (basic)	114,626,758	114,626,758
Effect of conversion of convertible notes	-	-
Effect of share options on issue	200,000	200,000
Weighted average number of ordinary shares (diluted) at end	**114,826,758**	**114,826,758**

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

23. Interest bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate risk and foreign currency risk, see note 27.

(in millions of euro)

	2008	2007
Non-current liabilities		
Subordinated loan	20	56
Secured bank loans	15	17
Revolving facility	32	-
Finance lease liabilities	-	-
Loan from associate	-	-
	67	**73**
Current liabilities		
Unsecured bank facility	16	19
Current portion of secured bank loans	2	2
Current portion of finance lease liabilities	-	-
	18	**21**
Interest-bearing loans and borrowings	**85**	**94**

In 2008 Super de Boer amended certain of its financing agreements. The previous credit agreements dated from 2006 and consisted of a subordinated facility of € 50 million and a credit facility of € 170 million. End 2007 the credit facility was reduced to € 125 million.

On 23 September 2008 Casino, ING Bank N.V. and RBS and Super de Boer amended the subordinated loan agreement by reducing the facility from € 50 million to € 20 million. On 28 December 2008 this facility was fully drawn (2007: € 50 million). This loan is subordinated in right of payment to all amounts owing to all other creditors of the Company. This facility has to be repaid on or before 25 March 2012. Interest payments are to be paid in cash. No financial covenants have been agreed with respect to the subordinated loan.

On 23 September 2008 ING Bank N.V. and RBS and Super de Boer entered into an amended and restated credit facility. The credit facilities can be summarised as follows:

- A € 60 million revolving facility. An amount of € 32 million has been drawn under this facility at the end of 2008 (end 2007: € nil million). This facility has to be repaid on or before 25 September 2011;
- A € 40 million overdraft facility. An amount of € 16 million has been drawn under this facility at the end of 2008 (end 2007: € 19 million). This facility has to be repaid on or before 25 September 2011.

In respect of the above mentioned restated credit facility a number of covenants have been agreed. The covenants are based on a business plan and vary over the planning period and will be tested on a quarterly basis.

The most important can be summarised as follows:

- A net debt to EBITDA covenant on a 12-months rolling forward basis;
- An interest coverage covenant on a 12-months rolling forward basis;
- A solvency ratio, being total shareholders' equity and subordinated debt to total assets less intangible fixed assets.

The following security has been provided in connection with the credit facilities:

- A mortgage on the real estate of the Dutch companies;
- A pledge on the shares, receivables and intellectual property of all the group companies;
- A pledge on the inventories, group-receivables and bank deposits from the Dutch companies;
- A pledge on the assets of the Belgian company;
- A pledge not to encumber assets with a pari passu undertaking and assumption of joint and several liability by the Company and its group companies.

All financing is dominated in euros. Interest rates are primarily linked to Euribor.

The long-term secured bank loans relate to a financing agreement amounting to € 15 million in respect of certain premises (end 2007: € 17 million). Premises have been provided as collateral to the financing institute. The carrying amount of these premises amounts to approximately € 33 million (2007: € 28 million). The maturity date of the loan is 22 December 2010.

Finance lease liabilities
(in millions of euro)

	2008			2007		
	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
Less than one year	–	–	–	2	–	2
Between one and five years	–	–	–	–	–	–
More than five years	–	–	–	–	–	–
	–	–	–	2	–	2

24. Employee benefits

Employee benefits in respect of pension plans of Super de Boer employees are administered by a number of entities. In general it can be stated that the pension plan of the overhead employees and pension rights in excess of the social security salary level ('SVW-loon') are administered by an independent legal entity called Foundation Pension Fund SDB ('Stichting Pensioenfonds SDB'). The pension plans of the remaining employees – mainly store and logistic personnel – are administered by multi-employer industry pension funds ('Bedrijfstakpensioenfondsen').

The pension plan administered by the Foundation Pension Fund SDB qualifies as a defined benefit plan under IFRS. The benefit is based on the average pay over the service life ('middelloonregeling'). Pension right improvement (indexation) of employees born after 1949 can only be awarded through a conditional profit sharing arrangement. Surpluses of the fund are not attributable to Super de Boer.

With respect to the defined benefit schemes which are administered by industry pension funds actuarial calculations under IAS 19 have been requested but were not provided by the industry pension funds. As such these plans are treated as defined contribution plans. The recognised contribution to these schemes amounted € 3 million (2007: € 3 million).

The recognised costs for self-administered plans (mainly early retirement benefits) were € 1 million (2007: € 5 million). Most of the early retirement benefit rights are administered by an independent legal entity called Foundation early retirement SDB ('Stichting vervroegd uittreden SDB'). The early retirement plan administered by this foundation qualifies as a defined benefit plan under IFRS.

Movements in the present value of defined benefit obligations
(in millions of euro)

	2008	2007
Defined benefit obligations on opening balance	329	345
Current service cost	2	13
Interest cost	16	16
Contributions paid by plan participants	2	2
Actuarial losses/(gains)	18	(27)
Benefits paid by the plan	(17)	(20)
Defined benefit obligations on closing balance	350	329

Movements in the fair value of plan assets

(in millions of euro)

	2008	2007
Fair value of plan assets on opening balance	408	412
Expected return on plan assets	16	15
Employer contributions paid	9	22
Employee contributions paid	2	2
Actuarial (losses)/gains	(52)	(23)
Benefits paid by the plan	(17)	(20)
Fair value of plan assets on closing balance	366	408

Funded status

(in millions of euro)

	2008	2007
Present value of funded defined benefit obligations on closing balance	(338)	(316)
Unfunded liability for defined benefit obligations on closing balance	(12)	(13)
Fair value of plan assets on closing balance	366	408
Net Asset	16	79
Effect of asset ceiling	(30)	(92)
Present value of unfunded defined benefit obligations on closing balance	(14)	(13)

Super de Boer has also recognised a liability for future jubilee benefit payments for an amount of € 3 million (2007: € 3 million).

Components of employee benefit expense recognised in the income statement

(in millions of euro)

	2008	2007
Current service cost	4	15
Interest cost	16	16
Expected return on plan assets	(16)	(15)
	4	16
Actual plan participant contribution	(2)	(2)
Net pension expense	2	14

The fair value of plan assets is invested in the following categories

(in millions of euro)

	2008	2007
Shares and equity linked bonds	69	157
Fixed income bonds	287	232
Real estate	8	16
Cash	2	3
	366	408

Expected return on plan assets

The expected return is determined on the expected return of the different asset classes taking into account the strategic asset mix.

	2008	2007
The strategic asset mix on closing balance is:		
• Shares and equity linked bonds	35%	35%
• Fixed income bonds	60%	60%
• Real estate	5%	5%
The expected return for the asset classes is:		
• Shares and equity linked bonds	7.20%	7.65%
• Fixed income bonds	4.00%	4.50%
• Real estate	6.50%	7.65%

Actual return on plan assets

	2008	2007
Actual return on plan assets	(9.7%)	(3.1%)

Principal actuarial assumptions

At the balance sheet date (expressed as weighted averages):

	2008	2007
• Discount rate at period end	4.80%	5.10%
• Expected return on plan assets at period end	5.20%	5.70%
• Future salary increases	2.50%	2.50%
• Social security increases	2.00%	2.00%
• Future pension increases	2.00%	2.00%

Historical overview

(in millions of euro)

	2008	2007	2006	2005	2004
Present value of defined benefit obligations on closing balance	350	329	345	359	450
Fair value of plan assets on closing balance	(366)	(408)	(412)	(404)	(337)
Net (Asset)/Liability	(16)	(79)	(67)	(45)	113

Actuarial gains and losses due to assumption or other changes

(in millions of euro)

	2008	2007	2006	2005	2004
Obligations					
Actuarial gain/(loss) due to assumption changes	(18)	20	22	(50)	(45)
Actuarial gain/(loss) due to experience other than assumption changes	–	7	16	24	(1)
	(18)	27	38	(26)	(46)
Plan assets					
Asset return gain/(loss) due to assumption changes	–	–	–	–	–
Asset return gain/(loss) due to experience other than assumption changes	(52)	(23)	(11)	42	5
	(52)	(23)	(11)	42	5

Expected 2009 contributions

(in millions of euro)

	2009
Employer contributions	8
Employee contributions	2

The expense is recognised in the following line items in the income statement:

(in millions of euro)

	2008	2007
Cost of sales	–	2
Selling expenses	1	8
General and administrative expenses	1	4
	2	14

With respect to the accounting principles and policy on recognising actuarial gains and losses see note employee benefits of note significant accounting policies.

Share based payments

Super de Boer has a share option programme that entitles key management and senior employees to purchase Super de Boer shares. Under this plan a number of executives were granted option rights to acquire ordinary shares of € 1.30 nominal value each. This programme awarded options in the period 2002 – 2006 with an exercise period of five years. Exercise under this programme is subject to regulations and the customary rules on the prevention of insider trading. Under these rules and regulations, options may not be exercised in certain periods. The options granted are conditional upon the holder still being in Super de Boer's service three years after the date of granting. If the holder has left Super de Boer's service within three years, only a part, in proportion to duration of service, of the gain realised on exercise of the options will accrue to the holder. The options granted in 2006 and 2008 are similarly conditional and may be exercised only if the holder is still in Super de Boer's service four years or as the case may be three years after they were granted. If the holder has left Super de Boer's service within this period the options will expire and consequently no gain realised will accrue to the holder, except if a change of control occurs.

The recognition and measurement principles in IFRS 2 have not been applied to option programmes granted before 7 November 2002.

Option rights and Performance Share Plan ('PSP') shares granted to executives and (former) members of the Board of Management 2007

Year Granted	Number of options/ PSP shares outstanding opening balance	Granted	Expired or unexercised	Exercised	Number of options/ PSP shares outstanding closing balance	Exercise price in €	Expiry year
2002	52,450	-	(52,450)	-	-	7.57	2007
2003	262,500	-	(34,000)	-	228,500	9.36	2008
2003	15,000	-	-	-	15,000	10.69	2008
2004	1,024,000	-	(75,000)	(18,000)	931,000	4.29	2009
2005	96,644	-	(96,644)	-	-	n/a	2008
2006	200,000	-	-	-	200,000	1.97	2010
2007	-	-	-	-	-	-	-
Total	1,650,594	-	(258,094)	(18,000)	1,374,500		

Option rights and Performance Share Plan ('PSP') shares granted to executives and (former) members of the Board of Management 2008

Year granted	Number of options/ PSP shares outstanding opening balance	Granted	Expired or unexercised	Exercised	Number of options/ PSP shares outstanding closing balance	Exercise price in €	Expiry year
2003	228,500	–	(228,500)	–	–	9.36	2008
2003	15,000	–	(15,000)	–	–	10.69	2008
2004	931,000	–	–	–	931,000	4.29	2009
2005	–	–	–	–	–	n/a	2008
2006	200,000	–	–	–	200,000	1.97	2010
2007	–	–	–	–	–	–	–
2008	–	200,000	–	–	200,000	3.78	2012
2008	–	455,000	–	–	455,000	3.78	2013
Total	1,374,500	655,000	(243,500)	–	1,786,000		

Fair value at measurement date	2004 931,000 Options	2006 200,000 Options	2008 200,000 Options	2008 455,000 Options
Fair value at measurement date	€ 2.33	€ 0.77	€ 1.93	€ 2.09
Share price	€ 4.30	€ 1.97	€ 4.39	€ 4.38
Exercise price	€ 4.29	€ 1.97	€ 3.78	€ 3.78
Expected volatility (expressed as weighted average volatility used in the modelling under binomial tree model)	62%	44%	45%	44%
Option life (expressed as weighted average life used in the modelling under binomial tree (SOP)	5 year	4 year	4 year	5 year
Expected dividends	0%	0%	0%	0%
Risk-free interest rate (based on national government bonds)	2.92%	3.70%	3.94%	4.04%

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a financial model. The contractual life of the option is used as an input into this model. Expectations of early exercise, when allowed, are incorporated into the binomial tree model with respect to SOPs. The expected volatility for the option arrangements is based on historical volatility determined by the analysis of daily share price movements over the five years prior to the grant date.

The amounts recognised in the financial statements (before income tax) for share based payment transactions with employees were € 0.3 million in 2008 and € 0.7 million in 2007.

25. Provisions

(in millions of euro)

	Restruc-turing	Site restoration	Onerous contracts	Claims	Total
Opening balance	13	1	22	22	58
Provisions made during the year	1	–	5	–	6
Provisions used during the year	(7)	–	(5)	(14)	(26)
Provisions reversed during the year	(1)	–	(4)	(5)	(10)
Unwind of discount	–	–	1	–	1
Closing balance	6	1	19	3	29
Non-current	1	–	14	2	17
Current	5	1	5	1	12
Provisions	6	1	19	3	29

Restructuring

The restructuring provision concerns the provision to cover the reorganisation, announced in 2006, of the overhead departments and logistics network for an amount of € 6 million (2007: € 11 million). In 2007 also a provision to cover the reorganisation, announced in 2003, of the overhead departments and logistics network was included for an amount of € 2 million.

Site restoration

The provision for site restoration concerns the restoration of modifications made to leased premises after the future wind up of the lease-contract.

Onerous contracts

The provision for onerous contracts includes rental obligations up to the end of the leases in respect of vacant leased premises and rented out premises for which the annual rental costs are above the annual rented out revenues.

Claims

The provision for claims includes known and probable claims, including claims regarding guarantees given in connection with the sale of activities in Spain to CVC in 2002.

The additions to and reversals of the provisions are accounted for as:

(in millions of euro)

	2008	2007
Cost of sales	(5)	5
General and administrative expenses	1	5
Total	(4)	10

26. Trade and other payables

(in millions of euro)

	2008	2007
Trade payables	88	63
Other payables and accrued expenses	37	40
Trade and other payables	125	103

27. Financial instruments

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on especially franchisees requiring credit over a certain amount. Super de Boer does require collateral in certain circumstances.

Investments are allowed only in liquid securities and only with counterparties that have an appropriate credit rating. Super de Boer does not enter into derivative financial instruments.
At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Interest rate risk

Super de Boer has only financing arrangements with variable interest rates based on Euribor. At the end of 2008 no interest rate swaps have been contracted.

Liquidity risk

The following are the contractual maturities of financial liabilities:

	2007						
(in millions of euro)	Effective interest rate	6 Months or less	6-12 months	1-2 years	2-5 years	More than 5	Total
Secured bank loans:							
Interest bearing loans	9.0%	(1)	(1)	(71)	-	-	(73)
Bank overdrafts	5.3%	(19)	-	-	-	-	(19)
Finance lease liabilities	6.9%	(2)	-	-	-	-	(2)
Trade and other payables		(103)	-	-	-	-	(103)
		(125)	(1)	(71)	-	-	(197)

(in millions of euro)	Effective interest rate	6 Months or less	6-12 months	1-2 years	2-5 years	More than 5 years	Total
	2008						
Secured bank loans:							
Interest bearing loans	7.3%	(1)	(1)	(2)	(65)	-	(69)
Bank overdrafts	6.0%	(16)	-	-	-	-	(16)
Trade and other payables		(125)	-	-	-	-	(125)
		(142)	(1)	(2)	(65)	-	(210)

Foreign currency risk
Super de Boer is exposed to limited currency risk on purchases that are denominated in a currency other than the euro. The currencies giving rise to this risk are primarily U.S. Dollars. No foreign-exchange rate contracts are entered into by Super de Boer to mitigate the exposure.

Sensitivity analysis
At 28 December 2008, it is estimated that a general increase of one percentage point in interest rates would decrease Super de Boer's result before tax by approximately € 1 million (2007: € 1 million).

It is estimated that a general increase of one percentage point in the value of the euro against other foreign currencies would be immaterial.

Interest rates used for determining fair value
The Company uses the government yield curve as of 28 December 2008 plus an adequate constant credit spread to discount financial instruments.

28. Operating leases
Leases as lessee
The total non-cancellable operating lease rentals are payable as follows:

(in millions of euro)	2008	2007
Less than one year	70	70
Between one and five years	195	172
More than five years	61	57
Leases as lessee	326	299

Long-term operating lease commitments relate mainly to property (store locations, offices and warehouses), but also includes i.e. transport equipment.

Regarding the major category, leased property, the non-cancellable operating lease rentals are payable as follows:

(in millions of euro)	2008	2007
Less than one year	66	66
Between one and five years	187	163
More than five years	61	57
Leases as lessee, leased property	314	286

During the year ended 28 December 2008, € 62 million was recognised as an expense in the income statement in respect of operating leases of property (2007: € 72 million) and € 33 million was recognised as income in the income statement in respect to subleases (2007: € 38 million).

Leases as lessor

Super de Boer leases out its investment property (see note 14) as well as a part of the leased in properties under operating leases. The future minimum lease receivables under non-cancellable leases are as follows:

(in millions of euro)	2008	2007
Less than one year	33	34
Between one and five years	68	71
More than five years	24	17
Leases as lessor	125	122

In 2008 € 2 million was recognised as rental income in the income statement relating to investment property (2007: € 2 million).

29. Capital commitments

Except for capital commitments related to the regular business, Super de Boer did not enter any material capital commitments in 2008 (2007: € nil million).

30. Contingencies

Employee Benefits

Stichting Pensioenfonds SDB, an independent foundation which administrates the main pension scheme of Super de Boer employees, has a coverage ratio of 86.2% end 2008. This level is below the funding requirement of the Dutch Central Bank (DNB). On 1 April 2009 the Stichting Pensioenfonds SDB filed its recovery plan with DNB. This plan comprises the selected measures to recover the funding ratio to the required level within a five year period. Super de Boer and Stichting Pensioenfonds SDB did not agree on the selected measures of the recovery plan. As a consequence Super de Boer cancelled the service agreement with Stichting Pensioenfonds SDB as of 1 January 2010. The financial effect for Super de Boer related to this cancellation and filed recovery plan cannot be assessed at present.

Purchase and repurchase commitments

As at 28 December 2008, the total amount of guarantees and commitments under purchase and repurchase agreements relating to the fixtures and fittings and inventories of the affiliated independent retailers amounted to € 29 million (2007: € 32 million).

Guarantees and finance liabilities

Guarantees to banks and letter of credit to foreign suppliers amounting to € 5 million (2007: € 12 million) have been issued as security for rental obligations, payment guarantees relating to disposed-off activities and other guarantees.

Guarantees on divestment of activities in Spain

Super de Boer has unlimited liability with respect to possible claims in respect to the bankruptcies of Tragoz and Mas por Menos. In addition, Super de Boer has unlimited liability for part of the other lawsuits, claims by tax authorities and possible claims under social security law already known about in 2002.

31. Related parties

Shareholders

Joint purchasing arrangements have been agreed with Casino for the purchase of goods from international suppliers. The resulting savings are allocated on a proportional basis.

RBS and ING Bank (the Banks) are shareholders in Super de Boer. These Banks have granted a loan facility to Super de Boer providing a total facility of € 100 million. Interest and commitment fee were paid to the Banks in 2008.
On 23 September 2008 Casino and the Banks provided a subordinated loan to Super de Boer with a total facility of € 20 million. Interest, upfront fee and commitment fee were paid to the Banks in 2008.

Key management personnel

Super de Boer has a Board of Management and a Supervisory Board. For the remuneration of these members we refer to the notes to the company balance sheet.

Super de Boer has a Board of Management which is chaired by the member of the Board of Management.
End 2008 the Board of Management had seven members, excluding the chairman. In 2008 the total remuneration for the seven members of the Board of Management, excluding the chairman amounted to € 1.9 million, including bonuses for an amount of € 0.4 million and employee benefits for an amount of € 0.2 million.

32. Group entities

	Country of incorporation	Ownership interest	
		2008	2007
Super de Boer supermarkten B.V.	Netherlands	100%	100%
Super de Boer Deelnemingen B.V.	Netherlands	100%	100%
Laurus International B.V.	Netherlands	100%	100%
Super Babylon Nederland B.V.	Netherlands	50%	50%
Echo S.A.	Belgium	100%	100%
Immocom S.A.	Belgium	100%	100%
Laurus Asia Ltd.	China	100%	100%

33. Accounting estimates and judgements

Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

Key sources of estimation uncertainty

Note 11 contains information about the assumptions relating to goodwill valuation. Note 17 includes information about the judgements involved in assessing the need for valuation allowances on deferred tax assets. In notes 25 and 30 information about the judgements regarding provisions is included.
The valuation of goodwill and deferred tax assets depends on management's estimations regarding future financial results. The development of these future financial results and the circumstances that may influence these developments are frequently evaluated by management. Changes in assumptions and estimates used could influence the valuation of goodwill and deferred tax assets.

Company balance sheet

Before proposed profit appropriation

(in millions of euro)

	28 December 2008	30 December 2007
Assets		
Fixed assets		
Financial fixed assets	151	137
Deferred tax assets	14	–
Current assets		
Receivables	–	6
Total	165	143
Liabilities		
Shareholders' equity		
Issued capital	149	149
Share premium reserve	518	518
Other reserves	(587)	(616)
	80	51
Long-term liabilities		
Borrowings and credit institutions	67	73
Current liabilities	18	19
Total	165	143

Company income statement

(in millions of euro)

	2008	2007
Net result on participating interest	29	10

Notes to the company balance sheet

Significant accounting policies

General

The company financial statements are part of the 2008 financial statements of Super de Boer N.V. With reference to the separate profit and loss account of Super de Boer N.V., use has been made of the exemption pursuant to Section 402 of Part 9, Book 2 of the Netherlands Civil Code.

Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, Super de Boer N.V. makes use of the option provided in section 2:362 (8) of Part 9, Book 2 of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of Super de Boer N.V. are the same as those applied for the consolidated EU-IFRS financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method.

The share in the result of participating interests consists of the share of Super de Boer N.V. in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between Super de Boer N.V. and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealised.

Notes to the company financial statements

Financial fixed assets

(in millions of euro)

	Participating interests in group companies	Receivables from group companies	Total 2008	Total 2007
Opening balance	180	(43)	137	157
(Redemptions)/loans granted	–	(15)	(15)	(30)
Net profit/(loss) on participating interest	29	–	29	10
Closing balance	209	(58)	151	137

Deferred tax assets

The deferred tax asset component relates to the valuation of the carry-forward tax facility and is to be realised with future profits.

Shareholders' equity

Reference is made to the notes to the consolidated balance sheet with respect to this item.

Long-term and current liabilities

This item relates to debts to credit institutions. Reference is made to the notes to the consolidated balance sheet

Audit of the financial statements

Regarding the audit by KPMG Accountants N.V. of the consolidated and company financial statements as included in this report, the related costs amounted € 468,000 (2007: € 639,000). For tax related services an amount of € 316,000 has been paid (2007: € 298,000).

Remuneration of Board members

Board of Management

The total remuneration of the Board of Management amounted to € 947,584 (2007: € 607,107). The remuneration of the individual member of the Board of Management in euro was as follows:

2007	Salary[1]	Pension	Bonus paid in 2007	Total
J.G.B. Brouwer	503,201	62,697	41,209	607,107

2008	Salary[1]	Pension	Bonus paid in 2008	Total
J.G.B. Brouwer	513,513	62,697	371,374	947,584

1 Including employers' part of social security charges and out of pocket expenses retributions.

Supervisory Board

The total remuneration of the Supervisory Board amounted to € 217,713 (2007: € 114,727). The remuneration of the individual members of the Supervisory Board in euro was as follows:

	2008	2007
S.W.W. Lubsen	56,000	25,167
H.L. Aouani	46,972	768
D.R. Goeminne	44,972	768
P.M. Verboom	31,673	–
J.H. Ozinga	30,154	24,958
A.D.C.W.J. Strasser	7,942	–
J.A.N. van Dijk	–	30,909
J-C.H. Naouri	–	23,038
F.A. Croon	–	9,119
	217,713	114,727

During 2008 and 2007, a number of Supervisory Board members was in function part of the year.

Shareholdings and option rights in Super de Boer N.V. of members of the Board of Management and Supervisory Board:

	Shares	End 2008 Options	Shares	End 2007 Options
J.G.B. Brouwer	–	400,000	–	200,000

Amersfoort, 7 April 2009

Board of Management
J.G.B. Brouwer

Supervisory Board

Other information

Provisions of the Articles of Association regarding appropriation of the result for the period

Reservations, dividend

Article 29

1 Out of the distributable profit – the positive balance of the income statement – an amount can be reserved by the Board of Management. The decision to that effect shall be subject to the approval of the Supervisory Board.
2 If a loss has been suffered in any year, no dividend shall be distributed for that year. In the years which follow, a distribution of profits can only take place after the loss has been compensated from the profits. However, on the recommendation of the Board of Management, subject to the approval of the Supervisory Board, the General Meeting may decide to offset such a loss against the distributable part of the shareholders' equity or to distribute dividend from the distributable part of the shareholders' equity.
3 The profits remaining after the reservation of the profits shall be at the disposal of the General Meeting.
4 The Board of Management may decide to distribute an interim dividend. The decision to that effect shall be subject to the approval of the Supervisory Board.
5 Moreover, sections 103, 104, and 105, Book 2 of the Dutch Civil Code shall be applicable to distributions to shareholders.

Distribution in shares and to the debit of the reserves

Article 30

1 The Board of Management may decide that a distribution on shares is not made entirely or partly in cash, but rather in shares in the Company. The resolution to that effect is subject to the approval of the Supervisory Board.
2 On the recommendation of the Board of Management, subject to the approval of the Supervisory Board, the General Meeting may decide to make payments to holders of shares from the distributable part of the shareholders' equity. The provisions of the preceding paragraph shall apply mutatis mutandis.

Payments

Article 31

The amounts payable in respect of dividends and other distributions shall be announced in accordance with article 40. The claim of the shareholders to distribution shall lapse after a period of five years.

Appropriation of the result for the period

The net profit for 2008, amounting to € 29 million will be added to the other reserves. Super de Boer did not have freely distributable reserves end 2008. In accordance with article 29(2) of the Articles of Association and the fact that the Company does not comply with the statutory requirements for distribution, no dividend will be distributed.

Auditor's report

To the General Meeting of Shareholders of Super de Boer N.V.

Report on the financial statements

We have audited the accompanying financial statements 2008 of Super de Boer N.V., Amersfoort. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 28 December 2008, the profit and loss account, statement of recognised income and expenses and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 28 December 2008, the company profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Super de Boer N.V. as at 28 December 2008, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Super de Boer N.V. as at 28 December 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 (4) of the Netherlands Civil Code.

Eindhoven, 7 April 2009
KPMG ACCOUNTANTS N.V.
R.P. Kreukniet RA

Information for shareholders

Financial highlights

(in millions of euro)

	2008	2007
Consolidated revenue	1,685	1,858
Consolidated result from operating activities (EBIT)	25	21
Consolidated net financing costs	(11)	(11)
Consolidated result for the period	29	10
Net debt	67	77

Super de Boer shares are listed on Euronext Amsterdam by NYSE Euronext. As of 2 March 2006 the Company is included in the AScX index. As of 1 October 2008 the Super de Boer shares are also included in the NEXT 150-Index. The liquidity provider for Super de Boer is RBS.

Approximately 42 million Super de Boer shares were traded on the exchange in 2008 in 39,209 transactions (single counted, regulated market). The average daily trading volume was 164,103 shares and the daily turnover was € 597,321 based on the volume-weighted average price.

Market capitalisation as at 31 December 2008 was approximately € 314 million.

Spread

According to the most recent notifications under the Act on Financial Supervision (status end 2008), approximately 57% of the issued share capital is held by Casino Guichard-Perrachon S.A. ('Casino'), which has been a major shareholder of the Company since 9 July 2002 and approximately 5% is held by Stichting Administratiekantoor Arkelhave. In addition, RBS, ING Bank and Rabobank together hold approximately 6% of the shares in Super de Boer in connection with Casino's call option.

Of the remaining Super de Boer shares (approximately 32% of the total outstanding share capital) approximately 73% is held by Dutch and foreign institutional investors, and the remaining 27% are held by private investors, mainly in the Netherlands. Geographically, institutional and banking shareholders are concentrated mainly in France and the Benelux (70%). Other institutional shareholdings are mainly held by US investors.

Major shareholdings (notified under the Act on Financial Supervision)

By 31 December 2008, the AFM has been notified by the following shareholders with a substantial holding (5% or more) with respect to Super de Boer:

- Casino Guichard-Perrachon S.A., Saint-Étienne (France);
- Stichting Administratiekantoor Arkelhave.

Shares

Super de Boer N.V. has one class of share, namely ordinary shares with a nominal value of € 1.30. End 2008, 114,703,114 shares were in issue. With the exception of approximately one hundred thousand shares managed through the shareholders' register, the shares are managed by Euroclear Nederland through the book-entry securities transfer system. No depositary receipts for shares have been issued with the Company's co-operation.

Share price movements

Closing price, 31 December 2008	€ 2.74
Lowest share price in 2008 (30 December 2008)	(Intraday) € 2.48
Highest share price in 2008 (1 April 2008)	(Intraday) € 4.56
Closing price, 31 December 2007	€ 3.41

Financial calendar

14 May 2009	Annual General Meeting of Shareholders
23 June 2009	Publication of the sales figures for the second quarter of 2009
16 July 2009	Publication of the 2009 half-year figures
15 September 2009	Publication of the sales figures for the third quarter of 2009
19 January 2010	Publication of the sales figures for the fourth quarter of 2009

Dividend policy

By law and under the provisions of the Articles of Association (see page 80), a company can only distribute a dividend in case it has sufficient free ample reserves in its shareholders' equity. Given the shareholders' equity level end 2008, Super de Boer does not have free ample reserves. In addition to the provisions of the Articles of Association and the statutory restrictions concerning the distribution of profit, also agreements with the financing banks have been made. In view of these agreements and specific circumstances, a dividend cannot be distributed.

Investor Relations

Our communications are directed at both private and institutional investors. Super de Boer's efforts are aimed at providing timely, accurate and complete information concerning financial developments at Super de Boer, so that investors can take well-founded investment decisions.

A major source of information is this annual report and the publication of quarterly trading updates and press releases. We ensure that price-sensitive information is made available to all investors at the same time. Webcasting enables interested investors to hear what is said at press conferences and analysts' meetings and to follow the business of shareholders' meetings in real time without being present in person.

Further information, including corporate governance, investor relations and shareholders can be found on Super de Boer's website (www.superdeboernv.nl).

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